

Pictet-Global  
Environmental Opportunities  
**Impact Report**

31.12.2019

For professional investors only



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## Our declaration of intent

*“We invest in companies that make a substantial active contribution to solving environmental challenges by providing solutions to others, rather than companies only focusing on minimizing the environmental impact of their own operations.”*

GEO Investment Team

A rapidly growing global middle class, expected to increase from 3.8 billion people to more than 5.6 billion people by 2030<sup>1</sup>, is requesting more and more global resources.

Across the world, consumers, companies and governments recognise that environmental challenges have to be addressed. Going forward, adverse ecological changes will become some of the major risks to future economic expansion. We believe that companies providing products and services to increase resource efficiency are well placed to grow strongly within this changing environment.

The strategy targets capital appreciation by investing in companies who seek to solve environmental challenges through innovation, technology and intelligent use of natural resources. Our core belief is that the true value of natural capital is not properly reflected in market prices, leading to overconsumption of natural resources and excessive pollution. Therefore, over the long term, those business models, technologies and services that help increase the resource efficiency of the economy will be those most in demand.

Our Global Environmental Opportunities strategy aims to capture investment opportunities across all areas of the global industry, whilst making a positive contribution towards a more sustainable world. The strategy focuses on the following areas:

- › Energy efficiency
- › Pollution control
- › Water supply & technology
- › Waste management & recycling
- › Sustainable agriculture & forestry
- › Dematerialized economy

In order to be eligible in the portfolio, at least 20% of the activities of the firm must be related to products and services actively solving environmental challenges. We only select companies that make a substantial ‘active’ contribution to solving environmental challenges. This is measured by the strategic importance of environmentally-related products and services within the company, by the quality and amount of R&D spent in the environmental domain.

<sup>1</sup> World Economic Forum in October 2018: A global tipping point: Half the world is now middle class or wealthier



Our investment approach uses a unique scientific framework to construct the universe. The framework – Planetary Boundaries – was first published in Nature magazine in 2009 (by Johan Rockström (Stockholm Resilience Centre)). It represents the state of the art in terms of the current scientific consensus regarding which environmental challenges matter most.

The planetary boundaries framework identifies nine key environmental dimensions (water, climate change, biodiversity, land-use, nitrogen & phosphorous cycle, ocean acidification, ozone depletion, aerosol loading and chemical pollution) and specifies the respective thresholds that humanity shall not cross, lest it is to cause irreversible environmental damage with potentially catastrophic consequences.

The area within the boundaries, where human activities can take place safely is called the ‘safe operating space’.

We relate planetary boundaries and safe operating space to sub-industries and to individual companies.

This allows us to understand how a company’s products and services, taken over their entire life cycle, impact on the nine key environmental dimensions. We can thus see whether a company’s activities lie within the safe operating space, and whether its business model is rather forfeited or favoured by stricter environmental constraints in the future.

We only invest in companies within the safe operating space that, at the same time, make an ‘active’ contribution to solving environmental challenges.



## Investment universe

Strategic definition of the investment theme related to environmental opportunities

The investment theme defines our long-term strategic orientation. A dedicated Advisory Board helps the investment managers to identify future trends impacting the various investment segments that are of relevance to the environmental industry.

Input from the highly recognised independent members of the Advisory Board is essential as it allows the investment managers to better identify future trends in technology, public policy and consumption patterns that affect the theme. They also help define the key themes that will characterise the strategy's investment concept.

### GEO Advisory Board

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#### External Expert

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**Nino Tronchetti Provera – Environmental Technologies**

Founder and Managing Partner of Ambienta Sgr (Environmental Private Equity)  
Brings in expertise on latest environmental technology developments

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#### Internal Environmental Experts

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**Christoph Butz – Senior Investment Manager Timber**

Expertise: Environmental research concept, land-use & resources

**Marc-Olivier Buffle, PhD – Senior Product Specialist for Environmental Strategies**

Expertise: Environmental technologies & sustainability

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We have identified an initial investment universe of listed companies active in environmental businesses from the global equity market of over 40,000 companies.

The companies' business models must have a low environmental impact, as well as driving & benefitting from development of environmental solutions.

Out of 40'000 global companies, 3'500 operate within the safe operating space as defined by the Planetary Boundaries framework. 400 of these firms make an active contribution to solving environmental challenges. These 400 companies are our investable universe.

The investment universe is dynamic. The team is constantly on the lookout for undiscovered companies. Primary research through industry trade shows and associations, visit of companies and supply chain discussions, advisory board as well as associated industry networks are helping us to discover additional companies for our universe.

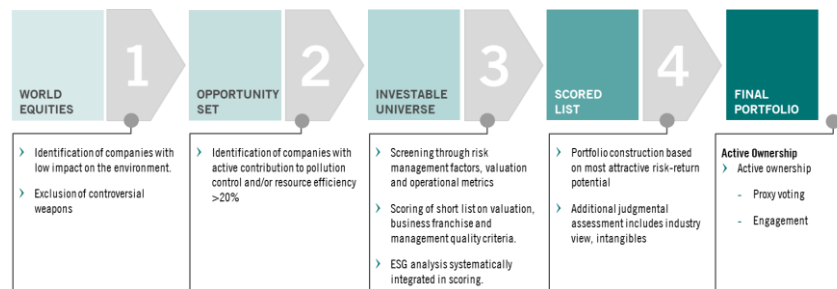
## Investment process

Our investment process is focused on finding stocks that play an active role in solving environmental challenges. These companies can be active in energy efficiency, pollution control, water supply & technology, waste management & recycling, sustainable agriculture & forestry or dematerialized economy.

In the process we follow the steps shown below:

- › Strategic definition of the investment themes
  - Exclusion of companies from the controversial weapons blacklist
  - Identification of companies within the safe operating space and that are actively solving environmental challenges.
- › Identification of the investment universe and calculation of exposure to the theme (“purity”<sup>2</sup>)
- › Bottom-up stock selection based on company fundamentals: purity, business franchise, management quality, valuation and ESG criteria
- › Active ownership of our holdings, i.e. voting on all our equity positions as well as engagement with selected companies, either directly or through third-party providers

### Investment process overview



We believe that detailed fundamental analysis and primary research are prerequisites for successful stock selection in international markets. A considerable amount of time is spent by the investment managers conducting company visits to assess the underlying quality and the management of the companies.

<sup>2</sup> Please refer to next chapter for description of purity

Detailed fundamental analysis and primary research are prerequisites for successful stock selection in the global equity market. A considerable amount of time is spent by the investment managers to conduct company visits to assess the operations and management quality of companies in our universe.

