PICTET GROUP

Climate-related Disclosures 2023

Pictet Group

APRIL 2024

This report complies with the International Sustainability Standards Board's (ISSB) IFRS S2 climate-related disclosures (which incorporated TCFD from 2023) and the UK Stewardship Code.

GOVERNANCE

The purpose of good governance is to reinforce trust. Responsible corporate governance provides checks and balances, a mechanism through which an organisation and its people are held accountable.

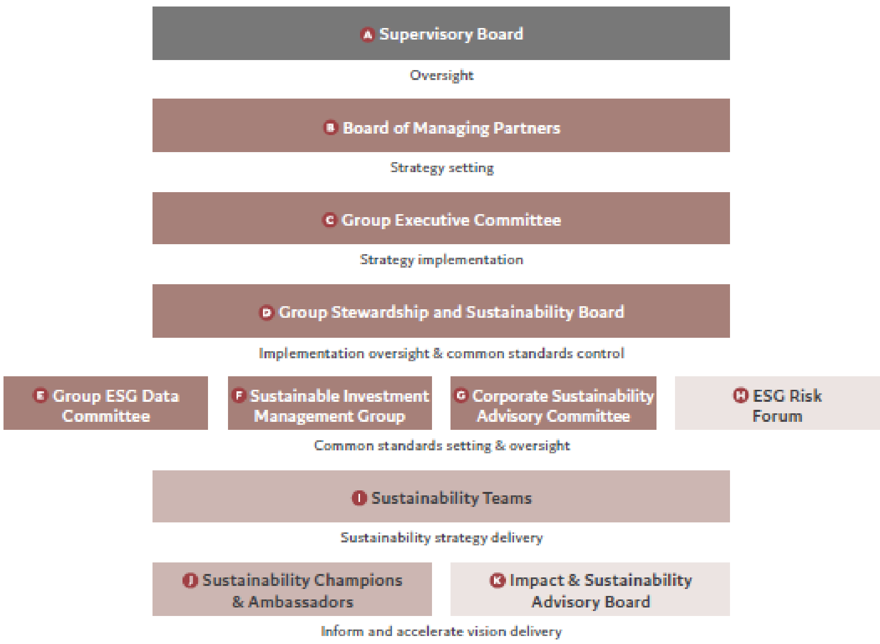
Tackling the climate challenge is very complex, partly because its worst effects will be felt over a long-term time horizon. Pictet's ownership structure and core business model are well suited to managing the transition to a more resilient and sustainable economy. Independence enables our leadership to focus on material topics without pressures or distraction from external shareholders. With an average tenure of 21 years, our Managing Partners are also accountable over multiple decades for decisions taken today. This combination of independence and long leader-ship tenure enables an unwavering focus on the long term.

Governance within the Group

The Board of Managing Partners is responsible for the highest level of management of the Group. It defines the Group's strategy and supervises its implementation. The Group Executive Committee (GEC) is responsible for implementing the Group's strategy as set and approved by the Board of Managing Partners. It also monitors the implementation of the strategy within the Group. Finally, the Supervisory Board acts as an independent body that oversees the management of the Pictet Group by the Board of Managing Partners. For more about Pictet Group governance, please refer to the Annual Report.

Sustainability governance

Sustainability governance at Pictet



Group Stewardship and Sustainability Board

The Group Stewardship and Sustainability Board (GSSB) is the dedicated body in charge of proposing our ESG, stewardship and sustainability strategy (including climate strategy), ensuring the highest standards of sustainability governance within the Group's operational level. It also validates common minimum standards across Pictet.

The GSSB is chaired by Laurent Ramsey, Managing Partner. Amongst its members, the GSSB includes two other Managing Partners, the Head of Group Sustainability & Stewardship, and other key Sustainability and Investment representatives of Pictet Asset Management, Pictet Wealth Management, Pictet Asset Services and Pictet Alternative Advisors. The Chief Risk Officer is also one of the mandatory members.

The GSSB meets on a quarterly basis and reports as often as necessary to the Group Executive Committee, Supervisory Board and Board of Managing Partners, which sets and approves our sustainability strategy. Composition of the GSSB is reviewed on a yearly basis.

GSSB sub-committees
The GSSB has a number of associated committees to manage some of the most critical sustainability issues for the group. These include:

1. Sustainable Investment Management Group

   Created in 2023 to uphold the framework by which we define what qualifies as a sustainable investment, the Sustainable Investment Management Group meets at least monthly

2. Group ESG Data Committee

   Convening monthly, the Group ESG Data Committee drives ESG data (including climate), scorecard and portal strategy & development, including overseeing data quality

3. Corporate Sustainability Advisory Committee

   Meets quarterly or as needed to identify and recommend corporate sustainability initiatives for Pictet's operations, including linked to climate

Sustainability teams
The Group Sustainability and Stewardship team coordinates the firm's sustainability and stewardship strategy and its implementation as well as common forums and boards. Business-line Sustainability teams implement the firm's ESG, stewardship and sustainability strategy within their respective business lines, driving business line-specific actions and supporting committees. Together, the sustainability teams are also responsible for setting the GSSB agenda.

