

Pictet-Water  
**Impact Report**

31.12.2019

For professional investors only



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## Our Declaration of Intent

*"We allocate capital to companies developing solutions to global water challenges, thereby generating an attractive source of return for our clients while having a positive impact on society and the environment"*

Cédric Lecamp, Louis Veilleux

Shifts in rainfall patterns and melting glaciers caused by climate change are transforming the water cycle which had remained unchanged for millennia. At the same time, rapid growth of the global middle class and associated consumption has led to increasing pressure on this vital resource. Ground water depletion and polluted water sources are but a few examples of the challenges impacting both society and the environment.

In 2010, the UN General Assembly voted in favour of adding affordable Water and Sanitation to the list of Human Rights. Water also features prominently within the list of Sustainable Development Goals for 2030. Given the gap between water infrastructure investment needs and current public funding, a partnership between the private sector and local governments seems to be the only realistic solution to reach those important targets.

Our Water strategy invests across the entire water value chain. We look for service companies producing and distributing drinking water to consumers. We also look for companies active in collection and treatment of wastewater, as well as those developing water technologies for companies and consumers. We also invest in companies developing efficient irrigation systems and in companies improving waste management, thereby protecting groundwater quality.

We believe that the allocation of capital to firms developing solutions to global water challenges leads to a win-win proposition. On one hand companies providing such solutions experience growth superior to that of the market which, aggregated in a diversified portfolio, can display superior risk-adjusted return characteristics. Simultaneously, they have a positive impact on our society and the environment as their products and services are focused on developing technologies that improve water quality, maximize water efficiency or increase the number of households connected to networks.



## Investment universe

Strategic definition of the investment theme related to Water

The investment theme defines our long-term strategic orientation. Investment themes are identified on the basis of our megatrend framework. A dedicated Advisory Board helps the investment managers to track the evolution of the water theme and identify future trends in technology, public policy and consumption patterns that could affect it. The Board also helps defining new theme segments.

Board members are recognized experts in their respective domain; they often come from academia, NGOs or the private sector.

### Water Advisory Board

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#### Dr. David Owen - Founder & CEO of Envisager Ltd

Dr. Owen is Envisager Ltd. Founder and managing director. Envisager works for clients individually and with a network of companies and contacts he has worked with over the past twenty-seven years. Since 1995, Envisager has developed a unique series of global databases covering companies active in the water and wastewater sectors and the markets they serve.

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#### James Hotchkies - Co-founder of JWH

With over 25 years of experience in the water industry, Jim Hotchkies has extensive executive management, business development & technical expertise in one of the world's most dynamic and vital sectors.

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#### Michael Deane - Executive Director of National Association of Water Companies

Michael Deane is Executive Director of the National Association of Water Companies. The NAWC represents all aspects of the private water service industry and promotes the value of the private sector as the provider of quality, sustainable water services, and innovative solutions

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#### Prof. Asit K. Biswas - President of Third World Centre for Water Management

Prof. Biswas is the Founder and President of the 3rd World Centre for Water Management in Mexico, and Distinguished Visiting Professor at the Lee Kuan Yew School in Singapore and Indian Institute of Technology, Bhubaneswar, India. He is acknowledged to be an authority in water management-related questions.

Our Water investment universe is made of any company active in the water value-chain. Companies developing products and services linked to water extraction, treatment, distribution networks, collection networks, wastewater treatment, efficient irrigation, water quality monitoring and waste management are part of the value chain.

We divide the investment universe into three main segments: Water Technology, Water Supply, and Environmental Services as shown below:



### Human Rights to safe drinking water and sanitation

In 2010, the UN General Assembly voted in favour of a resolution recognizing “that the human right to safe drinking water entitles everyone, without discrimination, to have access to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic use”; in 2015 the resolution was extended to increase the importance of sanitation<sup>1</sup>.

The Water investment team fully endorses the above resolution and would not consider investing in firms infringing it.

Some activities adjacent to the water theme are not included in our investment universe as we consider them as non-sustainable activities. This includes for example branded bottled water and water rights activities.

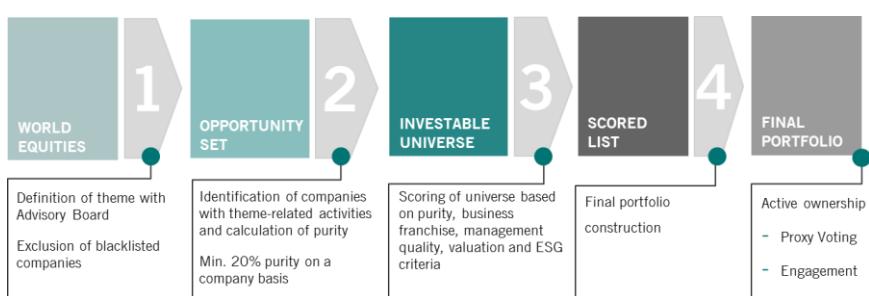
<sup>1</sup> It is generally accepted that “sufficient” implies 70-100 litres per day per person, while “affordable” represents < 3% of household income.

