

Activity Report

Our environmental approach

Year
2017

Pictet's environmental approach is inspired by our awareness that our activities have an impact on the environment and that we have an obligation to reduce this impact as much as possible. Our approach is closely linked to Pictet's business model, which is one of partnership, and this enables us to focus on long-term value creation while at the same time paying all due attention to the challenges to be faced by future generations.

In 2007 we began to calculate the Group's CO₂ emissions in response to a newly defined environmental strategy. An ambitious objective was set at the time to reduce the average carbon footprint per employee by 40% by 2020. This document, which derives from that strategy, records our progress. Each year, it gives a snapshot of our carbon footprint and the efforts made to reduce it.

It is now more than ten years since we launched our efforts to achieve our CO₂ objective, and the results have been positive so far. But the time has come to think about what happens after 2020, and to expand our spheres of action.

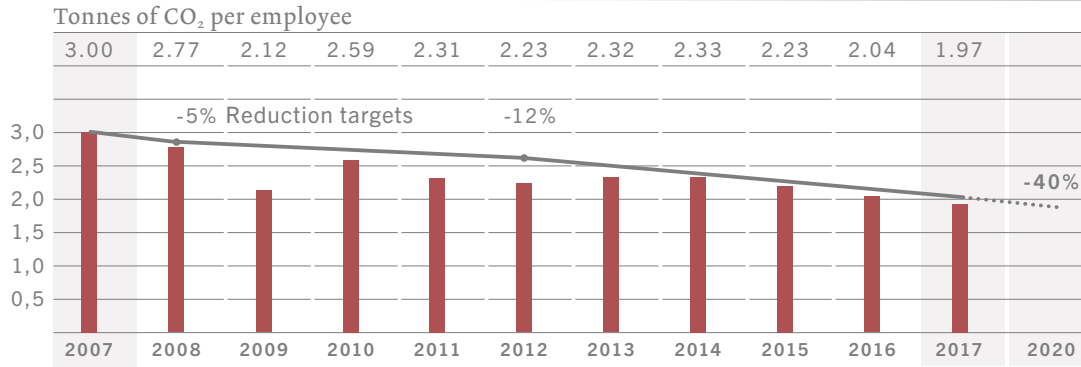
We must now take into account not only other sources of CO₂, such as employees' journeys to and from work, but also greenhouse gases other than CO₂. We also want to assess our overall consumption and procurement strategy to make both more sustainable. Above all, we have to involve each employee even more in this environmental approach, the success of which depends on all staff doing their bit for the environment on a daily basis.

Jean-Hugues Hoarau
Head of the Real Estate,
Logistics and Security Division

September 2018

Statement of CO₂ emissions at Pictet

Group's CO₂ emissions



In line with the trend observed in 2016, the Pictet Group's CO₂ emissions continued to drop in 2017, in both absolute and relative terms. Total emissions came to 10,230 tonnes in 2017, compared with 10,290 the previous year. This fall occurred despite a 2.2% rise in the number of employees in the Group in 2017. These emissions equate to an average of 1.97 tonnes of CO₂ per employee, down 3.6% on 2016. It is the first time since 2007, which is when the Group's emissions were first calculated, that the average has fallen below the 2 tonne mark. This excellent result is mainly attributable to a leveling-off in the number of business trips, resulting from efforts to raise awareness throughout the Group, to which the continuous improvement of the video conferencing system has made a significant contribution.