Sustainability champions are an essential component of an embedded sustainability strategy. Serving as expert intermediaries between their business functions and sustainability teams, both to relay sustainability priorities to their functions and to relay their teams' sustainability needs and challenges to each other and the sustainability teams. In 2023 the number of champions in our business units and corporate functions rose to over 150.

Impact and Sustainability Advisory Board
Given the dynamic context around sustainable finance, our structure remains adaptable to address the evolutionary nature. In 2023, inspired by our long-running use of advisory boards for our thematics strategies we launched a group-level advisory board composed of internal and external experts. They provide strategic and tactical insights and support us in our definitions and on key sustainability topics. Impact and Sustainability Advisory Board members have expertise in ethics, sustainable finance and impact, across geographies.

Embedding sustainability in our risk management infrastructure

Risk management is core to any investment-led service provider. Our approach to managing sustainability-related risks (include climate-related risks) is to ensure they are embedded throughout the firm's value chain and across all three lines of defence – the first line being primarily responsible for identifying and managing risks and the second line for independently overseeing the first line.

Taking an integrated risk management approach, based on consistent concepts for all the Group entities, when applied systematically, makes it possible both to gain a better grasp of and better manage overall exposure to risks.

The Group pursues the following objectives with regard to risk management to:

- promote a risk management culture within the Group;
- operate with transparency
- avoid exposure to risks that are not understood or managed in an appropriate manner;
- ensure that the Group risk profile is commensurate with its tolerance.

In 2023, we created an ESG Risk Forum with the goal to incorporate sustainability risk considerations into Pictet risk policies and risk management framework. Composed of representatives from both first and second lines of defense (ESG teams, Investment Risk and Group Top Management), the Forum's main objectives include: (1) design and roll-out of ESG key risk indicators (KRIs) and define associated Group risk tolerance levels (2) reinforce the internal control system with respect to sustainability-related risks mapped to Pictet key business activities.

STRATEGY

Our approach to identifying, assessing and managing climate-related risks and opportunities is underpinned by three key investment convictions reflected in our Climate Investment Principles:

1. Climate change will have a material impact on asset prices and investment returns.
2. The investment decisions taken today will have a strong bearing on how climate change and its consequences ultimately unfold.
3. No economic system will be immune to the impacts of severe climate change, therefore such a risk cannot be easily diversified or hedged.

Climate strategy

As a financial institution, over 99% of our greenhouse-gas emissions footprint is attributable to our investments, and therefore outside of our direct control. Given these emissions remain within our portfolios, it is why the integration of climate factors into investment and risk processes is key. Our climate strategy centres around how Pictet can support and enable the transition around three focus areas of action:

1. ***Direct capital towards issuers providing climate solutions:*** Growing and launching new investment solutions that foster the low-carbon transition. Pictet is a pioneer of thematic equities, having launched its Water strategy over 20 years ago and its first Clean Energy strategy in 2007. Recently, we launched a private equity environmental strategy and our first climate sovereign bond strategy.
2. ***Direct capital towards issuers with credible climate transition plans:*** On the transition side, Pictet has long had a Global Utilities strategy that has a strong focus on climate transition as a driver of investment returns. In 2022, we also launched the Positive Change fund, which actively focuses on companies in transition across the different Sustainable Development Goals, including climate.
3. ***Engaging for change with our issuers, clients, peers and local communities:*** Practicing active ownership by engaging with the issuers of our investments to set science-based targets. In 2023, Pictet engaged 112 companies on climate change. Motivating stakeholders beyond Pictet to join the net-zero transition through our advocacy and partnerships.

Beyond these core areas, we have activated all ten levers of action identified as part of our broader Responsible Firm strategy towards tackling the climate challenge. In addition to the four outlined above, these include how we invest Pictet's balance sheet, employee engagement, philanthropy, client disclosure, research[1] and our direct environmental impact[2].

Financial planning

Climate-related risks and opportunities have influenced our financial planning mainly through:

- Indirect costs: anticipated requirements for ESG related activities and commitments, as well as full-time employees to carry them out, are identified and requested
- Capital expenditures: Pictet is building a new, environmentally friendly office building ("Campus Pictet de Rochemont"), which was taken into account for the financial planning
- Capital allocation: stress testing of our capital and liquidity using simultaneous adverse events, including the negative impact on net business that resulting reputational damage could have

Going forward, we will further evaluate how we can evolve our financial planning to better include climate-related risks.