## PRIMARY RESEARCH



*Managers of the Global Environmental and Water strategies inspecting a production site for pollution control equipment in Shanghai.*

In 2019, the GEO investment team, along with colleagues from the Water investment strategy visited the Chinese operations of various European, American and Chinese companies. Such visits allow for comparison of production efficiency across regions as well as insight into the environmental and safety processes implemented by companies in countries with less stringent regulations. The team visited companies currently in the portfolio as well as others in their environmental investment universe.

On the left, the team visited the Chinese production site of a US based technology company, manufacturing electronic pollution control equipment.



## Exclusion policy

### POSITIVE SCREEN

We have identified an initial universe of listed companies active in solving environmental challenges.

Defining the theme ensures that only companies within the safe operating space and with sufficient exposure to environmental activities are eligible for investment. We include companies in the investable universe only if at least 20% of the enterprise value (or sales, EBIT or EBITDA) is derived from environmental activities (“purity” to the theme). By applying the Planetary Boundaries framework and the positive screen for environmental activities, we narrow the universe down from 40,000 to 400 companies.

### CONTROVERSIAL WEAPONS BLACKLIST

Exclusion of controversial weapons

The Pictet Group applies an exclusion policy for companies involved in the production of anti-personnel mines, cluster munitions, biological & chemical weapons (including white phosphorous) and nuclear weapons from countries that are not signatories to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT).

The Pictet Controversial Weapons Blacklist so far covers 17 listed entities and over 40 private companies.

### INVOLVEMENT IN CONTROVERSIAL ACTIVITIES

Monitoring of additional controversial activities

While we do not have any additional formal exclusion policies for the strategy, we monitor the exposure to activities that may be seen as controversial by investors.

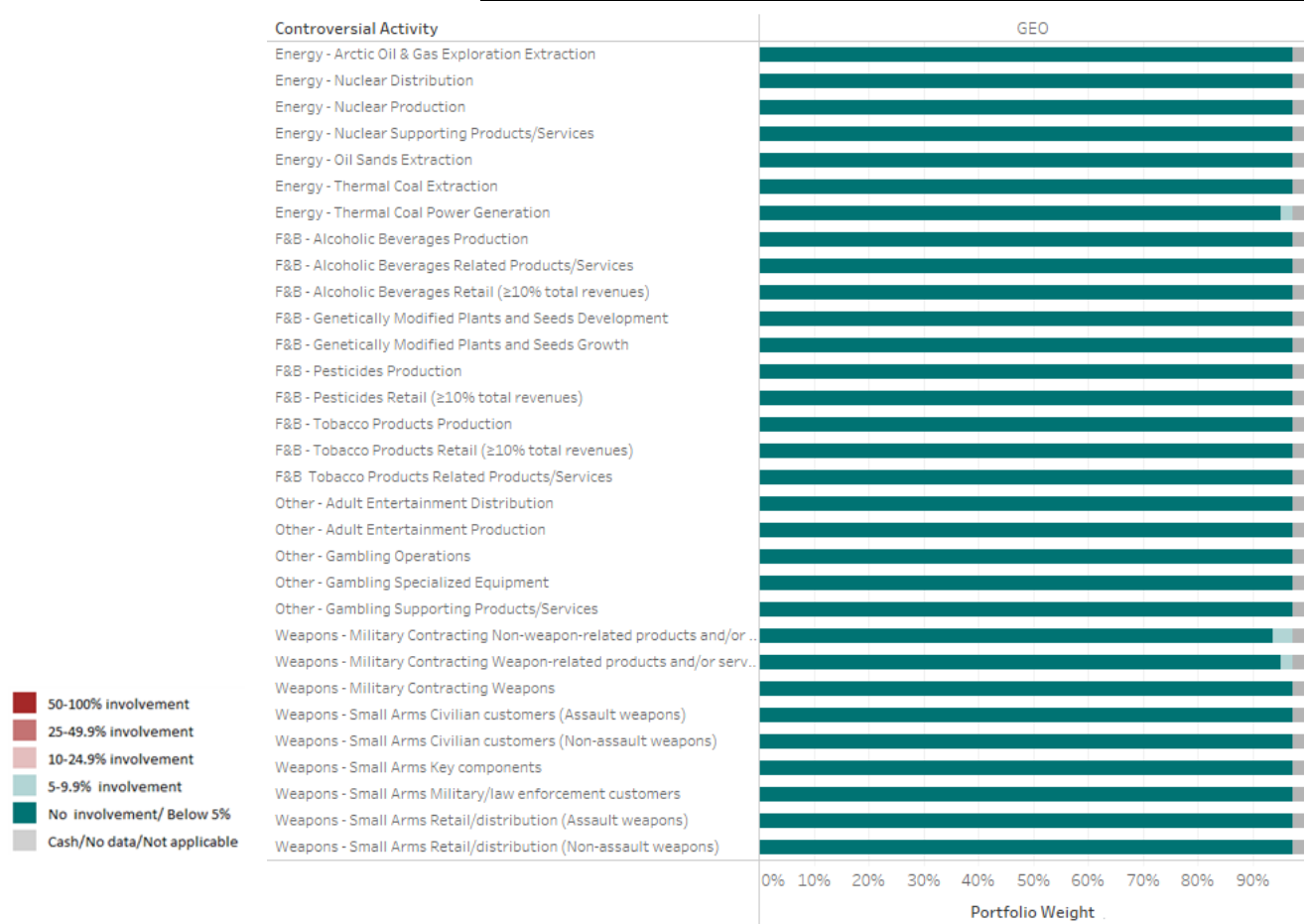
In our investment process, we start from a positive selection of the investment universe. We select only stocks for the investable universe that make a positive contribution to environmental or societal challenges within the environmental theme. This leads to a small universe with high purity to the theme. By default, the exposure to controversial industries will therefore be very limited.

Please see below the product involvement of the portfolio as at 31.12.2019.





## Product involvement



Source: Sustainalytics, Pictet Asset Management as at 31.12.2019

The Global Environmental Opportunities portfolio was exposed to one company involved in thermal coal energy<sup>3</sup> and three companies related to military contracting<sup>4</sup>.

<sup>3</sup> One company in the portfolio has some exposure to thermal coal power generation (portfolio weight 2.3%). Sustainalytics estimates the revenues from thermal coal at 7.5% based on 2018 data. However, it is worth noting that the company has started a rapid transformation process to convert all remaining coal-fired power plants to bioenergy until 2023. From 2018 to September 2019, the company has further reduced its coal consumption by 56%.