## Investment process

The Water investment process follows the steps shown below:

- › Strategic definition of the investment themes
  - Inclusion of all publicly listed companies with exposure to the water value chain (as described above)
  - Exclusion of companies from Pictet's controversial weapons blacklist
- › Identification of the investable universe based on companies' minimum exposure to the water theme ("purity")<sup>2</sup>. The weighted average purity of the portfolio was 70% as of December 2019.
- › Bottom-up stock selection and portfolio weight determination based on company fundamentals: purity, risk factors, business franchise, management quality, ESG criteria and valuation
- › Active ownership: we vote on stocks and engage with selected companies, directly and through third-party providers

### Investment process overview



The investment team in charge of the Water strategy is embedded in Pictet Asset Management's Thematic Equities team. Our investment teams are specialized and dedicated to their thematic strategies. Investment managers have dual responsibilities for both fundamental stock analysis and portfolio construction.

Fundamental stock analysis and portfolio construction activities are performed by Cédric Lecamp and Louis Veilleux, who act as co-managers and are the main decision-makers of the strategy. They are supported by Peter Rawlence. Hans Peter Portner and Philippe Rohner, respectively head of the Thematic Equities team and chairman of the thematic advisory boards, are former managers of the water strategy and are available to share their experience and act as a sounding board for new ideas. Marc-Olivier Buffle is a member of the investment team and contributes to investment meetings; he is mostly responsible for interactions with key clients. The team is also

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

supported by Sandy Wolf on sustainability, engagement and impact topics.

Detailed fundamental analysis and primary research are prerequisites for successful stock selection in global markets. 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



*Water investment managers Cédric Lecamp and Peter Rawlence together with managers of the Global Environmental strategy at a hazardous chemicals facility in China*

In 2019, the Water investment team, along with colleagues from the Environmental team, 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 the water investment universe.

On the left, the team visited a hazardous waste management facility at one of the world's largest chemical sites. The company's waste management solutions help prevent release of hazardous chemicals into the environment.



## Exclusion policy

### POSITIVE SCREEN

We first identify an initial universe of listed companies active in the water value chain (less than 2% of the global equity universe). We then screen out companies with less than 20% purity to the water theme. We define purity as the proportion of the enterprise value (EV) of a company derived from activities related to the theme (other metrics such as sales, EBIT or EBITDA can be employed as well).

### THEMATIC SPECIFIC EXCLUSIONS

Activities linked to branded bottled water are not considered a part of the theme. Water rights are often politically sensitive and can infringe on the HR to water, hence we currently do no invest in such activities.

### CONTROVERSIAL WEAPONS BLACKLIST

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

### INVOLVEMENT IN CONTROVERSIAL ACTIVITIES

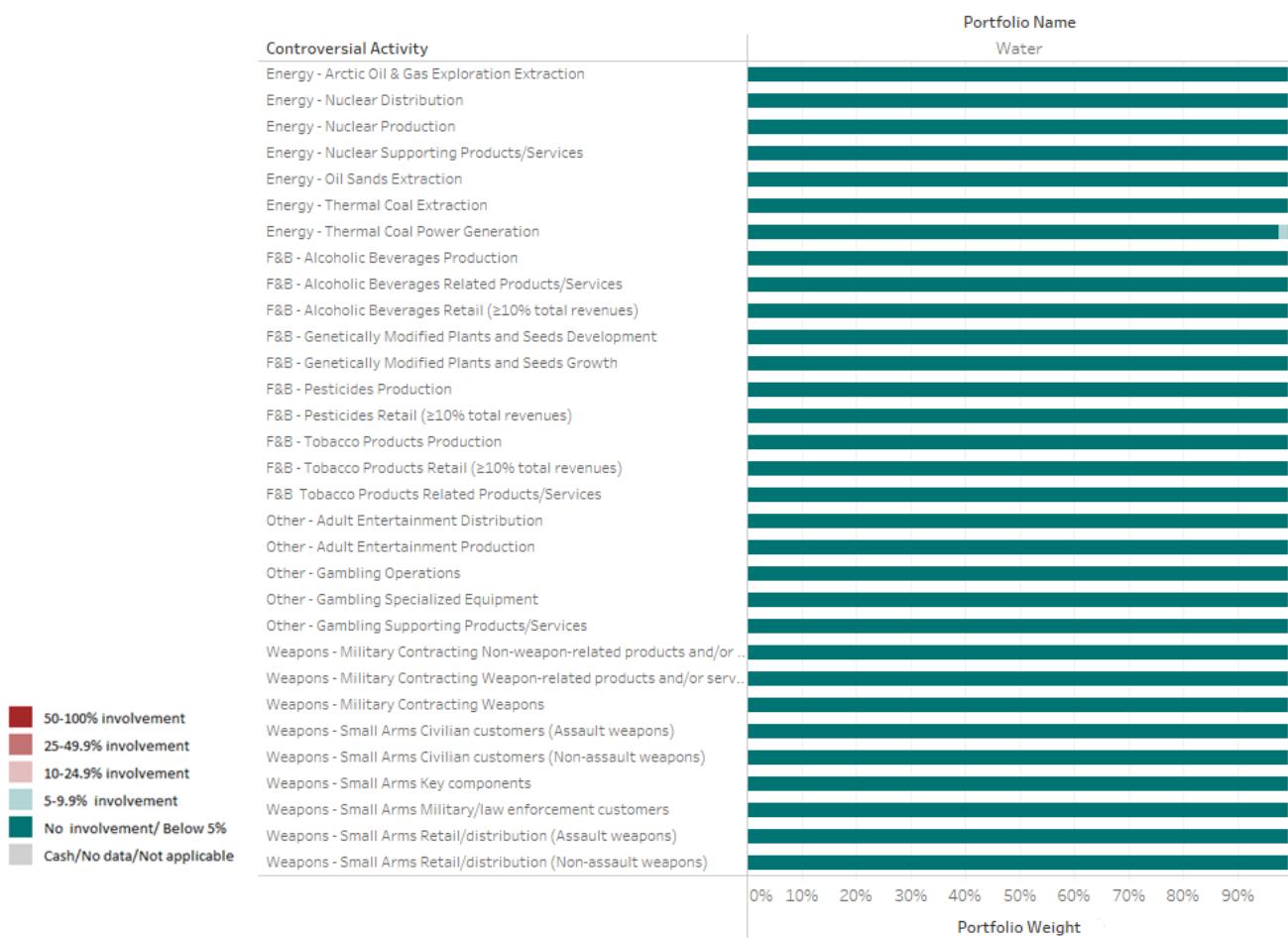
While we do not apply any additional formal exclusion policy, we monitor the exposure to activities that are perceived as controversial by some investors.