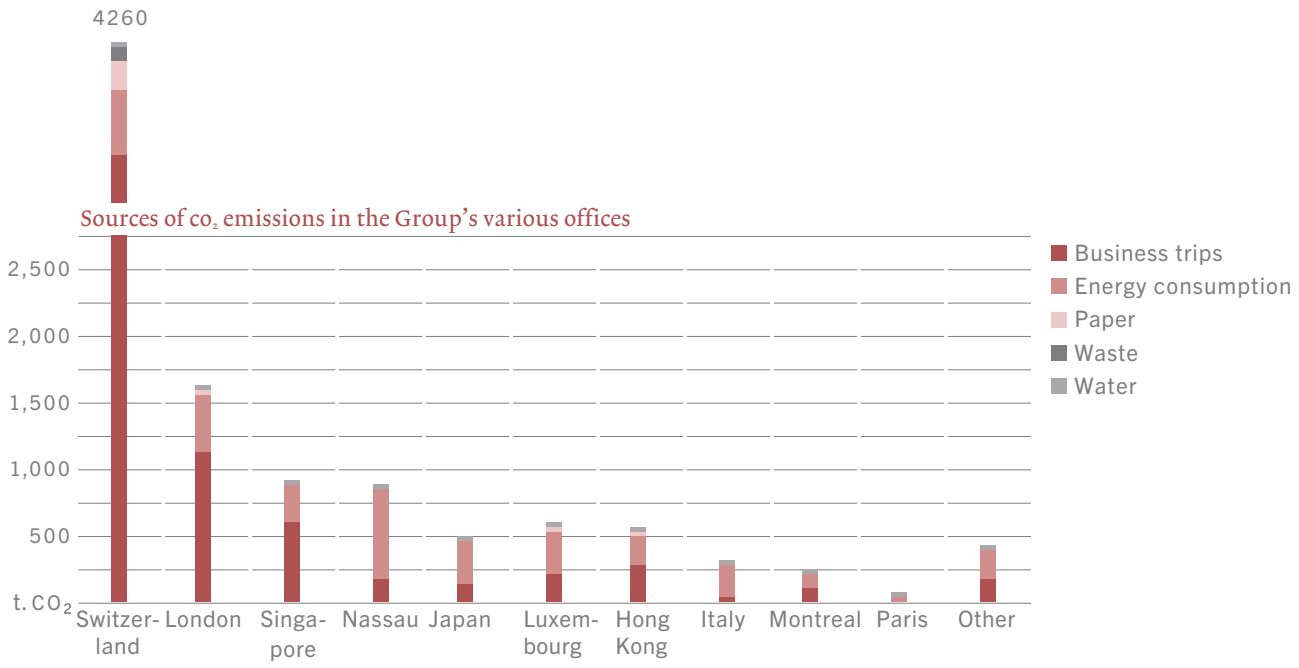
Having reduced its relative CO₂ emissions by 34.3% since 2007, Pictet is well on track to achieve its 40% reduction target by 2020, even though the Group's scope for shrinking its carbon footprint and improving its energy efficiency is diminishing.

Sources of CO₂ emissions

Business trips	61.9%
Energy consumption	32.6%
Paper	3.3%
Waste	1.4%
Water	0.8%

In general, the main factors resulting in CO₂ emissions at Pictet are the same as in previous years, with business trips in first place, followed by energy consumption associated with the Group's buildings and infrastructure. These two items alone account for over 90% of Pictet's emissions.

Compared to the 2.2% growth in the Group's headcount, business travel increased only slightly in 2017, by 0.46%. Even though this is encouraging, the data are still difficult to analyse. A new tool to improve the tracking of business travel was introduced in 2017 and is currently in a trial phase. In the long run, it will allow all the trips made by the Group's employees to be quantified precisely, with the aim of optimising the journeys and, ultimately, reducing Pictet's carbon footprint.



The graph above shows CO₂ emissions in detail for all Pictet offices with more than 50 employees* as well as for smaller branches, which come under the category “Other”. Once again, these data show that business trips and energy consumption weigh heavily on the carbon footprint of all Group entities.

The Paris office stands out for having the lowest carbon footprint, with an average of 958 kilogrammes of CO₂ per employee. This excellent reading is attributable in particular to the heating system, which is powered by electricity produced by non-fossil fuels. In addition, most of the business trips undertaken by employees at Pictet Paris – down by 30% in 2017 on 2016 – are made by train, thanks to the excellent network covering the country and the surrounding area. By contrast, the Group’s carbon footprint is biggest in

Switzerland, simply because over 60% of Pictet employees are based at the Group’s headquarters in Geneva.

Pictet Nassau is another unusual case, in that its electricity supply mainly relies on fossil fuels, resulting in a high carbon footprint. Like Nassau, most of the CO₂ emissions for the Japanese office stem from electricity consumption in its building. However, these offices are all located in buildings that do not belong to Pictet, which means that the Group has very limited influence in terms of controlling or improving their energy efficiency.

* Including temporary employees and consultants

1.97

tonnes of CO₂ emitted per employee
the figure has fallen below 2 tonnes
for the first time since 2007

Reducing the Group's carbon footprint

As seen above, 62% of Pictet's CO₂ emissions are generated by employees' business trips and 33% by energy consumption in the buildings. This second section therefore begins by describing the solutions put in place to limit, or even counteract, these factors, i.e. the video conferencing system and energy efficiency measures. Next the more specific measures that have been taken to reduce Pictet's environmental impact will be considered, such as the decision to end the use of disposable cups at the Luxembourg branch.

