2021 Stewardship Report

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FOREWORD

For decades, sustainability has been central to our way of thinking. Since the Pictet Group was founded in 1805, we have aimed to ensure the prosperity of our clients over the long term. In doing so, we have instinctively considered the interests of future generations. The most powerful way we can do this is by investing responsibly on behalf of our clients.

We believe innovation in product development and active ownership are central to our responsible investment efforts. They drive strong investment stewardship and, in the process, enhance the creation of long-term value for our clients.

We have created and run a range of innovative environmental and social equity strategies that are among the oldest and largest in the market today. We continue to develop investment strategies that seek to reflect the global megatrends and provide capital to companies that through their products and services have a positive impact on society or the environment.

At a time when the interests of future generations are under threat from environmental and social crises, it is more important than ever for the investment community to raise its voice. Effective engagement and voting help us create value for clients by managing risk, identifying and capturing opportunities, and supporting sustainable business practices. Significantly, it allows us to help create value for communities and protect the planet.

In this report, we would like to share our stewardship philosophy, governance, processes and activities against the 12 Principles established by the UK Financial Reporting Council's 2020 Stewardship Code.

We are committed to continue on our journey to make our stewardship practices stronger and more relevant while meeting the expectations from our clients and from the wider society.

Niall Quinn
Head of Institutional, Executive Committee member
Pictet Asset Management

PURPOSE AND GOVERNANCE

Principle 1: Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society

Pictet Asset Management is one of the four business lines of the Pictet Group, which offers wealth management, asset management and related services. Founded in Geneva in 1805, the Pictet Group has more than 5,000 employees in 30 offices around the world. We are privately owned, led by eight managing partners.

We face market-wide systemic challenges from climate change, the depletion of natural capital, human health, and pervasive inequality. These all demand an accelerated transition to a more resilient and sustainable global economy. For the financial system, we believe that this calls for a systematic shift in focus. We must move away from the traditional emphasis on maximum financial return, and instead turn our attention to models grounded in science and innovative partnerships. Rigorous consideration of ESG factors is imperative in investment decisions and active ownership practices. This also means encouraging and cultivating solutions that redirect capital flows towards issuers best placed to tackle these challenges.

The Pictet Group has in place a 2025 Responsible Vision which shapes our purpose, investment beliefs, strategy, and our culture. It is made up of the following three ambitions:

Ambitions 2025

Source: Pictet Group, September 2021

To achieve these ambitions, we have identified 10 strategic levers of action:

How we manage client assets

As an investor, our biggest potential for impact lies in how we manage assets on behalf of our clients:

1. *Environmental, Social and Governance ("ESG") integration into investment processes and risk management:* Across research, investment decisions, risk management and advisory services, we continue to place emphasis on the inclusion of ESG factors when evaluating corporate and sovereign issuers.
2. *Responsible products and solutions:* We continue to develop investment strategies that provide capital to companies which help to have a positive impact on society or the environment. We also support those companies that plan to mitigate the negative externalities of their products, services, operations, and supply chain.
3. *Active ownership:* We strive to engage with issuers that fall short of our expectations – either directly or through collaborations with other investors. Where necessary, we will escalate to Board

representatives, vote against management, or support shareholder resolutions. Depending on the severity of the concern and the issuers' capacity or willingness to adopt generally accepted standards of best practice, we may choose to sell the investment.

4. *Client disclosure:* Where relevant data is available, we strengthen reporting on the ESG characteristics of client portfolios and the impact of our active ownership activities. Where data is missing, we encourage issuers to report according to international standards.
5. *Research and thought leadership:* We will use our substantial experience across key environmental and social themes to publish targeted research and help raise awareness and capital for a sustainable transition.

How we conduct our activities

As a firm, responsibility starts with what we do with our own assets:

6. *Investing 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.
7. *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.
8. *Managing our direct environmental impacts:* In our own business activities we are taking every possible step 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.
9. *Philanthropy*: As the ultimate "risk capital", philanthropy can be an important part of tackling some of the world's most intractable problems. Through our initiatives and supported projects, we seek to stimulate action on environmental and social issues.
10. *Advocacy and partnerships*: We strive to encourage all our stakeholders and partners to implement sustainability and responsible investment. We have, therefore, signed the UN Principles for Responsible Investment for all business lines, including our pension fund, and committed to the UN Principles for Responsible Banking.

With these as our guide, we are convinced we can play our part in designing a thriving system for future generations. Ultimately, they align us with our purpose, which is *to protect, grow and transmit wealth, in every sense, by building responsible partnerships with our clients, colleagues, communities and the companies in which we invest.*

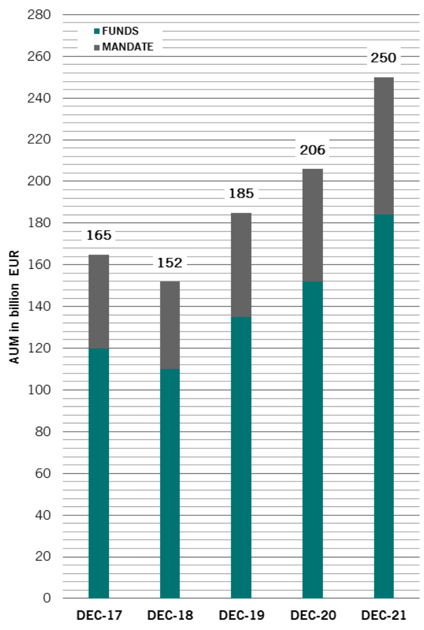
Pictet Asset Management (Pictet AM)

At Pictet AM we managed EUR 250 billion at year-end 2021 in assets across a range of equity, fixed income, alternative and multi asset products. In the past five years, the total assets under our management has increased by over 50% - from EUR 165 billion in 2017 to EUR 250 billion in 2021 – testament to our success in effectively serving the best interests of our clients and beneficiaries.

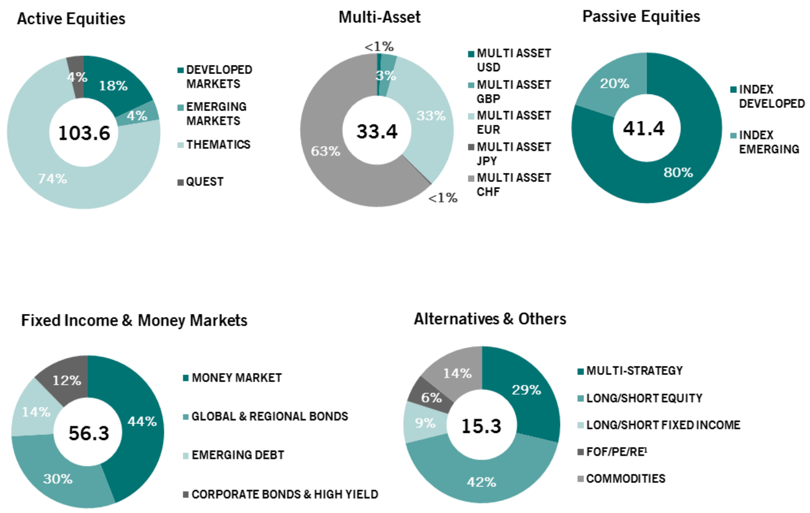
We provide specialist investment services through segregated accounts and investment funds to some of the world's largest pension funds, financial institutions, sovereign wealth funds, intermediaries, and their clients.

Please see detail below on our assets under management:

Evolution of assets (EURbn)*



Asset class (EURbn)**



Source: Pictet Asset Management, 31.12.2021
*Data as at end of each calendar year. AUM rounded to the nearest billion. Chart based on assets distributed and managed by Pictet Asset Management
**Total AUM: EUR 250bn.Managed by Pictet Alternative Advisors SA. Source: Pictet Asset Management, 31.12.2021

Our Investment Beliefs

We are active managers with a clear focus on valuation and strong risk management across equity, credit, sovereign debt, and currencies.

- We believe in the pre-eminence of active manager skill rather than simple style and carry bias. Our managers aim to deliver alpha coupled with high active share and/or astute management of market risk.
- We believe ESG considerations can help us make better long-term investment decisions for our clients.
- We are a focused multi-boutique asset manager, investing where we can add value for our clients.
- We have no single investment approach. Instead, we empower each team to be independent to encourage innovation and accountability.
- We manage risk as much as portfolios. Risk management is an integral part of our decision making, and risk monitoring is an independent function. Strong oversight is ensured through formal bi-annual manager reviews attended by our Chairman, co-CEOs, and respective CIO.
- We favour clients' interests over asset growth and would not hesitate to close strategies to protect alpha and investors

Commitment to responsible investment

We believe in responsible capitalism. We take a holistic view of the economy and its interactions with society and the natural environment. As such, we are convinced that ESG considerations must take a fundamental role in our thinking and vision. This approach guides us to better long-term investment decisions for our clients and, importantly, creates shared value for society.

This report provides details on the progress Pictet AM has achieved across the first five levers of action driving the Group's 2025 Responsible Investment Vision: **ESG integration**, **responsible solutions**, **active ownership**, **client disclosure** and **research and thought leadership.** In 2021, we enhanced significantly our responsible investment practices, including in active ownership, through a combination of clear articulation of Pictet's vision, more robust governance, development and deployment of dedicated tools, targeted internal training and communications, and an increase in ESG-dedicated resources.

In 2021, our actively managed funds voted 98% of votable meetings, the highest level of meetings we have voted in five years. We engaged with 270 companies, 19% more than in 2020, across a wide range of ESG issues. Furthermore, and in order to maximize the impact of our engagement activities, we began work on a group-wide engagement programme structured around climate change, water, food & nutrition and promoting long-termism, key ESG themes in which we have long-standing expertise.

Principle 2: Signatories' governance, resources and incentives support stewardship

We have a governance framework that reflects the nature of our organisation and through which responsible investment activities are overseen. The independent governing bodies described below benefit from considerable overlap in membership, specialisation, periodic reporting, and open lines of communication that enable resource allocation, oversight and accountability for the effective delivery of our responsible investment strategy.

Pictet Group

Pictet is a partnership of eight owner-managers ("Managing Partners") responsible for the entire activity of the Group. The Group Stewardship & Sustainability Board (GSSB), which reports to the Managing Partners and meets on a quarterly basis, is responsible for driving action and setting KPIs to achieve the three ambitions under the Responsible Vision. The GSSB is chaired by Laurent Ramsey, Managing Partner and co-CEO of Pictet AM, and brings together specialists and senior representatives from relevant corporate functions from all four business lines: Pictet AM, Pictet Wealth Management, Pictet Asset Services and Pictet Alternative Advisors. We have chosen this approach as we believe that, for sustainability and stewardship to be effective, it needs to be supported and driven from the top of the organisation.

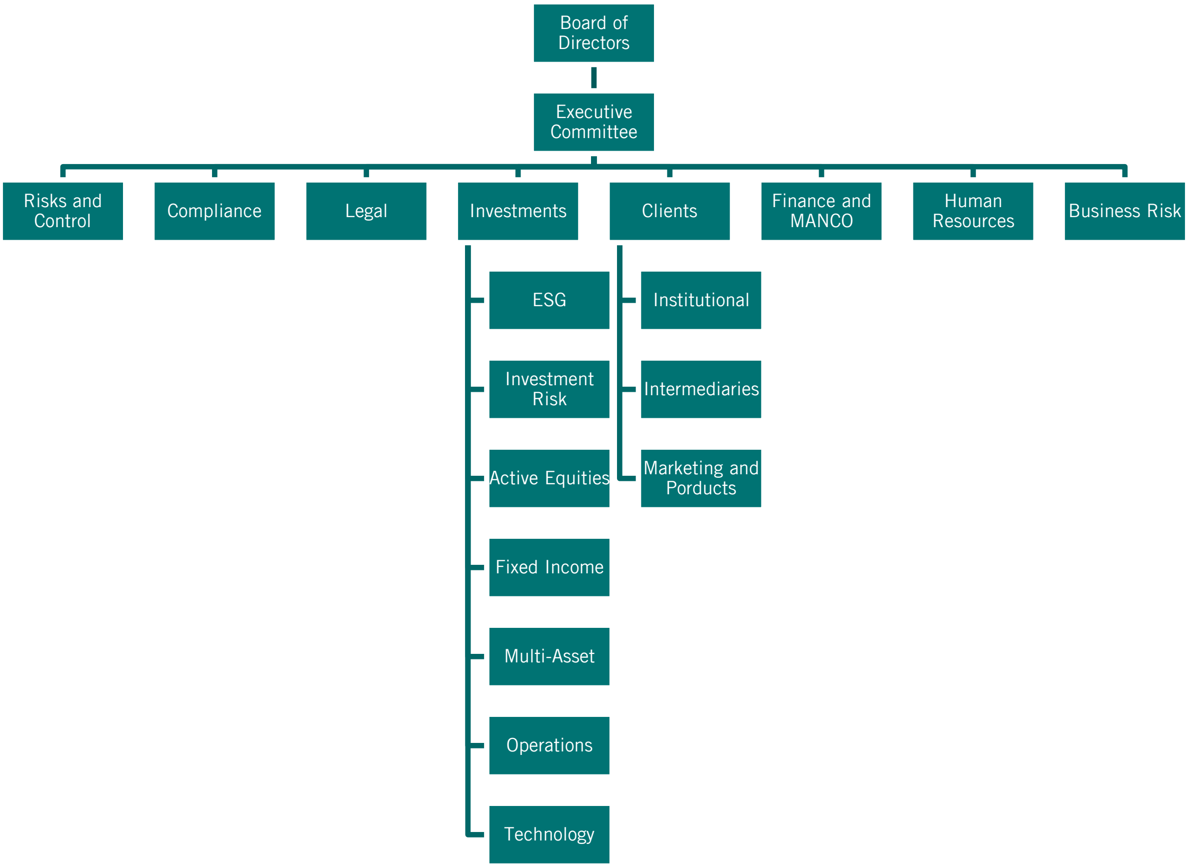
In addition, we have three distinct committees composed of specialists from the business lines supporting and reporting to the GSSB:

- ESG Data Committee: approves sourcing and use of external ESG data, development of in-house ESG data infrastructure, and annual ESG data budgeting.
- Operational Committee: drives and reports progress in implementation of responsible investment commitments and ambitions across business lines.
- Environmental Policy Committee: identifies and mandates corporate environmental initiatives.

Pictet Asset Management

Pictet AM is led by two of Pictet's Managing Partners, Messrs. Laurent Ramsey and Sébastien Eisinger.

The staff organisational structure of the firm (across all entities) is illustrated below:



Pictet AM's Board oversees the overall direction and strategy of the business. Laurent Ramsey is one of the executive members of the board.

The firm has an Executive Committee made up of 12 members who represent each major function in the business and who meet twice a month. The Committee members: decide on all matters necessary to run the firm efficiently; decide and approve the strategy and general policy; approve the yearly financial statements; and are responsible for ensuring that adequate systems and controls are in place. As part of its mandate, the Executive Committee decides and approves Pictet AM's responsible investment strategy and oversees its implementation through various committees. These include the Investment Management, Risk, Distribution and Product Committees, ensuring consistency across the different business functions.