<sup>4</sup> Three stocks provide non-weapon and weapon-related services to the military industry (portfolio weight 2.3%, 2.2% and 1.3% respectively). All three companies have less than 10% exposure to military contracting.



## Environmental, social and governance reporting

### Integration of ESG factors in the investment process

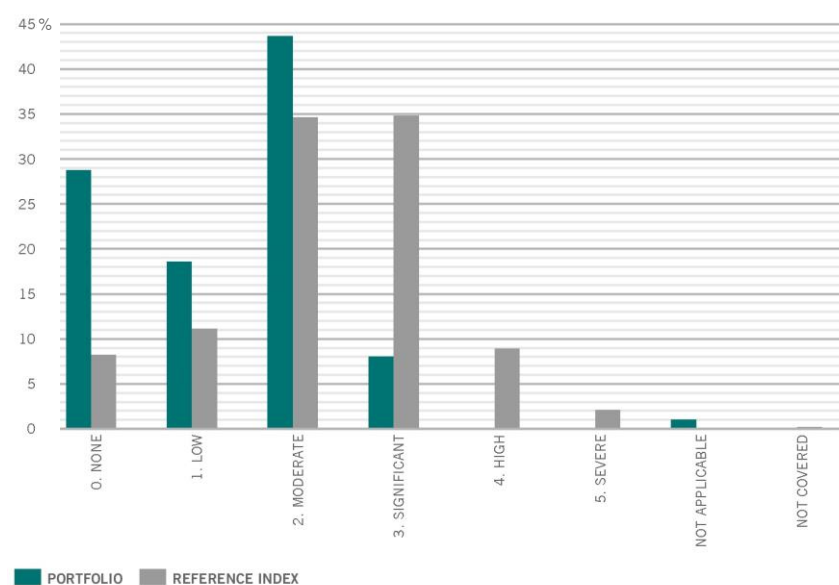
We integrate ESG considerations in the fundamental analysis of companies. Environmental and social indicators are formally integrated in the business franchise score and corporate governance is integrated in the management quality score. If stocks are not covered by external data, investment managers assess the E, S and G impact through primary research and a qualitative assessment of company fundamentals. ESG considerations have a direct impact on the holding weight in the portfolio.

### ESG CONTROVERSIES

The controversies indicator measures the extent to which companies are exposed to news flow related to ESG controversies such as bribery, corruption, product recalls, pollution incidents and conflicts with local communities. Controversies are evaluated based on their degree of severity and recurrence, as well as company accountability and reliability of information sources.

We use Sustainalytics<sup>5</sup> as our main source for controversies, which are measured on a relative scale from 0 (no controversy) to 5 (significant controversies). Below we have grouped the results into six categories to represent none, low, moderate, significant, high and severe ESG standings. Final results are based on company weights in the portfolio and benchmark. Not covered corresponds to securities for which no scores are available from Sustainalytics.

### ESG controversies



*Pictet-Global Environmental Opportunities, Reference index: MSCI AC World Sustainalytics as of 31.12.2019*

<sup>5</sup> <http://www.sustainalytics.com/>

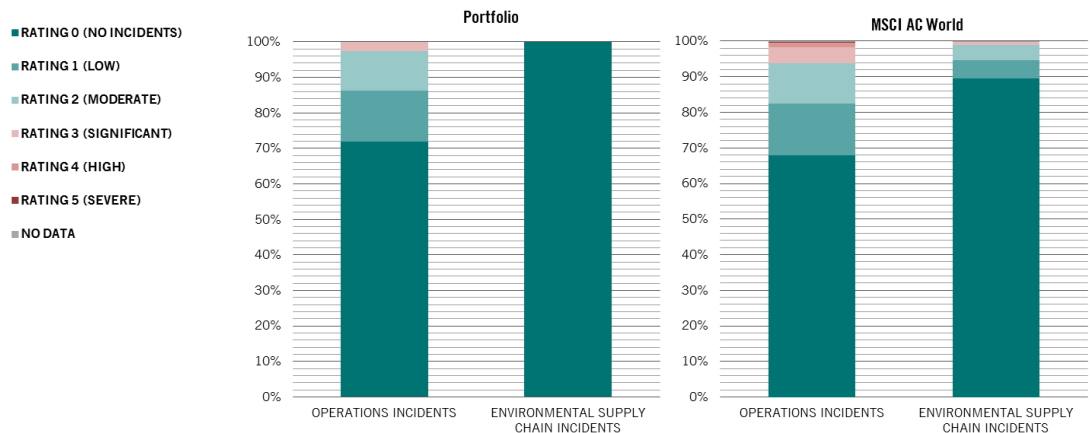


Pictet-Global Environmental Opportunities has no exposure at all to the severe and high controversy categories, and a very low exposure to the significant controversy category. One stock (portfolio weight 1.8%) is not covered by Sustainalytics data.

## ENVIRONMENTAL CONTROVERSIES

Environmental controversies are a proxy to estimate the news flow relating to controversial environmental practices. Here we show Operations Incidents and Environmental Supply Chain Incidents.

### Environmental incidents



Source: Pictet-Global Environmental Opportunities, Reference index: MSCI AC World Sustainalytics as at 31.12.2019

