Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Pictet - Security
Legal entity identifier: 549300V8FZYMGQ1ITR48

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 51% 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**

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.

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:

- **Positive impact:**

The fund seeks to achieve a positive environmental and/or social impact by investing mainly in companies that help maintain the integrity, health, safety and protection of individuals, enterprises and governments (excluding defense).

This includes security services across the physical and digital world, IT network security and identification solutions, as well as physical security solutions and tools that help to protect people, vehicles, and buildings in both personal and professional settings.

The fund invests at least two-thirds of its total assets/total wealth in equities issued by companies operating in this sector.

The fund invests mainly in companies whose significant proportion of their activities are related to, but not limited to, internet security, software, telecommunications and computer hardware security, physical safety and health

protection, access and identification security, traffic security, workplace security, and other relevant economic activities.

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

- **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.

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
- Overall ESG profile
- 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 mainly 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?

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 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:

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 no 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 on selected ESG topics as detailed in Pictet Asset Management's Responsible Investment report.

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?

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

Objective:

To increase the value of your investment while seeking to achieve a positive social impact.

Reference index:

MSCI AC World (USD), an index that does not take into account environmental, social and governance (ESG) factors. Used for risk monitoring, performance objective and performance measurement.

Portfolio assets:

The Fund mainly invests in equities of companies providing safety and security products for systems, people or organisations. The Fund may invest worldwide, including in emerging markets and Mainland China. The targeted companies will be active, mainly, but not exclusively, in the following areas: Security services across the physical and digital world, IT network security and identification solutions, as well as physical security solutions and tools that help to protect people, vehicles, and buildings in both personal and professional settings.

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 combination of market and fundamental company analysis to select securities that it believes offer favourable growth prospects at a reasonable price. The Investment Manager considers ESG factors a core element of its strategy by seeking to invest mainly in economic activities that contribute to an environmental and social objective whilst avoiding activities that adversely affect society or the environment. 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 portfolio composition is not constrained relative to the benchmark, so the similarity of the Fund's performance to that of the benchmark may vary.

Fund currency:

USD

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:

- at least 51% of sustainable investments, i.e. investments in companies that contribute to providing safety and security products for systems, people or organisations (as measured by revenue, enterprise value, earnings before interest and tax, or similar).
- exclusion of issuers that:
    - are involved in the production of controversial weapons including anti-personnel mines, cluster munitions, biological and chemical weapons, nuclear weapons and depleted uranium
    - 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 exclusions for EU Paris-aligned Benchmarks
- a better ESG profile than the reference index
- 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?

Not applicable.

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

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

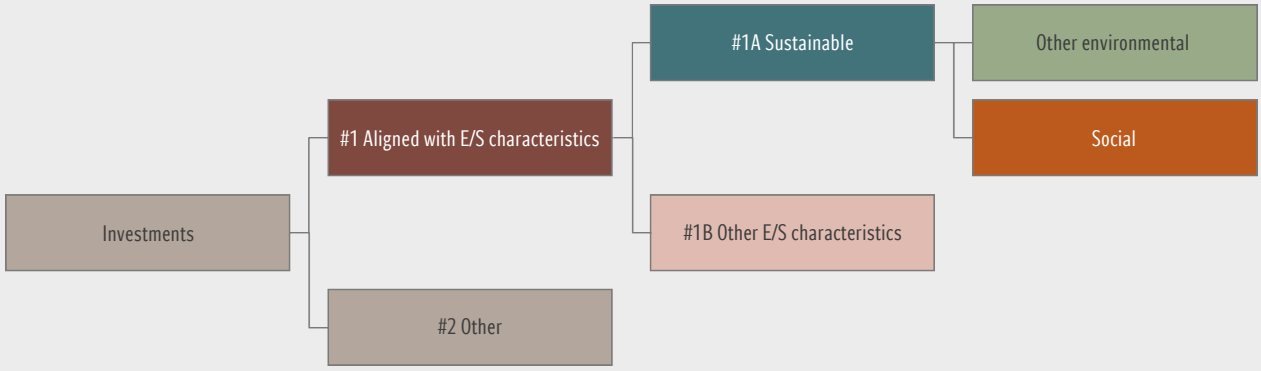
The good governance practices criteria apply to issuers of all corporate investments of the fund. To determine whether a company meets minimum requirements for good governance practices under SFDR, Pictet Asset Management ensures that companies it invests in do not have severe controversies or UN Global 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.

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 51% 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 CO_2 emissions or implement policies that may lead to meaningful improvement in reducing CO_2 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.
- Whilst the fund includes achieving a positive environmental or social objective, its investment policy does not target specifically EU Taxonomy aligned investments as defined by the technical screening criteria of the Taxonomy Regulation.

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.

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.

Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?[1]

☐ Yes

☐ In fossil gas ☐ In nuclear energy

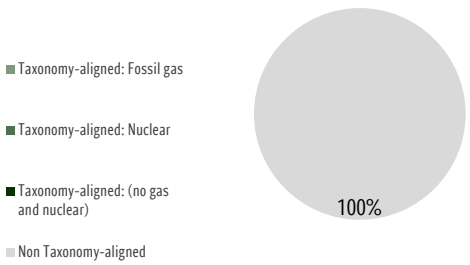
☒ No

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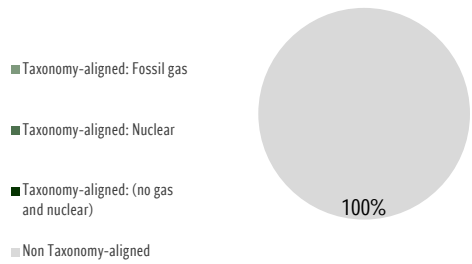
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objectives -see explanatory note in the left hand margin. The full criteria for fossil gas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

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments **including sovereign bonds***



2. Taxonomy-alignment of investments **excluding sovereign bonds***



This graph represents 100% of the total investments**

* For the purpose of these graphs, "sovereign bonds" consist of all sovereign exposures.
** The percentage is purely indicative and may vary.

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.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under 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 5%. The sum of investments with a social and environmental objective will be at least 51%.

What is the minimum share of socially sustainable investments?

The minimum share of sustainable investments with a social objective is 25%. The sum of investments with a social and environmental objective will be at least 51%.

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.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

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=LU0256846139&dtyp=SFDR_DISCLOSURE&dla=en&cat=marketing-permalink'

Pictet Asset Management's Responsible Investment policy:

https://documents.am.pictet.com/library/en/other?documentTypes=RI_POLICY&businessLine=PAM