Stewardship Resources

ESG team

Pictet AM's ESG team supports the adoption and implementation of responsible investment activities across the firm. This includes:

- Supporting ESG integration in investment processes
- Defining active ownership strategies, coordinating, and monitoring their implementation
- Coordinating Pictet AM's participation in collaborative engagement initiatives
- Selecting and monitoring external ESG data providers in collaboration with relevant teams
- Helping integrate ESG datasets in IT systems and defining quality checks
- Developing ESG metrics for client reporting

The team also leads internal training and raises awareness of responsible investing issues across the Group. Finally, it is instrumental in shaping Pictet AM's response to ever-increasing sustainable finance regulation.

The team reports directly to Sébastien Eisinger, Managing Partner of the Pictet Group, Co-CEO of Pictet Asset Management and Head of Investments. At year-end 2021, the team comprised six members, with a wide range of professional backgrounds and an average of 13 years' relevant experience.

ESG Champions Network

To strengthen and grow ESG activities across the firm, in 2020 we created an internal network of ESG Champions, made up of 50 investment, risk, and sales and marketing professionals. Their role is to lead ESG activities within their teams, and work closely with our dedicated ESG Team to advance key projects and provide training to all our staff. The network has proven invaluable to establishing and enhancing stewardship and other ESG activities across the firm.

Investment teams

More than 380 investment professionals in investment teams are responsible and accountable for integrating ESG factors into research, investment, and active ownership activities. Ultimately, we want ESG to be part of the DNA of our investment managers and research analysts, informing every investment decision. The ESG team acts a hub of expertise to support investment teams in their discharge of ESG-related responsibilities.

ESG Data Service Providers

We use a range of specialist service providers to support our firm wide ESG integration and active ownership activities, as follows:

RESEARCH PROVIDER	**AREA**
ISS	Corporate governance and proxy voting research
CFRA	Forensic Accounting
HOLT	Financial Performance
Sustainalytics	ESG Research and Ratings; ESG Controversies; Corporate Engagement; Activity-based Screening
Four Twenty Seven	Physical Climate Change Risk
S&P Global Trucost	Carbon Emissions
Verisk Maplecroft	Country Risk Analytics

FTSE Russell	Green Revenues
Rep Risk	ESG Controversies

Engagement tracking, monitoring and reporting

In 2021, we strengthened the management of our engagement data through the implementation of a research management platform, in which we now centralize recording of all our engagement activities. The solution provides a structured process for investment teams to record and track engagement activities. Each engagement case or activity must have a specific and clearly defined objective with a time horizon; it is also tagged against a range of categories to facilitate search and reporting. Meeting summaries are attached to one or several engagement objectives in the system, providing users with the ability to then browse and report on the history of engagement activities.

The platform constitutes the base for reporting on engagement activities to our clients. The ESG Team has oversight of all engagement data and runs checks frequently to ensure overall quality, fairness, and consistency. Client teams are also involved in reviewing engagement information before sharing with clients[1].

Diversity and inclusion

Diversity and Inclusion (D&I) are a strategic priority for Pictet Group. Gender is one of the Group's six 'Diversity Chapters', alongside ethnicity, disability, sexual orientation, age, and socio-economic background. Our ambition to increase female representation at all management levels forms a significant part of the Group's gender diversity agenda. To help reach this goal, Pictet elected to be evaluated by EDGE (Economic Dividends for Gender Equality), a global assessment methodology and business certification standard working for gender equity.

The results of EDGE's audit show the considerable progress we have made over the past three years in workplace gender equality and inclusivity. We were assessed in representation of women, gender pay equity, effectiveness of policies and practices to ensure equitable career flows, and organisational culture.

In 2021, Pictet appointed a Group Head of D&I and created dedicated committees in each business line. D&I factors are now considered throughout the full employee lifecycle – from recruitment through career progression and retention.

Training

Innovative tools can only fulfil their potential if investment teams understand their relevance to our daily work. This is why we support and encourage our staff in strengthening their ESG technical skills and related professional qualifications, both in-house and externally. At year-end 2021, 46 Pictet AM employees had achieved the CFA Institute Certificate in ESG Investing, and 5 employees had achieved the Sustainability Accounting Standards Board's Fundamentals of Sustainability Accounting Credential.

[1] This complements our response to Principle 5.

Investment teams regularly attend internal training sessions organised by our ESG and Human Resources teams. We have established a comprehensive programme to improve ESG expertise across the company on a range of specific topics, including corporate governance, proxy voting, controversial corporate behaviour, the green economy or the physical impacts of climate change - all with input from selected external experts. In 2021, we provided 14 training sessions on 11 different ESG topics, with 405 employees attending at least one session.

Incentives

The Executive Committee has approved a Remuneration Policy that aligns individuals' pay with the interests of our clients and the long-term performance of the business. An appropriate mix of different pay elements and deferrals ensures that an individual's compensation is appropriately stable over time and encourages responsible risk-taking and sustainable performance for our clients. The policy integrates sustainability considerations through policies and procedures employees are bound to respect. Adherence to the firm's sustainability and responsible investment strategiesform part of annual performance reviews where relevant.

Effectiveness

We believe that our results in the latest available UNPRI Reporting & Assessment cycle (2020), particularly in the Strategy & Governance section, are good indicators of the strength and effectiveness of our governance and resources framework to support stewardship. Please see below our Summary Scorecard:

Pictet Asset Management - Scorecard 2020

AREA	PICTET ASSET MANAGEMENT SCORE	MEDIAN SCORE
Strategy & Governance	A+	A
Listed Equity – Incorporation	A	A
Listed Equity – Active Ownership	A	B
Fixed Income – SSA*	B	B
Fixed Income – Corporate Financial	A	B
Fixed Income – Corporate Non-Financial	A	B

*Sovereign/supra/agency (SSA)
Scores range from A+ (top band) to E (lowest band)
Source: UNPR, Pictet Asset Management - 2020

Principle 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first

Pictet AM's Executive Committee is responsible for establishing a framework to manage conflicts of interest across the firm. This involves implementing systems, controls, and procedures to identify, escalate and manage conflict of interest situations. Our Conflicts of Interest Policy ("the Policy") identifies those situations which may give rise to a material risk of damage to clients' interests. It also outlines procedures to manage and mitigate conflicts that cannot be prevented.

Main features of our Policy include the following:

- Every employee is responsible for identifying and escalating potential conflicts of interest for appropriate management and resolution. All staff undertake regular training to ensure awareness of obligations and adherence to the Policy
- Pictet AM's Risk Committee is responsible for the oversight of conflict management
- Additional policies and procedures to manage conflicts include a Code of Ethics, Proxy Voting Policy, Order Execution Policy and Order Handling Procedures, and Compliance Manual
- If our organisational arrangements and efforts to avoid or manage conflicts of interest are not sufficient to prevent damage to a client's interests, we will clearly disclose the specific description of the nature and sources of the conflict to the client
- A periodic exercise is undertaken to identify actual or potential conflicts of interest within Pictet AM. These are recorded in our conflicts of interest register, maintained by the Compliance Department, and reviewed annually or upon any material change.

For additional information on our Policy, please refer to https://www.am.pictet/-/media/pam/uk/pdf/pam-ltd-conflicts-of-interest-policy.pdf

Conflicts of Interest in Active Ownership

Pictet AM recognizes that conflicts of interest may arise within the context of exercising our active ownership responsibilities. Potential examples may include:

- A Pictet AM employee, or a family member, has a close relationship with the company with which Pictet AM seeks to engage, or they have been nominated to the Board of Directors
- Fund Managers/Analysts have a material personal investment in a company with which Pictet AM seeks to engage
- The senior management of the company are clients of other Pictet Group entities (e.g. Pictet Wealth Management) and may try to exert influence on Pictet AM through this relationship
- Pictet AM has an investment management relationship with the company, perhaps via its pension fund, or one of the mutual funds that Pictet AM manages on a sub-advisory basis, or the company has invested in Pictet AM funds
- Pictet AM may exercise proxy votes at a company meeting which could favour one client over another

Any material conflict of interest from issuer engagement or proxy voting will be referred to the ESG team, the relevant CIO and Compliance to ensure that we always act in the best interests of our clients. If necessary, issues may be raised to Pictet AM's Head of Investments and/or CEO for determination.

Some of our controls and monitoring mechanisms include the following:

- Our Code of Ethics requires all employees to disclose outside business interests and directorships, together with those of their connected persons, and to seek prior approval for new interests. In the event of a conflict arising, Pictet AM would remove the individual from the engagement process
- Engagement targets are determined by a methodology that does not consider Pictet AM's commercial relationships
- Proxy Voting Policy is administered by ISS, our voting service provider. The voting policy was designed to ensure that votes favour the best interests of clients rather than Pictet AM
- Sample Checks are performed annually by the ESG Team to ensure that our proxy voting service provider, ISS, votes in compliance with our policy
- We are in the process of developing a register for engagement-related conflicts

There were no material conflicts of interest from active ownership activities during the reporting year.

Principle 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system

Pictet AM has an independent Investment Risk team (IR) of 35 professionals, based in Geneva, London, and Hong Kong. The vision at IR is to develop a strong risk culture within the firm by partnering with investment teams. The goal is adding value to investment processes, through the improvement of the firm's investment edge. The team's mission includes avoiding any loss of unacceptable nature or amplitude in clients' portfolios across the organisation. By doing so, IR aims to preserve both the interest of clients and Pictet AM's reputation. IR also seeks to improve the investment proposition by supporting senior management and investment teams with risk-related issues. The team remains independent from investment teams and reports directly to the Co-CEO and Head of Investments. IR also has a reporting line to the Chief Risk Officer.

The core activities of the IR team include monitoring risk levels (e.g. tracking error, VaR, volatility), conducting interactive risk analysis and stress testing, as well as performance analysis, identifying and managing market-wide and systemic risks, achieving portfolio optimisation, and monitoring liquidity targets. Specific reports are produced and shared with relevant teams to allow detailed management of these risks.

Pictet AM fully recognises the potential impacts of systemic risks can have on the stability of financial markets and hence our clients' capital. Therefore, we seek to identify and assess the potential impacts of such risks on our investment portfolios, including those related to the pandemic, climate change, biodiversity, social inequality, and cybercrime, and implement measures to monitor and manage those impacts. Our approach features integration of system-level considerations in investment strategies and, importantly, targeting change through active ownership and working together with peers and other stakeholders.

Climate change

For Pictet, climate change represents both one of the defining challenges of our time and an opportunity to build a more sustainable economy. We believe climate change will have a material impact on asset prices and investment returns in the coming years, which is why we are committing substantial resources to better understand and analyse its influence on the economy and financial markets. We also believe that, as stewards of global capital, the investment decisions we and our peers take today will have a strong bearing on how climate change ultimately unfolds.

The world must come together around a common ambition to limit warming to 1.5˚C by 2050 or earlier to mitigate the worst effects of climate change. In this context, Pictet has aligned around a shared investment philosophy concerning the topic of climate and is working on developing a set of actionable climate investment principles underpinned by robust research and involving the participation of investment and ESG teams across the group. We expect to publish our Climate Principles, together with a dedicated Climate Action Plan, during the course of 2022.

A natural part of this journey has been joining the **Net Zero Asset Managers Initiative** and committing to the **Business Ambition for 1.5 degrees** from the Science-Based Targets Initiative (SBTi) to ensure we follow a science-based approach to setting emissions reduction targets.

As a privately held firm, we have the strength of independence and a governance that holds us accountable to the next generation. While this unique structure does not require the same level of reporting as publicly listed firms, we are especially committed to transparency when it comes to climate and other environmental factors.

Transparency will be key to solving the climate challenge. As investors, we depend on the transparency of the issuers in which we invest. Material environmental and social disclosures help us make better capital allocation decisions, and ultimately contribute to the transition.

This is also why we have endorsed the **Task Force for Climate Related Financial Disclosures (TCFD)**. We use it to strengthen our governance, strategy, and risk management, to measure climate related risks and to assess green investment opportunities. We will progressively incorporate material-TCFD aligned disclosures in our annual reporting.

As a signatory of both the UN Principles for Responsible Investment and the UN Principles for Responsible Banking, we will continue to drive change within the financial services community and strengthen our policy work around the topic of climate. Locally we support the Swiss CEO4Climate initiative, which calls on the Swiss government to take more meaningful legislative action in support of achieving the Paris Agreement goals. Beyond our borders, we have signed the Global Investor Statement on the Climate Crisis, which is the strongest ever call by global investors for governments to raise their climate ambitions and implement meaningful policies to support investment in solutions to the climate crisis.

The following four aspects of our interactions with clients and the assets we manage for them underscore how we are concretely addressing the above commitments.

1. Driving positive change

We have always believed that facilitating the green economic transition represents a significant investment opportunity. In fact, since long before the Paris Agreement was signed, Pictet has been a pioneer in sustainable investments with a range of specific strategies that direct capital towards companies providing solutions to environmental problems. These strategies raised EUR 12.1 billion in 2021 to reach EUR 28.8 billion in total at the end of the year.

Concretely, these strategies allow our clients to invest in technologies, innovation and infrastructure - such as wind, solar and energy efficiency solutions - that are instrumental in accelerating the transition to a low carbon economy and maintaining global warming to 1.5˚C. In the water industry, where we are an investment leader, the technologies and resource management companies we invest in are critical to increasing the resilience and adaptation of our societies to climate change.

As part of our Responsible Vision 2025, we will continue to develop innovative investment strategies that provide capital to companies which have a positive impact on the environment and society. We are convinced this is the right thing to do for people, planet, and the portfolios of our clients.

2. Fostering the transition

As active investment managers, our role in helping build a green economy extends beyond channelling capital to environmental technology. It also involves bringing about positive change in corporate behaviour, where a transition to low carbon is possible and needs to be accelerated. This also means ensuring that our natural, economic, and societal systems are resilient to the impacts of climate change if, and when, they arise.

Therefore, throughout our investment activities for private and institutional clients, we deploy active ownership, which includes both engagement and voting, with the aim of improving the ESG performance of the companies we invest in.

In 2021, we stepped up our engagement efforts on climate change, both individually and collaboratively: we engaged with 31 companies, compared to 14 in 2020. Our key objective is to encourage companies to adopt and implement TCFD-aligned practices to manage transition and physical risks, including setting and disclosing emissions reduction targets aligned with the Paris Agreement. We are currently drafting a set of minimum expectations for investee companies' climate change management practices, which aims to provide a framework for how to deal with companies that fall short of these.

Given the scale of the challenge, we believe the investment community can be more effective if its members work together to achieve common goals. As a result, we have actively supported the **Institutional Investors Group on Climate Change** since 2013, and are part of **Climate Action 100+**, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. We are also a member of the **Farm Animal Investment Risk & Return (FAIRR)** Initiative, which engages with companies active in food production on climate change issues. And finally, we support and are working with the **Centre for Education and Research in Environmental Strategies (Ceres)** to prepare collaborative engagement on the critical topic of water.