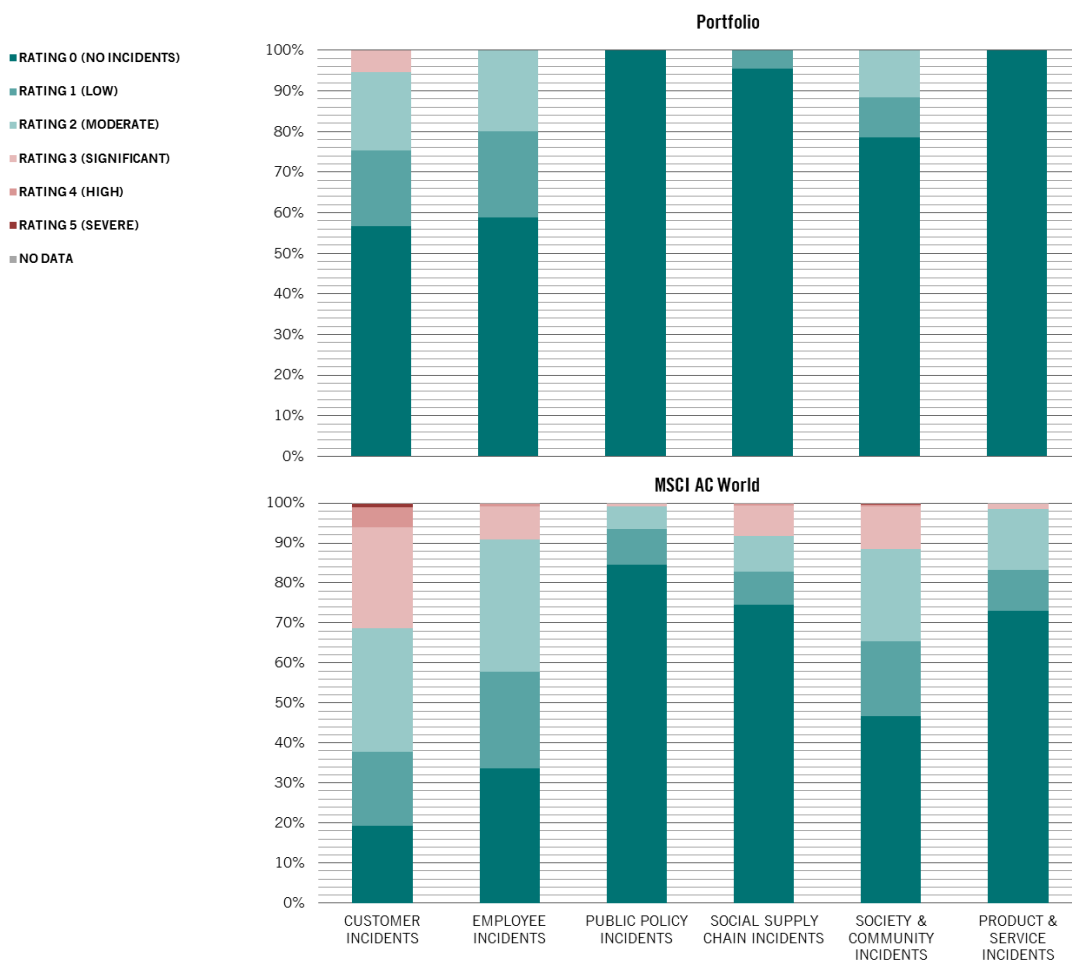
The portfolio had higher exposure to companies with no or low controversies compared to MSCI AC World across all incident types. All companies in the portfolio are covered by external data. No data was available for 0.2% of the reference index.



## SOCIAL CONTROVERSIES

Social controversies are a proxy to estimate the potential extent to which companies are engaging in questionable social practices. Here we show employee incidents, customer incidents, pollution incidents, conflicts with local communities and others.

### Social incidents



Source: Pictet-Global Environmental Opportunities, Reference index: MSCI AC World Sustainalytics as at 31.12.2019

The portfolio has higher exposure to companies with no or low controversies compared to MSCI AC World across all incident types. All companies in the portfolio are covered by external data. No data was available for 0.2% of the reference index.

## CORPORATE GOVERNANCE

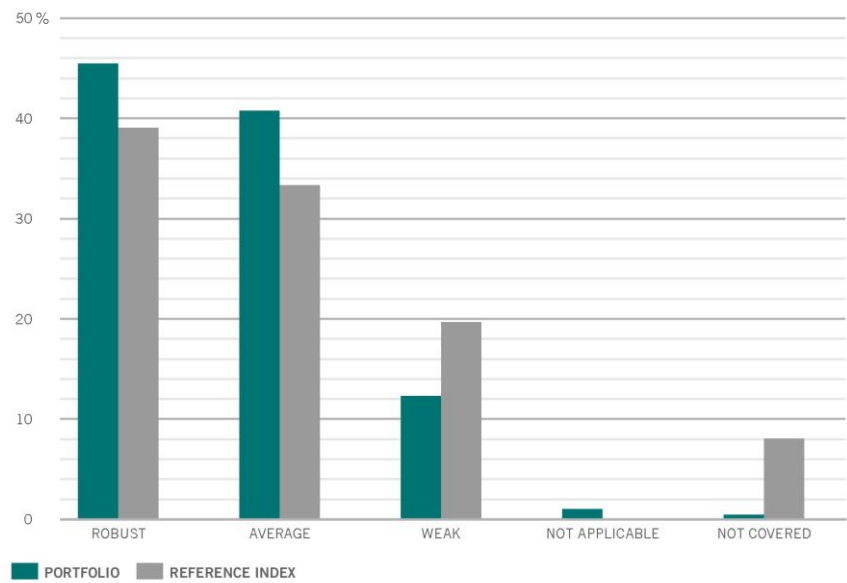
In response to increased pressure from regulators and shareholders for stronger corporate governance, companies are expected to strengthen board competence and independence, to adopt executive remuneration plans based on long-term performance, to respect



minority shareholder rights, and to reinforce risk control and audit functions.

We use ISS corporate governance<sup>6</sup> scores, which range from robust (decile scores 1 to 3), average (decile scores 4 to 7) and weak (decile scores 8 to 10). The lower the score, the better. We then group them into the three categories below. Results are based on aggregate company weights in each category for the portfolio and the benchmark. Not covered corresponds to securities for which no scores are available.

#### Corporate governance score



*Pictet-Global Environmental Opportunities, Reference index: MSCI AC World  
Data source: ISS as at 31.12.2019*

Pictet-Global Environmental Opportunities has lower exposure to the weak governance rating category. “Not covered” corresponds to one security for which no ISS score is available (portfolio weight 0.5%). 8% of the index is not covered by ISS data.

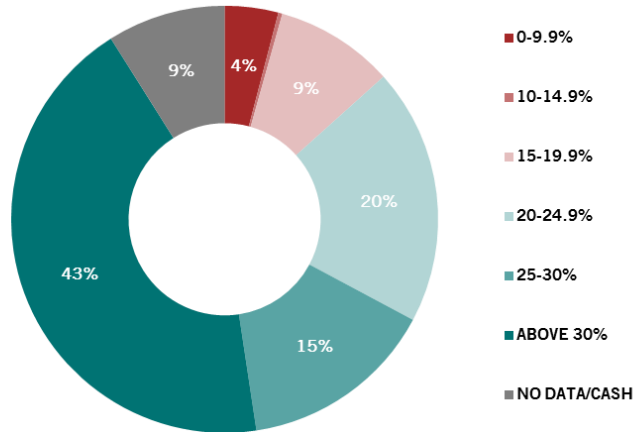
<sup>6</sup> <https://www.issgovernance.com/>



Diversity is an important factor for operational success. Some indicators such as board membership can be a proxy of diversity and a topic of engagement. Here, we show female board membership for our portfolio.