As described above, our positive screen already leads to a strict selection of companies. This results in a focused universe with high exposure to the theme. By default, the exposure to controversial industries should therefore be very limited.

Please see below the product involvement of the portfolio:

### Product involvement

#### Controversial Activities Involvement (Portfolio)



Source: Sustainalytics, Pictet Asset Management as at 31.12.2019

All holdings in the portfolio were covered by Sustainalytics (excluding cash). The portfolio was exposed to one company active in thermal coal power generation (portfolio weight 1.7%). This company generated 62% of their revenues in 2018 with water distribution activities. The company's investments in infrastructure projects include two electric power generation facilities, both 100% coal-fired. Electric power generation is a small business segment of the company, accounting to a total of 9.8% of total revenues in 2018.

## Environmental, social and governance reporting

### Integration of ESG factors in the investment process

We systematically integrate ESG considerations in the fundamental analysis of companies. Environmental, social and governance indicators are formally integrated in ESG factors which impact the target weights of stocks in the portfolio.

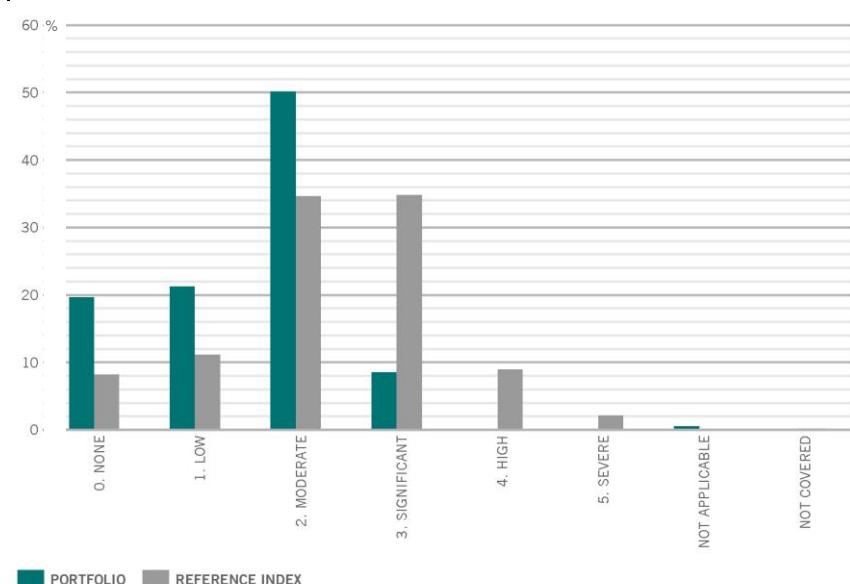
ESG factors integrated in our fundamental scoring process reflect the views of our Investment Managers. If companies are not covered by external data, investment managers assess ESG through primary research and a qualitative assessment of company fundamentals.

### 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>3</sup> as external source for controversies.

Here we display Sustainalytics scores, we have grouped the results into six categories to represent none, low, moderate, significant, high and severe ESG standings. Vertical axis indicates weighted exposure of the portfolio and the reference index to the various categories. Not covered corresponds to securities for which no score is available.

**ESG controversies**



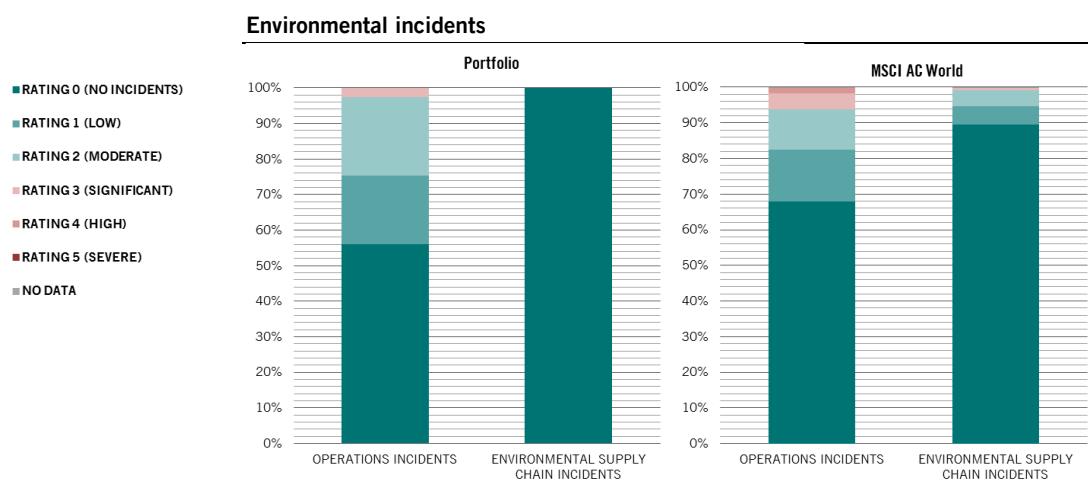
Source: Pictet-Water, Reference index: MSCI AC World Sustainalytics as at 31.12.2019