3. Addressing climate risks

We have been integrating ESG factors, of which climate is a key pillar, into our investment process and risk management framework for many years. Today, over 75% of the assets we actively manage for clients (private and institutional) are held in portfolios which integrate ESG factors. We will raise that proportion to 100% by 2025.

We are continuously expanding the range of asset classes and indicators we track to better evaluate the threats climate change presents to our portfolios. This enables us to improve the way in which we monitor and control risk and allows us to offer clients greater transparency on how ESG factors affect their investments. We are in the process of assessing the effectiveness of our approach and expect to improve our disclosure going forward.

4. Excluding assets

Another way to address climate and other ESG risks is by excluding specific activities from our portfolios. As a matter of principle, we do not believe that exclusion is the best way forward in all cases. Engagement can offer better outcomes in many instances. However, excluding activities that are most harmful to society and the environment can be a useful tool when there is no path to transition or when these activities are incompatible with our core values.

In the area of climate, we systematically (i) excludes companies that generate more than 25 per cent of revenue from thermal coal mining from all actively managed assets, unless there is strong evidence of a transition to other revenue sources, and (ii) engages with companies that generate more than 25 per cent of revenue from coal power generation, with the requirement to not further invest in new coal assets and establish a low carbon transition plan aligned with the Paris Agreement.

For our range of ESG Binding and Positive Impact strategies, we have set stricter criteria that exclude investments in activities such as thermal coal power generation, oil & gas production, oil sands extraction, shale gas and offshore Arctic oil & gas exploration. Please refer to our Responsible Investment Policy for details on exclusions.

Pictet's unique governance as an independent partnership has always been anchored in long-term thinking and an instinctive sense of responsibility. This is crucial when tackling a defining issue like climate change, which will play out over the coming decades. The firm is under no illusion that achieving the goals of the Paris Agreement is a herculean task and that we cannot do it without the entire system aligning to the same ambition. It will require profound change, an ongoing commitment and perseverance, and for all parts of the economy to play their role.

Net Zero Asset Managers Initiative

The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with the best available climate science and with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner. The Net Zero Asset Manager initiative includes 236 signatories with USD57.5 trillion in assets under management (24.02.2022)

Science Based Targets initiative (SBTi)

A partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF) launched in 2015, the SBTi aims at guiding companies in science-based target setting, and enabling them to tackle global warming while seizing the benefits and boosting their competitiveness in the transition to a net-zero economy. The SBTi defines and promotes best practice in emissions reductions and net-zero targets in line with climate science, provides technical assistance and expert resources to companies setting science-based targets, and provide an independent assessment and validation of targets. As of today, 2'530 companies are working with SBTi to set science-based targets, including 1'180 that have their targets validated (24.02.2022).

Our participation in industry initiatives

As committed advocates of responsible investing, we seek to help steer the industry and the markets towards more inclusive thinking around people, the planet and portfolios. To this end, we are involved in a number of industry initiatives, organisations and partnerships, including:

ORGANISATION/INITIATIVE	INVOLVEMENT OF PICTET ASSET MANAGEMENT
UNPRI	Signatory
FNG, SpainSIF, ItaSIF	Member
CDP (Carbon Disclosure Project)	Signatory (Pictet Group)
EFAMA (European Fund and Asset Management Association)	Member of the Stewardship, Market Integrity & ESG Investment Committee
IIGCC (Institutional Investors Group on Climate Change)	Member of the Adaptation & Resilience Working Group
FTSE Russell	Member of the FTSE Environmental Markets Advisory Committee

ORGANISATION/INITIATIVE	INVOLVEMENT OF PICTET ASSET MANAGEMENT
Swiss Sustainable Finance (SSF)	Founding member (Pictet Group)
Sustainable Finance Geneva	Institutional Partner (Pictet Group)
The Investment Association	Member of the Sustainability and Responsible Investment Committee
Pensions for Purpose	Influencer
UN Principles for Responsible Banking	Signatory (Pictet Group)
Taskforce on Climate-related Financial Disclosures (TCFD)	Signatory (Pictet Group)
Farm Animal Investment Risk and Return (FAIRR)	Member (Pictet Group)
International Corporate Governance Network (ICGN)	Member (Pictet Group)
Science Based Targets initiative (SBTi)	Signatory (Pictet Group)
Net Zero Asset Managers Initiative	Signatory (Pictet Group)

Most of our recent advocacy activity has been centred on climate change. We see this as a rapidly materialising systemic risk. For this reason, it is a key focus across our risk, investment, and active ownership activities. Given the scale of the threat, we are committed to making concerted efforts to achieve system-wide solutions.

We are members of and active contributors to the Institutional Investors Group on Climate Change (IIGCC). We believe the IIGCC is instrumental in improving the investment industry's part in the transition to a low-carbon economy. In 2021, we participated in IIGCC-led initiatives, including a consultation on climate accounting methodologies, and signing the Global Investor Statement to Governments on the Climate Crisis (published ahead of COP 26). In the run up to the summit, we also signed an investor statement led by FAIRR, urging G20 nations to enact ambitious policies and disclose effective targets for GHG reductions in agriculture.

We joined an investor group calling on the big four accounting firms – Deloitte, EY, KPMG and PwC – to include net-zero considerations more systemically in their auditing. We will review the effectiveness of this initiative in 2022.

Most of our work on broader ESG and responsible investment issues is through industry associations. The Pictet Group has been an active member of the Swiss Sustainable Finance initiative since 2014, currently co-leading a working group on sustainable investment in wealth and asset management. In the UK, Pictet AM is a member of Sustainability and Responsible Investment Committee within the Investment Association. During the reporting year, the Committee's work has focused on helping investment managers address issues around climate change. This included supporting the development of climate-related disclosures and net-zero strategies, as well as working with the UK Government to bring about transition by enabling investible opportunities. The Committee also served as a forum for discussing solutions to challenges presented by new sustainability disclosure requirements.

Research and Thought Leadership

We see it as our mission to educate ourselves, our clients, and the wider investment community on market-wide and systemic risks from ESG issues. We believe education will raise awareness and capital to address these issues and contribute to a sustainable transition. In this context, we sponsor academic research work, take part in industry forums, and publish thought pieces drawing on our experience across key environmental and social themes.

In 2021, we continued our partnership with Professor Cameron Hepburn and his team at the University of Oxford Smith School of Enterprise and the Environment. During the reporting year, Professor Hepburn authored a paper titled *Climate Change: Answers to Common Questions*, giving a brief but firm grounding on the current knowledge of climate change, its environmental and economic implications, and how to respond to it.

We continue our long-standing partnership with two Nordic organisations, the Stockholm Resilience Centre (SRC) and the Copenhagen Institute for Futures Studies (CIFS). The SRC's work on the pioneering Planetary Boundaries concept has allowed us to form a science-based investment framework, which can identify and assess companies now solving some of the biggest environmental challenges ever faced by the planet. We have been working with the CIFS for over a decade to further understand megatrends – the powerful secular forces that are changing the environment, society, politics, technology and the economy. In 2021, we sponsored a CIFS report called 'The Fourth Industrial (R)evolution', outlining the blind spots, risks and opportunities we are seeing in this era of rapid technological change.

Building Bridges is a joint initiative launched in 2019 by Sustainable Finance Geneva (SFG). SFG is a network of financial institutions and local Geneva authorities promoting sustainable finance in the Swiss market. Through Building Bridges, SFG seeks to accelerate the transition to a global economic model aligned with the Sustainable Development Goals (SDGs). Building on more than 20 years of experience investing in the water value chain, we led a panel discussion during the 2021 Building Bridges Week in Geneva. The panel explored how we might overcome the hurdles faced by SDG 6 – 'Clean water and sanitation for all'. The discussion generated helpful insights into driving catalytic capital and ways of engaging across different economic actors, to understand how their practices can contribute to achieving SDG 6.

Finally, Pictet AM publishes views on sustainability issues written by our own investment professionals or issue experts:

- Investment views: our investment experts discuss developments, including from ESG issues, crucial to tactical and strategic asset allocation
- Mega from Pictet: our dedicated digital hub, mega, features expert analysis of megatrends and the New Economy. This comes from academics, scientists, and entrepreneurs, focusing on the people and companies looking to solve some of the world's most pressing environmental, social and technological challenges

All of this research can be found under the 'Insights' section of our website at am.pictet.

Principle 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities

Pictet AM's Responsible Investment Policy sets the framework for expectations, responsibilities and processes relevant to the incorporation of ESG factors within our investment processes and stewardship activities. The Policy covers, among others:

- Purpose, scope and approach to engagement
- Proxy voting principles and guidelines
- Expectations of corporate governance practices
- Definition of sustainability risks
- Conflicts of interest
- Exclusions framework
- Transparency and disclosure

The Policy is written by the ESG team, and reviewed by the Legal, Compliance and Investment Writing teams. The Executive Committee reviews and approves the Policy and any changes to it prior to its publication. We review and potentially revise the Policy annually, but it can also be updated outside this annual cycle as required. In 2021, we made the following key changes:

- Alignment of the definitions of our Responsible Investment strategies with the SFDR product classification
- Inclusion of Sustainability Risks definitions, in line with EU regulations
- Enhancement of our Exclusions Framework
- Inclusion of Principal Adverse Impacts definitions, in line with EU regulations
- Inclusion of expectations on Good Corporate Governance Practices

These changes will help us ensure adherence to new regulations, meet evolving client expectations, and enhance consistency of our voting and engagement activities.

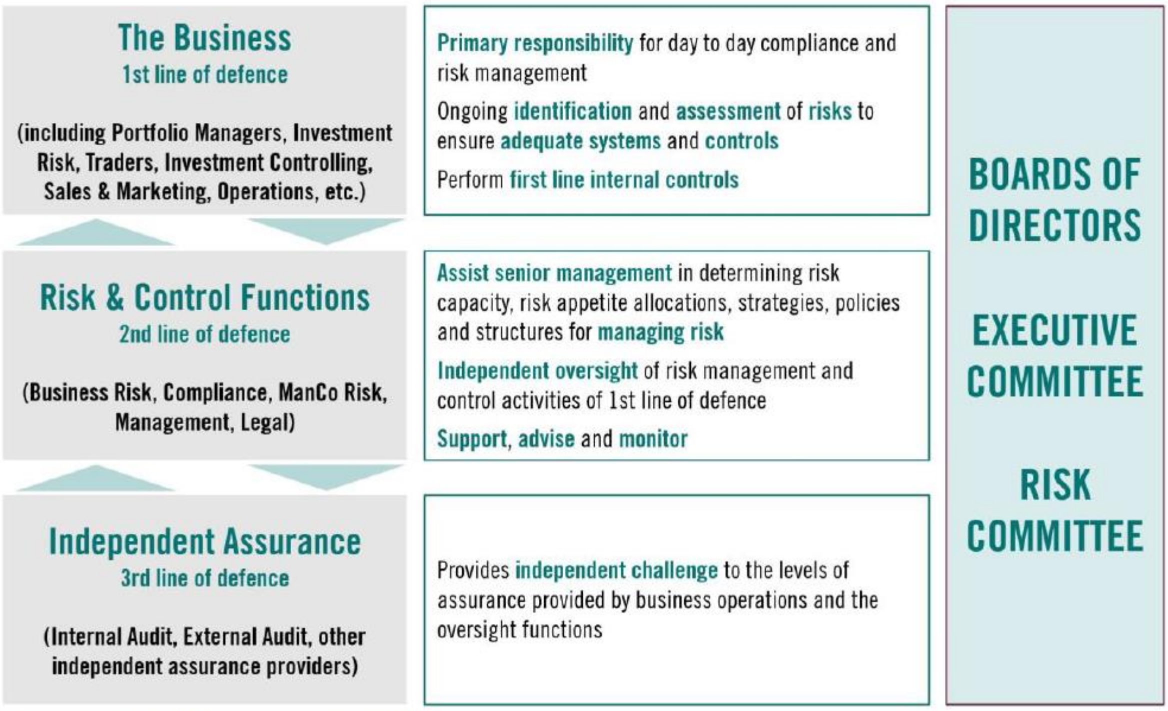
Assurance

Risk Management

Risk management at Pictet AM is based on multiple levels of risk control, aiming to protect client portfolios. Three lines of defence uphold our risk management framework:

- The First Line of Defence includes investment teams and a dedicated Investment Risk team with clear ownership of portfolio risk, managed on a day-to-day basis
- The Second Line of Defence includes Compliance, Legal and Business Risk, performing independent oversight of investment risks for Pictet AM and ensuring regulatory compliance for related matters
- The Third Line of Defence, with internal and external audit, provides independent challenge to the assurances achieved by business operations and oversight functions

Pictet Asset Management - Risk management: Three lines of defence



Source: Pictet Asset Management, January 2022

The Investment Risk team monitors all portfolios independently and provides regular risk reports to senior management. The team also conducts periodic reviews of performance and risk issues as well as the quality of the investment process for each investment strategy.

ESG risk is fully integrated in our risk management framework. Portfolio risk analysis is supported by a series of ESG Risk dashboards that provide transparency at portfolio level on single or company-specific ESG issues, as well as systemic risk factors. ESG factors are regularly added to the risk monitoring framework as new data sources become available.

The risk and performance of all investment strategies are monitored daily by the team and reviewed weekly with the investment teams. The head of Investment Risk and the head of each risk unit meet monthly with the relevant CIO. Quality reviews are conducted twice a year with the Head of Investments and the CIO in charge of the analysed strategy.

When risk alerts arise on a portfolio's internal limits, the Investment Risk team notifies the portfolio manager to agree on action to bring the portfolio back to its pre-defined risk limits. At this stage the second line of defence is informed. If the IR team and Portfolio Manager cannot agree, the issue is escalated to the respective CIO and Head of Investments. Where there is recurrent alert, the CEOs and the Chief Risk Officer are informed and take appropriate measures.

Investment Controlling

Our Investment Controlling Unit is independent of the investment, operations and internal control teams. It checks that the investment funds comply with their investment policy and investment restrictions (as referred to in their prospectus or any relevant legal documentation). Investment controls are carried out by identifying and resolving active and passive breaches. A report on compliance is produced monthly.

Internal Audit

Pictet AM's Internal Audit team (IA) is part of the Pictet Group Internal Audit department. IA helps Pictet AM accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of investment and risk management processes. This includes internal controls to ensure alignment with the Responsible Investment, Conflicts of Interest, and other relevant policies.

The team continually audits the main business and operational activities of Pictet AM, according to a multi-year audit plan. Audit assignments are designed to evaluate policies and processes, assess compliance with laws and regulations, provide recommendations for improvement, and follow up. All internal audit reports are distributed to the Executive Committee and legal entity board members.

An internal audit on ESG-related activities, including active ownership, will be conducted across all the Pictet Group entities in 2022-23. The audit reports will be shared with the Pictet Managing Partners as well as with the Executive Committees, Boards and Risk functions of the Pictet business lines, and with our external auditor PwC.