#### Female board members

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*Percentage of Women on Board*

*Source: ISS, Pictet Asset Management as at 31.12.2018*

*No data is available for 8.9% of the portfolio (including cash).*

## Impact reporting

A scientific framework to measure environmental impact along nine criteria

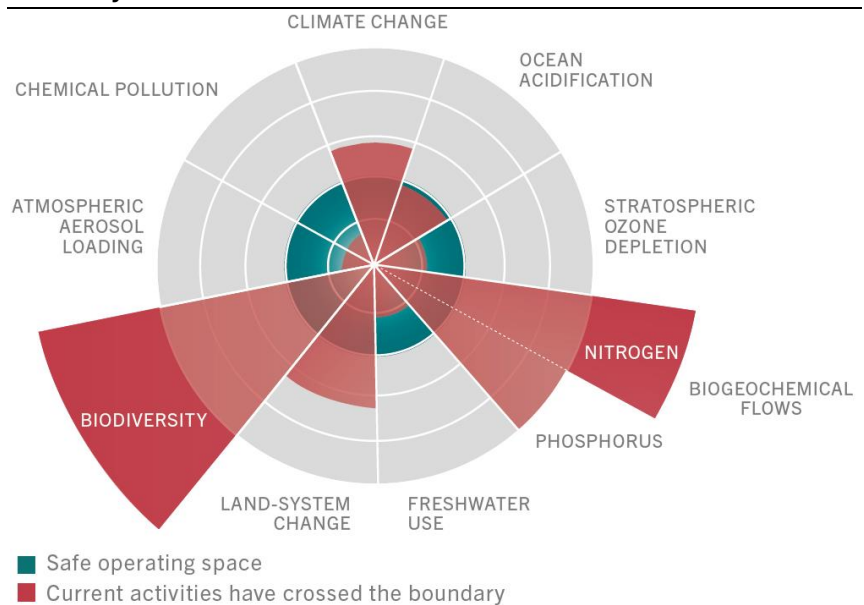
### ENVIRONMENTAL IMPACT

We base the environmental impact measurement of our thematic strategies on the scientific framework of planetary boundaries\*. Planetary boundaries are ecological thresholds for nine of the most important environmental challenges:

- › Climate change
- › Ocean acidification
- › Ozone depletion
- › Eutrophication/Biogeochemical flows
- › Water use
- › Land use
- › Biodiversity
- › Atmospheric aerosols
- › Chemical pollution

Transgressing these boundaries would endanger the favourable environmental conditions that have been in place for the last several thousand years. Staying within these boundaries, in the so-called “safe operating space”, will be crucial for mankind and all life forms on this planet.

### Planetary boundaries framework



\* See "A safe operating space for humanity". Rockstrom et al. Nature, September 2009



We operationalise the planetary boundary framework and apply it to an environmental assessment of companies. We analyse whether companies' core activities, products and services respect these boundaries or not, over their life-cycle ('from cradle to grave').

Most environmental reporting today is done taking into account emissions related to in-house production and insourced energy. Wider impacts at suppliers, impacts of the products and services during their lifetime or impacts that lead to desired substitution are not taken into account.

Our methodology accounts for the full life-cycle of products and services provided by companies. The environmental impacts we show can therefore differ very significantly from more conventional measurements.

It should be noted that our methodology occasionally yields negative emissions. For example, a company manufacturing wind turbines would generate negative carbon dioxide emissions if those wind turbines replace more conventional oil, coal or gas powered energy generation and help reduce emissions in the future.

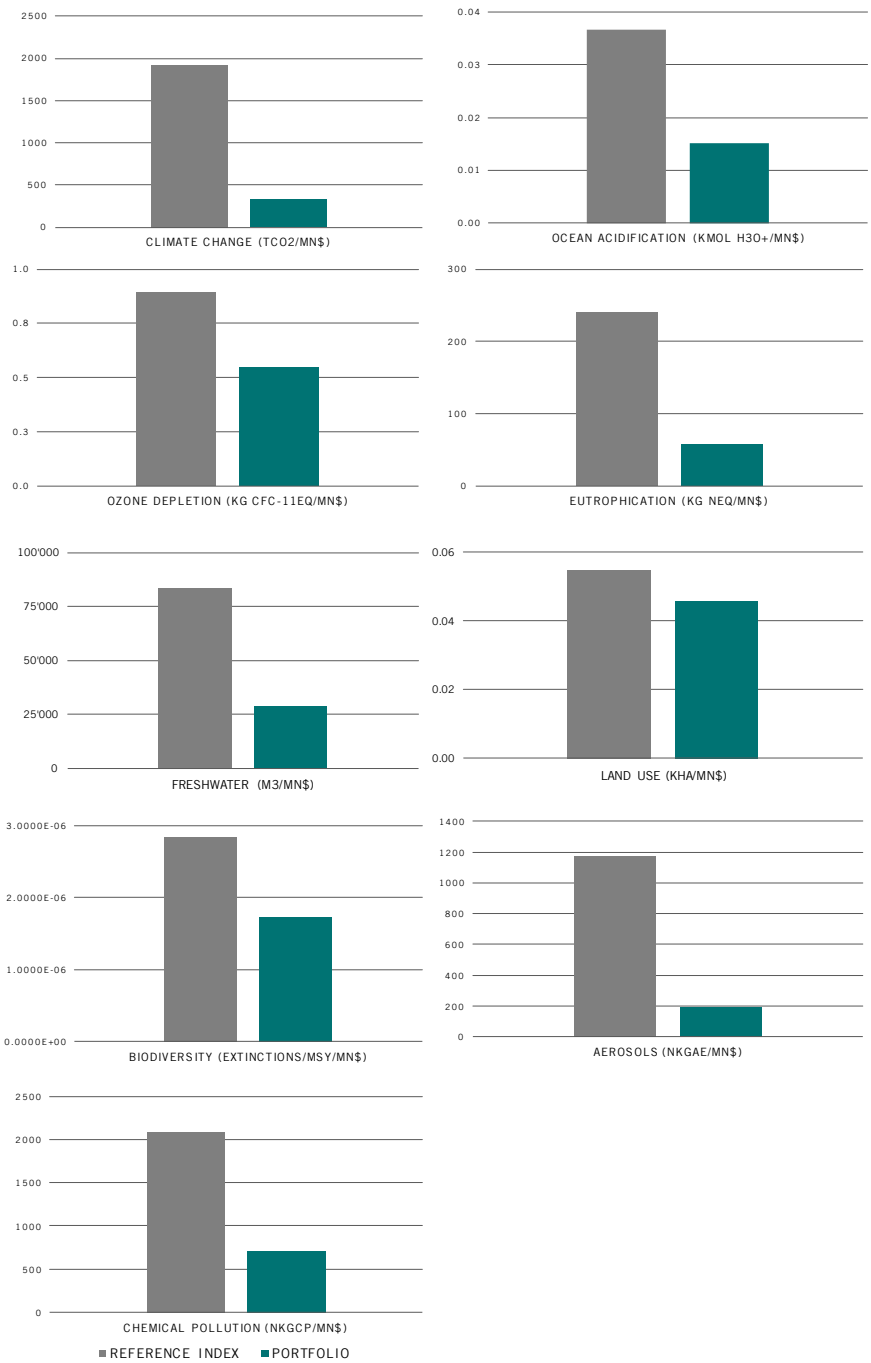
On the next page we show the profile of our portfolio versus MSCI All Countries along the nine planetary boundaries dimensions.





