

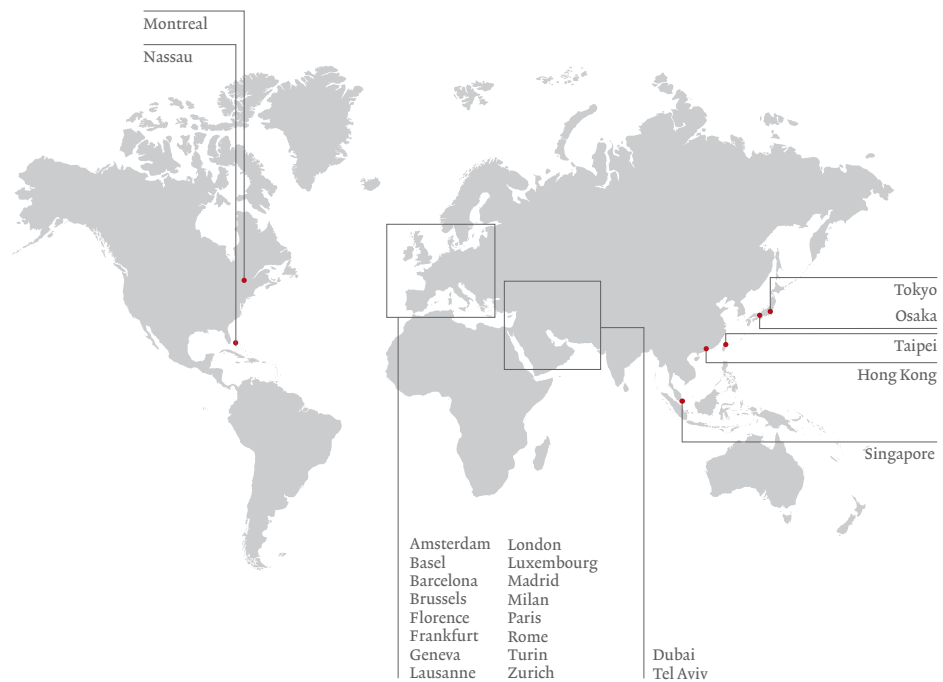
Internal Environmental Management

2012 Technical Report of the Pictet Group



The Pictet Group

"An awareness of our responsibilities has always been a factor that has ensured Pictet's stability and longevity."



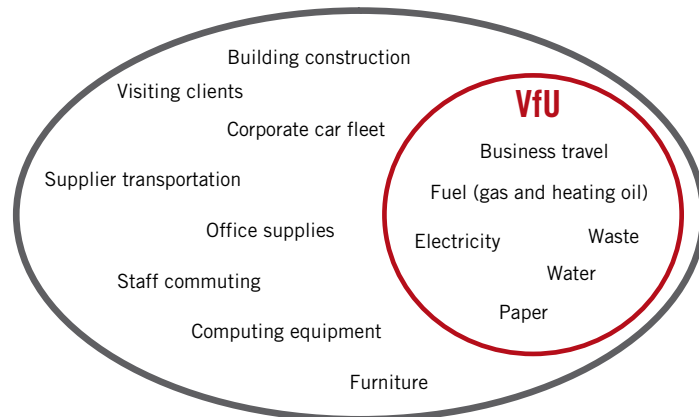
Contents

- 5 Carbon footprint – General overview**
 - Variation from 2007-2012
 - Emissions breakdown
 - Future plans
- 9 Internal technical projects**
 - Assessment of previous projects (2008-2012)
- 9 Carbon offsetting**
- 10 Transport**
- 12 Buildings**
 - Electricity
 - Heating
 - Paper
 - Waste
 - Water

Carbon footprint – General overview

For the sixth consecutive year, Pictet has determined its Group carbon footprint using a methodology that complies with ISO 14064-1 and is certified by the Swiss Association for Quality and Management Systems (SQS).