External Audit

The external audit of all Pictet AM entities is carried out by PwC. It includes the audit of our financial report and accounts and the verification of our performance numbers. Furthermore, a team of PwC auditors visits the firm annually and audits an activity of their choice. They conduct a full regulatory review as well as a statutory audit, and send the final reports directly to FINMA, the Swiss regulator.

PwC also conducts an annual independent review under the ISAE 3402 standard[2] that provides an additional layer of assurance. The review covers control procedures in relation to the investment management and proxy voting activities of Pictet AM and several of its subsidiaries.

Third-party Recognition – European Sustainable Finance labels

Over a dozen of Pictet AM funds have been awarded European sustainable finance labels, including Towards Sustainability (Belgium), FNG (Germany) and SRI Label (France). The criteria used to award these labels cover fund providers' engagement and voting practices. In the case of FNG, for example, engagement and voting strategies account for 25% of the total score assigned to funds[3]. As such, and considering that our approach to engagement and voting is consistent across investment strategies, we believe the review process that is part of the sustainable finance labels serves as external assurance of our active ownership processes.

[2] ISAE 3402 refers to the International Standard on Assurance Engagements (ISAE) 3402 issued by the International Auditing and Assurance Standards Board.

[3] Please refer to FNG's Rules of Procedure document at https://www.fng-siegel.org/media/downloads/FNG_Label_2021-Rules_of_Procedure.pdf

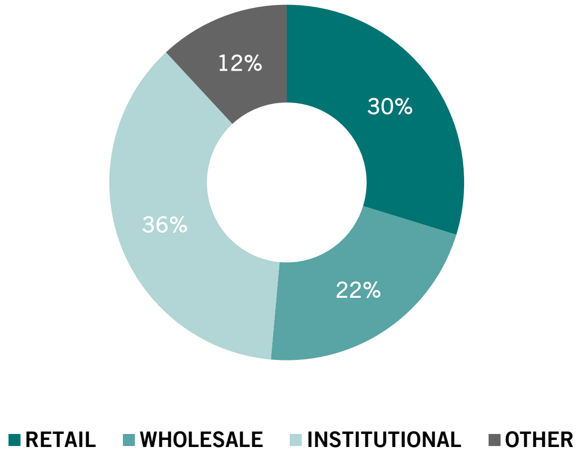
INVESTMENT APPROACH

Principle 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them

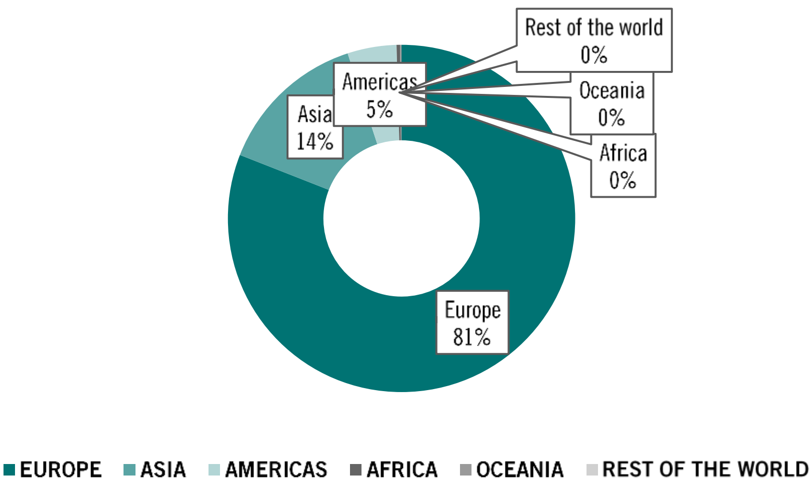
Client Base

Our client base is split across three distribution channels: institutional, wholesale and retail clients. Of our assets, 36% are from institutional clients, followed by 30% from retail, and 22% from wholesale. Across our business, approximately 81% of our assets managed at December 31, 2021 were for European clients, 14% for Asian, and 5% for American.

Distribution channel (% of AUM in EURbn)



Geography* (% of AUM in EURbn)



Investment horizon

Pictet AM is a long-term investor, making ESG critical to evaluate investment risks and opportunities and enhance value creation. However, our clients naturally have different needs and holding periods, and our investment strategies are shaped to support these.

The recommended holding period for equity strategies is typically a minimum of five years. We do, however, offer some products with a shorter holding period, such as money market and short-term bond strategies. Those with a medium-term holding period (a minimum of three years) include multi asset or fixed income strategies.

Investment Products

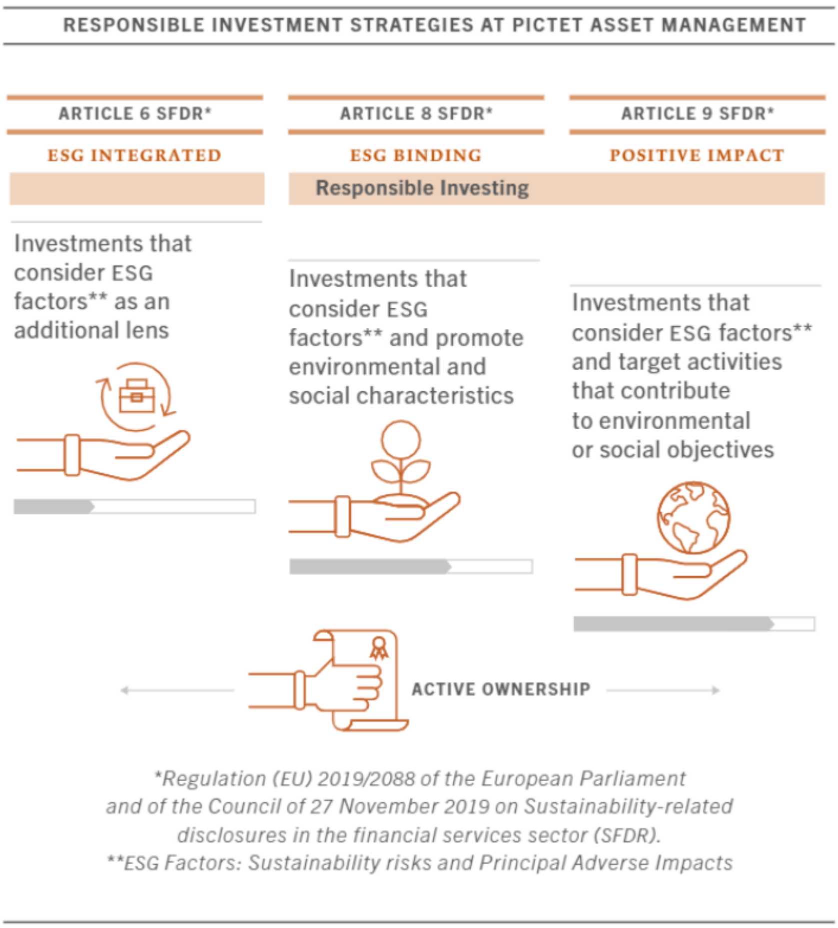
We support and offer options to our clients in embedding ESG and engage with them to help find the plan to best meet their requirements. Our products are defined according to three main categories, reflecting the variety of approaches to ESG integration implemented by our investment teams

ESG Integrated: These strategies integrate material ESG risks and opportunities into investment decisions to complement financial analysis. Portfolios may invest in securities with high sustainability risks.

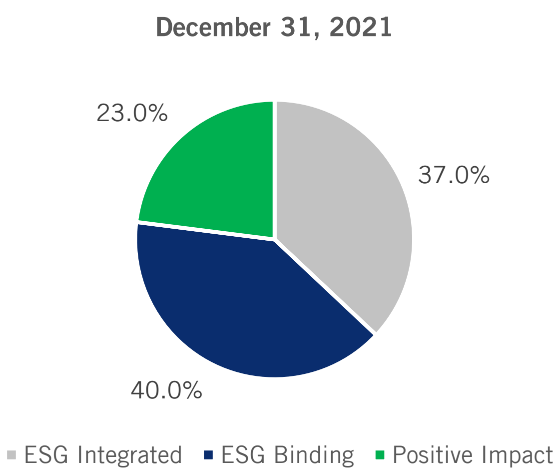
ESG Binding: these strategies consider ESG factors such as sustainability risks and principal adverse impacts and promote environmental and/or social characteristics.

- **Positive Tilt** strategies seek to increase the weight of securities with low sustainability risks and/or to de-crease the weight of securities with high sustainability risks, subject to good governance practices. Principal adverse impacts, as defined under the EU's Sustainable Finance Disclosures Regulation (SFDR), are reduced by excluding certain categories of issuers (please refer to our Responsible Investment Policy for details on our exclusions framework).
- **Best in Class** strategies seek to invest in securities of issuers with low sustainability risks while avoiding those with high sustainability risks, subject to good governance practices. Principal adverse impacts are reduced by excluding certain categories of issuers.

Positive Impact: Pictet AM has been a pioneer in thematic investment for more than 20 years. It currently offers a range of stand-alone strategies on themes including clean energy, digital, water, timber, environmental opportunities, nutrition, health, and robotics. Our strategies aim to deliver a financial return while also achieving a positive and measurable impact, by investing in companies that provide solutions to increasingly complex sustainability challenges. As is the case with our ESG Binding strategies, principal adverse impacts are reduced by excluding certain categories of issuers.



Our range of ESG Binding and Positive Impact strategies accounted for 63% of our assets under management in scope for EU Regulation as at December 31, 2021.



Client management

"Our mission is to build responsible partnerships with our clients by exceeding their expectations for investment performance and service."

Laurent Ramsey
Managing Partner
Pictet Group, and Chief Executive Officer, Pictet Asset Management

Embedded in our mission is a commitment to understand clients' needs and to evolve our approach for the best results. The Global Client Group (GCG) acts as the focal point for client services. It ensures client requests and reporting requirements are responded to promptly, perceptively, and accurately. The GCG team is responsible for ensuring that our products and services comply with clients' investment and stewardship expectations, including for example those laid in Statement of Investment Principles (SIP) for UK-based clients. To this end, we seek to ensure that our contractual relationships with clients explicitly set out their ESG-related requirements – agreeing to be held accountable for the delivery of those requirements.

The team also aims to meet regularly with clients to better understand their needs and seek feedback to help improve the services that we provide. For example, our annual client survey, along with insights coming from day-to-day client interaction, have enabled us to understand, map and respond to client evolving expectations when it comes to responsible investment strategies – including around effective categorisation and comparability. The feedback we obtained from client interactions led to launch and reclassify more than 25 funds as Article 8 and Article 9 as per SFDR during 2021.

Case study
Whilst refining and developing our approach to ESG, and specifically around climate change metrics, as part of our investment activity/research relating to Sovereign Bonds, we engaged with a large and important UK Pension Fund who are a strong supporter of the ASCOR Project (https://www.unepfi.org/news/industries/investment/investors-to-develop-new-tool-to-assess-sovereign-climate-change-governance-and-performance/). The dialogue enabled us to validate our thinking and reinforced the importance of the metrics required. The client also directed us to the work of the Transition Pathway Initiative (TPI) who are currently extending their equity analysis to fixed income markets. Our approach continues to evolve, and we would envisage future discussions will take place with other clients on this new and important area of research.

We pride ourselves on providing clients with insightful and forward-thinking advice. Over the last three years we have conducted several training sessions on numerous topics. These have included responsible investment strategies, data provider methodologies and application of big data to ESG research, active ownership – including proxy voting and engagement – and various reporting metrics.

In addition, our market intelligence team conducts a quarterly review on market and competitor trends. This covers subjects such as client demand per asset class and segments, as well as sustainability-themed investing or impact investing. A client survey with a third-party provider was recently conducted in the UK and German markets, which underlined the importance of ESG considerations. Its findings are now shaping our future activities.

Reporting

We strive to report to our clients in a transparent and meaningful way. We publish monthly fund factsheets and quarterly strategy profiles for our strategies, as well as monthly and/or quarterly manager comments. The latter include information on market review, performance analysis and portfolio activity (over and underweights, market outlook, portfolio strategy). This and other documentation are accessible to clients through dedicated fund/strategy websites.

ESG reporting
We have written this report following the guidelines set by the Financial Reporting Council. The ESG, GCG, Marketing and Investment Writing teams were involved in its preparation. To ensure the information is fair, balanced, and understandable, the Compliance team reviewed it and a member of the Executive Committee provided final approval[4].

In addition to this and other annual reports. we prepare and provide periodic (usually quarterly) reports for our clients that outline the ESG profile of their investment portfolios. Information in client reports can include ESG risk exposure, involvement in ESG controversies, portfolio carbon footprint, and engagement activity. We are currently working to develop client reports to include more ESG indicators related to the exposure to high risk activities, carbon emissions, green revenues, and principal adverse impacts.

Proxy voting activity forms part of the periodic reporting metrics for all equity holdings. This is discussed in more detail later. The aggregate summary of our annual and monthly voting records is accessible here. Our website also compiles case studies around engagement with corporate and sovereign issuers.

We also prepare and publish Impact Reports for our range of Thematic/Positive Impact strategies that aim to provide additional insights on the environmental and social impacts of companies in those portfolios as well as the impacts of the portfolios themselves. We have developed innovative methodologies based on the Planetary Boundaries framework and the United Nations Sustainable Development Goals to strengthen our impact reporting practices.

We encourage client feedback and/or views on ESG reporting, especially in relation to reports created specifically for the strategies in which they invest. The aim here is to ensure the level of data/information provided is appropriate to the needs of our clients. Where feasible, client feedback is considered in future reports.

[4] This complements our response to Principle 5.

Principle 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities[5]

Consistent with our fiduciary duty to act in the best interests of our clients, we integrate material ESG factors into our investment research, portfolio construction, portfolio review and active ownership processes. Doing so helps us enhance our ability to generate long-term risk adjusted investment returns.

ESG Integration

The integration of ESG factors is a key component of our approach to identifying investment ideas, analysing company performance and potential for long-term value creation, portfolio construction and risk monitoring across over 75% of our actively managed equity and fixed income assets. Importantly, ESG research and integration help shape our engagement and voting activities. Any information we gather from these, as well as their outcome, feedbacks into investment analysis, and hence can have an impact of subsequent investment decisions.

We have not developed a prescriptive list for analysing ESG factors as these can be specific to each company and the industry in which they operate. Depending on our view of the materiality of ESG factors to the investment/business case, we will focus on a range of factors that include climate change, natural resources, waste management, product quality and safety, labour standards, human rights, business ethics and compliance, board composition, executive remuneration and the protection of shareholders' rights.

To identify material ESG factors affecting companies, our investment teams collate relevant information from multiple sources, including company reports, third-party research and, importantly, our proprietary ESG Scorecard[6]. The tool provides a focused view of ESG risks and opportunities and is at the foundation of ESG integration efforts across Pictet AM and the wider Pictet Group. The ESG Scorecard is underpinned by a robust framework driven by deep data knowledge, analysis, and experience, using information sourced from the range of specialised research/service providers we use.

