

## Product name: Pictet - Quest Europe Sustainable Equities

Legal entity identifier: 549300NPMY49SMN5GK24

### ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of sustainable investments with an environmental objective: \_\_\_%

It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 40 % of sustainable investments

in economic activities that qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy.

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It will make a minimum of sustainable investments with a social objective: \_\_\_%

It promotes E/S characteristics, but **will not make any sustainable investments**

*Note: Pictet Asset Management uses a proprietary framework to define sustainable investments. Sustainable investments are calculated on a pass/fail basis including labelled bonds, general bonds from countries that reduce CO2 emissions or implement policies that may lead to meaningful improvement in reducing CO2 emissions, and securities from issuers with at least 20% combined exposure (as measured by revenue, EBIT, enterprise value or similar metrics) to economic activities that contribute to environmental or social objectives.*

*Please refer to Pictet Asset Management's Responsible Investment policy for further details on our Sustainable Investment Framework.*

### WHAT ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS ARE PROMOTED BY THIS FINANCIAL PRODUCT?

The environmental and/or social characteristics of this financial product are:

- **Best-in-class**

The fund seeks to invest in securities of issuers with low sustainability risks while avoiding those with high sustainability risks, reducing the investment universe by at least 20%. The MSCI Europe (EUR) index is used to measure the universe reduction; however, no reference index has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

- **Carbon intensity:**

The fund aims to have a lower carbon intensity than the investment universe.

- **Norms- and values-based exclusions:**

The fund excludes issuers that are in severe breach of international norms or have significant activities with adverse impacts on society or the environment.

- **Active ownership:**

The fund methodically exercises its voting rights. The fund may also engage with the management of companies on material ESG issues and may discontinue investment if progress proves unsatisfactory.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

## ● What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

Indicators the fund uses include:

- The percentage of the financial product's exposure to "sustainable investments" as defined in Article 2 (17) of SFDR
- Reduction of the investment universe based on ESG factors
- Principal Adverse Impact (PAI) indicators such as exposure to issuers that are in severe breach of international norms or have significant activities with adverse E/S impacts on society or the environment
- The percentage of eligible company meetings where voting rights were exercised
- Engagement with companies

## ● What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

The fund partially invests in securities financing economic activities that substantially contribute to environmental or social objectives such as:

Environmental

- De-carbonisation
- Efficiency & Circularity
- Natural Capital Management

Social

- Healthy Life
- Water, Sanitation & Housing
- Education & Economic Empowerment
- Security & Connectivity

This is achieved by investing in securities financing economic activities that substantially contribute to environmental or social objectives such as those listed above.

## ● How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The fund considers an investment sustainable if it does no significant harm to any E/S objective, which the investment team determines by applying exclusions. Exclusions allow the fund to remove economic activities and behaviours towards international norms that have high adverse impacts on society or the environment. Please refer to Pictet Asset Management's Responsible Investment policy for further details on excluded sectors and behaviours and exclusion thresholds.

### How have the indicators for adverse impacts on sustainability factors been taken into account?

The fund considers principal adverse impacts (PAIs) on sustainability factors through the exclusion of issuers associated with controversial conduct or activities. Exclusions allow the fund to remove economic activities and behaviours towards international norms that have high adverse impacts on society or the environment. How exclusions map to PAIs and their related indicators is set out in Pictet Asset Management's Responsible Investment policy.

### How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anticorruption and antibribery matters.

The fund excludes issuers that are subject to high or severe controversies in areas such as human rights, labour standards, environmental protection and anti-corruption, or in breach of UN Global Compact Principles or OECD Guidelines for Multinational Enterprises.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do not significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



## DOES THIS FINANCIAL PRODUCT CONSIDER PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS?

- Yes, the fund considers and, where possible, mitigates principal adverse impacts (PAIs) of its investments on society and the environment that are deemed material to the investment strategy through a combination of portfolio management decisions, exclusion of issuers associated with controversial conduct or activities, and active ownership activities.