Global Environmental Opportunities demonstrates a positive impact on all planetary boundaries.

### Global Environmental Opportunities vs MSCI All Countries World



Source: Pictet Asset Management, as at December 2019

As intended, the environmental footprint of the GEO strategy is significantly lower than that of the MSCI AC along all planetary boundaries.

The GEO strategy has its largest positive impact on climate change, ocean acidification, eutrophication and aerosol loading.



This translates into a direct positive impact on the environment and global health. It is estimated that over 6.5 million people die of air pollution every year<sup>7</sup>. Reducing atmospheric aerosol has a direct, measurable impact on health.

By investing in companies that help to reduce greenhouse gas emissions, the strategy is helping to achieve the Paris Agreement's long-term goal to keep the global average temperature increase below 2 degrees Celsius.

Another impact can be measured on chemical pollution. This is achieved by investing in companies that avoid chemical pollution through improved waste management, recycling and sewage treatment or companies that help to replace wasteful materials (generally plastic-based) by renewable and recyclable materials.

#### COMPANY EXAMPLE

Plastic-based waste is a major concern globally, with an estimated 12.7 million tonnes of plastic polluting our oceans each year. The effects are dramatic, with bigger plastic parts choking sea turtles and birds or clogging the stomachs of animals mistaking plastic for food. Micro-plastic is finding its way back via the global food chain onto our plates.



We invest in Smurfit-Kappa to address these issues. The company produces paper-based packaging products that are a necessity to avoid plastic-based waste and helps reducing transportation cost by appropriate package design. A large proportion of the company's products are based on recycled paper. In addition, Smurfit Kappa owns and operates 100k hectares of forests globally.

The company's largest positive impact with regards to the Planetary Boundaries is measured on the climate change, freshwater use and chemical pollution categories.

<sup>7</sup> Source: The Lancet, Planetary Health: Global Burden of Disease Study 2017



## EXPOSURE TO SUSTAINABLE DEVELOPMENT GOALS

In September 2015, the United Nations (UN) announced 17 Sustainable Development goals (SDGs) as a part of the 2030 Agenda for Sustainable Development. The Sustainable Development Goals, as depicted below, are a united set of global aims which balance the social, economic and environmental dimensions of sustainable development. They recognize “that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection”<sup>8</sup>:

### The United Nation's 17 Sustainable Development Goals



Initially designed primarily for policy makers and governments, businesses increasingly try to show their exposure to SDGs within their Sustainability reports, while investors are also starting to request that asset managers demonstrate the exposure of their investment to SDGs.

In the absence of a standardised global reporting framework on SDGs and given some excessive optimism we observe in terms of reporting practices, we believe it is our duty to provide our clients with a transparent and rule-based SDG-exposure analysis of our portfolios. We have developed a two-tier proprietary process, combining Artificial Intelligence-based quantitative analysis with fundamental input from our experienced investment managers in the Thematic Equities team to assess the external impact of company's products and services on society and on the planet.

<sup>8</sup> United Nations <https://www.un.org/sustainabledevelopment/development-agenda/>



## Our process

We aim for a systematic, data-driven estimation of companies' contribution to the SDGs. Our process consists of two parts:

### 1- Quantitative

- › Our proprietary AI engine uses natural language processing (NLP) to analyse seven different sources of information for each company – including transcripts of earnings calls, company reports and financial databases. It then identifies a set of keywords which occur the most frequently and which thus sum up that company's DNA.
- › The system then screens the keywords to focus on ones which are aligned with the SDG concept. It takes into account their relative importance (both to the company and to the SDG) to quantify the exposure of each company to the 17 goals and 169 sub-goals.

### 2 - Fundamental

- › The fundamental analysis is conducted by our experienced investment managers and thematic product specialists. They focus on the impact of the products and services produced by the companies, rather than on their own internal operations.
- › The SDG exposure is assessed by drilling down to all 169 targets (or sub-goals) across the thematic portfolios. Scores are ranging from highly negative to highly positive exposure.

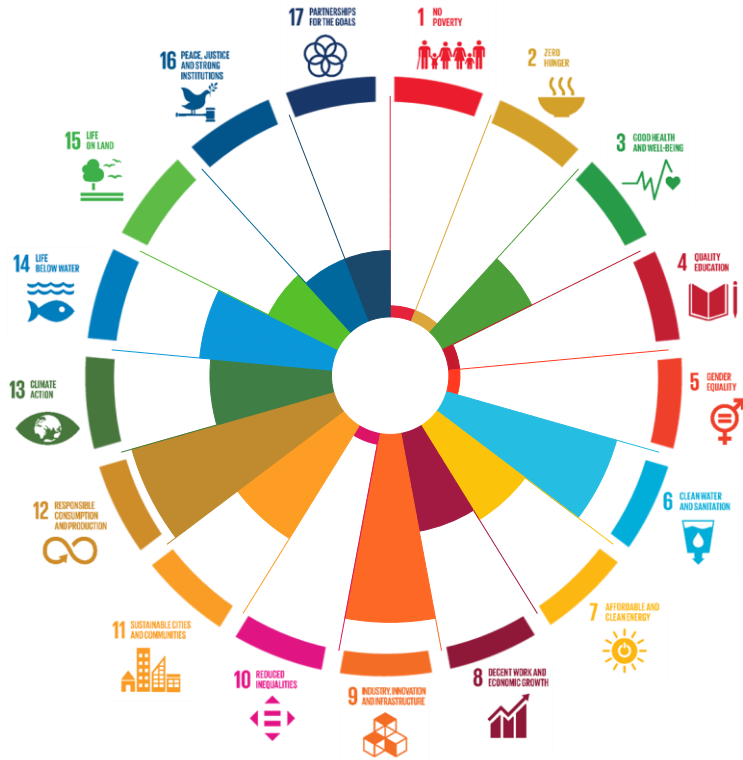
For example, to get a good exposure score for “Good Health and Wellbeing” (SDG 3), a company would need to help others to improve their health or have a positive external impact on the public Health system. It is not enough to just prevent health-related incidents for their own employees.

