

**UN**  
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Principles for  
Responsible Banking

# Reporting and Self-Assessment Template

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Principles for Responsible Banking



Reviewed version (V2) from September 2022



## Reporting and Self-Assessment Template

The following template sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking (PRB). Your bank discloses which actions it has undertaken to implement the PRB by self-assessing its progress on each of the 6 Principles. This template is therefore structured in accordance with the 6 Principles that signatories have committed to.

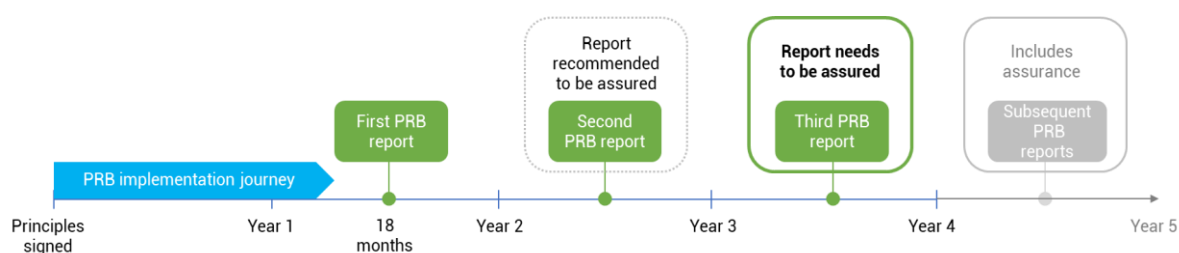
Three [Key Steps](#) are critical to showing that your bank is fulfilling its commitments as a signatory of the PRB, i.e. Impact Analysis, Target Setting & Implementation and Assured Reporting/Accountability. The sections in the Reporting and Self-Assessment Template that relate to the 3 Key Steps also require a self-assessment summary to demonstrate the extent to which the bank has fulfilled the respective requirements of the Key Steps.

### Accommodating different starting points

Your bank has an initial four-year period from signing to implement the 6 Principles including to bring its reporting fully in line with the requirements. Your bank may not be able to provide all information required in this template in the first report. You should build on your implementation progress annually. Feedback, support, capacity building, training and peer learning are available to all signatory banks to help them progress with both implementation and reporting.

### Timeline for reporting and assurance

Signatory banks need to report on their implementation of the Principles on an annual basis. The first PRB report has to be published within 18 months of signing the Principles, to give the bank some flexibility to align the PRB reporting with its reporting cycle. Publishing the first PRB report at any point earlier than 18 months after signing the Principles is therefore an option. After the first PRB reporting has been published, subsequent reports have to be published annually thereafter, i.e. within 12 months at the latest after the prior report<sup>1</sup>.



### Assurance

The last report within the initial 4 year implementation period (and subsequent reports thereafter) needs to be assured, which means that at least the third PRB report needs to be assured. Banks are encouraged to put the assurance process in place well before that and have earlier PRB reports already assured.

<sup>1</sup> Early reporting is permitted, although sufficient time to show progress from one year to the other should be taken into account.

All items that relate to the three [Key Steps](#) (highlighted in yellow) require limited assurance by year four of signing the PRB, undertaken by an independent third party with relevant expertise in the field. These are:

- 2.1 Impact Analysis
- 2.2 Target Setting
- 2.3 Target Implementation and Monitoring
- 5.1 Governance Structure for Implementation of the Principles

An assurer provides limited assurance of your self-assessment in these listed areas. You can do this by including it in your existing assured reporting. Where third-party assurance is not feasible, an independent review may be conducted. Assurance requirements are described in more detail in the [Guidance for Assurance providers: Providing limited assurance for reporting](#).

## Purpose of the template

The purpose of this template is to assist signatories in disclosing their progress on implementing the PRB. The disclosed information is used by the UNEP FI Secretariat as the basis for the individual review of each bank's progress, as well as for reporting the collective progress made by the PRB Signatory Group. To measure collective progress in a consistent manner, some standardized questions to be completed by the banks are integrated into the template. The open questions give banks the flexibility to disclose the progress they make, considering the diverse business models and various contextual differences in which banks operate.

# How to use this template

This template gives banks the chance to provide summaries of the annual progress made in implementing each Principle. It is designed for your bank to provide references/links to where in your existing reporting/public domains (websites) the required information can be found to support your answers. The aim is to keep any additional reporting burden to a minimum while ensuring transparency and accountability as set out in Principle 6. When referring to other documents, please specify the pages where the exact information appears.