Exclusions allow the fund to remove economic activities and behaviours towards international norms that have high adverse impacts on society or the environment.

Active ownership activities, which include engagement and proxy voting (where applicable), aim at positively influencing the issuer's ESG performance and to protect or enhance the value of investments. Engagement is conducted by the investment team either independently or as part of a Pictet-level initiative. Pictet-level initiatives focus mainly on climate change, water, nutrition, long-termism and breaches of global norms.

How exclusions and entity-level initiatives map to PAIs and their related indicators is set out in Pictet Asset Management's Responsible Investment policy.

- No



## WHAT INVESTMENT STRATEGY DOES THIS FINANCIAL PRODUCT FOLLOW?

### Objective:

To increase the value of your investment.

### Reference index:

MSCI Europe (EUR), an index that does not take into account environmental, social and governance (ESG) factors. Used for portfolio composition, risk monitoring, performance objective and performance measurement.

### Portfolio assets:

The fund mainly invests in equities of companies that are domiciled, or do most of their business, in Europe and apply sustainable development principles to their business.

### Derivatives and structured products:

The fund may use derivatives to reduce various risks (hedging) and for efficient portfolio management, and may use structured products to gain exposure to portfolio assets.

### Investment process:

In actively managing the fund, the investment manager uses a quantitative approach to select securities that it believes offer superior financial and sustainable characteristics. The investment manager considers ESG factors a core element of its strategy by adopting a best in class approach which seeks to invest in securities of issuers

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

with low sustainability risks while avoiding those with high sustainability risks, subject to good governance practices. Activities that adversely affect society or the environment are also avoided. Voting rights are methodically exercised and there may be engagement with companies to positively influence ESG practices. For further information, please refer to our exclusion framework in the Responsible Investment policy, SFDR product category Article 8. The performance of the fund is likely to be significantly different from that of the benchmark, because the investment manager has significant discretion to deviate from its securities and weightings.

**Fund currency:**

EUR

● **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?**

The fund's binding elements include:

- exclusion of issuers that:
  - are involved in the production of nuclear weapons in countries that are not signatories to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), and in the production of other controversial weapons
  - derive a significant portion of their revenue from activities detrimental to society or the environment such as thermal coal extraction. Please refer to Pictet Asset Management's Responsible Investment policy for further details on excluded activities and revenue thresholds.
  - severely violate the UN Global Compact principles on human rights, labour standards, environmental protection and anti-corruption
- the mandatory exclusions for EU Paris-aligned Benchmarks
- ESG criteria analysis of eligible securities that covers at least 90% of net assets or the number of issuers in the portfolio

To ensure ongoing compliance, the fund monitors the ESG profile of all securities and issuers that form part of the minimum percentage of E/S investments stated in "What is the asset allocation planned for this financial product?". The fund draws on information from various sources, such as proprietary fundamental analysis, ESG research providers, third-party analyses (including those from brokers), credit rating services and financial and general media. Based on this information, the investment manager may decide to add or discontinue certain securities, or increase or decrease its holdings in certain securities.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The fund reduces its investment universe by removing at least 20% of issuers with the highest sustainability risks.

● **What is the policy to assess good governance practices of the investee companies?**

The good governance practices criteria apply to issuers of all corporate investments of the fund. To determine whether a company meets minimum requirements for good governance practices under SFDR, Pictet Asset Management ensures that companies it invests in do not have severe controversies or UN Global Compact breaches that are linked to various topics including sound management, employee relations, remuneration of staff and tax compliance. How breaches to UNGC principles and severe controversies map to good governance practices is set out in Pictet Asset Management's Responsible Investment policy.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**WHAT IS THE ASSET ALLOCATION PLANNED FOR THIS FINANCIAL PRODUCT?**

Asset allocation describes the share of investments in specific assets.