Video conferences

Forty additional video conferencing facilities were installed in 2017, bringing the total to 271 across the Group. The video conferencing facilities were used for a total of 63,912 hours in 2017, an increase of 22% on 2016. Special efforts have been made to encourage the use of video conferencing, not only by providing more facilities, but also by ensuring readily available and effective technical assistance. Now, for example, a mouse click is all that is needed to arrange a video conference and a hotline is available to help with any connection problems.

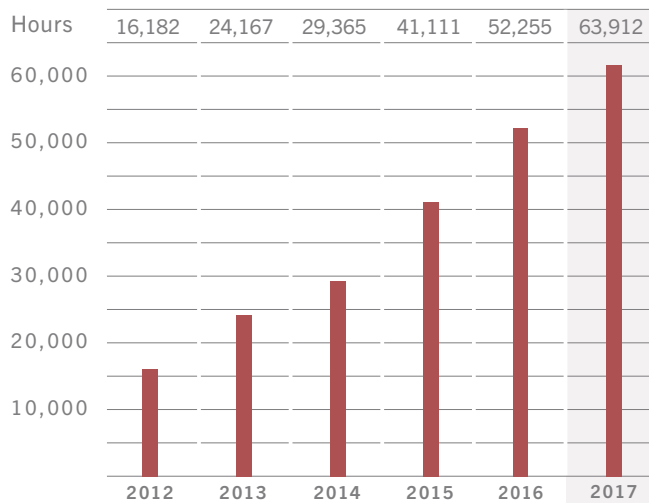
While it is easy to imagine the benefits of video conferencing from an environmental perspective, it is still difficult to obtain an accurate measurement of the system's impact in terms of reducing Pictet's carbon footprint. Nevertheless, video conferencing offers genuine benefits compared to conference calls as it enhances exchanges between colleagues.



I'm in charge of recruiting staff for various Pictet Asset Management branches in Europe. As a result, a large proportion of the candidates applying for vacancies live abroad and interviews are conducted by video conference with the teams in Geneva. As a rule, the first round of interviews is conducted by video conference, with an average of two to three per vacancy. It's not until the second round of interviews that we ask candidates to travel to Geneva. Video conferencing means that we can limit the number of trips made to one per vacancy and minimise the environmental impact. Until two years ago, I'd arrange for the video conference to take place at the Pictet Asset Management branch closest to the candidate's place of residence and ask them to go there for the interview. Rooms were not always available and I had to find other solutions, for example renting external premises. Today, thanks to the new application provided by our video conferencing unit, I can arrange for the interview to be held using the candidate's mobile phone so there's no longer any need for them to travel. What's more, the quality of the connection is excellent. I again use the video conferencing facility once the candidate has been hired to complete the administrative part of the recruitment process, which saves a lot of time when the candidate arrives. For my colleagues and me, video conferencing is therefore a vital tool. It's easy to use and works very well, especially because of the readily available support from the video conferencing team.

Priti de Souza Thambyrajah
Human Resources Assistant
at Pictet Asset Management

Business trips and energy consumption account for over **90%** of the Group's emissions



“






We've been able to reduce the power consumption of the Pictet Group's IT infrastructure in Switzerland by more than 30% in 10 years. This has been achieved mainly through server virtualisation. Today, more than 85% of our IT assets are virtual. A train is a very useful image to explain virtualisation technology. A train operating at an occupancy rate of 20% is similar to a computer server, which often operates at only one-fifth of its capacity. Virtualisation means you can fill the "train", i.e. the server, and therefore greatly improve its efficiency. In practical terms, the physical server hosts several virtual servers (up to a total of 50 in some cases), thereby optimising its use. As a result, growth of the IT stock has been kept under control, costs have of course been reduced and, above all, energy use has been reduced. Indeed, despite a significant increase in the Group's IT needs, we have been able to stabilise the power consumption of our data centres at around 400 kWh. Virtualisation technology was introduced at Pictet in 2004, after we observed a significant rise in our electricity consumption. Today, innovations in cloud computing or integrated systems, for example, are opening up new opportunities to optimise processes. Virtualisation is therefore an important component of Pictet's energy efficiency measures.