The ESG Scorecard features a tool, called the Governance Explorer, that helps us understand the background, interlocking directorships and track record of executives and directors. The tool allows the display of information about those individuals available in the public domain and attributes scores to them, with the hypothesis that someone's track record might affect their performance.

Service providers are subject to rigorous due diligence overseen by the Pictet ESG Data Committee. For any new and existing ESG provider data & research the due diligence generally includes, but is not limited to, a critical review of the content & methodologies, assessment of the (data) quality, confirmation of adequate coverage and benchmarking against peer providers.

[5] Information to complement our response to Principle 7 can be founder under our response to Principle 9

[6] Please refer to https://www.group.pictet/media/sd/47175de08c7c4c5134f1b9f0e150e6f874fb0a50 for additional information on our ESG Scorecard.

The ESG Scorecard is based on a curated set of the most material data points, across four pillars:

1. Corporate governance: Are companies managed for the long term?

E.g. Board competence and independence, directors' background and track record, executive renumeration, audit and risk control.

2. Sustainable products and services: How "future-fit / SDG compatible" is their product-mix?

E.g. Are they generating revenue by addressing public health and/or environmental issues? Are they offering "clean and safe" products and services?

3. Management of ESG risks: How do they run their business?

E.g. What is the carbon intensity of their operations? Are they exposed to extreme weather events and other climate risks? Are they managing other environmental and social impacts associated with their activities and supply chain?

4. ESG-related Controversies: Are they walking the talk?

E.g. Bribery and corruption, market abuse, product recalls.

The ESG Scorecard is curated by a committee of experts which meets quarterly to discuss the evolution of the model and ensure we continue to bring a meaningful and comprehensive view of ESG factors to consider in the investment process.

The qualitative analysis informs the assessment of potential financial impacts from ESG factors on securities in investment portfolios, which can lead to teams adjusting valuation models and/or financial projections and, ultimately, influence investment decisions. Our approach to ESG integration does not materially differ due to the geographic location of the issuer. However, it can differ by asset class. In active equities, we focus on mitigating downside risk and capturing upside potential and is generally consistent across teams. It differs slightly from that of fixed income teams, where the focus is on mitigating downside risk. Moreover, fixed income teams need to consider the diverse range of debt instruments, issuers and maturities.

In the case of sovereign debt, we score countries using a wealth of ESG data – from both external and internal sources. The environmental factors we monitor include air quality, climate change exposure, deforestation, and water stress. Social dimensions include education, healthcare, life expectancy and scientific research. And governance covers elements like corruption, electoral process, government stability, judicial independence and right to privacy. Together these factors are aggregated to become one of six pillars in our proprietary country risk index (CRI) ranking.

Regular risk review meetings led by our Investment Risk & Performance team incorporate an analysis of portfolios' ESG characteristics and active ownership activities. In parallel, Compliance teams monitor adherence to exclusion lists, client-specific ESG constraints and investment universes on an on-going basis.

Principle 8: Monitoring managers and service providers[7]

Service Providers' Monitoring

As detailed in the response to Principle 7, ESG data and information service providers are subject to rigorous due diligence to ensure they meet our needs. As part of the due diligence process and later the onboarding process, we will discuss and agree on criteria we require to effectively support our ESG integration and stewardship activities.

For any new and existing data & research ESG provider the due diligence generally includes, but is not limited to, a critical review of the content & methodologies, assessment of the (data) quality, confirmation of adequate coverage and benchmarking against peer providers.

We have put in place quality controls to monitor our service providers to ensure satisfactory data quality levels and their delivery, with a robust governance in place to swiftly tackle any areas of improvement identified through the daily use of the data. Furthermore, we seek to engage pro-actively with our providers on a regular basis to discuss any outstanding issues and review progress against any asks we might have made.

Our approach to due diligence and monitoring of service providers has proven to be robust, as evidenced by the 8+ year old business relationships we have had with some of our key partners, including ISS, Sustainalytics, CFRA and Holt.

In 2021, we had significant interactions with two of our service providers – FTSE Russell (provider since 2021) and S&P Global Trucost (provider since 2018). As the EU Green Taxonomy entered into force, we exchanged regularly with our provider of green revenue data, FTSE Russell, to discuss how they could further align their solution to specific requirements of the Taxonomy. We were also in frequent contact with our provider of carbon data, S&P Global Trucost, to better understand their carbon data model and its implementation so that we could make suggestions to improve data accuracy. Our expectations have so far been met, so we maintained the relationship during 2021.

External Managers' Monitoring

Some of our strategies, for example our Multi Asset strategies, invest in funds and products managed by external managers. We conduct extensive due diligence on these external managers and carry out regular monitoring of both the portfolios that they are responsible for managing as well as the systems and controls that they have in place.

The research process for externally managed funds involves a blend of quantitative and qualitative assessment. Our quantitative assessment examines risk-adjusted performance and return consistency in addition to holdings-based analysis.

ESG considerations are part of the qualitative assessment. Our investment teams meet with the managers in order to evaluate the various attributes that we consider to be important indicators of quality including high quality investment house, stability of the investment team, significant level of investment experience, solid investment process, significant commitment to resources, manager focus on product, alignment of interests, strong corporate governance and risk controls, adequate capacity and competitive

[7] Information to complement our response to Principle 8 can be founder under our response to Principle 12.

pricing. Each manager has to complete a request for proposal and provide us with any additional documentation needed (such as prospectuses, factsheets, presentations etc.) as part of our required due diligence process.

ESG considerations are assessed through the due-diligence questionnaire and an analytical approach harmonised across the Pictet Group. We assess external funds, assigning a score from 1-5 on a qualitative basis on ESG integration, active ownership, and monitoring/reporting. This analysis is based on information garnered from DDQs and in-person meetings. Any areas of concern are brought up at regular update meetings we hold with external managers. This can cover the approach to ESG analysis, the metrics used, specific examples where these considerations impacted investment decisions, as well as active ownership efforts.

Following the appointment of a manager, we monitor their progress on an-ongoing basis in order to ensure that our original investment rationale and understanding remain intact.

ENGAGEMENT

Principle 9: Signatories engage with issuers to maintain or enhance the value of assets

As an active manager of equity and debt, we believe that leveraging the power of investors to trigger positive change across corporate issuers enables us to make better long-term investment decisions for our clients while helping shape a more sustainable form of capitalism.

Through our engagement programme, we seek to encourage investee companies to improve their ESG practices and performance where they are material for long-term shareholder value creation, as well as to mitigate any negative impacts on the environment and society whilst enhancing positive ones. We also engage with policymakers and standard-setters, usually via industry collaborations, to advocate for policy frameworks addressing sustainability challenges and promote the stability of financial markets.

We engage on behalf of our long only, actively managed equity and corporate debt holdings. In addition, passive equity investment teams regularly support firmwide engagement activity. Our approach to engagement is generally consistent across all equity and fixed income accounts and funds under our control; perhaps with some slight differences: as it is the case with ESG integration, dialogue with equity issuers can touch upon downside risk and upside potential whereas it will focus on downside risk management in the case of debt-only issuers.

In relation to our engagement in fixed income, due to the nature of the fixed income instruments we invest in, we sometimes do not have direct access to the borrower and, therefore, can exercise only very limited influence through the deal originator to make amendments to covenants. Even when we have access to the borrower and engage during the underwriting process, we are not yet at a point where we seek to drive or request the incorporation of ESG provisions in credit agreements at pre-issuance. Pictet AM does not currently invest in private debt, and, therefore, does not seek amendments to terms and condition in issuance indentures or contracts.

We might tailor our corporate engagement asks to reflect the size of the company and potentially limited resources to manage and disclose ESG issues, or its domicile. For companies in emerging markets, for example, our engagement approach can be shaped by the local business and regulatory environment and culture.

With sovereign issuers, we seek targeted and informed dialogue in areas of importance for the long-term outlook of the country. This is achieved in part through careful construction of our country due diligence trips, making certain we meet with organisations and partners who can provide greater insight into a wider range of issues including ESG factors. Since 2019, we have built a partnership with EMpower, a well-respected and innovative global philanthropic organisation focused on youth in emerging economies. Contact with its programme officers in key regions and countries gives us a local perspective. It also puts us in touch with people and organisations to which we would otherwise never have access. Such depth of analysis and understanding forms a credible base for meaningful dialogue. This approach gives our investment teams a deeper understanding of the key, often hidden, areas of risk in an emerging country. It provides a complete picture of a government's long-term sustainable trajectory, in terms of economic and human development.

Process

Our systematic approach to ESG integration helps investment teams identify and prioritise companies for engagement. Priorities are usually defined by any number of the following factors:

- Degree of exposure to material ESG risks and opportunities and companies' approaches to managing those
- Companies' involvement in material ESG controversies and their response to them
- Nature and scope of companies' sustainability outcomes in the real world
- Strategic nature and/or size of our holding.

We typically begin our engagement journey in discussions with company representatives. If we are not satisfied with the outcome, we may prioritise the company for further engagement either bilaterally, in collaboration with others, or through our engagement service provider

Approach

We engage with corporate issuers through a combination of targeted in-house-led discussions, collaborative institutional investor initiatives, and third-party engagement services.

- Tier 1 – Targeted Engagement

The first tier is our Targeted Engagement programme with corporate issuers. These companies are identified jointly by investment teams and our ESG team.

Targeted engagement led by Pictet AM entails regular and ongoing company dialogue as we seek to become strategic partners of the companies in which we invest. The frequency of interactions varies depending on the status of each engagement, the availability of company representatives and their willingness to engage. Interaction occurs at least twice a year for each issuer and typically involves a combination of face-to-face meetings, videoconferences, telephone calls and written communication.

- Tier 2 – Collaborative Engagement

Taking part in collaborative engagement with other investors forms the second tier of our approach. Pictet AM recognises that there are occasions when it is better to act collectively rather than individually – collaboration can enhance our influence, build our expertise, and improve efficiency of the engagement process.

Collaborative engagement is reviewed on a case-by-case basis by the ESG team (in conjunction with relevant investment teams) to ensure objectives are aligned with our own. Before committing to any new investor collaboration, we assess the relevance of the initiative, the method of engagement, the credibility of associated partners and any regulatory implications, including acting in concert.

- Tier 3 – Engagement Service Provider

The third tier of our engagement is conducted by Sustainalytics, our engagement service provider. This addresses issues arising from companies' failings on governance issues. It also looks at significant deviations from international norms and standards such as the UN Global Compact and OECD Guidelines for Multinational Enterprises, as well as human rights, labour rights and environmental conventions.

Overall engagement activity is coordinated by the ESG team and involves participation from investment teams either as engagement leads or as support. For Tier 1 and 2 engagement, we will develop specific engagement objectives and track progress against them. For Tier 3 engagement, Sustainalytics defines engagement goals, or change objectives, that facilitate measuring the progress of the engagement.

2021 engagement activity

In 2021, we led or supported 333 engagement activities with 270 companies that encompassed a diverse range of ESG issues spanning across many regions and industry sectors. 5.4% (18) of the engagement activities we ran during the year were resolved – either successfully because our engagement objectives were met, or unsuccessfully because they were not. The remaining engagements (315) were ongoing as at December 31, 2021.

The tables below illustrate the spread of the 333 engagement activities by ESG topic, and the 270 companies engaged by geography and sector.

Breakdown of engagements by ESG topic

	Number	%
Environment	**55**	**16.5%**
E - Climate Change Mitigation	27	8.1%
E - Freshwater & Marine Resources	8	2.4%
E - Air Quality / Pollution Prevention	6	1.8%
E - Biodiversity & Ecosystems	6	1.8%
E - Resource Efficiency / Circular Economy	4	1.2%
E - Physical Impacts of Climate Change	4	1.2%
Social	**122**	**36.6%**
S - Community Impacts / Human Rights	67	20.1%
S - Public Health / Product Quality & Safety	26	7.8%
S - Labour Standards / Health & Safety	25	7.5%
S - Data Privacy & Security	2	0.6%
S - Human Capital / Diversity & Inclusion	2	0.6%
Governance	**156**	**46.8%**
G - Board Functioning & Composition	61	18.3%
G - Business Ethics / Corruption	35	10.5%
G - Accounting / Internal Controls / Disclosure	31	9.3%
G - Executive Compensation	12	3.6%
G - Investor's Rights	9	2.7%
G - Capital Allocation	8	2.4%
Total	**333**	**100.0%**

Breakdown of companies engaged by geography

	Number	%
Europe	**95**	**35.2%**
UNITED KINGDOM	19	7.0%

SWITZERLAND	17	6.3%
GERMANY	15	5.6%
FRANCE	11	4.1%
SPAIN	6	2.2%
NETHERLANDS	5	1.9%
ITALY	4	1.5%
SWEDEN	3	1.1%
NORWAY	3	1.1%
AUSTRIA	3	1.1%
RUSSIAN FEDERATION	2	0.7%
DENMARK	2	0.7%
FINLAND	2	0.7%
PORTUGAL	1	0.4%
IRELAND	1	0.4%
LUXEMBOURG	1	0.4%
United States and Canada	**82**	**30.4%**
UNITED STATES	78	28.9%
CANADA	4	1.5%
Asia/Pacific	**75**	**27.8%**
CHINA	18	6.7%
INDIA	14	5.2%
REPUBLIC OF KOREA	12	4.4%
HONG KONG	8	3.0%
JAPAN	7	2.6%
SINGAPORE	5	1.9%
AUSTRALIA	4	1.5%
MALAYSIA	3	1.1%
INDONESIA	3	1.1%
TAIWAN	1	0.4%
Africa / Middle East	**11**	**4.1%**
SOUTH AFRICA	6	2.2%
ISRAEL	2	0.7%
TURKEY	1	0.4%
EGYPT	1	0.4%
SAUDI ARABIA	1	0.4%
Latin America and Caribbean	**7**	**2.6%**
BRAZIL	5	1.9%
MEXICO	2	0.7%
Grand Total	**270**	**100.0%**

Breakdown of companies engaged by sector

	Number	%
Industrials	**43**	**15.9%**
Machinery	11	4.1%
Commercial Services & Supplies	7	2.6%
Industrial Conglomerates	5	1.9%
Trading Companies & Distributors	4	1.5%
Aerospace & Defence	4	1.5%
Electrical Equipment	3	1.1%
Professional Services	2	0.7%
Transportation Infrastructure	2	0.7%
Construction & Engineering	2	0.7%
Building Products	2	0.7%
Road & Rail	1	0.4%
Consumer Staples	**33**	**12.2%**
Food Products	25	9.3%
Personal Products	3	1.1%
Household Products	3	1.1%
Food & Staples Retailing	2	0.7%
Materials	**32**	**11.9%**
Metals & Mining	17	6.3%
Chemicals	10	3.7%
Paper & Forest Products	4	1.5%
Containers & Packaging	1	0.4%
Financials	**31**	**11.5%**
Banks	18	6.7%
Capital Markets	8	3.0%
Insurance	3	1.1%
Diversified Financial Services	2	0.7%
Consumer Discretionary	**27**	**10.0%**
Textiles, Apparel & Luxury Goods	6	2.2%
Hotels, Restaurants & Leisure	5	1.9%
Internet & Direct Marketing Retail	5	1.9%
Household Durables	4	1.5%
Automobiles	3	1.1%
Specialty Retail	2	0.7%
Leisure Products	2	0.7%
Health Care	**26**	**9.6%**
Pharmaceuticals	14	5.2%
Health Care Equipment & Supplies	6	2.2%
Life Sciences Tools & Services	3	1.1%
Health Care Technology	1	0.4%
Biotechnology	1	0.4%

Health Care Providers & Services	1	0.4%
Utilities	**25**	**9.3%**
Electric Utilities	12	4.4%
Water Utilities	5	1.9%
Independent Power and Renewable Electricity Producers	4	1.5%
Multi-Utilities	3	1.1%
Gas Utilities	1	0.4%
Information Technology	**18**	**6.7%**
Semiconductors & Semiconductor Equipment	6	2.2%
Software	4	1.5%
IT Services	4	1.5%
Electronic Equipment, Instruments & Components	2	0.7%
Technology Hardware, Storage & Peripherals	1	0.4%
Communications Equipment	1	0.4%
Communication Services	**17**	**6.3%**
Diversified Telecommunication Services	6	2.2%
Interactive Media & Services	5	1.9%
Entertainment	3	1.1%
Wireless Telecommunication Services	2	0.7%
Media	1	0.4%
Energy	**14**	**5.2%**
Oil, Gas & Consumable Fuels	14	5.2%
Real Estate	**4**	**1.5%**
Equity Real Estate Investment Trusts (REITs)	3	1.1%
Real Estate Management & Development	1	0.4%
Total	**270**	**100.0%**

Source: Pictet Asset Management, Sustainalytics, December 2021

2021 Engagement Case Studies

I. Environmental and Social: The following are illustrative examples of our engagement on climate change, human rights, public health, and product safety issues.