[1]Pictet continues to invest in climate research, including the articulation of our Energy Transition Convictions, which builds upon our Climate Investment Principles to form a deeper understanding of how climate change impacts our investments. We also sponsor research with leading academic institutions on environmental topics including climate change, water and biodiversity.

[2] Our operations and supply chain strategy for the 2020-2025 time period incorporates initiatives aimed at adapting to and mitigating climate change, including mobility plans to reduce commuting to the office and promotion of mindful travel to reduce business travel.

Climate-related risks

Pictet has identified four key inherent climate-related risks with the potential to have a substantive financial or strategic impact on our business.

RISK	TIME HORIZON	LIKELIHOOD	MAGNITUDE OF IMPACT	PRIMARY DRIVER	PRIMARY POTENTIAL FINANCIAL IMPACT
Transition	0-10y	Likely	Moderate	Potential for client attrition due to failure to appropriately account for environmental factors in investment portfolios, resulting in inferior financial returns on investment	Loss of revenues due to decreased client demand
Physical	0-20y	Likely	Significant		

DESCRIPTION

It is our fiduciary duty to manage the risk/return profile of our clients' investments. If a significant climate risk materialises (e.g. policy changes enforced sooner than expected for transition risk or severe flooding for physical risk), leading to a material negative impact on an investment's financial value, it means the risk was inadequately managed. This could result in portfolio underperformance that drives client outflows, as well as potential negative press for Pictet.

ACTION

Pictet aims to integrate climate factors across managed investments. This is supported by our Climate Investment Principles, which underpin our investment frameworks and relevant controls. Climate integration is intended to identify and mitigate material investment risks that are not otherwise captured (e.g. future write down of stranded assets due to transition risk or damage from extreme weather events).

RISK	TIME HORIZON	LIKELIHOOD	MAGNITUDE OF IMPACT	PRIMARY DRIVER	PRIMARY POTENTIAL FINANCIAL IMPACT
Reputational	0-5y	Likely	Moderate	Increased stakeholder concern or negative stakeholder feedback	Loss of revenues due to reduced demand for products and services

DESCRIPTION

Increasing scrutiny around the negative climate impacts of investments by activist non-profit organisations and the media, particularly around fossil fuels and GHG emissions, poses a risk that Pictet clients and prospects negatively perceive the institution, potentially resulting in client outflows

ACTION

Pictet has implemented a process to anticipate and hence help mitigate reputational risk by proactively identifying issuers with material reputational impact and challenge investment teams on the identified names. Two new KRIs have been put in place, with clear governance, to monitor the sustainability investment rationale and engagement efforts, and to take action as required.

RISK	TIME HORIZON	LIKELIHOOD	MAGNITUDE OF IMPACT	PRIMARY DRIVER	PRIMARY POTENTIAL FINANCIAL IMPACT
Regulatory	0-5y	Likely	Significant	Regulation & supervision of climate-related risk in the financial sector	Increased direct costs

DESCRIPTION

In light of the growing regulatory requirements (e.g. disclosure), updated resource budgets are required to comply with new requirements. An additional complexity is that Pictet's international presence requires responding to multiple regulations with potential definition inconsistencies.

ACTION

Pictet mitigates this risk exposure through regular monitoring of incoming regulations across all jurisdictions applicable to Pictet.

Climate-related opportunities

Pictet's key climate-related opportunity with the potential to have a substantive financial or strategic impact on the business regards the products and services space, which the energy transition will have a strong bearing on.

OPPORTUNITY	TIME HORIZON	LIKELIHOOD	MAGNITUDE OF IMPACT	PRIMARY DRIVER	PRIMARY POTENTIAL FINANCIAL IMPACT
Products and services	0-10+ years	Very likely	Moderate	Increased competitiveness of low-carbon technologies and the efficiencies gained from deployment of these across key industries	Increased portfolio value due to upward revaluation of assets

DESCRIPTION

Pictet has identified three key opportunities to invest in alignment with the transition:

1. Invest in the climate solutions that will enable and accelerate the transition to a low-carbon economy
2. Invest in the companies across sectors with leading transition plans and pathways

Engage with the laggards across sectors that can gain from putting a robust climate strategy and plan in place

Climate-related scenario analysis

In relation to climate change specifically, we assessed qualitative elements of climate scenarios when constructing our Climate Investment Principles, and conducted a quantitative scenario analysis using three reference scenarios recommended by the Network for Greening the Financial System:

- Average temperature increase of 1.5°C – Orderly Net Zero by 2050 (early and smooth transition with market pricing-in dynamics in the first three years)
- Average temperature increase of 1.5°C – Disorderly Net Zero by 2050 (sudden divestment in 2026 to align portfolios to the Paris Agreement goals)
- Failed Transition Pathway explores severe physical climate risks, average temperature increase of 4.2°C by 2100)

These pathways focus on the interdependent transition and physical climate risk drivers. In addition to the pathways listed above, a baseline pathway is provided which does not consider any transition risks, and only considers physical risk associated with the current greenhouse-gas levels.