The VfU* method is used for collecting data on direct emissions in the areas depicted below:



*VfU = Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen e.V. (www.vfu.de)

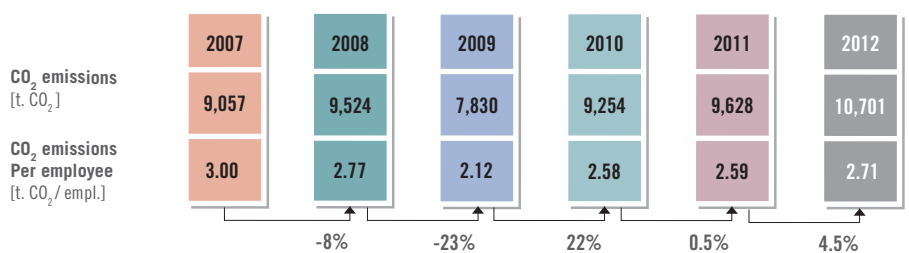
The conversion factors used for paper and transport in the VfU method were updated in 2011. Nevertheless, we have retained the old conversion factors for the current carbon footprint so that a comparison can be made with previous results and to allow us to assess the progress we have achieved since 2007, the benchmark year, and with respect to the targets specified.

Using the updated conversion factors would lead to a situation (fig. 2) where emission levels would be lower than levels calculated using the old conversion factors and targets specified in 2007. However, the reduction in the levels of emissions is mainly accounted for by a decrease associated with "cleaner" transport.

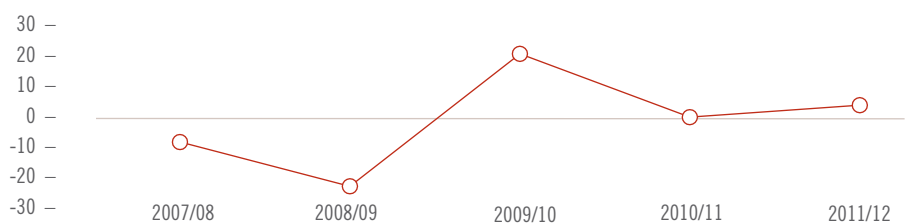
Variation from 2007 – 2012

In absolute terms during 2012, the Group produced 10,701 tonnes of CO₂, which is an increase of more than 18% compared to 2007. However, it should be borne in mind that over the same time period there was a 31% rise in the number of employees (including those on fixed-term contracts and external partners) and an 18.3% rise in the surface area occupied.

FIG. 1: PICTET GROUP'S CO₂ EMISSIONS



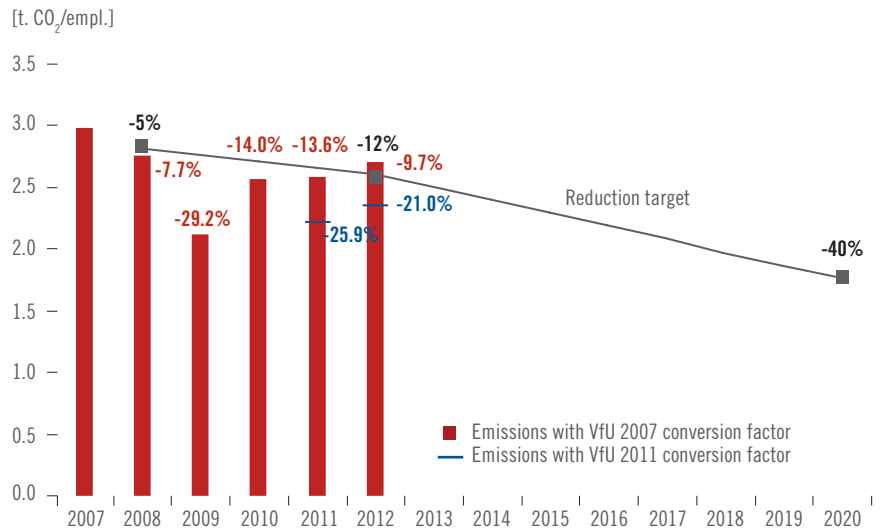
Change in CO₂ emissions per employee and per year (in %)



Adjusted for the number of employees, CO₂ emissions rose by 4.5% between 2011 and 2012. This rise is mainly accounted for by the increase in energy consumption associated with the Group's buildings and technical infrastructure. In addition, more accurate data have been gathered on emissions in Dubai.

Compared with 2007 and adjusted for the number of employees, the CO₂ emissions fell by 9.7%. Thus, the target to reduce emissions by 12% by 2012 was not achieved. However, if the level of emissions is calculated using the new conversion factors, the 21% reduction is significantly larger than the target reduction.