RWE AG
Tier 1 & 2
Climate Change Mitigation

We started engaging with this company in early 2019, both bilaterally and in collaboration with CA100+ (until end of 2020), primarily to encourage the sale of its coal and lignite assets. The engagement was successful, with RWE moving rapidly to provide a clear plan to close their remaining lignite and coal plants in partnership with the German government. It has committed to setting a clear net zero target and a decarbonisation pathway, verified by the Science Based Targets initiative.

RWE's current targets include achieving net zero by 2040, exiting coal by 2038, and by 2030 achieving 70% CO2 emission reduction on their 2012 figures.

An outstanding objective remains the legal ring-fencing of coal assets. In December, Germany welcomed a new coalition government between the Social Democrats, Greens and Free Democrats. As part of the coalition agreement, there was a clear commitment towards decarbonisation of the energy sector. The document included bringing forward to 2030 the eradication of coal fired electricity generation, improving on the current 2038 target. At meetings with the chairman and management of RWE, we expressed our support for this policy, on condition that the appropriate mechanisms are in place to protect shareholders from future liabilities.

We remain confident in RWE's low carbon transition plan. We continue to monitor the situation closely and maintain active and constructive dialogue with the company. We believe a move to separate the remaining coal generation assets can help create value over the long term for the company and for shareholders.

PG&E
Tier 1
Physical Impacts of Climate Change

The company has been implicated in a number of safety issues over the last decade, the most serious of which include a gas pipeline explosion in 2010 and, more recently, ignitions of massive wildfires in California. Liabilities from these events pushed the company into bankruptcy. In 2020, the company emerged from bankruptcy with a new, and highly experienced management team intent on bringing a new culture of safety to the business. We saw this as an opportunity for the company to materially improve its risk profile and safety record. We initiated an engagement with the following objectives:

- Continued use of power shutdowns, where relevant, to manage short term wildfire risk
- Provision of clearly defined undergrounding strategy within wildfire mitigation plan.
- Improve data transparency and disclosure around wildfire safety statistics.
- Provision of a solution to the Fire Victims Trust shareholding overhang.

Our formal engagement was initiated at a meeting with the CEO in November 2021. Before this, we had hosted several fact-finding meetings with the management and investor relations teams of the company. The CEO and wider team were receptive to our objectives. The company received their wildfire safety certificate from the regulator early in 2022. The wildfire mitigation plan, expected in Q1, will be an important milestone. We will continue actively engaging with the company in 2022 to encourage better ESG-related disclosure as well as progress in our objectives.

NXP Semiconductors N.V.
Tier 1
Climate Change Mitigation and Water Use

Semiconductors are an essential part of the clean energy transition and overall reduce carbon emissions on a full life-cycle basis (i.e. as enablers of energy efficiency, e-mobility and renewables). However, their manufacture demands a great deal of energy. In this context, we assess companies' approaches to mitigation and reduction of carbon emissions, including their use of emissions-abatement technologies and increasing the share of renewable energy in their overall energy mix.

The semiconductor production process also requires significant volumes of ultra-pure water for cleaning purposes, to avoid trace molecules affecting product quality. As manufacturing becomes more complex, more and more ultra-pure water is required. The most efficient tool to optimise water consumption within these processes is to increase the percentage of water that is recycled and re-used.

We engaged with NXP in 2021 to ask it to develop and publish science-based emissions reduction targets, accelerate efforts to achieve 100% renewable energy sources, and set targets for reducing water consumption while improving water recycling rates.

We will continue to maintain an active dialogue with the company throughout 2022. We will ensure that they articulate and publish a clear plan with targets to reduce both GHG emissions and water use.

Nestlé SA
Tier 2
Public health

We are part of a collaborative initiative led by the Access to Nutrition Index (ATNI) to engage with companies in the food and beverage industry, including Nestlé, on their strategies to contribute to addressing malnutrition in all its forms. With Nestlé in particular, we encouraged management to confirm the commitment to improving exposure to healthy product categories and introduce clearer nutritional labelling across all markets. We also asked for concrete, measurable targets to prioritize sales and distribution of affordable, healthy products for all consumers across all markets.

We have been encouraged by the company's positive response to this engagement. It has shown commitment and action to continue improving its management of risks and opportunities related to nutrition. We plan to continue our dialogue in 2022, to discuss its new nutrition strategy as well as progress on areas such as R&D and product development, marketing, and lobbying.

Tencent Holdings
Tier 3
Human Rights

In recent years, Tencent has increasingly been linked to allegations of surveillance of its users on behalf of the Chinese government, and violations of freedom of expression in China and abroad. The company's flagship product is its multi-purpose messaging platform WeChat. The platform dominates Chinese social media, with over 1.2 billion monthly active accounts held by individuals, companies, media outlets, and others. Due to its ubiquity, WeChat has reportedly become the government's main tool of internet censorship, with authorities having unrestricted access to user communications. While we expect the company to comply with government requests, we have concerns over the absence of robust human rights due diligence.

Companies operating in China are in a challenging position with respect to managing human rights risk exposure for their users. However, practices focused on supporting internationally accepted human rights standards remain an expectation. In this context, our service provider has engaged with Tencent to encourage it to show efforts to establish human rights due diligence practices. It also encouraged transparent policies relevant to digital rights and reporting on external data requests and content moderation requirements.

Tencent has been responsive to Sustainalytics and shown a willingness to engage. However, progress on strengthening its human rights risk management practices remains slow. We expect this dialogue to continue in 2022.

Atlantia SpA
Tier 3
Product Safety

In August 2018, the Morandi bridge in Genoa, Italy, partially collapsed, killing 43 people and injuring 16 others. Additionally, more than 600 people had to be relocated from their homes near the bridge, which was operated by Autostrade per l'Italia (API), a subsidiary of Atlantia.

In the aftermath of the event, Sustainalytics engaged with the company to encourage it to conduct an internal investigation into the bridge collapse and contribute to the formal investigation by the authorities. It asked that projects within Atlantia's control be assessed to prevent similar failures in the future; that a remedial strategy for affected people be developed; and that robust project monitoring and maintenance systems and emergency procedures be put in place.

Over the past three years, we have seen the company strengthen measures to improve its quality and safety work. Importantly, it made changes to its corporate governance: 80% of top management was replaced, including the CEO. It also strengthened its compliance and whistleblowing mechanisms, and announced a strategic plan, committing to invest EUR13.5 billion into development and improvements to roads and networks.

In June 2021, Atlantia signed a deal to sell its entire stake in API. Based on this, and some very positive efforts to strengthen quality and safety work, Sustainalytics decided to resolve the case.

II. Corporate Governance: our engagement programme covered the full range of corporate governance issues. These included corporate strategy, board composition and diversity, related-party transactions, conflicts of interest, succession planning, remuneration, auditors, the completeness and accuracy of annual reports and accounts, capital structure and related issues, and matters related to takeovers, mergers and reorganisations.

California Water Service Group
Tier 1
Board Composition, ESG Disclosure and Remuneration

California Water Service Group is an American public utility company providing drinking water and wastewater services. Engagement began in 2019 with a presentation to the board by the Pictet AM team. We expressed a desire to see them expand their environmental reporting, increase the number of independent non-executive directors and amend the compensation structure for the CEO, to improve alignment between pay and performance.

The company now reports on a broader and deeper view of its ESG activities, providing disclosures aligned with the Sustainability Accounting Standards Board (SASB) Water Utilities & Services Industry Standard and referencing the Global Reporting Initiative (GRI) standards. We welcomed the appointment of additional independent non-executive directors to the board since our engagement. However, we remain concerned about the high proportion of long-tenured board members.

Our concerns surrounding pay are ongoing, despite some improvements in the executive compensation plan. For this reason, we voted against the Compensation Committee members, as well as the compensation plan. We asked that the Committee again reviews the plan, with the input of a new consultant to review peer benchmarking. We continued to engage with the company on this, alongside board composition.

Tetra Tech, Inc.
Tier 1
Board Renewal

Tetra Tech is a California-based consulting and engineering services firm. Engagement began in 2021 after we voted against two of their non-executive directors, with tenures of 28 and 33 years respectively. We felt that while both had brought significant experience and skills to the board, and contributed to the exceptional track record of the company, there was an opportunity for board renewal.

This move was in the interest of both refreshing the tenure profile and creating a more diverse board. We set out three advantages to doing this. The first was to enable the company to better understand the human dimension to the 'environmental justice' trend, supported by President Biden's intention to increase funding for pollution prevention and public amenities for disadvantaged communities. Second, we felt it could make the board more reflective of the increasingly global footprint of its revenue streams. Finally, it would make it more reflective of the employee base.

We have continued a constructive dialogue with the company throughout 2021 and into 2022. The composition of the board is now becoming both shorter-tenured and more diverse. We look forward to that continuing over the coming years.

Orix Corporation
Tier 1
Sustainability Governance

Orix Corporation is a Japanese diversified financial services group including leasing, corporate finance, environment and energy, banking, and life insurance businesses. Engagement has been ongoing since 2020 on a number of topics including carbon emissions, board balance and independence, board diversity, executive remuneration, and transparency and disclosure.

In 2021, we saw significant progress in several areas. Orix established GHG emissions reduction targets for scope 1 and 2: down 50% by 2030 and net zero by 2050. The bulk of its emissions comes from two hybrid (coal/biomass) power plants which it owns and operates. Orix has stated it will incrementally increase the share of biomass at these plants. In relation to board and committee composition, the CEO has now resigned from the nomination committee, making it fully independent. The company has established a Sustainability Committee, chaired by the CEO. This is important as it clearly shows accountability and oversight for these issues at board level. In addition, the board is now majority independent. A female director has been appointed and the company set targets to have 30% female managers and 30% female board members by 2030.

We believe public targets are positive as they increase accountability and our ability to monitor progress. Our constructive dialogue continues in relation to scope 3 emissions disclosure, the link between remuneration and environmental performance, and a greater focus on return ratios rather than net profit measures.

2022 Engagement Programme

Pictet Group is keen to enhance and expand engagement work and improve its efficacy and benefits. With this in mind, Pictet AM designed in 2021 a group-wide engagement programme on climate change, water, food and nutrition and long-termism, all ESG themes in which we have long-established expertise. The process began with a rigorous screening of all Pictet Group investments held by either Pictet AM or Pictet Wealth Management. This has allowed us to systematically identify companies with significant exposure to risks and opportunities within the four key areas, and where there is room for improvement in their management of those. We have also included companies exposed to harmful or controversial activities such as gambling, fossil fuels or tobacco, and those in breach of the UN Global Compact Principles or the OECD Guidelines for Multinational Enterprises as identified by Sustainalytics.

The final phase of the screening process involved engaging with all the investment teams across the group, including those in equities, fixed income and multi asset, to seek their views of the output. We have started now executing the engagement programme, with engagements informed by our knowledge of the companies and by minimum expectations that reflect established and emerging issue and/or industry best practices. We plan to report on progress in next year's annual responsible investment report.

Principle 10: Signatories, where necessary, participate in collaborative engagement to influence issuers

In order to maximise influence, economies of scale and to pool resources and expertise, we have joined a number of collaborative engagement investor initiatives, as follows:

Climate Action 100+

This initiative has brought together an unprecedented coalition of investors in a well-organised and effective engagement campaign. By February 2022, 615 investors with more than USD 65 trillion in assets under management had signed up to Climate Action 100+, to engage with 167 global companies deemed critical in the transition to a low carbon economy. In 2021, the initiative continued to grow, securing ground-breaking commitments from target companies. It also launched the Net-Zero Company Benchmark, to evaluate the corporate ambition and action of the target companies. In doing so, it helps investors set clear engagement priorities to drive faster corporate climate action.

We have been involved in engagements with Glencore and OMV via Climate Action 100+. Progress made by both companies in 2021 include:

Glencore: received significant shareholder approval at the 2021 AGM for its first three-yearly climate action transition plan. The company also strengthened its commitment to reducing its total emissions footprint in alignment with its ambition to become a net-zero emissions company by 2050. Finally, Glencore set up a Climate Change Taskforce (CCT), accountable to the board and responsible for overseeing the climate strategy and progress against climate commitments.

OMV: improved its climate governance framework by establishing a Sustainability and Transformation Committee at board level. The Committee serves to support and monitor OMV's transformation process and transition to a more sustainable business model aligned with the goals of the Paris Agreement. The company also published a review of its membership in 16 key industry associations to consider their ongoing suitability in light of the company's climate change strategy.

Ceres Valuing Water Finance Initiative

We became a member of the Valuing Water Finance Initiative, launched and coordinated by Ceres. The initiative seeks to develop a set of clear steps companies in key sectors can take to improve water stewardship. To inform this work, Ceres created the Valuing Water Investor Working Group, in which we participate, to share insights on how to best strengthen the financial case for corporate water leadership. This will help lay the groundwork for a larger global corporate engagement initiative starting in 2022.