Philippe Dotta
Head of the Data Center &
Infrastructure Services Unit
Banque Pictet & Cie SA

”

Energy efficiency

For 2017	Solar air con 	Heat transfer 	Photovoltaic solar energy 	Total
Emissions avoided	65 t CO ₂	222 t CO ₂	0.4 t CO ₂	287.4 t CO ₂
Fuel oil saved	20,283 litres	78,491 litres	—	98,774 litres
Electricity	6,749 kWh saved	—	41,081 kWh produced	47,830 kWh
Financial gains	CHF 19,448	CHF 74,169	—	CHF 93,617

At Pictet's head office in Geneva, a range of solutions have been used to increase the building's energy efficiency. The three main installations – the solar air conditioning plant, the heat transfer plant and the photovoltaic panels – enable us not only to avoid using fuel oil and prevent CO₂ emissions, but also to produce clean electricity.

The solar air conditioning plant, with an area of 600 m², has 364 collectors and is installed on the roof of the main building. The energy collected is converted into cold water, which is used to cool the offices in summer, while the system produces hot water throughout the year. The second installation allows us to recover the surplus heat given off by the IT centres and telecommunications rooms in the main building and use it to heat the neighbouring buildings where other Group employees

work. Finally, since 2008, around 330 m² of photovoltaic solar panels have been mounted on the roof of the head office, which produced 41,081 kWh of green electricity in 2017 – equivalent to the electricity consumed by 10 households over the course of a year. These panels provide all the electricity for the solar air conditioning system, as well as for the charging points for electric cars and bicycles.

Thanks to these three installations, the Pictet Group was able to avoid 287 tonnes in CO₂ emissions in 2017, which is 2.8% of its total carbon footprint and equivalent to the annual emissions of 48 people living in Switzerland (5.9 tonnes of CO₂ equivalent per resident in Switzerland in 2014).

Pictet has been

neutral

in carbon since 2014
and will be until 2020

Ending the use of disposable cups in Luxembourg

The Group's bank in Luxembourg has been awarded the local quality label "SuperDrecksKëscht fir Betriber" since 2015, which certifies ecological and economical waste management in accordance with the international standard ISO 14024. Keeping the certification under the label is subject to passing an annual check of waste management processes and meeting a strict set of criteria. The audit in September 2016 highlighted the use of disposable cups at the branch as the only insufficient criterion, which led to their being replaced by cups and glasses.

In parallel, the use of disposable cups was studied by a group of employees taking part in Pictet's Graduate Programme, a training programme for young Group employees at the beginning of their careers. Their analysis showed that more than 2 million disposable cups were used each year in the main Pictet offices in Geneva, Luxembourg and London, at a cost of CHF 104,000, which did not take into account the waste management costs. In addition, a survey of some 600 employees showed that 80% of respondents were ready to use glasses and cups rather than their disposable counterparts.

From 1 December 2017, coffee cups and water glasses were made available to employees in all the break rooms of Pictet's building in Luxembourg. At the same time, all disposable cups were removed. Employees were also advised to use the dishwashers in break rooms, rather than cleaning cups by hand, as the environmental impact of the machines is lower. It is of course too early at this stage to assess the environmental impact of this measure, which will be analysed in the 2019 issue of this report.

Electric transport and carbon neutrality

Pictet encourages the use of electric transport in a number of ways: several charging points are available where employees in Geneva can charge their car or electric bike. These points use clean electricity produced by the photovoltaic solar panels installed on the roof of the main building. This is designed to promote transport with the smallest possible carbon footprint. The Group has also acquired a Tesla electric car to enhance its vehicle fleet. Thanks to the latter, clients can be transported without causing any CO₂ emissions and at minimal charging costs.

For the third consecutive year in 2017, Pictet renewed its partnership with Genèveroule, a local association that promotes the use of bicycles as a means of urban transport, while employing staff who are being reintegrated into social and working life. Thanks to this partnership, around 20 electric bicycles were made available free of charge to the Group's employees from spring to late autumn 2017. In 2017 these electric bikes enabled Pictet employees to cover around 34,120 km (7,520 km more than in 2016), thus avoiding the production of 7.5 tonnes of CO₂. A total of 530 employees tried out the electric bikes and were convinced of the benefits of this healthier and clean mode of transport, since an average of 30 loans per day were recorded.