FIG. 2: CO₂ EMISSIONS AND TARGET REDUCTIONS FOR THE PICTET GROUP



Emissions breakdown

In 2012, the increase in energy consumption associated with the Group's buildings and technical infrastructure generated 925 additional tonnes of CO₂ compared with 2011. Meanwhile, CO₂ emissions associated with paper consumption rose by 58 tonnes. Although, as in previous years, the carbon footprint associated with water consumption has remained stable (around 30 tonnes of CO₂ per year), the carbon footprint associated with waste increased slightly by 26 tonnes de CO₂. There was a slight increase in the CO₂ emissions associated with business travel (65 tonnes), which suggests that the number of trips made has stabilised. The efforts made to raise awareness among staff regarding this issue have therefore borne fruit.

FIG. 3: BREAKDOWN OF PICTET GROUP'S CO₂ EMISSIONS

CO ₂ Emissions [in t.]	2007	2008	2009	2010	2011 ¹	2011 ²	2012 ¹	2012 ²
Energy	3,465	3,619	3,087	3,342	3,140	3,188	4,065	4,103
Paper	411	410	351	272	187	286	245	375
Waste	151	170	171	167	176	161	202	185
Water	24	25	27	30	31	61	30	59
Business trips	5,007	5,300	4,201	5,443	6,095	4,553	6,160	4,645
TOTAL	9,057	9,524	7,838	9,254	9,628	8,249	10,701	9,366

¹ Pictet Group CO₂ emissions [in tonnes] using Vfu 2007

² Pictet Group CO₂ emissions [in tonnes] using Vfu 2011

Overall, the level of CO₂ emissions associated with the Group entities has fallen, with emissions down for 11 out of its 20 entities. However, it is worth noting that the average for the Pictet Group has risen; this is mainly due to the significant rise in the emissions for the Dubai office, where power is generated using fossil fuels.

FIG. 4: EMISSIONS ASSOCIATED WITH THE GROUP ENTITIES IN 2012 [TONNES CO₂/EMPL.]

Paris	1.41	↗	Hong Kong	4.61	↘
Luxembourg	1.48	↘	London	5.23	↘
Geneva	1.51	↔	Turin	6.39	↘
Basel	1.62	↗	Nassau	7.29	↘
Lausanne	2.28	↗	Rome	7.55	↘
Pictet Group average	2.71	↗	Madrid	9.31	↘
Tokyo	3.33	↘	Singapore	9.70	↗
Florence	3.49	↘	Milan	9.70	↘
Frankfurt	3.71	↗	Barcelona	11.25	↗
Montreal	4.47	↘	Dubai	96.11	↗
Zurich	4.58	↗			

In June 2012, the Luxembourg entity, which is one of the largest in the Group, moved into new premises. The move will allow use of workspace to be optimised and reduce energy consumption by bringing all the employees together in one building. In addition, the new building complies with the latest regulatory requirements on energy-efficiency and environmental design. An overall reduction in the Luxembourg office's carbon footprint has already been confirmed.

Future plans

In order to achieve the targets set at Group level, Pictet will stick to its current strategy and focus on the four axes set forth in the 2010 report. The efforts aimed at reducing business travel will need to continue. Even though the number of trips has stabilised, it is here that there is most scope for action to reduce CO₂ emissions still further.

Monitoring the carbon footprint reliably

A new centralised travel reservation tool has been in place since 2012, which allows more reliable and accurate data to be gathered concerning business travel. Progress is being made on installing energy meters at the Group's entities around the world (meters have now been installed at 11 out of 19 entities). The Pictet Group is making every effort to improve the systems used to monitor the carbon footprint of its entities abroad, especially when relocating or carrying out office refurbishment projects.

Coordinated and effective awareness raising among staff

Awareness-raising sessions about sustainable development were held for staff throughout 2012. Furthermore, a progress report was presented to staff in June.

An organisational framework at Group level

Since January 2012, a new organisation structure has been in place within the Real Estate & Logistics department with a team dedicated to the Group's environmental policy. The team monitors the progress of efforts in Switzerland and at entities abroad, as well as drawing up action plans and raising awareness.

Limiting business travel by air

As a result of the many measures taken since 2007, significant improvements have been made to the video-conferencing systems and services, especially in terms of the quality of the installations. The Group is therefore trying to promote alternatives to travel, while recognising that some trips, particularly those undertaken in order to visit clients, cannot be avoided and that it is difficult to reduce the amount of travel overall. The Pictet Travel Office is also endeavouring to encourage employees to use trains rather than planes whenever possible.

Internal technical projects

When drawing up its environmental policy, Pictet decided to implement new internal technical projects over the years with a view to cutting the energy consumption of buildings and lowering its CO₂ emissions. These projects enable important values to be communicated internally.