For each scenario, returns on global and regional equity markets, exchange rates, government interest rates and corporate credit spreads are provided for 28 countries and 21 currencies. These inputs are then mapped to asset class returns of Pictet's risk engine's global risk factor covariance matrix (inferred as risk factor shocks). A risk report with three selected climate scenarios and baseline, alongside the selected horizon (2026 for short term and 2040 for long term) is used to stress test the managed assets of the Pictet Group. The results of this quantitative analysis show that under the "Failed transition" i.e. in presence of severe physical climate risks the impact on our investments would be significant over the long term. Similar picture, albeit at lower magnitude but of equal concern, under a "Disorderly transition" scenario. This, and the qualitative elements assessed when creating our Climate Investment Principles, confirm that our current approach to climate change, as summarised above and as articulated in our Climate Action Plan, is fit for purpose under different climate scenarios.

RISK MANAGEMENT

Identifying and assessing climate risks

Our investment process integrates climate criteria based on proprietary and third-party research to evaluate investment risks and opportunities. Investment teams have a set of indicators for each type of climate risk to help identify and monitor climate risk exposure and magnitude (see Metrics section). We consider climate risks to be relevant for the majority of asset classes. Risk assessment may be quantitative, qualitative or a combination of both. Once identified, these risks must be assessed at the inherent risk and residual risk levels, in order to account for certain factors that may exist to reduce the impact of materialisation.

Monitoring climate risks

At the business-line level, Investment Risk / Controlling teams (first line of defence, 1st LoD) provide a first level of oversight on investment risks, including climate risks, by monitoring and performing dedicated risk analysis on specific exposures and doing ex-post investment controlling (e.g. exclusions). They also provide the portfolio managers with dedicated dashboards on sustainability risks, including climate. A dedicated Group climate change dashboard resource supports risk functions at both the business-line and Group levels in monitoring exposure to climate risks.

The 2nd LoD oversight teams (either within the business line or at Group level, depending on the legal entity) oversee this framework and ensure independent controls of investment controlling, to ensure adherence to the principles set out in prospectuses and investment risks, to monitor and oversee climate risk indicators. For Group Risk, this includes controlling risks to Group exclusions, including thermal coal extraction and our balance sheet de-fossilisation.

The Group monitors, challenges and reviews the climate risks identified by the business lines. This includes climate risk stress testing, which provides an additional tool to help assess the impact of transition and physical risks on Group AuM and credit book – over both short- and long-term time horizons. To further aid this, a set of high-ESG-risk activities has been determined at the Group level. This includes revenue exposure to thermal coal extraction or power generation, oil & gas production, oil sands extraction, shale energy extraction, offshore Arctic oil & gas exploration and nuclear energy. This list will evolve over time.

Managing and prioritising climate risks

Climate risks are managed consistently with other risks, mainly through hard limits, internal thresholds and escalation protocols. Limits are subject to regular reviews. Residual risks are mapped according to two dimensions: likelihood and impacts. Impacts can be financial or non-financial (reputation, regulatory). Materiality is defined in the same fashion for all categories of risk. In addition, we actively engage with relevant issuers and systematically exercise our voting rights to further mitigate climate risk exposure. At the Group level, decisions to escalate risks are made through Group governance and reported through the Group risk report. Committees involved include, the Business Risk Committee, Investment Risk Committee and the Risk & Compliance Committee. Furthermore, climate risks and topics are discussed at the GSSB on a regular basis.