Access to Nutrition Initiative

We are signatories to the Investor Expectations on Diets, Nutrition and Health, prepared and published by the Access to Nutrition Initiative (ATNI). The initiative prepares and publishes an index, most recently in 2021[8], that assesses and ranks the world's largest food and beverage manufacturers on their nutrition-related commitments, practices and performance. We believe that the index has been effective in stimulating dialogue and encouraging improved corporate practices in managing risks, opportunities and impacts related to nutrition, as evidenced from progress made since the Index was first launched in

[8] https://accesstonutrition.org/index/global-index-2021/

2013. Despite such progress, companies still need to do better by putting in place even stronger commitments to improving food systems and addressing malnutrition. To help achieve this, we take part in the collaborative engagement facilitated by ATNI following each Index release. In 2021, we were part of the group of investors leading engagement with three companies: China Mengniu Dairy, Danone and Nestle.

Principle 11: Signatories, where necessary, escalate stewardship activities to influence issuers

A typical engagement will take between 1 to 3 years to complete and may require multiple engagements before an issue is satisfactorily resolved. Where the initial engagement does not lead to a satisfactory outcome, i.e. our engagement objectives have not been met or a company has been unresponsive, we may choose to adopt a stronger stance by using several escalation tools at our disposal.

The ESG Team will seek input from portfolio managers and service providers (where applicable) before escalating the engagement. Escalation involve internal approval processes and may include:

- Expressing concerns to alternative company representatives, particularly board directors
- Voting against management at company meetings
- Issuing a public statement
- Supporting the submission of a shareholder resolution

Ultimately, if the various escalation channels have been exhausted and we are not satisfied that appropriate steps have been taken by management to address material ESG issues over the short, medium and long term, we may decide to reduce or sell our holdings.

We take a consistent approach to escalation across asset classes and geographies.

Please see an example illustrating the use of an escalation strategy:

Weir Group plc
Tier 1
Remuneration Policy

Weir Group provides engineering solutions for minerals and mining technology markets. The engagement with Weir group began in late 2020 following the presentation by the company of its executive remuneration policy for 2021. We are supportive of the management's recent corporate actions, in particular the sale of the Oil and Gas Division. We recognise the strong business performance over the past five years and maintain our belief that Weir Minerals remains a best-in-class mining equipment business. We believe that the growth of the business is likely to be strong over the next decade, as mining companies benefit from an increased requirement for mined materials as economies begin to transition. We also foresee new pressure to satisfy that increased demand while considering process and water efficiencies in their operations.

Given the quality of the business and its strong growth potential, we engaged with the company at board level. We were concerned about the amended remuneration structure, in particular, one of the conditions under which the LTIP was vested, which was Return On Invested Capital (ROIC) set at a level just above the Weighted Average Cost of Capital (WACC).

We believe management is committed to mergers and acquisitions (M&A) with a similar profile to the existing Minerals business (for example, in terms of a high proportion of after-market revenue). However, we also feel the current vesting conditions could create perverse incentives that lead to sub-optimal outcomes for shareholders. This is because there have been M&A in areas dilutive to Weir's current business portfolio, although, as noted, we recognise this is not management's stated intent. In addition, we believe more challenging vesting criteria, including but not limited to ROIC, would properly incentivise management and enable Weir to capitalise on the returns generated from its best-in-class business.

It is our concern that without such incentives, Weir risks trailing other best-in-class peers in capital efficiency and operating performance. This led to us voting against both the Remuneration Report and the

Remuneration Policy in 2021. Since then our engagement has continued, with the Remuneration Committee revisiting the overall remuneration structure during the year under review.

EXERCISING RIGHTS AND RESPONSIBILITIES

Principle 12: Signatories actively exercise their rights and responsibilities

Voting is an integral part of our investment process and in 2021 we cast over 44,000 votes at more than 3,800 meetings. The overarching purpose of our voting is to protect and promote the rights and long-term interests of our clients as shareholders. As such, we consider it our responsibility to hold companies and their executives accountable for their decisions.

We aim to support a strong culture of corporate governance, effective management of environmental and social issues and comprehensive reporting according to credible standards. At the same time, given the aspirational nature of these good practices, we recognise that governance frameworks can be both complex and multi-dimensional. We take a holistic approach to analysing governance, recognising that every entity is different and that changes to the equilibrium in one element of corporate governance may lead to unintended consequences in others. Simply appearing to be compliant with governance norms, or ticking boxes, is not enough to assure us that an organisation is well-managed and, in many cases, engagement will reinforce our voting decisions.

Voting Guidelines

Our proxy voting guidelines, included within our Responsible Investment Policy, are based on generally accepted standards of best practice in corporate governance. These include board and management, executive remuneration, risk control and reporting, and shareholder rights. The standards give a benchmark for assessing companies and exercising our active ownership duties throughout the life cycle of an investment, from pre-investment phase to engagement, proxy voting, up to the point of exit.

As active managers, we place significant importance on how we vote. The long-term interests of shareholders are our paramount objective. On occasion, we may vote against management if we believe that doing so is in the best interests of shareholders and our clients. Where we do this, we classify the vote as significant, in line with the EU Shareholder Rights Directive II, and we publicly disclose our rationale as part of our quarterly vote reporting. We also reserve the right to deviate from our voting policy to take into account company-specific circumstances.

Ballot Preparation

On behalf of Pictet AM, the Proxy Voting Agent reconciles a daily client holdings report, provided by Pictet AM, with the associated ballots, provided by the Custodian's Proxy Voting Facilitator. The Event Processing team receives a monthly file that highlights where ballots are not being received from the Custodian's Proxy Voting Facilitator or where the Proxy Voting Agent are not receiving holdings. These are investigated and resolved by the Event Processing team.

Voting Research Provider

Pictet AM uses the services of Institutional Shareholder Service (ISS) to assist us in fulfilling our proxy voting responsibilities, providing research, and facilitating the execution of voting decisions at all relevant company meetings worldwide. We have intentionally chosen to tailor our principles rather than adopt the default recommendations of ISS. We have subscribed to their Sustainability product to help us to better capture our views on such issues as diversity and shareholder resolutions and have further added our own stipulations to certain aspects of our strategy. The complete version of this policy can be found via the following links:

https://www.issgovernance.com/file/policy/active/specialty/Sustainability-International-Voting-Guidelines.pdf

https://www.issgovernance.com/file/policy/active/specialty/Sustainability-US-Voting-Guidelines.pdf

ISS is responsible for collecting meeting notices for all holdings and researching the implications of every resolution, in accordance with Voting Guidelines defined by Pictet AM. All recommendations are communicated to relevant investment teams and the ESG team.

Pictet AM always reserves the right to deviate from third-party voting recommendations on a case-by-case basis, where we consider it to be in the best interests of our clients. Such divergences may be initiated by investment teams or by the ESG team and must be supported by written rationale.

We conduct annual due diligence meetings with ISS. These are attended by members of our ESG, investment operations and legal teams. Examples of topics covered are: (i) organisational set up; (ii) audit and internal validation; (iii) conflicts of interest; (iv) compliance with laws; (v) operational errors and insurance; (vi) data protection and security; and (vii) contingency planning. The most recent of these meetings took place in February 2021., after which we did not identify any concerns and concluded that ISS delivers its services in accordance to our needs.

Voting Scope

For our equity funds, the following principles define the scope of accounts and securities eligible for proxy voting:

- For actively managed funds, we aim to vote on 100% of equity holdings
- For passive strategies, we aim to vote on companies representing 80% by weight of underlying benchmarks. This target may be revised upwards or downwards for specific strategies depending on factors such as portfolio size, geography or market capitalisation
- For segregated accounts, including mandates and third-party (i.e. sub-advisory) mutual funds managed by Pictet AM, clients delegating the exercise of voting rights to us have the choice between our policy or their own voting policy

For our Multi Asset funds, voting takes place on the underlying equity funds managed by Pictet AM. We also aim to vote where we have direct holdings in companies.

For fixed income funds, we actively vote at the handful of bondholder meetings at which we are eligible to vote in any calendar year. **Client-led Voting in Pooled Funds**

We believe that our approach to voting offers clients a robust way to hold companies to account. When we have previously considered client-led voting in pooled funds we have come to the conclusion that it is better to continue to align the voting in a fund with the engagement in a fund. However, where we are aware of specific client policies and concerns, we will discuss and explain our approach and endeavour to incorporate their views.

We do not split votes, regardless of whether part of a holding is active or passive, so that we can present a single Pictet Asset Management view to companies on each item, and this also helps when we use a vote to escalate concerns as part of an ongoing process of engagement.

However, we continue to follow the market developments in the UK, and will continue to the preferences of asset owner clients in this space, including whether switching to a mandate may be more cost-effective, or practical, than client-led voting in pooled funds.

Stock Lending

We recognise that security lending can impair our ability to execute our voting rights. As a result, investment teams wishing to exercise full voting rights have two options:

- Recalling shares on loan on a case-by-case basis.
    - Requests for share recalls and/or temporary suspension of stock lending must be sent to the Event Processing team prior to the record date or share blocking period. Share recalls must be settled prior to the record date.
- Removing a portfolio from the securities lending pool.
    - All requests are subject to CIO approval and co-ordinated by Fund Admin.

Information regarding the status of securities on loan is available from the Custodian.

Voting Execution

The execution of voting rights is performed by an external Proxy Voting Agent. To facilitate this process, Pictet AM sends the Proxy Voting Agent a daily overview of relevant equity holdings, which the Agent reconciles with the associated ballots provided by the Custodian's Proxy Voting Facilitator. The Proxy Voting Agent further provides Pictet AM with periodic activity reports – including all resolutions, respective votes and statistical analysis.

The Event Processing team receives a monthly file highlighting where ballots are not being received from the Custodian's Proxy Voting Facilitator, or where the Proxy Voting Agent is not receiving holdings. These are investigated and resolved by the Event Processing team.

If there is no deviation from third party research recommendations, ballots for votable shares are forwarded by the Proxy Voting Agent via the Custodian's Proxy Voting Facilitator, for execution by Custodians and Sub-Custodians.

If, however, a decision is made to override a third-party research recommendation, Pictet AM's Event Processing team is required to update the Proxy Voting Agent's voting platform, with an override instruction and rationale. The Proxy Voting Agent then sends this amended voting instructions to the Custodian's Proxy Voting Facilitator, for execution by Custodians and Sub-Custodians.

If a member of an investment team attends the AGM in person, voting cards are ordered by the Custodian via the Event Processing Team and sent to the attendee with Pictet AM voting decisions. In case the person attending the AGM deviates from Pictet AM voting decisions or is unable to cast his/her vote for whatever reason, an email must be sent to the Event Processing & ESG team explaining the rationale for the deviation(s).

For accounts which do not delegate voting rights to Pictet AM, it is the clients' responsibility to send voting instructions to the Custodian/Custodian's Proxy Voting Facilitator.

Monitoring & controls

TASK	FREQUENCY	LEAD	OTHER TEAMS
1. Check holdings sent to Proxy Voting Agent	Weekly	Event Processing Team	
2. Reconciliation of holdings/ ballots received by Proxy Voting Agent and audit of unvoted ballots	Monthly	Event Processing Team	
3. Independent audit (ISAE3402)	Annually	Compliance Team	
4. Due diligence of third party research provider*	Annually	ESG Team	Operations, Legal, Compliance, Business Risk; Investment
5. Complete United Nations Principles For Responsible Investment self-assessment questionnaire	Annually	ESG team	

Source: Pictet AM

* The annual due diligence meetings with the third-party proxy advisory firm cover for example the following topics: organisational set up, audit and internal validation, conflicts of interest, compliance with laws, operational errors and insurance, data protection and security, contingency planning, assessment of the capacity and competency of the third party provider to perform its proxy voting services, spot checks to ensure that proxy voting recommendations are compliant with our proxy voting guidelines.

2021 Voting Activity

Our actively managed funds voted 98% of equity holdings in 2021. The reasons for an unvoted meaning generally relate to one of the following items: holdings outside voting perimeter (target 80% by weight); Power of Attorney not in place; voting recommendations not completed in time; account in process of setting up; or voting restrictions on embargo companies. This is the highest level of voted meetings we have achieved in the past five years, and we continue to work towards voting 100% of these meetings where possible.

Further detail about our voting record is set out on our website at: https://am.pictet/en/uk/global-articles/2021/expertise/esg/proxy-voting

To provide an increased level of transparency, below are some examples of how we exercised our votes in 2021.

Management resolutions – Not supported

The bulk of the resolutions (45%) that we did not support related to board directors. We recognise that for many directors seeking election or re-election, the absolute level of the vote in favour is something that they monitor. Because of this, we believe voting against directors it is an effective mechanism and as such forms part of our engagement toolkit.

Examples include:

- Voting against the re-election of directors at **Guangdong Investment Limited**, a Chinese property, infrastructure, and energy company. Despite engagement, we consider there to be a lack of urgency from the company to establish a plan for the divestment of their coal assets.

- Voting against longstanding members of the board of **Tetra Tech Inc**., a US consulting and engineering services company who had served for 28 and 33 years respectively (discussed previously in this report). At the same time, we engaged with the company to increase the diversity of the board and better align it with its customer base. We have followed up with an ongoing engagement process, and the first changes are now being made.

- Voting against the reappointment of the auditor at **Pentair Group**. They have been in place since 1977 and we believe that a public tender and possible replacement would be a beneficial exercise.

E&S Shareholder resolutions - Supported

The ShareAction report, 'Voting Matters 2021' considered how 65 of the world's largest asset managers voted on 146 specific resolutions in 2021. They found that Pictet AM voted at 85% of the resolutions. Of these, we voted for 94% of the resolutions on climate change and 80% on social issues. We believe this strong performance reflects our approach to shareholder resolutions, as an important mechanism in signalling to the board the urgency for action. However, it is important that the resolution be appropriately worded, and that it requests something materially additional to that already provided in the company disclosure.

We have used the ShareAction analysis to better understand our performance relative to peers, and to identify any patterns that might exist in the resolutions we did not support.

Below are examples where we supported resolutions on climate and against management recommendation in 2021:

[Footnote: https://api.shareaction.org/resources/reports/ShareAction-Voting-Matters-2021.pdf]

- **Barclays Bank** - Approve Market Forces Requisitioned Resolution – (Management recommendation 'Against') – We voted FOR this resolution. We believe that establishing and disclosing improved targets for phasing out provision of financial services to fossil fuel projects and companies will further Barclays' ambition of becoming a net zero bank by 2050.

- **Equinor** - Instruct Company to Set Short, Medium, and Long-Term Targets for Greenhouse Gas (GHG) Emissions of the Company's Operations and the Use of Energy Products – (Management recommendation 'Against') - We voted FOR this resolution. The setting and publication of targets would help shareholders understand the company's assessment of how it could reduce its carbon footprint, in alignment with the GHG reductions necessary to achieve the Paris Agreement goal of maintaining global warming well below 2 degrees Celsius.

- **Bank of Montreal** - Issue a Report Describing a Clear Plan to Make the Greenhouse Gas Footprint of the Company, Including the Portfolio on Lending Practices, Carbon Neutral – (Management recommendation 'Against') – We voted FOR this resolution. We considered there would be a benefit from greater disclosure on the alignment between the company's stated goals and its actions, regarding corporate responsibility.