Assessment of previous projects (2008-2012)

FIG. 5: SUMMARY OF RESULTS IN FIGURES

Consolidated results actually achieved versus the initial targets (figures in brackets):	Solar thermal cooling system since 2008	Heat transfer to AC48 since 2009	Solar energy since 2010	Total
Tonnes of CO ₂ saved	290 (70/year)	632 (200/year)	1.4 (n/a)	923.5
Equivalent in litres of heating oil	87,256 (24,000/year)	201,987 (60,000/year)	- -	289,243
kWh	42,017 (n/a)	- -	114,721 (33,000/year)	156,739
Financial gain [CHF]	80,930	175,692	(n/a)	256,622

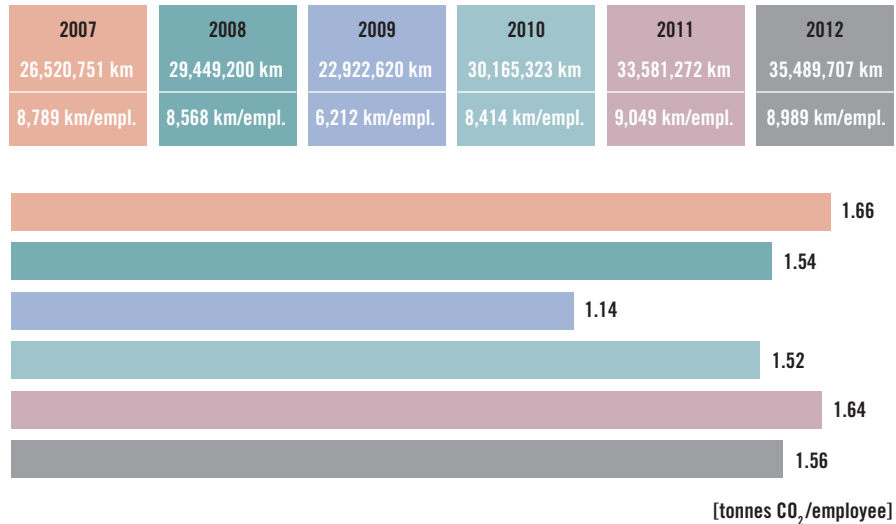
These results confirm the extent to which the technical projects do contribute to limiting the Pictet Group's carbon footprint.

Carbon offsetting

Rather than systematically striving for the "Carbon Neutral" label, Pictet efforts are focused mainly on reducing the Group's carbon footprint, as part of a consistent and effective environmental policy.

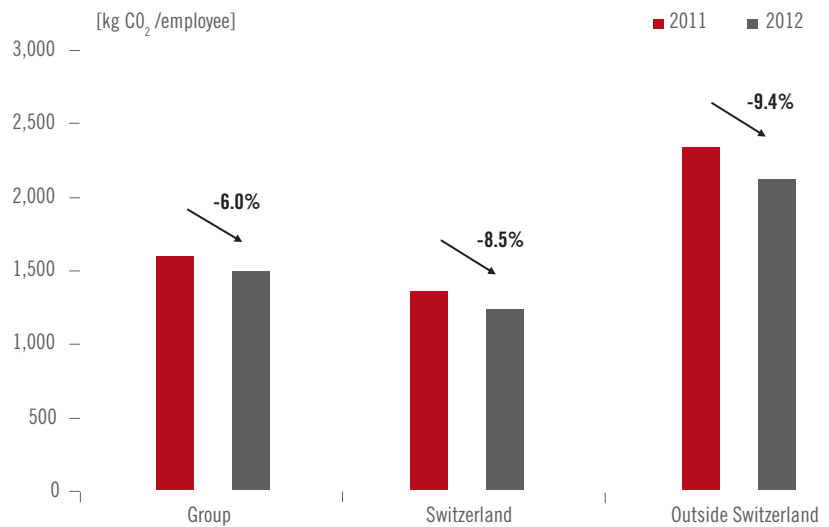
However, in spite of all these efforts, Pictet has come to realise that it will not be able to reduce its carbon emissions below a certain baseline. The Group has therefore decided to offset at least 50% of its CO₂ for the period from 2008 to 2013 by buying 34,000 tonnes in verified and validated (VER+) carbon credits from an exemplary project in India (see 2009 Environmental Management Report). Moreover, consideration is already being given to the offsetting strategy for the period after 2013.