The final SDG score for our portfolios consists of equal contributions from the fundamental and quantitative analysis.

In below chart we show only SDG exposures above 14.0%, which is the average SDG exposure of MSCI World according to our methodology.

The Global Environmental Opportunities strategy has its highest exposure to SDG 12 (Responsible Consumption and Production) with 50%. The strategy also has significant exposure to SDG 9 (Infrastructure & Innovation) and SDG 6 (Clean Water & Sanitation).

## SDG Exposure Pictet-Global Environmental Opportunities



Source: Pictet Asset Management, as of December 2019

The chart demonstrates the relative importance of the SDGs for the strategy as of December 2019 based on our own SDG methodology.

We assess the impact of the companies' products and services to help achieving the SDGs. The chart has been scaled to the highest SDG exposure of this strategy. SDG exposure data below 14.0% (MSCI World average) are not shown.

Highest SDG exposure of Pictet-GEO is: **SDG 12 50%**



## Active ownership

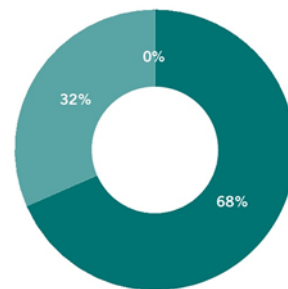
Systematic proxy voting on 100% of our active equity strategies

### PROXY VOTING

Voting rights are systematically exercised at general assembly meetings for the companies held in the fund in accordance with Pictet Asset Management's voting policy and through the ISS proxy voting platform<sup>9</sup>. Our voting policy takes into account internationally recognised standards of corporate governance. Subject to the comments above, we vote against resolutions that are not in the interest of shareholders.

#### Breakdown of votable meetings

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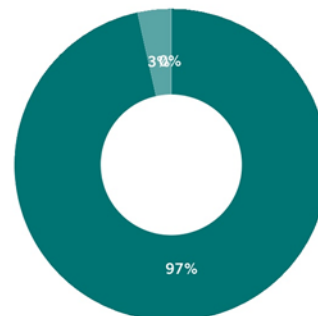


- ALL VOTES "FOR" (39)
- AT LEAST ONE VOTE AGAINST, WITHHOLD OR ABSTAIN (18)
- MEETINGS NOT VOTED (0)

Number and percentage of General Assembly meetings where votable items were presented to shareholders. Meetings are broken down in three categories: (i) meetings where we supported all items, (ii) meetings where we voted against, withheld, or abstained on at least one item, and (iii) meetings where we could not vote for technical or legal reasons.

#### Breakdown of votable items

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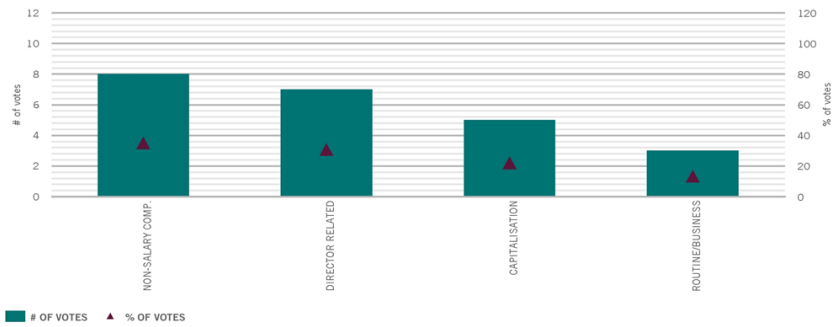


- VOTES WITH MANAGEMENT (721)
- VOTES AGAINST MANAGEMENT (26)
- ITEMS NOT VOTED (0)

Number and percentage of votable items presented to shareholders at General Assembly meetings of portfolio companies. Items are broken down in three categories: (i) votes in line with the management (ii) votes against the management (iii) items not voted.

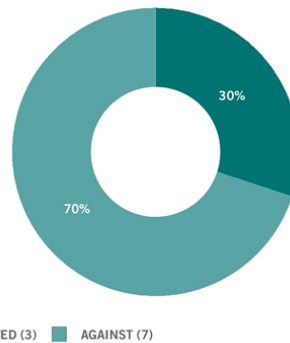
<sup>9</sup> <https://www.issgovernance.com/solutions/proxy-voting-services/>

## Breakdown of votes against management



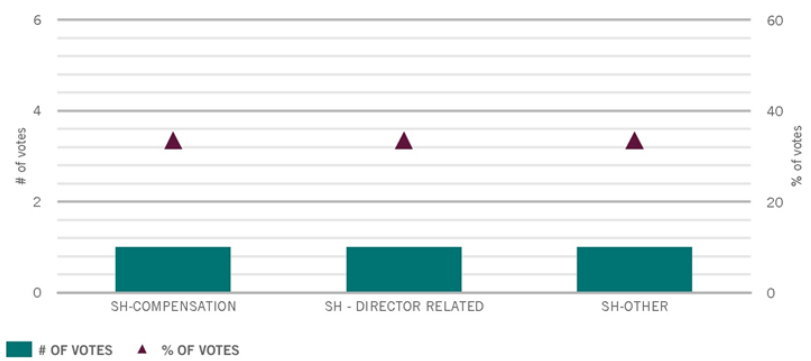
Number and percentage of votes against management broken down by category. This includes votable items proposed by management and excludes votable items proposed by shareholders. Please refer to the glossary for a description of categories.

## Shareholder resolutions



Number and percentage of votable items proposed by shareholders. Items are broken down in three categories: (i) shareholder resolutions that we supported, (ii) shareholder resolutions that we opposed, (iii) shareholders resolutions for which we abstained.

## Categories of shareholder resolutions that we supported



Number and percentage of shareholder resolutions that we supported broken down by category. Please refer to the glossary for a description of categories.