- **BHP Group** - Approve Capital Protection - (Management recommendation 'Against') – We voted FOR this resolution. We felt we would benefit from a regular review and additional disclosure of how the company's capital expenditure and operations are managed, in a manner consistent with the goals of the Paris Agreement and net-zero emissions.

Below are examples where we supported resolutions on Social issues against management recommendation in 2021.

- **American Express** – Instruct the Company to Publish Annually a Report Assessing Diversity, Equity, and Inclusion Efforts - (Management recommendation 'Against') – We voted FOR this resolution. While American Express is taking meaningful steps to increase its workforce diversity and promote inclusion, the company's reporting of its diversity statistics falls short of disaggregating data in line with the ten job categories outlined by the EEOC. We felt that a further improvement on disclosure would benefit shareholders in assessing the company's long-term value and the reputational and legal risks associated with discrimination

- **Citigroup** – Report on racial equity - (Management recommendation 'Against') – We voted FOR this resolution. The company provides significant information on its various efforts to drive progress on the issue of racial and economic inequality on its website, its Closing the Racial Inequality Gaps report, ESG report, and Talent and Diversity report, its code of conduct, and in its proxy statement. However, we felt that given the rising awareness of racial justice, a racial equity audit should allow shareholders to assess the company's diversity and inclusion policies

Shareholder Resolutions - Not Supported

As noted above, we have reviewed each of the shareholder resolutions listed by ShareAction in their 2021 report, to understand the rationales where we did not support a shareholder resolution. There are four main reasons for rejecting certain resolutions:

- The board is best placed to make the decision (for example in relation to the principal objectives of executive compensation)
- The resolution is overly prescriptive (for example setting a fixed quota on diversity that may hinder the company from selecting the best candidates in certain situations)
- The company already appears to provide adequate and sufficient disclosure (for example where there is already required disclosure relating to oversight of workforce issues)
- It is not clear that the request would produce meaningful additional information beyond what the company already discloses in its proxy (for example disclosing how a company considered pay grades and/or salary ranges of all employees when setting target amounts for executive compensation)

While many of these issues affected the social resolutions, we still supported 80% of those focused on social issues. There were only two climate related issues (out of 36) that we did not support in the period, which equates to 6% of the total.

Deviations - Rationale

As noted above, Pictet AM always reserves the right to deviate from our voting guidelines where it is deemed to be in the best interests of our clients. This year saw us deviate a small number of times (187) from our voting guidelines.

Deviations related mostly to director re-elections where we took a more positive view of the individual. This may mean considering them to be independent in spirit based on our own contact with those individuals, or being more comfortable with the structure of the board in relation to the guidelines.

2021 Voting activity

The following tables provide an overview view of our 2021 voting activity.

Fig. 7 – Overall

	Number	%
Number of meetings	**3,881**	**100**
Number of meetings with all for	2,233	58
Number of meetings with at least one against/abstain	1,562	40
Number of meetings not voted	86	2

Fig. 8 - Breakdown of management v shareholder resolutions

	Number	%
Number of management resolutions	**43,550**	**100**
Supported	39,042	90
Not supported	4,110	9
Abstained	398	1
Number of shareholder resolutions	940	
Supported	511	54
Not supported	393	42
Abstained	36	4

Fig. 9 - Breakdown of resolutions not supported

	Number	%
Management resolutions	**4,110**	**100**
Directors-related	2,065	50
Non-salary compensation	905	22
Routine/business	576	14
Capitalisation	452	11
Reorganisations & mergers	76	2
Anti-takeover-related	19	0
Other/Misc	17	0

	Number	%
Shareholder resolutions	**393**	**100**
Directors-related	142	36
Other/miscellaneous	80	20
Health/environment	60	15
Routine/business	45	11
Corporate Governance	22	6
Compensation	21	5
Social proposal	11	3
Human rights	9	1
General Economic Issues	3	1

Fig. 10 - Breakdown of shareholder resolutions supported

	Number	%
Shareholder resolutions	**511**	**100**
Director'-related	300	59
Health/environment	67	13
Routine/business	65	13
Compensation	24	5
Corporate governance	23	5
Other/miscellaneous	20	4
Social proposal	10	2
Social/human rights	2	0

Fig. 11 - Breakdown of deviations from Pictet Asset Management's Voting Policy

	Number	%
Deviations	**187**	**100**
Directors-related	97	52
Non-salary compensation	34	18
Routine/business	33	18
Capitalisation	8	4
Reorganisations & mergers	8	4
Shareholder - routine business	3	2
Shareholder - other/miscellaneous	2	1
Other/miscellaneous	1	1
Shareholder - directors-related	1	1

Source: Pictet Asset Management, ISS, December 2021

Voting disclosure

Proxy voting activity is reported at firm level and portfolio level:

Firm level:
- Pictet Asset Management voting statistics (annually).
- Pictet Asset Management voting instructions by AGM (monthly).

Portfolio level (collective investment schemes & segregated accounts):
- Investment reports include sections on proxy voting where appropriate for the asset class (quarterly).
- Legal reporting, e.g. "N-PX" reports for US clients (annually).

For the purposes of transparency and meeting various regulatory requirements, we publish how we voted in 2021 at https://am.pictet/-/media/pam/pam-common-gallery/article-content/2016/graphs/pictet-asset-management/compliance/voting-summary/pictetam-voting-summary-2021.pdf

APPENDIX: LIST OF COMPANIES ENGAGED IN 2021

	E	S	G
3M Co.		1	
A.O. Smith Corp.			1
Aalberts NV			1
Activision Blizzard Inc.		1	
Adani Enterprises Ltd		1	
Adani Ports & Special Economic Zone Ltd		2	
Advanced Drainage Systems Inc	1		
AECOM			2
AES Corp.	1		
AGCO Corp.		1	2
Amazon.com Inc..		2	
American States Water Co.			1
AMP Limited			1
ams AG			1
Andritz AG		1	
Ansys Inc..			1
Applied Materials Inc.	1		1
Atlantia		1	
Avichina Industry & Technology		1	
Baidu Inc.		1	1
Barclays plc			2
Basic-Fit N.V	1		
Bausch Health Companies Inc.		1	1
Bayer AG		2	
Bayerische Motoren Werke AG			1
Beiersdorf AG			2
Beijing Enterprises Water Group Ltd.			1
Beyond Meat Inc.			2
Bezeq The Israeli Telecomunication Corp. Ltd.			1
Bharat Heavy Electricals Ltd.		1	
Boeing Co.		1	
Bollore.		1	
Boohoo Group Plc		1	
BRF S.A.		1	
Bunge Ltd.	1		
Cadence Design Systems, Inc.	1		1
California Water Service Group			2
Caterpillar Inc.		1	
Centrais Eletricas Brasileiras S.A.		1	
Chemours Company		1	
Chewy Inc.			2
China Gas Holdings Ltd.		1	
China Huarong Asset Management Co.,Ltd.			1

China Longyuan Power Group Corporation Limited	2		
China Mengniu Dairy Company Limited		1	
China Northern Rare Earth (Group) High-Tech Co.Ltd		1	
China Petroleum & Chemical Corp		1	
China Railway Group Ltd		1	
Cintas Corporation			1
Citigroup Inc.			2
Citrix Systems, Inc..	1		1
CMC Markets Plc			1
Commonwealth Bank of Australia			1
Compass Group Plc		1	
CoreCivic Inc.		1	
Corteva Inc.		1	
Coway			1
Credit Suisse Group AG			2
Crown Castle International Corp	2		
Crown Resorts Limited			1
Daimler AG			1
Danone S.A.		1	1
Danske Bank AS			1
Deere & Co.		1	
Deutsche Bank AG			2
DNO ASA		1	
Dow Inc.		1	
Dropbox Inc.			1
DuPont de Nemours Inc.		1	
Ecolab, Inc.	1		
Edison International		1	
EDP-Energias DE Portugal S.A.	2		1
El Sewedy Electric	1		
Enel Spa		1	
Essential Utilities Inc.			1
Eurofins Scientific S.E.			1
Evergy Inc.	4		2
Evolva Holding SA			1
Ferguson Plc.			1
First Pacific Co. Ltd.		1	
Firstenergy Corp.	1		1
Formosa Taffeta		1	
GCL New Energy Holdings Limited		1	
Geo Group, Inc.		1	
GFL Environmental Inc.	1		1
Glencore plc	1	1	1
Golden Agri Resources	1		
Goldman Sachs Group, Inc.			1
Grupo Mexico S.A.		2	

Guangdong Investment Ltd.	1		
Haier Smart Home Co Ltd.			1
Halma plc	1		2
Harmony Gold Mining Co Ltd.		1	
Health Catalyst Inc.			2
HelloFresh SE		1	
Helvetia Holding AG			1
Iberdrola S.A.			2
Indah Kiat Pulp & Paper	1		
Indivior Plc			1
Indofood Agri Resources Ltd.		1	
ING Groep N.V.			1
Inner Mongolian Baotou Steel Union Co. Ltd.	1		
iQIYI Inc.		1	
JBS S.A.	1		2
Johnson & Johnson		1	1
Kerry Group Plc			1
Kone Corp.			1
Korea Electric Power		1	
Larsen & Toubro Infotech Ltd.		1	
Leslies Inc.			1
Lilly(Eli) & Co			1
Lockheed Martin Corp.		1	
Lotte Corp.			1
Luckin Coffee Inc.			1
Match Group Inc.			1
Mattel, Inc.		1	
McCormick & Co., Inc.			1
McDonald's Corp.		1	
Mckesson Corp.		1	
Medartis Holding AG			1
Meta Platforms Inc.		2	
Mining and Metallurgical Co Norilsk Nickel		2	
Mitsubishi Materials Corp.			1
Moncler SpA			1
Mowi ASA			1
MTN Group Ltd.		1	
National Grid Plc	2		1
Nestle S.A.		2	
NextEra Energy Inc.	1		
Nomad Foods Ltd.		1	
NTPC Ltd.		2	
NXP Semiconductors NV	2		
Oc Oerlikon Corp AG		1	
Ocado Group Plc			1
OFILM Group Co Ltd,		1	

Oil & Natural Gas Corporation Ltd.		1	
Olympus Corp.		1	
OMV AG	1		
ON Semiconductor Corp.	2	1	
Orior AG			1
P/f Bakkafrost	1		
Pabrik Kertas Tjiwi	1		
Page Industries Ltd.		1	
Pan American Silver Corp.		1	
Pearson plc			1
Pepkor Holdings Limited			1
PetroChina Co. Ltd.		1	
PG&E Corp.	3	1	2
Posco International		2	
PotlatchDeltic Corp.			1
PT Vale Indonesia Tbk		1	
Rational AG			1
Raytheon Technologies Corp.		1	
Republic Services, Inc.	1		
RIO Tinto Ltd.		1	
RWE AG	1		
Salmar Asa	1		
Samsung Biologics Co Ltd,			1
Samsung C&T Corp.			1
Samsung Electronics			1
Sanofi		1	1
Saudi Arabian Oil Company		1	
Saudi Basic Industries Corp.		1	
SGS AG			1
Shimano Inc.			2
Sibanye Stillwater Ltd.		1	
Siemens AG		1	
Siemens Gamesa Renewable Energy S.A.		1	
SIG Combibloc Group AG	1		
Sika AG			1
Sime Darby Plantation Berhad		1	
Sinopec Kantons Holdings Ltd.		1	
SiteOne Landscape Supply Inc.			1
SK Discovery Co. Ltd.		1	
Sk Holdings Co. Ltd		1	
Slc Agricola S.A.	1		
Southern Copper Corporation		2	
SSE Plc.	1		
Stanley Black & Decker Inc.		1	1
Steel Authority of India Ltd.		1	
Steinhoff International Holdings N.V.			1

Stora Enso Oyj	1		
Straumann Holding AG			1
Stryker Corp.		1	
Supermax Corporation Bhd		1	
Suruga Bank Ltd.			1
Svenska Cellulosa AB	1		
Swedbank AB			1
Tata Consultancy Services		1	
Teleperformance		1	
Tencent Holdings Ltd.		1	
Teradyne, Inc.			1
Tetra Tech, Inc.			2
Teva- Pharmaceutical Industries Ltd.			1
Thermo Fisher Scientific Inc.		1	
Tiger Brands Ltd.		1	
Tokyo Electric Power Company Holdings Inc.		1	
Tongyang Life Insurance Co.			1
Top Glove Corporation Bhd		1	
TopBuild Corp.	1		
Toshiba Corp.			1
Turkiye Halk Bankasi A.S.			1
Uber Technologies Inc.		1	
UPL Ltd.	1		
Vale S.A.		1	
Vedanta Ltd.		1	
Veolia Environnement			1
Volkswagen AG		1	
Volvo AB		1	
Vonovia SE			1
Walmart Inc.		1	
Waste Connections, Inc..	2		
Waste Management, Inc.	1		
Weibo Corp.		1	
Wells Fargo & Co.			1
Westpac Banking Corpy.			1
Wilmar International Limited		1	
Wirecard AG			1
Wockhardt Ltd.		1	
Xinyi Solar Holdings Limited			1
Xylem Inc.			1
Yes Bank Ltd.			1
Yihai Kerry Arawana Holdings Co Ltd.		1	
Zhejiang Huahai Pharmaceutical Co		1	
Zijin Mining Group Co., Ltd.	1	1	
ZTE Corp.		1	
America Movil SAB de CV			1

AstraZeneca PLC			1
Banco Bilbao Vizcaya Argentaria S.A.			1
Banco Santander, S.A.			1
Bank of America Corp.			1
Barry Callebaut AG		1	
BNP Paribas S.A.			1
BT Group PLC			1
Burberry Group PLC			1
Chocoladefabriken Lindt & Sprüngli AG		1	
Deutsche Börse AG			1
Deutsche Telekom AG			1
Eni SpA			1
Gazprom PJSC			1
Gilead Sciences Inc.			1
GlaxoSmithKline PLC			1
Henkel AG & Co. KGaA			1
HSBC Holdings PLC			1
International Business Machines Corp.			1
Kering S.A.			1
Kimberly-Clark Corp.			1
L'Oréal SA			1
LVMH Moët Hennessy Louis Vuitton			1
Marathon Oil Corp.			1
Mondelez International, Inc.		1	
Olam International Ltd.		1	
Orange S.A.			1
Pfizer Inc.			1
Reckitt Benckiser Group PLC			1
Reliance Industries Ltd.			1
Repsol, S.A.			1
Roche Holding AG			1
Royal KPN NV			1
Standard Chartered PLC			1
Swiss Re AG			1
Takeda Pharmaceutical Co., Ltd.			1
Telefónica, S.A.			1
The Estée Lauder Companies, Inc.			1
The Goldman Sachs Group, Inc.			1
The Hershey Co.		1	
TotalEnergies SE			1
UBS Group AG			1
Wells Fargo & Company			1
POSCO Coated & Color Steel		1	
Total	**55**	**122**	**156**

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