FIG. 6: BUSINESS TRAVEL



Compared with 2011, the total distance covered by Pictet Group employees when on business trips was up 5.6%. However, adjusted for the number of employees (km/employee), there was a 0.66% reduction. While confirming that 2009 was an exception, the data show that the number of business trips made by employees has fallen. Moreover, it is worth noting that in 2012 the CO₂ emissions associated with business travel accounted for 57% of the Group's total carbon footprint compared with 63% in 2011 and 58% in 2010.

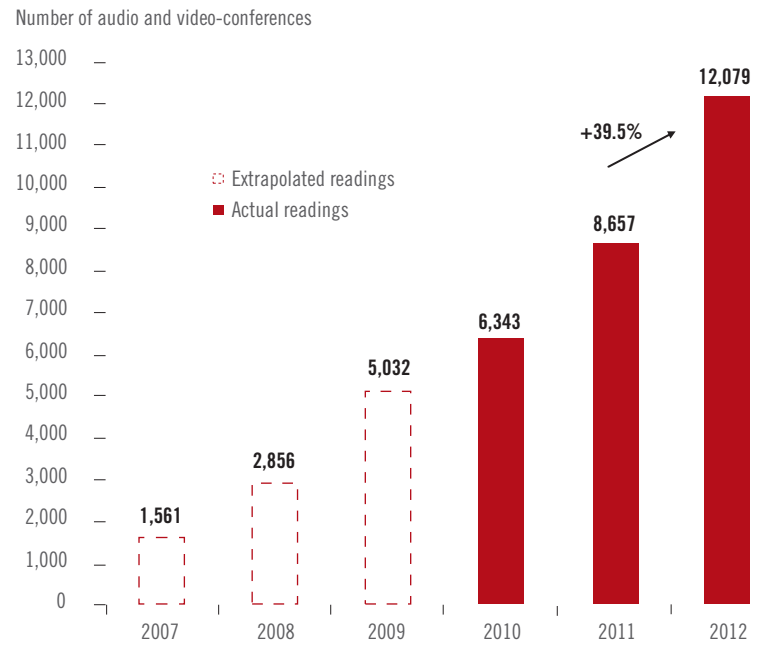
FIG. 7: CARBON FOOTPRINT ASSOCIATED WITH BUSINESS TRAVEL [KG CO₂/EMPLOYEE]



The campaign launched in 2012 to raise awareness among employees about business travel has been successful, as the CO₂ emissions associated with business trips were down compared with 2011, both for the headquarters and the Group entities abroad. These efforts will have to continue in 2013, so that the Group's carbon footprint can be stabilised in the medium term.

Nevertheless, the Group is aware that business travel cannot be reduced below a certain threshold. Indeed, these trips are still indispensable and fundamental, partly to ensure contact with our clients, which remains one of our priorities, and partly to ensure that employees meet face-to-face, thus maintaining their ability to work together.

FIG. 8: TREND IN THE NUMBER OF AUDIO AND VIDEO-CONFERENCES WITHIN THE PICTET GROUP



Since 2010, improvements to the system used for managing audio and video-conferences have allowed the number of sessions to be counted more accurately. The data for the years from 2007 to 2009 have been obtained by extrapolation. The data show a significant increase in the number of video-conferences, with a 36.5% rise between 2010 and 2011 and a 39.5% rise between 2011 and 2012. This rise is partly due to a new reservation system (Tandberg and Lotus Notes) introduced during 2011, which makes it easier to book the video-conferencing systems.

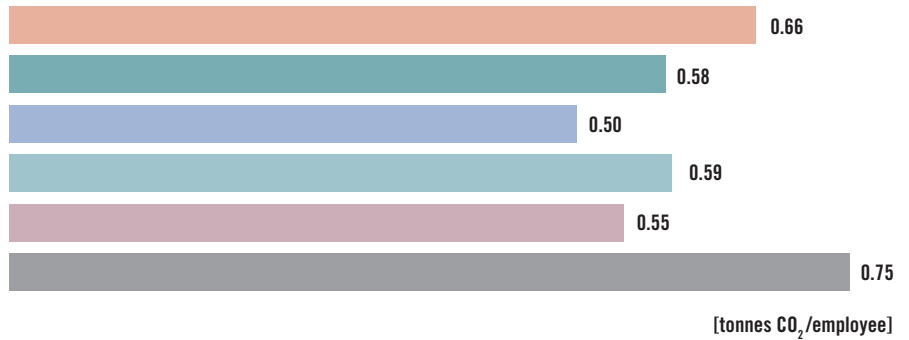
In 2011 and 2012, internal organisational changes aimed at optimising the assistance given to users (technical help desk, additional videoconferencing equipment, online user manual, etc.) were put in place. Further spending on infrastructure is also planned.