<sup>3</sup> <http://www.sustainalytics.com/>

The Water strategy has no exposure to severe and high controversies and lower exposure to significant controversies. Exposure to the least controversies (none, low and moderate) is larger than that of the reference index. All companies of the portfolio are covered by Sustainalytics data.

## ENVIRONMENTAL CONTROVERSIES

Environmental controversies are a proxy to estimate the potential extent to which companies are engaged in questionable environmental practices. Here we show Operations Incidents and Environmental Supply Chain Incidents.



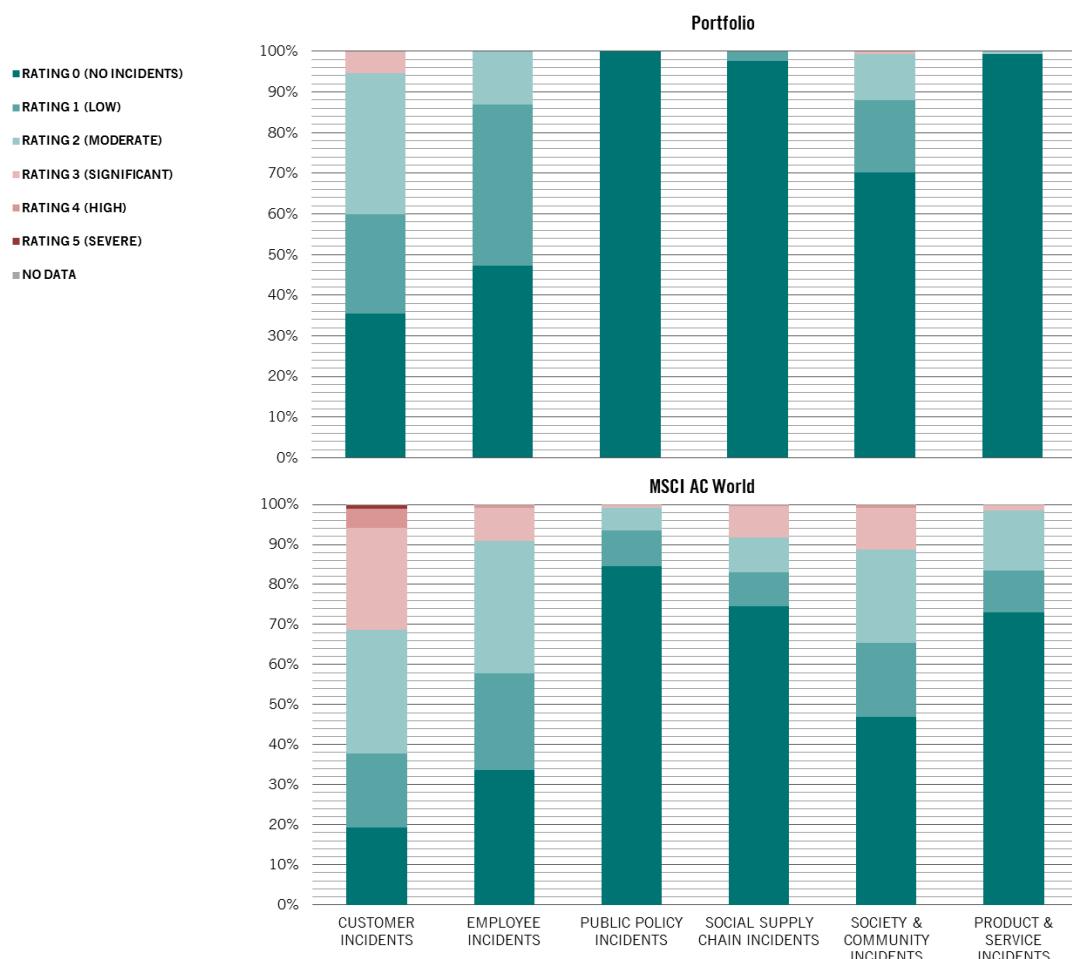
Source: Pictet-Water, Reference index: MSCI AC World  
Sustainalytics as at 31.12.2019

The portfolio has lower exposure to companies with high or significant environmental supply chain incidents than MSCI AC World. The exposure to the operations incident category is higher than that 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