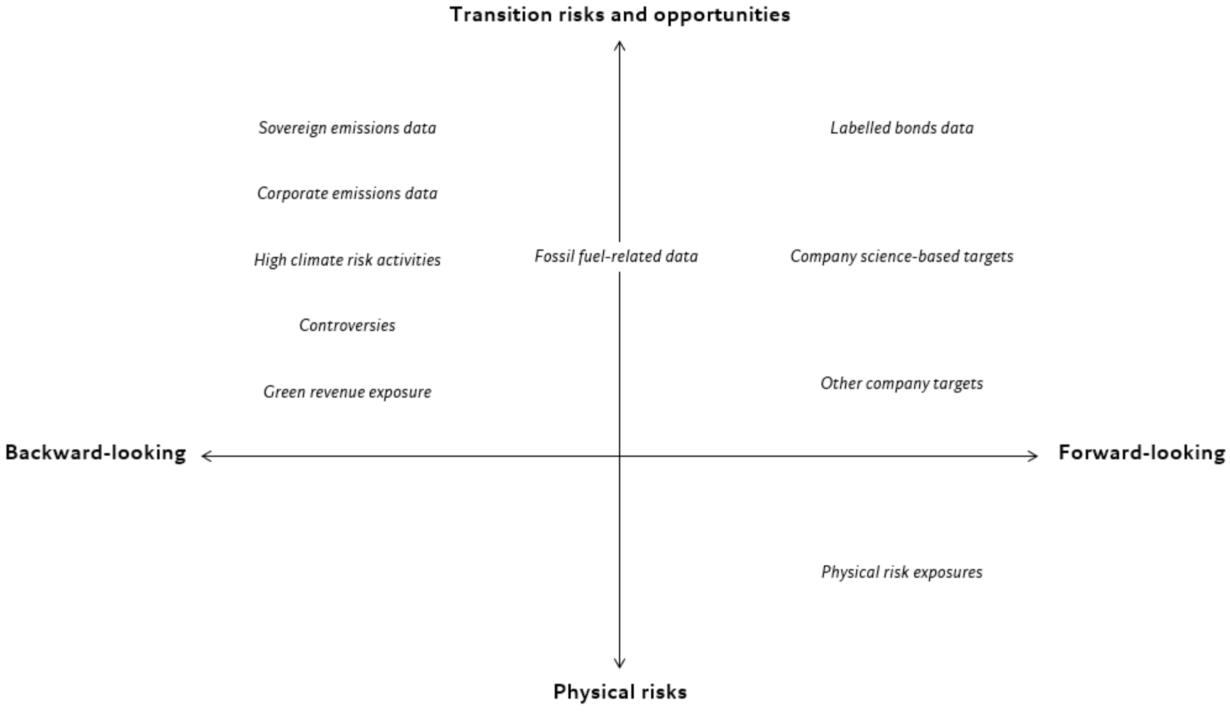
Climate risks are included in the Group Risk taxonomy under Financial (own) and Investment (fiduciary), split by transition and physical, creating consistency across the Group. This allows all organisational units to map their risks and controls to the appropriate climate risk taxonomy.

METRICS AND TARGETS

Climate-related metrics

At Pictet we assess climate-related risks and opportunities through several key indicators and as applicable at the issuer, portfolio and/or entity level, both backward- and forward-looking across two key dimensions:

- **Transition risks and opportunities**: This data enables us to assess how a company might be impacted, positively or negatively, by the transition to a lower-carbon economy. It includes the measurement of:
  - our scope 1, 2 and 3 emissions according to guidelines issued by the Greenhouse Gas Protocol
  - the share of our investments in companies with science-based targets
  - our exposure to issuers with fossil fuel product involvement
  - our exposure to investee revenue that conduct economic activities, which contribute to climate mitigation or adaptation
- **Physical risks**: This data enables us to assess how a company might be impacted by the physical risks of climate change unfolding. It consists mainly of evaluating the exposure of different issuers to various types of physical risks.



To obtain more details about our metrics, please refer to tables 1 to 4 in this document.

Climate-related targets

As shown in table 1 below, the vast majority of our emissions are produced through our investments in the form of financed emissions, accounting for over 99% of our associated greenhouse gas emissions. This is why our Climate Action Plan, established in 2022, puts particular emphasis on the targets linked to our managed assets. There targets aim to ensure Pictet plays its part in limiting global warming to 1.5°C by the end of the century and validated by the Science-Based Targets Initiative, a credible third-party.

We set three separate targets, two on our investments and one on our operations:

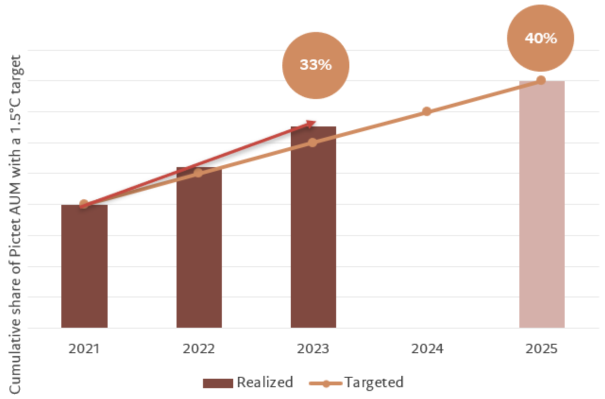
- **Listed equity and corporate fixed income**: to increase the share of our managed assets[3] with validated science-based targets to 40% by end of 2025, 60% by end of 2030 and 100% by end of 2040. Managed assets exclude execution-only and custody-businesses, as the underlying assets are not directly managed by Pictet. Of our managed assets 56% are in scope of our target (based on the asset mix at the time of our baseline, end 2021) and were driven by the availability of methodologies. For our target, we measure our exposure to total single-line investments with SBTi validated 1.5° targets, as a share of actively and passively held long managed listed equities and non-securitised corporate fixed income in PAM and PWM Discretionary Portfolio Management. It also includes our corporate fixed income treasury book and equity certificates held on our balance sheet. The target excludes sovereign fixed income and advisory mandates. Third-party funds within those same asset classes are included in the 2030 and 2040 targets.
- **Real estate (co-investments and direct investments):** to decrease the emissions intensity (measured in CO2e per square meter) of the portfolio by 67% by end of 2030 compared to 2021 levels. This target is not material from an emissions' point of view in our overall targets as a firm. It was derived using a sectoral decarbonisation approach, but it is worth noting that current SBTi methodology is not suitable for investment strategies that transform assets from brown to green over three-to-five-year holding periods, as is ours. We are currently engaging with SBTi to encourage the adoption of a methodology that is suited for private equity real estate investments, as the transformation of existing building stock will be critical to the transition. The target considers the whole building approach, which ensures that a building's complete operational energy consumption from landlord and tenant areas are included, which means the emissions performance of our real-estate portfolio is not fully within our control.
- **Operations:** to decrease our absolute scope 1 and 2 emissions (measured in CO2e) by 55% by end of 2030 compared to 2019 levels. This target covers all major greenhouse gas emissions (CO2, CH4, N2O, HFC, PFC, SF6 and NF3). In line with the best available science, this is a gross greenhouse gas emissions target and Pictet does not rely on carbon credits to achieve its emissions target.

These targets will be reviewed on an ongoing basis and, at a minimum, every five years by the Group Sustainability and Stewardship team in collaboration with the business line Sustainability teams. The GSSB will approve any reviews to these targets.

Here is how we progressed on these three targets:

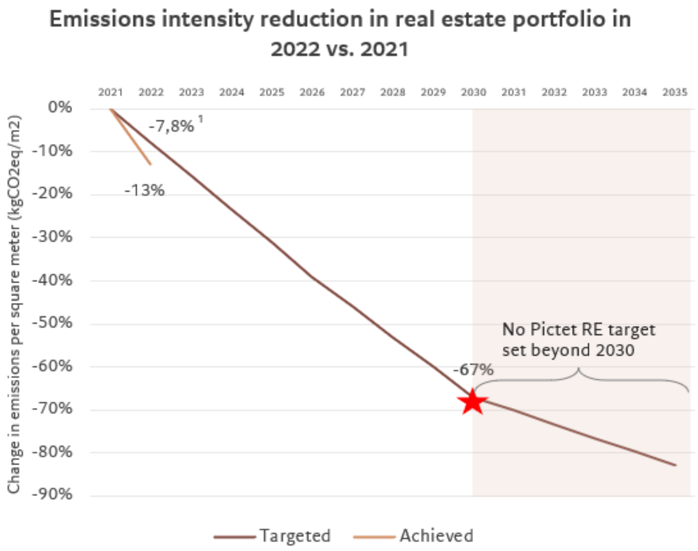
- **Listed equity and corporate fixed income**: At the end of 2021, our baseline year, 20% of our investments in corporates had set science-based targets. This rose to 32.8% as at end of 2023 (single lines only), and is currently on track to meet our first interim target of 40% by end of 2025.

Progress on listed equity and corporate fixed income target



[3] Managed assets exclude execution-only and custody businesses, as the underlying assets are not directly managed by Pictet. At the end of 2021, 56% of our managed assets were in scope of our target, driven by the availability of methodologies. For our target, we measure our exposure to total single-line investments with SBTi validated 1.5° targets, as a share of actively and passively held long managed listed equities and non-securitised corporate fixed income in PAM and PWM Discretionary Portfolio Management. It also includes our corporate fixed income treasury book and equity certificates held on our balance sheet. The target excludes sovereign fixed income and advisory mandates.

- **Real estate (co-investments and direct investments)**: At the end of 2022, the emissions intensity of our real estate portfolio was 13% lower than the 2021 baseline, putting us on track for our end-2030 public target of -67%. This was achieved mainly by bringing lower-emissions assets into the portfolio. Notably, we recalculated our 2021 emissions baseline in 2022 to better reflect the emissions of the portfolio (e.g. more accurate emission factor and use of reported energy consumption data), but this did not change the ambition of our target. We currently await SBTi's validation of our new baseline. We are in the process of gathering asset level data for the 2023 reporting period. We will report progress on our target in H2 2024.