Buildings

Electricity

FIG. 9: ELECTRICITY

2007	2008	2009	2010	2011	2012
22,192,031 kWh	24,177,133 kWh	25,020,992 kWh	25,049,438 kWh	23,928,370 kWh	24,516,732 kWh
7,354 kWh/empl.	7,034 kWh/empl.	6,780 kWh/empl.	6,987 kWh/empl.	6,448 kWh/empl.	6,210 kWh/empl.



In absolute terms, the Group's electricity consumption rose by 2.4% between 2011 and 2012. However, adjusted for the number of employees, it actually fell by 3.6%.

Between 2011 and 2012, electricity consumption outside Switzerland fell by 2.8%. Conversely, the carbon footprint increased considerably, by 50.9%. This is due to the methods used to generate the electricity consumed by the Group entities abroad. Whereas in some countries electricity comes from renewable energy, including hydroelectric power, and has a lower carbon footprint, in others the electricity comes from fossil fuels and is associated with significant CO₂ emissions.

FIG. 10: TREND IN ELECTRICITY CONSUMPTION [MWh] AND THE ASSOCIATED CO₂ EMISSIONS [T. CO₂]

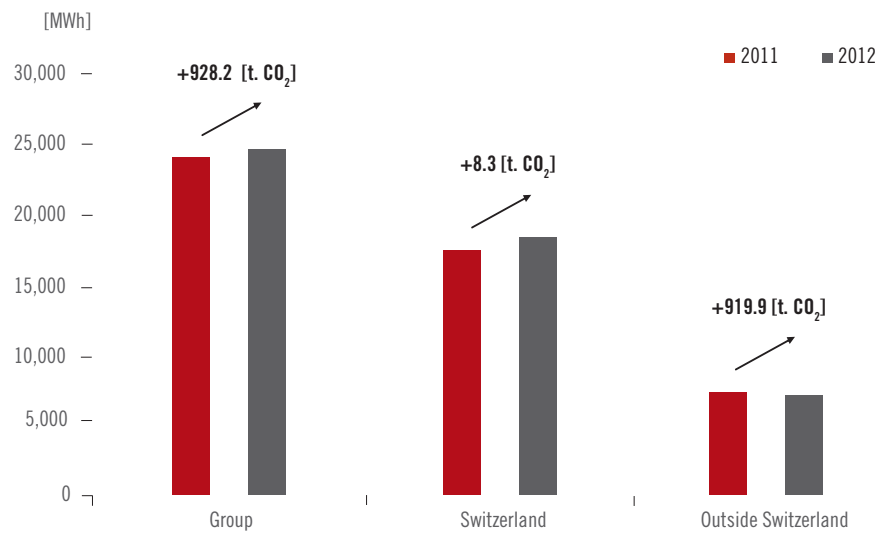
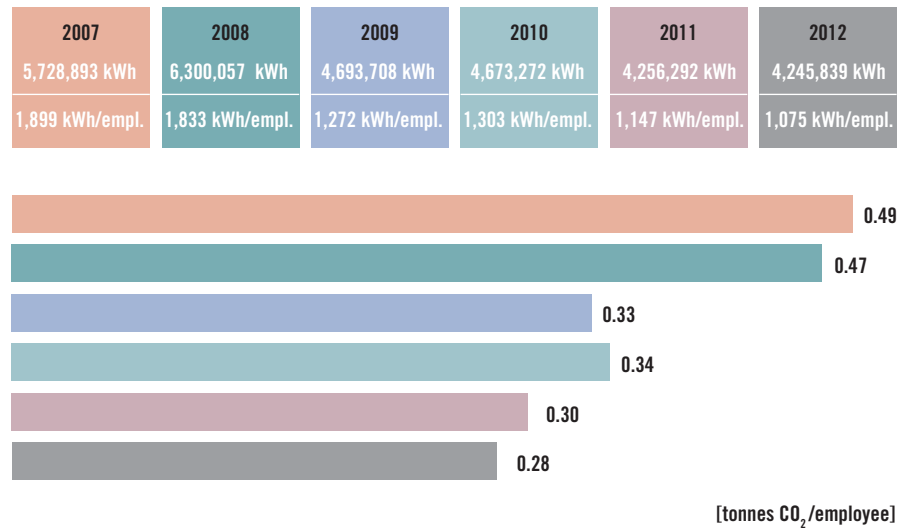


FIG. 11: HEATING



In absolute terms, the Group's consumption of fossil fuels was stable. Adjusted for the number of employees, consumption fell by 6.2%. The associated CO₂ emissions were down by 6.6%. The reduction is mainly due to lower energy consumption at the headquarters building in Geneva. Thus, energy consumption for the heating systems has stabilised.