*Pictet-Water, Reference index: MSCI AC World*

*Source: Pictet Asset Management, Sustainalytics as at 31.12.2019*

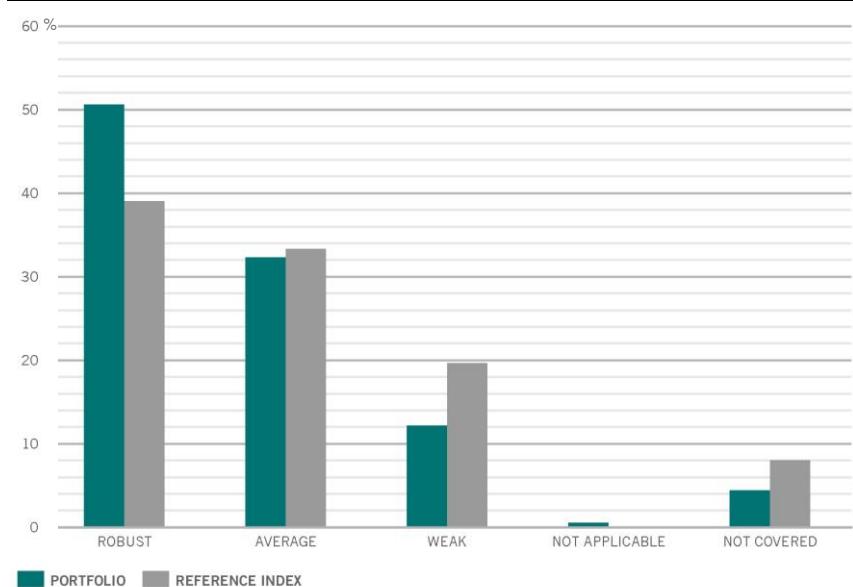
The portfolio has higher exposure to companies with no, low or moderate controversies compared to MSCI AC World across all incident types.

## 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.

Beyond the discussions our investment managers are having with companies' senior management, there are multiple additional sources for Governance analysis. The investment team has access to HOLT, Sustainalytics, ISS and CFRA analysis. Here we show ISS corporate governance<sup>4</sup> scores, which we regroup under robust (decile scores 1 to 3), average (decile scores 4 to 7) and weak (decile scores 8 to 10). Results shown are based on portfolio and reference index weights for each category. Not covered corresponds to securities for which no score is available by ISS.

#### Corporate governance



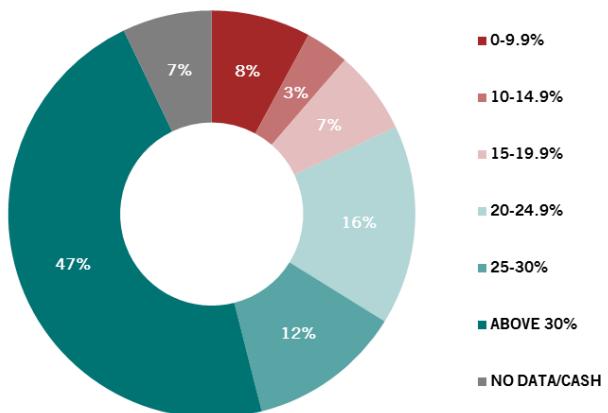
*Pictet-Water, Reference index: MSCI AC World  
Data source: ISS as at 31.12.2019*

The Water strategy has lower exposure to weak governance and higher exposure to average and robust governance than the reference index. Four companies (4.4% of the portfolio) are not covered by ISS data.

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.

<sup>4</sup> <https://www.issgovernance.com/>

### Female board members



*Percentage of Women on Board*

*Source: ISS, Pictet Asset Management as at 31.12.2019*

*No data is available for 7.1% of the portfolio (incl. cash).*

## Impact reporting

### ENVIRONMENTAL IMPACT

A scientific framework to measure environmental impact along nine criteria

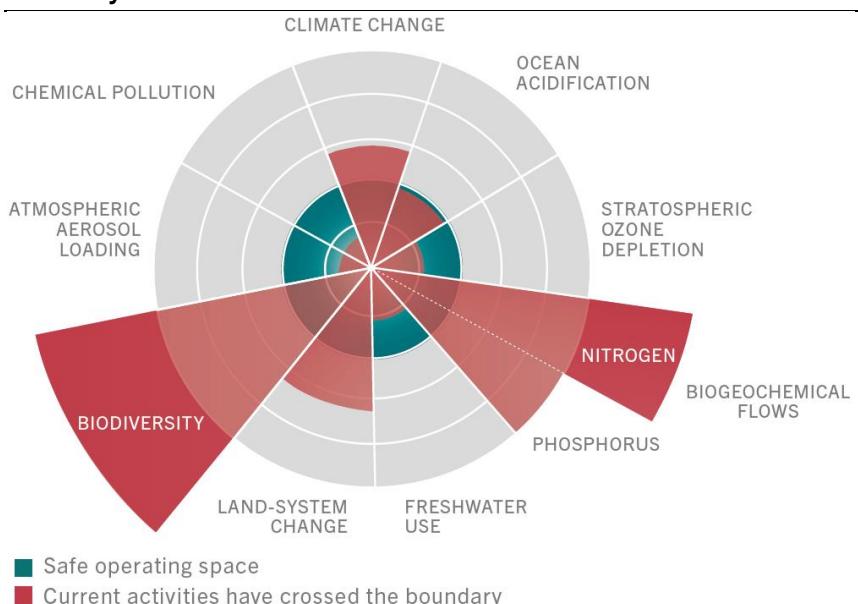
We base the environmental footprint assessment of our thematic strategies on the scientific framework of Planetary Boundaries\*. Planetary boundaries are ecological thresholds for nine of the most important environmental challenges:

- › 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”, would be prudent for mankind and all life forms on the planet.