- **Operations**: In 2023, Pictet reduced its Scope 1 & 2 emissions by -41% compared to 2019 level. This put us well on track to meet our -55% emissions reduction target by 2030. Much of the progress was due to our purchase of Energy Attribution Certificates for all our electricity, except in our Nassau office where they are not available. Another major contributor was a lower consumption in heating due to a milder weather. To meet our 2030 objective, we await the move to our new Geneva office, which will eliminate all emissions from heating thanks to the move to a heat pump. For this target as well, we re-baselined the target as we started using documented emission factors through the roll-out of a software to account for GHG emissions in 2023. The target ambition did not change and is still aligned with 1.5°C according to SBTi guidance, though we are still awaiting SBTi validation on our new baseline.

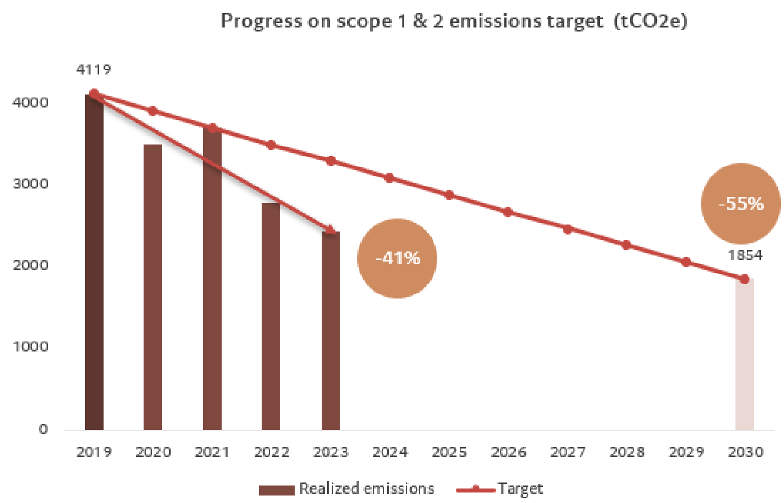


TABLE 1: Pictet Group's Scope 1, Scope 2 and Upstream Scope 3 greenhouse gas (GHG) absolute emissions

GHG EMISSION (ABSOLUTE)	UNIT	VALUE	CHANGE (VS. 2022)	EXPLANATORY NOTE
Scope 1	**tCO2e**	**1'329**	**+13%**	
Building-related combustion	tCO2e	870	+3%	
Fugitive emissions	tCO2e	101	-34%	
Company and leased cars	tCO2e	358	+96%	Fleet vehicle missing now in scope
Scope 2 (market-based)	**tCO2e**	**1'104**	**-31%**	
Electricity (market-based)	tCO2e	569	-48%	Purchase of EAC to reduce emissions
Electricity (location-based)	tCO2e	2'499	-12%	
District heating	tCO2e	535	+7%	
Total Scope 1 + Scope 2 (market-based)	**tCO2e**	**2'433**	**-12%**	
Scope 3	**tCO2e**	**53'336**	**+8%**	
Cat 1 - Purchased goods & services	tCO2e	21'228	+13%	
Cat 2 - Capital goods	tCO2e	14'437	-14%	
Cat 3 - Fuel and energy-related activities	tCO2e	1'240	-5%	
Cat 5 - Waste	tCO2e	76	-17%	
Cat 6 - Business Travels	tCO2e	13'954	+52%	
Cat 7 - Employee commuting	tCO2e	2'257	-26%	Facility counted twice (overestimation in 2022)
Cat 8 - Upstream leased assets	tCO2e	144	+18%	
Total Operational Emissions	**tCO2e**	**55'769**	**+7%**	

TABLE 2: Pictet Group's Scope 1, Scope 2 and Upstream Scope 3 greenhouse gas (GHG) emissions intensity

GHG EMISSION INTENSITY	UNIT	VALUES	CHANGE (VS. 2022)	EXPLANATORY NOTE
Scope 1	kgCO2e/HC	239	+8%	
Scope 2 (market-based)	kgCO2e/HC	199	-34%	Includes renewable electricity sourced locally with bundled or unbundled renewable energy attributes (reduction initiative)
Scope 2 (location-based)	kgCO2e/HC	546	-13%	
Scope 3	kgCO2e/HC	9'601	+3%	
Operational Emissions (market-based)	kgCO2e/HC	10'039		

TABLE 3: Pictet Group's Energy Consumption

ENERGY INTENSITY (FACILITIES)	INDICATOR	UNIT	VALUES	EXPLANATORY NOTE
Energy consumption	Total	MWh	31'628	
Of which Electricity	Total	MWh	23'769	
	Conventional	MWh	839	
	Renewable	MWh	22'930	Includes renewable electricity sourced locally with bundled or unbundled renewable energy attributes (reduction initiative)
Energy consumption / HC		kWh/HC	5'694	

