

Climatestrike Switzerland
Aarberggasse 61
3001 Bern

Re: Climate Strike Switzerland response on 13.11.2020

Dear Climate Strike Switzerland,

As noted in our communication in July, we received your questionnaire. You raise valid questions which are at the heart of our thinking, and we hope our response is clear and signals how important this topic is for the Group.

1. Transparency

We have published in the course of the summer our [Vision 2025](#) for Sustainability and Responsible Investment. We have three ambitions to achieve by 2025.

- › To significantly reduce the environmental impact of our activities and investments
- › To fully integrate ESG factors and active ownership into all investment processes
- › To be a leading provider of responsible products and solutions

In our own business activities, we are taking every step possible to cut our carbon footprint by employing the most advanced building technology, reviewing every aspect of our operations and steadily cutting the greenhouse gas emissions of our infrastructure and employee mobility. This has meant a reduction of CO2 emissions per employee of 40% since 2007, which was the target we had set for 2020. We are working on absolute reduction targets for 2025, which will be discussed at our Group Stewardship and Sustainability Board in December, targets should be published by the end of the year. You can find more information on environmental stewardship [here](#).

Irrespective of what we are doing to reduce the environmental impact of our operations, we know our biggest impact relates to how we actively manage our client assets. Understanding the negative externalities of our actively managed assets is key to reducing our overall footprint. It is in this spirit that we have participated in the BAFU's PACTA exercise this year. We received a partial view

of our results this week and are still waiting for the complete analysis. As you know, this is not the only methodology which exists and it only addresses scenario analysis (please see page 22, Table 1.1., of the Science Based Targets [Relevant Initiatives That Support Financial Institutions' Climate Actions](#)). In light of this, we plan on publishing our PACTA results in the context of a broader paper on our approach and commitments in the course of 2021. We will then commit to that approach until a consistent and credible common methodology emerges in the market.

2. Net-zero actions to be taken

As you know, Pictet is a signatory to the UN Principles for Responsible Banking which commits us to 6 principles. The first principle states “We will align our business strategy to be consistent with and contribute to individuals’ needs and society’s goals, as expressed in the SDGs, the Paris Climate Agreement and other relevant national and regional frameworks.” The Paris Agreement states that countries should undertake rapid reductions that would achieve “a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases” – in other word, net zero in the second half of this century. In light of this Pictet, like Switzerland, is committed to net zero by 2050 or earlier. This is also reflected in our support of the TCFD.

In terms of publishing a reduction path, as mentioned above, we are still in the process of reviewing the tool-kit available to financial players to have a credible response. That said, given the results of the US elections, and the strong acceleration over the last year in the number of countries and corporates that have committed to net-zero emissions targets (the latest being Japan by 2050 and China by 2060) we are confident the glide-path to net zero by mid-century will be achieved. As investment managers this is a welcome development as our portfolios reflect the trends in the real economy. The more players set targets and start to reshape their economies or business models, the more likely we are to transition at the speed we need to see.

3. Exclusion of fossil fuels

We do not have direct financing activities; our exposure is indirect through the investments we do on behalf of our clients. However, as we have full control of our balance sheet, we have made a clear commitment to [cut our balance sheet exposure to fossil fuel producers and extractors to nil](#) by the end of 2020, and

have nearly completed the process. We believe unequivocally that, in addition to public sector action on moving to a carbon-neutral economy, companies in the private sector should also advance this objective independently. This is one measure we can take now and thereby set a positive example which others will hopefully follow.

That said, as a matter of principle, we do not believe that exclusion is always the best way forward in all cases. Exclusion is a useful tool when there is no path to transition. Where such a transition is possible and needs to be accelerated, active ownership is key. Throughout our investment activities for private and institutional clients, we have a program of active ownership and engagement that aims first to improve the ESG performance of select issuers before considering divestment.

We aim to further scale our approach to engagement, to ensure that when issuers in high ESG-risk sectors fall short of our expectations – we will engage 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 then choose to sell the investment.

In addition to engagement and targeted exclusions, we will continue to develop investment strategies that provide capital to companies which have a positive impact on the environment and / or society. We also support those companies that have concrete plans to mitigate the negative externalities of their products, services, operations and supply chain. For more than 20 years Pictet has been a pioneer in sustainable investments with a range of specific investment funds that redirect over CHF 22 bn in capital towards companies active in addressing challenges in water, clean energy, nutrition or pollution control.

The Pictet Group has survived and prospered for over two centuries by taking a responsible, long-term approach to business and to the management of its clients' wealth. In doing so, we have always considered not only the interests of the present, but also of future generations. We believe this is the essence of responsible thinking, and the best contribution we can make to the future of sustainable life on the planet.

Once you have taken stock of the above, and should you have any further questions, I would be very happy to meet/video conference with you to discuss your thoughts and concerns in more detail.



Marie-Laure Schaufelberger
Head of Group ESG & Stewardship



Hubertus Kuelps
Head of Group Communications