By making the active decision to allocate capital to a portfolio with a smaller environmental footprint than that of a global index tracker, investors have a positive environmental impact.

### 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 companies' core activities, products and services over their life-cycle ('from cradle to grave') against the 9 boundaries.

Most environmental reporting today is done taking into account emissions related to companies own operations and supply chain. Wider impact of the products and services during and after their lifetime or positive impact stemming from desired substitutions are generally not considered.

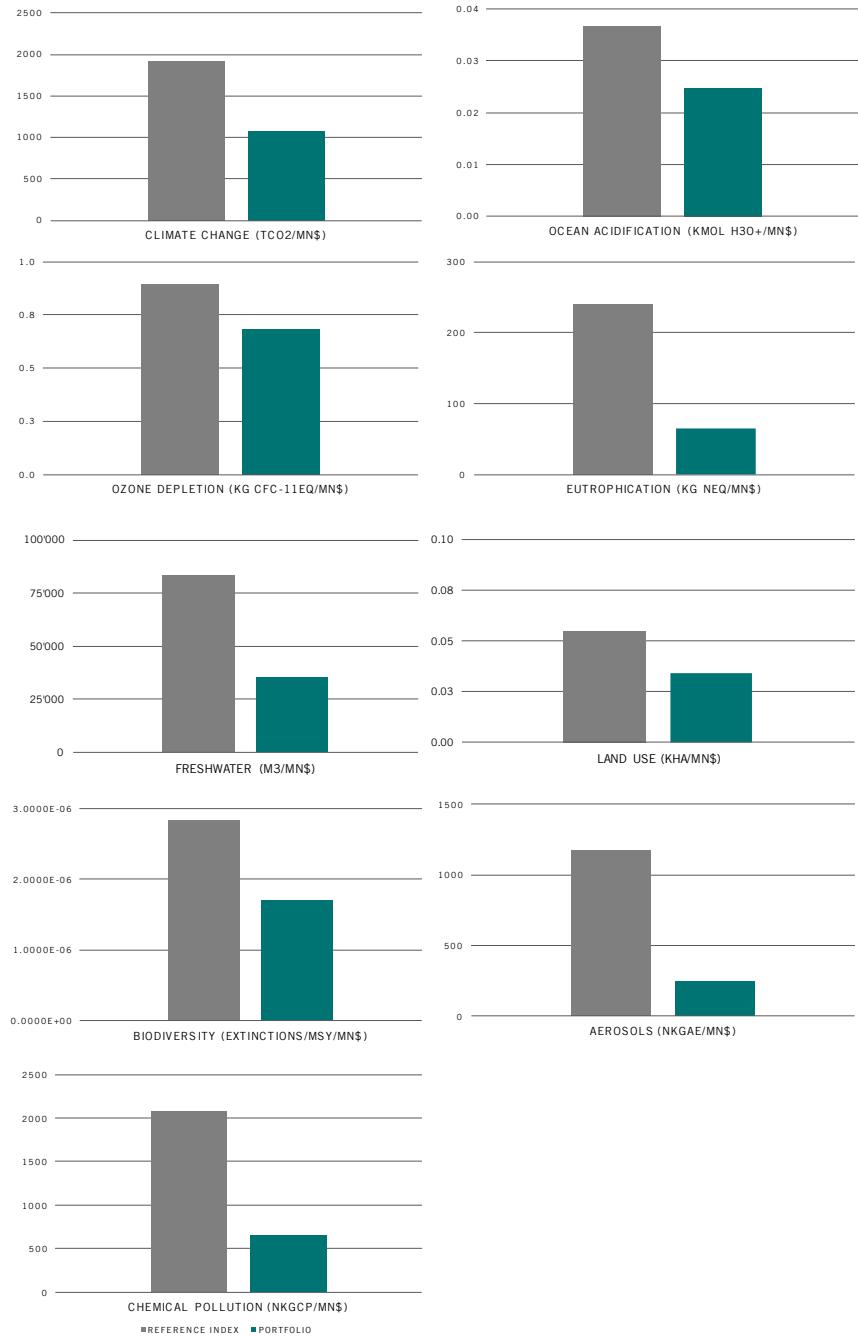
Our methodology accounts for the full life-cycle of products and services provided by companies. The environmental footprint shown can therefore differ significantly from conventional approaches.

It should be noted that our methodology can yield negative emissions. For example, a company providing advanced wastewater treatment would generate negative freshwater-use data as it does not consume water, but rather removes pollutants thereby providing additional water resource.

On the next page we show the physical measures of our portfolio versus MSCI All Countries along the nine environmental dimensions.

### Water strategy vs MSCI All Countries World

The Water portfolio demonstrates a lower environmental footprint on all planetary boundaries



*Pictet-Water, Reference index: MSCI AC World  
Source: Pictet Asset Management as of 31.12.2019*

The environmental footprint of the Water portfolio is lower than that of its reference index MSCI AC World. As intended, the Water strategy has its largest positive impact on freshwater use, eutrophication and chemical pollution as these are directly related to the products and services offered by companies in the portfolio (e.g. wastewater treatment, water system efficiency).

## COMPANY EXAMPLE

Xylem is the world's largest pure-play water technology company and is serving the public water utility sector as well as industrial and commercial clients.