Notes on Figures

Reporting methodology
Pictet follows the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHG Protocol). These generally accepted GHG accounting and reporting principles are intended to guide the GHG reporting process to ensure: (1) the reported information represents a faithful, true, and fair account of Pictet's GHG emissions; and (2) the reported information is credible and unbiased in its treatment and presentation of the issues. This accounting is used by Pictet to set Pictet GHG reduction targets in line with Science Based Targets initiative (SBTi) framework and report to ESG disclosure frameworks (including CDP).
Carbon-accounting tool
In 2023, Pictet rolled out a carbon-accounting tool to replace spreadsheets. This tool helps to collect, categorise, analyse and report on GHG emissions throughout the organisation. This has led to a more comprehensive and accurate report on our GHG emissions, especially in Scope 3 category 1 (Purchased Goods and Services) and category 2 (Capital Goods) which are now fully based on group's financial data.
Reporting boundaries
Pictet reports annual GHG emissions on a calendar year basis, defined as the period of January 1 through December 31. Pictet follows the operational control approach. Under the control approach, a company accounts for 100% of the GHG emissions from its operations over which it has control. The GHG inventory covers the entire Pictet Group. This approach best reflects the scope of operational GHG emissions on which the bank can take action. No category of emissions has been excluded from this boundary. Scope 3 categories 4 (Upstream Transportation and distribution), 9 (Downstream transportation and distribution), 10 (Processing of sold products), 11 (Use of sold products), 12 (End-of-life treatment of sold products), 13 (Downstream leased assets) and 14 (Franchises) have been assessed and are not relevant to our business. Emissions from Scope 3 category 15 (Investments) are addressed in the next section.
Emissions Factors
In accordance with the GHG Protocol, emissions are computed by recording metrics of in-scope sources of emissions, and using conversion factors from relevant databases (IEA, BEIS, IPCC, Ademe, ExioBase).

TABLE 4: Pictet Group's Scope 3 Category 15 financed greenhouse gas (GHG) emissions

SCOPE 3 FINANCED EMISSIONS	UNIT		
Greenhouse Gas (GHG) Emissions Scope 1 and 2	tCO_2e	***Value***	***10'017'616***
		Covered assets	92%
		Eligible assets	89%
Carbon Footprint Scope 1 and 2	tCO_2e/CHF mn invested	***Value***	**53.3**
		Covered assets	92%
		Eligible assets	89%
Weighted Average Carbon Intensity (WACI) Scope 1 and 2	tCO_2e/CHF mn revenue	***Value***	***164.1***
		Covered assets	92%
		Eligible assets	89%
Greenhouse Gas (GHG) Emissions Scope 3	tCO_2e	***Value***	***55'514'482***
		Covered assets	92%
		Eligible assets	89%
Carbon Footprint Scope 3	tCO_2e/CHF mn invested	*Value*	***295.561***
		Covered assets	92%
		Eligible assets	89%
Green Bonds Exposure	% AUM	*Exposure*	**0.77%**
Sovereign Bonds Productions (WACI)	$ktCO_2e$/CHF mn GDP	*Value*	**0.34**
		Covered assets	100%
		Eligible assets	11%
Investments with validated 1.5°C science-based targets (SBTi)	% AUM	*Exposure*	**32.8%**
		Eligible assets	89%

Notes on Figures

Scope: Managed single-line equity and fixed-income (corporate and sovereign) assets of Pictet Asset Management and Pictet Wealth Management Discretionary Portfolio Management (total of CHF231bn in 2023). Eligible assets refers to the proportion of the total assets applicable for the given indicator. Covered assets refers to the proportion of eligible assets with data availability. Pictet follows the GHG Protocol and strives to adhere to PCAF guidance to account for our financed emissions (using the equity share approach).

For Corporates: Our portfolio emissions reflect the GHG emissions of our long managed single-line equity and corporate fixed income investments (CHF204bn in 2023). The relevant data is sourced from Sustainalytics, a third-party data provider, and used to calculate financed emissions using enterprise value including cash (EVIC).

For Sovereigns: Our portfolio emissions reflect total sovereign GHG emissions of our single-line sovereign bond investments (CHF26bn in 2023). The relevant data is provided by Maplecroft, a third-party data provider, and used to calculate the emissions intensity using GDP figures provided by World Bank.

For Green Bonds: Our exposure reflects total single-line investments into Green Bonds as a share of total single-line investments (CHF231bn in 2023). The relevant data is provided by Bloomberg, a third-party data provider.

For science-based targets: Our exposure reflects total single-line investments with SBTi validated 1.5°C targets, as a share of actively and passively held long managed listed equities and non-securitised corporate fixed income in PAM and PWM Discretionary Portfolio Management (CHF200bn in 2023). It also includes our corporate fixed income treasury book and equity certificates held on our balance sheet (CHF 3bn in 2023).

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