Pictet takes advantage of relocations or refurbishment work to improve the performance of the heating systems (e.g. the Luxembourg office in 2012).

Since 2007, gas consumption at the headquarters building in Geneva has fallen continuously, and dropped by 21% between 2011 and 2012, even though a minimum amount is necessary to produce hot water during the winter.

FIG. 12: GAS CONSUMPTION IN GENEVA [MWh]

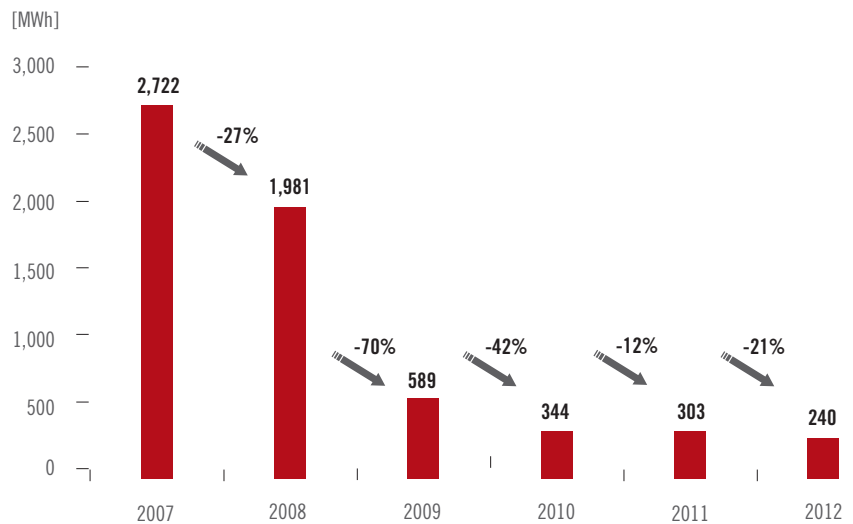
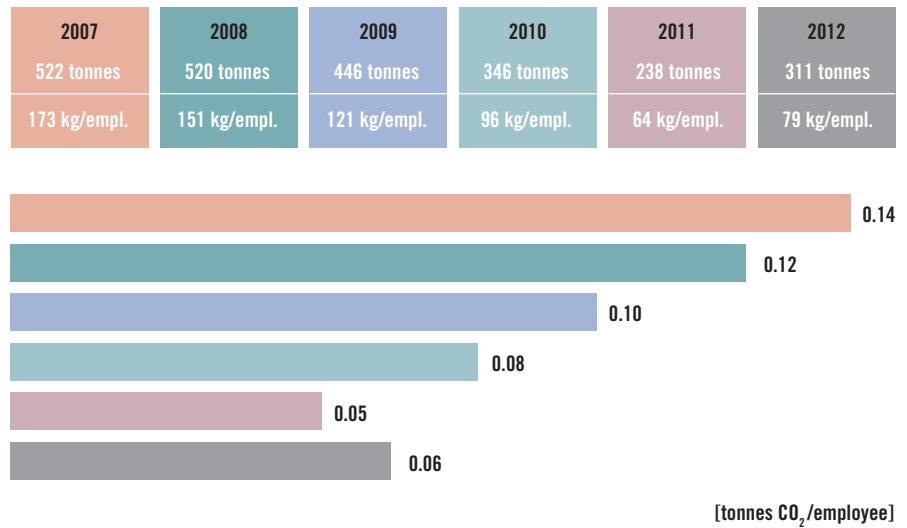