The company is dedicated to providing applications, products and services across the full water cycle, from freshwater extraction and distribution (energy efficient pumps, testing and treatment instruments) to wastewater treatment and resilience solution against water scarcity and floods.



With its products, Xylem has a direct impact on public health through supply of clean drinking water and a positive environmental impact on rivers, lakes and oceans through treatment of wastewater.

## 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>5</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>5</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.

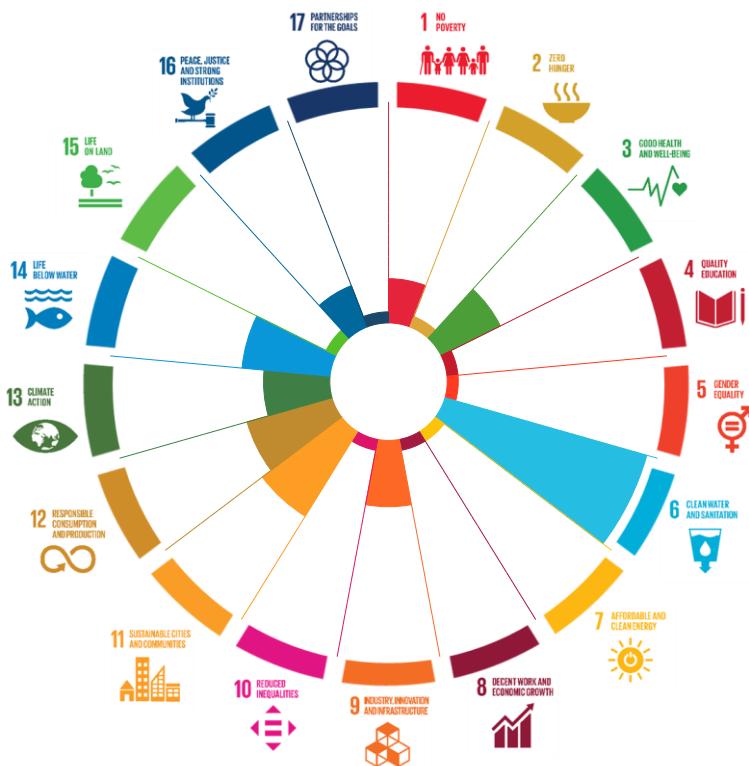
For example, to get a good exposure score for "Good Health and Wellbeing" (SDG 3), a company would need to help others to improve their health or have a positive external impact on the public Health system. It is not enough to just prevent health-related incidents for their own employees.

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 Water strategy has its highest exposure to SDG 6 (Clean Water & Sanitation) with 87% exposure. The strategy also has significant exposure to SDG 11 (Sustainable Cities and Communities), SDG 12 (Responsible Consumption and Production) and SDG 14 (Life below Water).

## SDG Exposure Pictet-Water



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-Water is:  
**SDG 6      87%**

## ThermoFisher Scientific

### COMPANY EXAMPLE: Thermo Fisher

Thermo Fisher is a manufacturer of scientific instruments and life sciences solutions. The company's laboratory equipment, analytical instruments and chemicals are used by pharma and biotech companies, universities, research institutions and governments globally.

Thermo Fisher has its primary exposure to SDG 3 – Good Health and Wellbeing. Precise measurement systems that can identify smallest quantities of pollutants in air, water or soil allow companies and governments to detect environmental and health threats early and take appropriate measures to protect their employees or citizens.

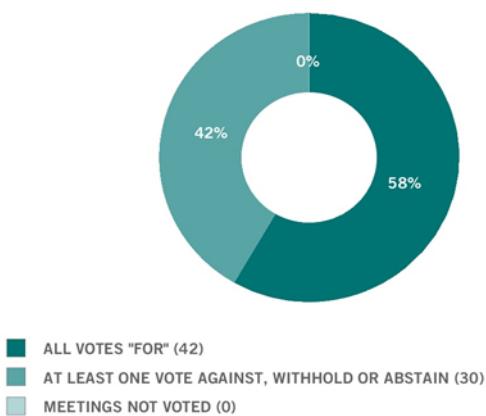
## Active ownership

### PROXY VOTING

Systematic proxy voting on 100% of our active equity strategies

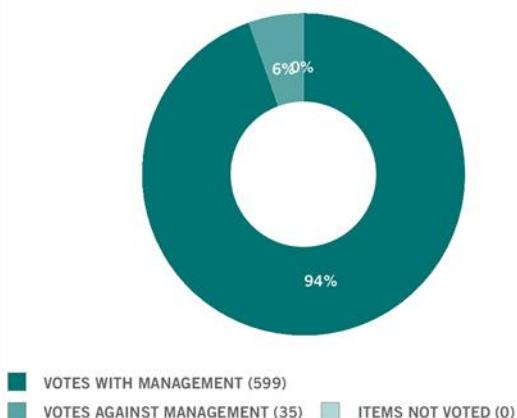
Voting rights are systematically exercised at general assembly meetings for the companies held in the fund in accordance with Pictet Asset Management's ESG voting policy and through the ISS proxy voting platform\*. Our voting policy takes into account internationally recognised standards of corporate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

#### Breakdown of votable meetings



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.