Finally, the Group's carbon neutrality objective is part of its overall strategy to combat CO₂ emissions, which seeks both to develop internal reduction measures and to use external offsetting mechanisms. Pictet has thus been neutral in carbon since 2014 and will be until 2020, which means that its net CO₂ balance is zero. This carbon neutrality has been achieved by offsetting 70,000 tonnes of CO₂, which is equivalent to all the Group's emissions until 2020, by funding a series of clean energy projects. They include the construction of hydroelectric installations in China and the building of biomass power stations in Thailand.

“

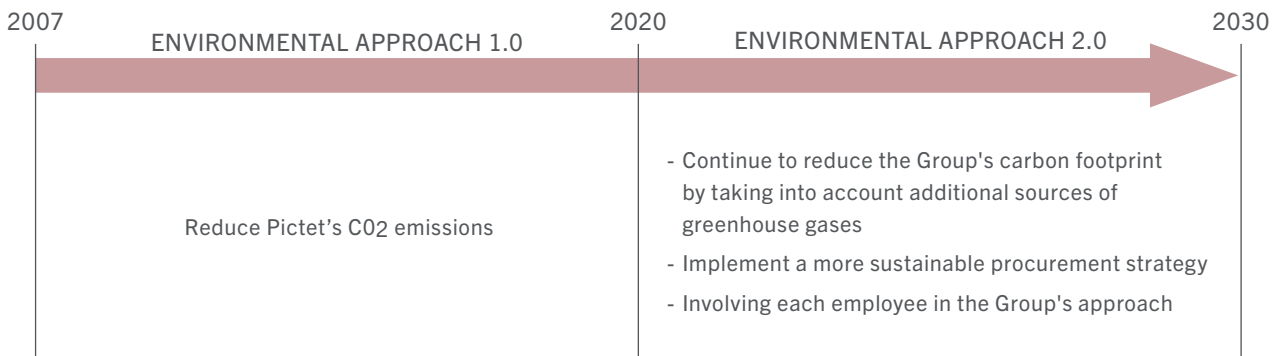


As the infrastructure manager for Pictet in Luxembourg, I seek to minimise our environmental footprint as much as possible. However, we are dependent on the owner of the building in which our offices are located. This is very different from the situation at our headquarters in Geneva, which is owned by the Group and was therefore designed to meet our own energy efficiency requirements. In Luxembourg, we asked the buildings' owner to take the steps necessary to obtain the "SuperDrecksKëscht fir Betriber" certification. We also installed LED lamps in the offices. We're now proud to have taken a further step towards reducing our environmental impact by doing away with disposable cups. My colleagues have welcomed this change. Most of them believe that the initiative makes good sense. I now see employees leaving for meetings with their cups in their hands. Meanwhile, we are already thinking about the next steps: for example, replacing the existing dishwashers with industrial machines, which are much more efficient from an environmental point of view.

Laurent Suleau
Head of the Infrastructures
unit in Luxembourg

”

From now to 2020 and beyond



Since 2007, Pictet has focused on reducing its carbon footprint, based on the strategy defined at the time. It was necessary to start by counting emissions in order to define a reduction target and study the possible fields of action, before implementing the necessary measures. The Group is nearing the end of this phase, and while efforts have to be maintained to achieve the CO₂ objective, Pictet must also look ahead to 2020 and where this environmental approach goes from here.

Pictet is already drawing up what is referred to at Group level as

its environmental approach 2.0, which aims to cover the decade from 2020 to 2030. Again, the parameters of the different fields will need to be defined and measured, further targets will need to be set and new projects launched. Initial discussions show that this will mean monitoring additional sources of CO₂ and other greenhouse gases, analysing the impact of the Group's consumption and procurement strategy and involving each employee in the actions.