FIG. 13: PAPER

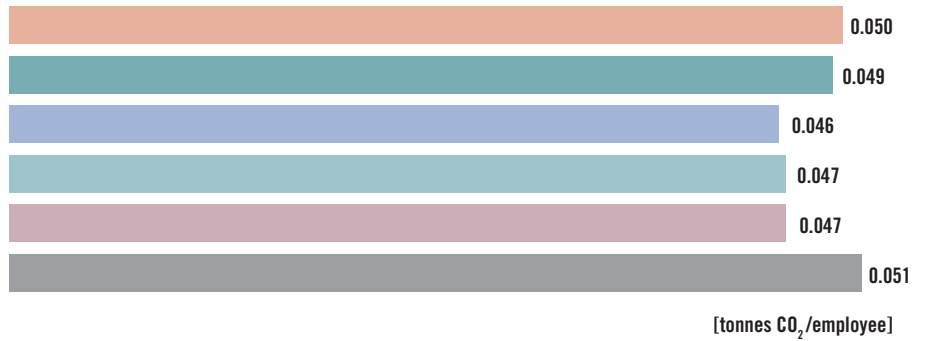


Whereas paper consumption fell by 30% in absolute terms between 2010 and 2011, it increased by a similar proportion between 2011 and 2012. Adjusted for the number of employees, paper consumption increased by 23%. However, these figures should be taken with great caution as long as the process used for collecting data has not been improved.

With a view to reducing paper consumption, existing printers are gradually being replaced by duplex models as office equipment is updated. The IT department is also planning to set recto/verso printing as the default setting for each workstation equipped with these new printers. In addition, Pictet promotes the use of documents in electronic format.

FIG. 14: WASTE

2007	2008	2009	2010	2011	2012
649 tonnes	668 tonnes	695 tonnes	663 tonnes	674 tonnes	879 tonnes
215 kg/empl.	194 kg/empl.	188 kg/empl.	185 kg/empl.	182 kg/empl.	223 kg/empl.



Between 2011 and 2012, the amount of waste generated by the Group rose again (by 30.4%). As a result, the amount of waste per employee rose by 22.5%. The increase is due to the improved accuracy of the data collected.

During 2012, some 1,500 china mugs were distributed to employees in Geneva, Zurich and Nassau and made available to all employees instead of cardboard cups in all the coffee areas.

FIG. 15: LIST OF THE TYPES OF WASTE RECYCLED IN GENEVA IN 2012

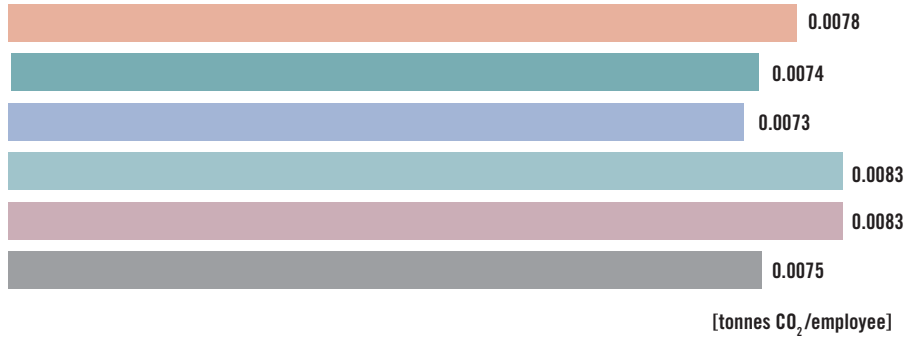
Paper	237.318	↘	PE	0.870	↗
Food waste	26.325	↘	Oil	0.780	↗
Coffee grounds	17.920	↗	Tin	0.482	↘
Toner cartridges	4.550	↗	Disks	0.356	↘
Glass	7.261	↘	EPS (air foam)	0.212	↗
Special waste	0.000	↘	Batteries	0.400	↘
IT	3.057	↘	Aluminium	0.040	→
PET	1.556	↗	Nespresso capsules	0.089	
Neon tubes and bulbs	0.000	→			
Voluminous waste	0.750	↘	Total	301.966	↘

FIG. 16: TYPES OF WASTE PRODUCED GENEVA IN 2012



FIG. 17: WATER

2007	2008	2009	2010	2011	2012
62,878 m ³	67,977 m ³	71,905 m ³	79,607 m ³	81,967 m ³	78,771 m ³
20.8 m ³ /empl.	19.8 m ³ /empl.	19.5 m ³ /empl.	22.2 m ³ /empl.	22.1 m ³ /empl.	20.0 m ³ /empl.



Overall, water consumption for the Group decreased by 3.89%. The total volume consumed per employee fell by 9.5%.

Improvements are still being made to the way water consumption at each of the sites outside Geneva is measured. At the buildings owned or occupied entirely by Pictet, the measurement methods remain reliable, as mentioned in previous years.

FIG. 18: TREND IN WATER CONSUMPTION [M³] PER EMPLOYEE IN GENEVA