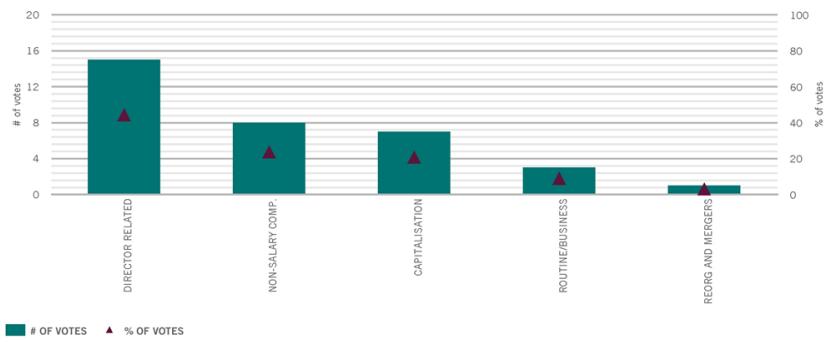
#### Breakdown of votable items



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.

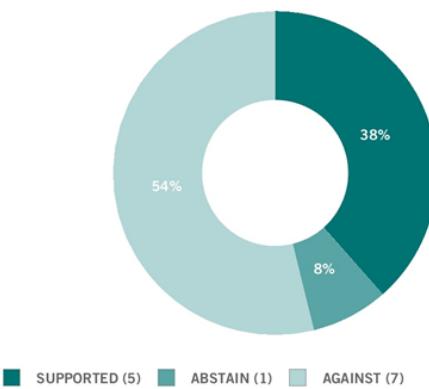
\*<https://www.issgovernance.com/solutions/proxy-voting-services/>

### Breakdown of votes against management



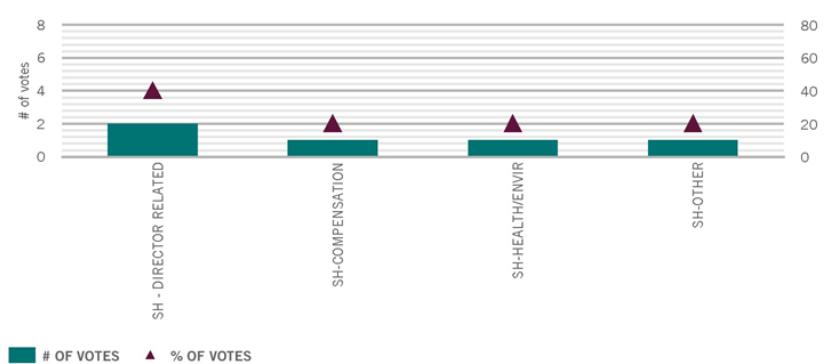
Number and percentage of votes against management broken down by category. This includes votable items proposed by management and excludes votable items proposed by shareholders. Please refer to the glossary for a description of categories.

### 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.

### Category of shareholder resolutions we supported



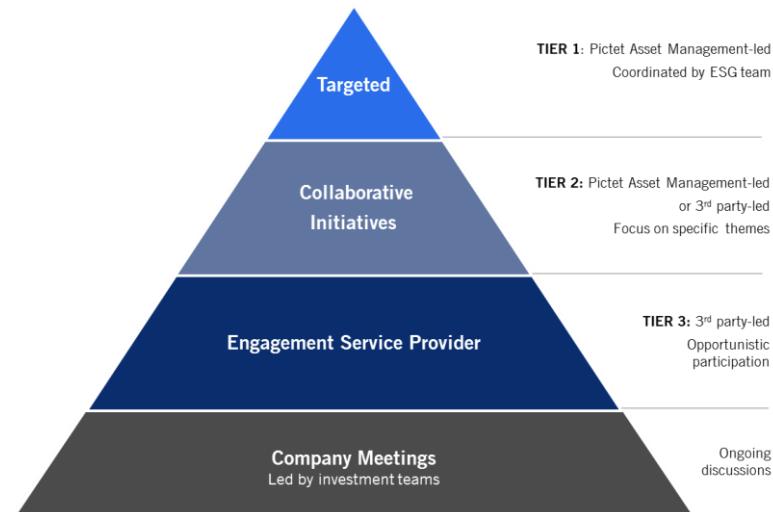
Number and percentage of shareholder resolutions that we supported broken down by category. Please refer to the glossary for a description of categories.

Data YTD 31.12.2019, Pictet-Water  
Source: ISS, Pictet Asset Management

## ENGAGEMENT WITH COMPANIES

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. The team has discussed ESG topics with approx. 23% of their portfolio holdings in 2019.

Ahead of a 2019 AGM, the Water team was contacted by a multinational provider of utility services to provide feedback on the Board's proposal for the Agenda. The team worked with our inhouse ESG team, the portfolio company's representatives, which included investor relations, the legal counsel and members of the Executive Board, as well as our third-party ESG research providers, to present revised proposals to the corporate governance and compensation items on the agenda. Furthermore, the team has maintained an ongoing dialogue with all parties to seek alignment of the company's governance and environmental policies with best practices.

The most recent interaction was a call with the company's Senior Independent Director, ahead of the 2020 AGM agenda formation.



### 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.

We are currently engaging with one company in the portfolio via our external engagement service provider. This engagement focuses on human rights. 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 in 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
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>6</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.

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.

<sup>6</sup> [https://www.sustainablefinance.ch/en/engagement-initiatives-\\_content---1--3117.html](https://www.sustainablefinance.ch/en/engagement-initiatives-_content---1--3117.html)



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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.