287

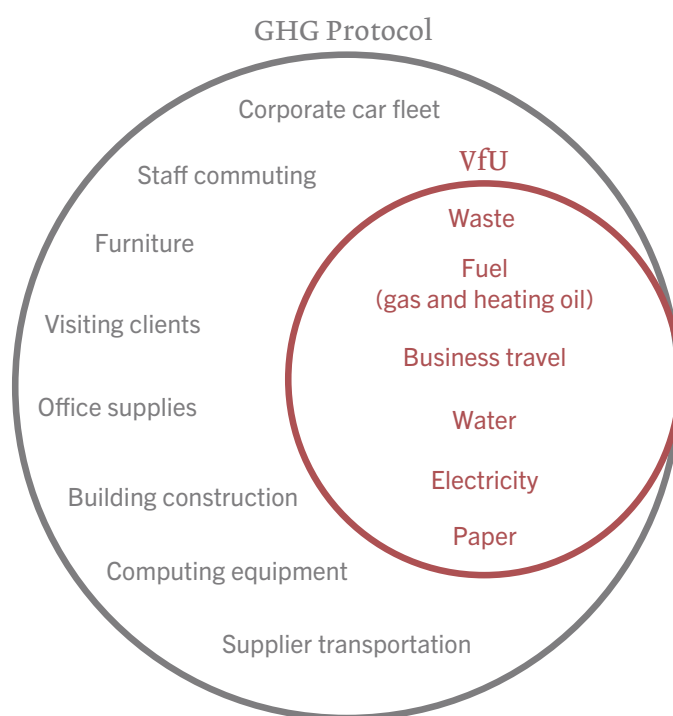
tonnes of CO₂
avoided in 2017 thanks to energy
efficiency

Greenhouse gases

In order to measure the environmental impact of Pictet's activities more accurately, the Group has now chosen to base itself on the Greenhouse Gas Protocol (GHG Protocol) guidelines. Developed in partnership with the World Resources Institute in Washington and the World Business Council for Sustainable Development in Geneva, the greenhouse gas measurement and management standards set forth by the GHG Protocol are widely used in both the private and public sectors around the world. They take into account many sources of greenhouse gases, which is not the case for the VfU (*Verein für Umweltmanagement und Nachhaltigkeit in Finanzinstituten*) indicators used until now. In addition, the GHG Protocol complies with international standard ISO 14064-1, which specifies principles and requirements for quantifying and reporting greenhouse gas emissions.

From now on, in addition to direct emissions, Pictet will analyse indirect emissions from the Group's operations. For example, the carbon footprint associated with employees' travel to and from work will be measured. The environmental impact of meals eaten at company restaurants will also be included. The Group will also calculate its hydrofluorocarbon (HFC) emissions, a greenhouse gas produced during the manufacture and running of refrigeration and air conditioning facilities. In addition, the Group will carry out a detailed review of its energy consumption to identify different sub-categories, such as heating or electricity, and better target potential problems.

Implementing all these initiatives will involve acquiring new measurement tools or improving existing ones. Ultimately, the objective is to have a global database that contains information on all the relevant elements and gives an overview of Pictet's environmental footprint.



Overall consumption and procurement strategy

As mentioned above, Pictet is in the process of defining a more comprehensive environmental approach that takes account of factors such as its consumption and procurement strategy, both of which must become more sustainable. In order to achieve this, the Group must examine its entire consumption chain, from its suppliers and their working practices through to the sorting and recycling of all the material used. This work, which covers a wide spectrum, has just started and will require an extended preparatory phase of analysis and data collection. This will allow Pictet to set ambitious but realistic targets, and then to launch new initiatives aimed at protecting the environment.

Participatory approach

Raising employees' awareness of environmental issues and of the measures implemented at Group level has long been part of our approach. Indeed, it is clear that the success of this environmental approach largely depends on each individual playing their part. The Group therefore wishes to involve every employee to an even greater extent from now on, and to encourage them to participate as fully as possible in our environmental approach. The first audience Pictet has chosen as a priority target – since they are particularly aware of the issues surrounding sustainable development – is a whole cohort of young graduates who

enrolled for the Group's Graduate Programme in 2015. Together, these 21 employees were invited to suggest a number of achievable initiatives that would help reduce the Group's environmental impact.

In order to reach all employees in their daily lives, Pictet also wants to develop a tool enabling everyone to become aware of their environmental footprint by calculating the impact of their travel or meals for example. The tool should also allow teams to have an overview of paper or computer equipment consumption, as well as lighting, heating and other building-related infrastructure.

The idea behind this participatory approach is to encourage employees to think about the impact each of them has on the environment, put forward suggestions and gather any ideas that will help the Group to move forward on the road to sustainability.

Pictet adopts the Greenhouse Gas Protocol

guidelines for measuring its environmental footprint

Legal information

This document is for information purposes only and is not intended to be used as promotional material in any way. It does not constitute an offer or solicitation to buy or sell any kind of financial instrument. It may not be reproduced or distributed, in part or in full, without prior written permission.

Published September 2018

© 2018 Pictet Group

All rights reserved



[group.pictet/environment](#)