

P ICTET GROUP

EU Sustainable Finance Disclosure Regulation

Sustainability-related product
disclosure

AUGUST 2022

DISCRETIONARY MANDATES
RESPONSIBLE INVESTING (MULTI-ASSET STRATEGY)
HIGH QUALITY RESPONSIBLE EQUITY (EQUITY STRATEGY)

1. Environmental and Social Characteristics

The discretionary mandate “High Quality Responsible Equity” promotes environmental and social characteristics by adopting a holistic approach combining the monitoring of issuers’ environmental and social characteristics, the analysis of their level of sustainability risks, the implementation of clear screening criteria and portfolio construction rules.

2. Investment strategy

The High Quality Responsible Equity strategy follows an active investment strategy and invests in a worldwide selection of well-positioned companies that have a proven track record of value creation and stable balance sheet. The mandate uses a long-only investment strategy (no short positions) and has no leverage.

3. Binding elements for investment selection

We exclude companies with revenues from high risk activities above a defined threshold (e.g. controversial weapons, thermal coal, oil & gas, nuclear power generation, weapons, tobacco, genetically modified organisms, pesticides, adult entertainment, gambling) and/or companies exposed to severe ESG controversies (e.g. violation of human rights, pollution incidents, employee accident, product-related issues and breaches of business ethics).

For detailed explanation about our responsible investing framework, please refer to Pictet Wealth Management Responsible Investment Policy on <http://www.group.pictet/wealth-management/aiming-be-responsible>

4. Continuous investment monitoring

The bank relies on various sources of information (including third party data and internal proprietary analysis) to analyze and monitor potential investments, and to ensure compliance with defined elements and exclusions. The Bank retains full discretion over the implementation of exclusion criteria and reserves the right to deviate from third-party information on a case-by-case basis, in instances where it is deemed incorrect or incomplete, for example in the case a company or a fund is undergoing a sustainable transformation. Such exemptions may be initiated by investment teams and must be supported by a written rationale subject to validation by senior members of the PWM investment platform and need to be monitored on an on-going basis.

This strategy is implemented in the investment process continuously by pre-trade and post-trade checks against the binding elements performed by Portfolio Management as well as Investment Risk teams.

5. Sustainability indicators used

The sustainability indicators used are the following:

Single securities: ESG Risk Rating, Exposure to severe controversies, Corporate Governance, Exposure to high-Risk Activities.

6. Monitoring of sustainability indicators

The indicators to measure the attainment of the environmental or social characteristics promoted by this financial product are monitored on a regular basis as part of the investment process by the risk and compliance teams.

7. Data source for ESG characteristics

We have developed a proprietary ESG Scorecard that provides a focused view of both ESG risks and opportunities. Our ESG Scorecard is based on a curated set of the most material data points, across four pillars: Corporate Governance, Products & Services, Operational Risks, and Controversies. The scorecard collects ESG data from various providers on specific datasets.

8. Designated Reference Benchmark

No Reference benchmark