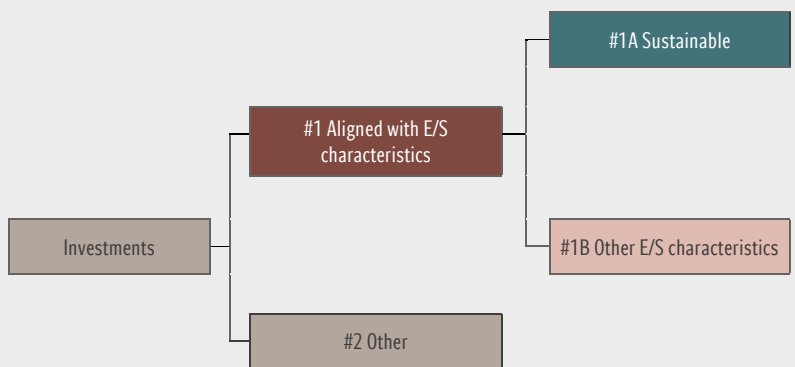
The fund is at least 80% aligned with E/S characteristics (#1 Aligned with E/S characteristics) and up to 20% invested in Other (#2 Other). At least 40% are allocated to Sustainable investments (#1A Sustainable) and the remainder will be invested in investments aligned with other environmental and/or social characteristics (#1B Other E/S characteristics).

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies

- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.

- **operational expenditure (OpEx)** reflecting green operational activities of investee companies.



**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:

- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

Pictet Asset Management uses a proprietary framework to define sustainable investments. Sustainable investments are calculated on a pass/fail basis including labelled bonds, general bonds from countries that reduce CO2 emissions or implement policies that may lead to meaningful improvement in reducing CO2 emissions, and securities from issuers with at least 20% combined exposure (as measured by revenue, EBIT, enterprise value or similar metrics) to economic activities that contribute to environmental or social objectives.

Please refer to Pictet Asset Management's Responsible Investment policy for further details on our Sustainable Investment Framework.

### ● How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The fund does not use derivatives to attain the promoted environmental or social characteristics. However, exclusions are applied to all types of securities (equities, bonds, convertible bonds) issued by excluded entities, including participation notes and derivatives issued by third parties on such securities.



### ● To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not currently commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy, however, these investments may form part of the portfolio.

**Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy<sup>1</sup> ?**

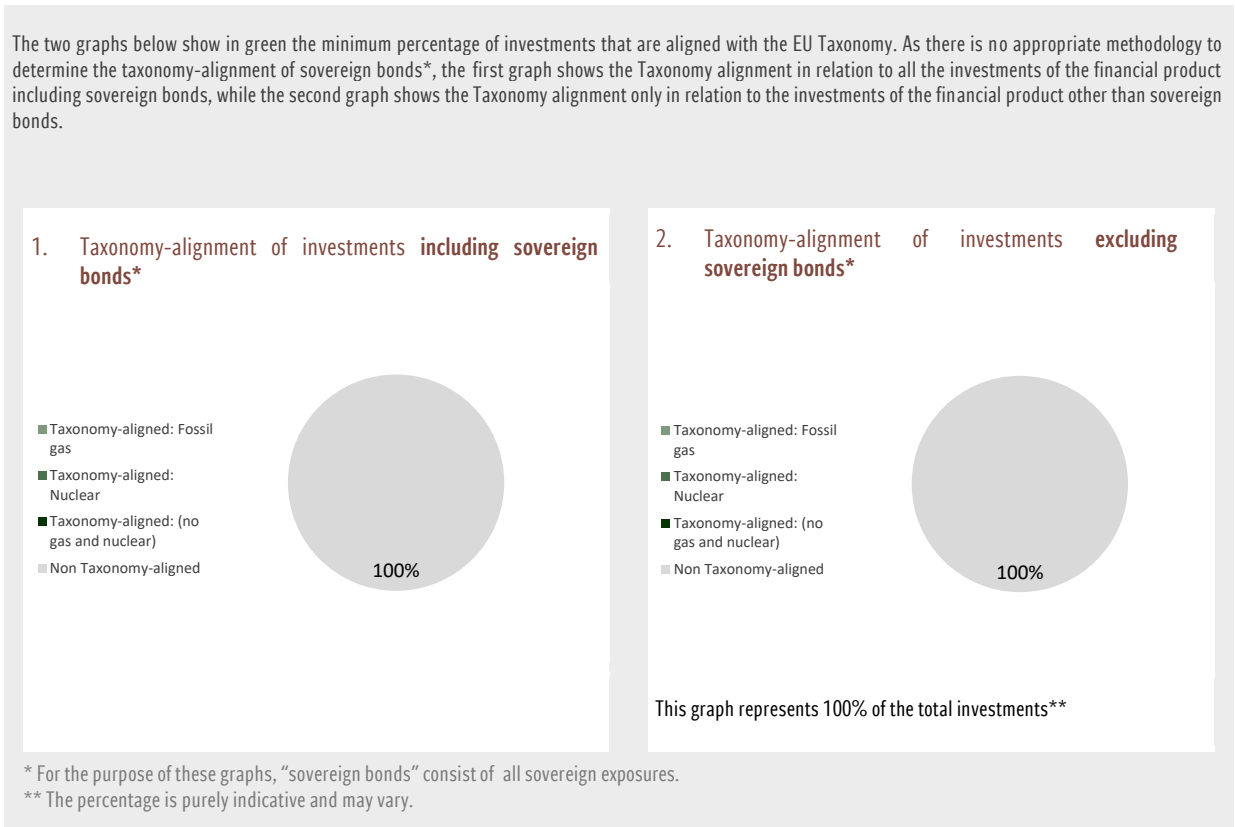
Yes

In fossil gas

In nuclear energy

No

The fund does not currently commit to invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy, however, these investments may form part of the portfolio.



**What is the minimum share of investments in transitional and enabling activities?**

0%

The fund does not have a minimum share of investments in transitional and enabling activities, as it does not commit to a minimum proportion of environmentally sustainable investments aligned with the EU Taxonomy.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The minimum share of sustainable investments with an environmental objective is 0%. The sum of investments with a social and environmental objective will be at least 40%.

**What is the minimum share of socially sustainable investments?**

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

To comply with the EU taxonomy, the criteria for fossil gas include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management rules. Enabling activities directly enable other activities to make a substantial contribution to an environmental objective. Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities

The minimum share of sustainable investments with a social objective is 0%. The sum of investments with a social and environmental objective will be at least 40%.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The fund’s “other” investments include cash, cash equivalent and derivatives. The allocation to such assets may increase in extreme market conditions as stated in the “Investment restrictions” section in the general part. Where relevant, minimum environmental or social safeguards apply to the underlying securities.



**IS A SPECIFIC INDEX DESIGNATED AS A REFERENCE BENCHMARK TO DETERMINE WHETHER THIS FINANCIAL PRODUCT IS ALIGNED WITH THE ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS THAT IT PROMOTES?**

No reference index has been designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

- **How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by the financial product?**

Not applicable.

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable.

- **How does the designated index differ from a relevant broad market index?**

Not applicable.

- **Where can the methodology used for the calculation of the designated index be found?**

Not applicable.



**WHERE CAN I FIND MORE PRODUCT SPECIFIC INFORMATION ONLINE?**

More product-specific information can be found on the website:

<https://documents.am.pictet/?isin=LU0144509717&dla=en&cat=sfdr-permalink>

Pictet Asset Management’s Responsible Investment policy:

[https://documents.am.pictet.com/library/en/other?documentTypes=RI\\_POLICY&businessLine=PAM](https://documents.am.pictet.com/library/en/other?documentTypes=RI_POLICY&businessLine=PAM)