Data YTD 31.12.2019, Pictet-Global Environmental Opportunities

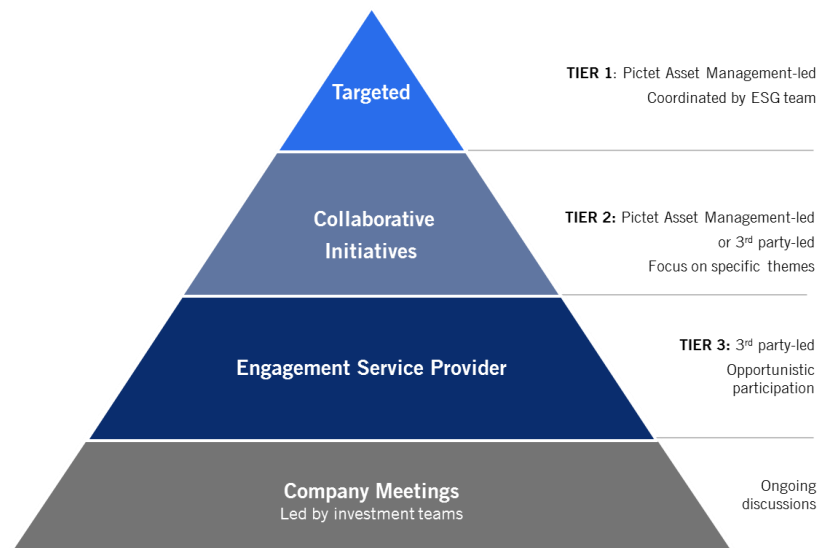
Source: ISS, Pictet Asset Management



## ENGAGEMENT

Engagement with companies to positively influence business and financial practices

Our engagement framework is aimed at positively influencing ESG performance of corporate and sovereign issuers and to create long term value for our clients. It is built on four key pillars: direct engagements by the investment teams, pooled engagements led by an external service provider, participation in collaborative initiatives and targeted engagements.



### Company meetings

1. To positively influence corporate behaviour, including ESG issues, **investment teams** engage with companies in their normal course of business:

Following various engagement discussions during the last years, we have been actively approached by one of the companies in the fund. We were invited to discuss their corporate governance, including executive compensation, sustainability and social value creation directly with the Chairman of the Board to express our views and discuss their positioning.

### Pooled engagements

2. We also use the services of Sustainalytics to perform ESG engagement with corporate issuers across Pictet Asset Management's entire suite of investment strategies. The Sustainalytics Corporate Governance Engagement program is a value-enhancing overlay service focused on corporate governance issues, such as board composition, succession planning and ESG strategy. Sustainalytics targets companies for engagement based on several criteria, including voting-related issues, event-driven concerns and portfolio characteristics, and focuses on materiality when evaluating companies and their risks. Sustainalytics sets engagement objectives and formulates





an action plan for each engagement. During 2018, it engaged with 58 of our holdings across 10 countries.

Sustainalytics is currently engaging with two companies in the investment universe. One case is being evaluated and one case has been closed and archived in 2018.

#### Collaborative initiatives

**3. Collaborative initiatives** in which we participate include Climate Action 100+. As part of this initiative, Pictet Asset Management is actively participating in collaborative engagements with a Swiss mining company, a Russian metals and mining company and a German automaker.

#### Pictet AM targeted engagements

**4. Targeted engagements** are coordinated by Pictet Asset Management's ESG team. The key criteria for candidate selection are based on the severity of ESG concern(s) and our likelihood of successfully influencing the issuer. The issuers that we engage with represent a variety of regions, sectors and ESG issues.



## ENGAGEMENT WITH INDUSTRY STAKEHOLDERS

We also include active engagement with industry stakeholders in our framework. This reflects our commitment to drive the ESG discussion within the asset management industry and to raise awareness and better understanding of environmental, social and governance aspects of investment management with our clients.

Pictet Asset Management has been a signatory of the UNPRI since 2007 and has been awarded an A+ rating under the PRI's Reporting and Assessment Framework. In addition, Pictet Asset Management actively participates to several investor initiatives aimed at sharing best practices between asset managers and owners and encouraging corporate disclosure on ESG issues. We are notably involved in the IIGCC (Institutional Investors Group on Climate Change), SSF (Swiss Sustainable Finance) and similar organisation in the UK, Germany and Spain.

Pictet Asset Management supports and actively participates in international and national initiatives, including:

ORGANISATION/INITIATIVE	INVOLVEMENT OF PICTET ASSET MANAGEMENT
UNPRI	Signatory
Swiss Sustainable Finance (SSF)	Founding member, Board representative
FNG, UK SIF, SpainSIF	Member
CDP (Carbon Disclosure Project)	Member
Swiss Climate Foundation	Corporate sponsor, Board representative
EFAMA (European Fund and Asset Management Association)	Member of the Stewardship Market Integrity & ESG Investment Standing Committee
UK Stewardship Code	Signatory
JP Stewardship Code	Signatory
Climate Bond Initiative	Member of the Standards Board
IIGCC (Institutional Investors Group on Climate Change)	Steering Committee Member Investment Practices program; Vice-chair of the Board (from 2013-2016)
FTSE Environmental Markets	Member of the Advisory Committee
Climate Action 100+	Supporter of 3 collaborative engagements
EMpower	Partnership

Source: Pictet Asset Management, October 2019

Pictet, together with Swiss Sustainable Finance, is leading an initiative to put pressure on index providers to remove controversial weapon manufacturers from mainstream indices. The initiative, launched in August 2018, secured the backing of 173 signatories from 20 different countries representing USD 9.1 trillion including international asset owners and managers (as of October 2019<sup>10</sup>).

This initiative reflects Pictet AM's commitment to responsible investment principles and if successful will be an impressive demonstration of how the asset management industry can bring about positive change while putting PAM at the forefront of ESG investing.

<sup>10</sup> [https://www.sustainablefinance.ch/en/engagement-initiatives\\_content---1--3117.html](https://www.sustainablefinance.ch/en/engagement-initiatives_content---1--3117.html)



Pictet has set up a Group Investment Stewardship unit which is responsible for driving and coordinating responsible finance and stewardship efforts across the firm. This ensures alignment in ESG integration and active ownership, and optimal dissemination of best practices across the Group.

The governing body of the Stewardship unit is the Sustainability Board, which ensures coordination across all activities that are linked to sustainable development within the Pictet Group. Our thematic equities team is a member of the Sustainability Board to bring in our expertise on environmental and societal issues.

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Information for Swiss investors: The legal representative of the fund is Pictet Asset Management S.A. route des Acacias 60, CH 1211 Genève 73 and the Paying Agent is Banque Pictet & Cie S.A., route des Acacias 60, CH 1211 Genève 73.