The Reporting and Self-Assessment Template shall not be amended structurally and content-wise. The content and text of the template can be applied to corporate layout and designed accordingly, without omitting parts of the texts. The Reporting and Self-Assessment Template can be integrated into your bank's reports (annual report, sustainability report or relevant reporting formats) or can be published as a stand-alone document. It needs to be publicly available and will be listed on the UNEP FI Signatories page.

The reporting needs to be published in English. Information that is referenced to within the Reporting and Self-Assessment Template should also be available in English. Where that is not possible, it is recommended to include the summary of relevant information as text in the Template, so that all necessary information can be taken into account when the UNEP FI Secretariat reviews the bank's performance.

# Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

## Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

The Pictet Group is a partnership of seven owner managers, with principles of succession and transmission of ownership that have remained unchanged since foundation in 1805. It offers only wealth management, asset management and related asset services to private and institutional clients. The Group does not engage in investment banking, nor does it extend commercial loans.

With CHF 633 billion in assets under management or custody at 31 December 2023, Pictet is today one of the leading Europe-based independent wealth and asset managers.

Pictet Wealth Management has been helping private clients and family offices to build their businesses, protect, grow, and control their wealth and preserve it for future generations. With CHF 244 billions in assets under management, Pictet Wealth Management serve clients globally and provides tailored financial services to preserve and manage private wealth.

### Links and references

<https://www.pictet.com/ch/en/about/annual-review>

<file:///C:/Users/igarcia/Downloads/PictetGroup-2023-Annual-Report.pdf.coredownload.pdf>

## Strategy alignment

**Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

UN Guiding Principles on Business and Human Rights

International Labour Organization fundamental conventions

<p><input checked="" type="checkbox"/> UN Global Compact</p> <p><input type="checkbox"/> UN Declaration on the Rights of Indigenous Peoples</p> <p><input checked="" type="checkbox"/> Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: TCFD</p> <p><input type="checkbox"/> Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----</p> <p><input type="checkbox"/> None of the above</p>	
<p>For Pictet, the transition to a more resilient and sustainable economy is a strategic priority. It represents both an urgent challenge and an investment opportunity. As an investment-led service company, we operate within the broader financial system – the people, institutions and businesses that facilitate the real economy through financial transactions. Our role is to allocate capital to stimulate innovation, development and returns on investments for the long-term benefit of our clients. This also supports broader financial stability. Environmental and social issues are increasingly materialising in our portfolio companies. They manifest as insurance premiums, litigation, inflated input prices, policy responses and the physical costs associated with environmental disasters. This bears on portfolio returns and is why we aim to account for material environmental and social factors to deliver long-term returns in line with our fiduciary responsibility. It also extends beyond our investments to our business activities, from risk management to how we run our operations. As an investment firm, our environmental and social impact is largely attributable to our exposure to companies and countries through our clients' portfolios. While outside of our direct control, we recognise our role in supporting and enabling these companies and issuers to transition. We believe this will help reduce risks and deliver long-term returns to our clients. We also play our role in the transition beyond our clients' portfolios by improving practices in our own operations and encouraging our employees to participate. Consistent with our guiding principles of independence, long-term thinking, responsibility, partnership and entrepreneurial spirit, we apply an embedded approach to sustainability. In practice, this means our colleagues are empowered to invest in accordance with their convictions within a set of shared principles and common frameworks. This is also true for key functions beyond investing, throughout Pictet. This approach allows the organisation to remain nimble in the fast-evolving and complex sustainability landscape, while fostering accountability at all levels. Finally, success in enabling and benefitting from the economy's sustainable transition will come from staying focused on the most material themes where</p>	<p><i>Links and references</i></p> <p><a href="https://www.pictet.com/content/dam/www/documents/brochures/responsibility/PictetGroup-ESG-Sustainability-report-2023-EN.pdf.coredownload.pdf">https://www.pictet.com/content/dam/www/documents/brochures/responsibility/PictetGroup-ESG-Sustainability-report-2023-EN.pdf.coredownload.pdf</a></p>

we have investment expertise, credibility and the ability to influence positive change. As a private-sector actor, we think our capacity to act is greatest in environmental issues, where policy, data and the business context are most supportive. This is why, over the last 25 years, we have focused first on the environmental themes that are foundational to human society. Given the dynamic nature of this transition, our scope will evolve alongside our inputs. Indeed, there is growing evidence that social foundations will determine the speed and scale of the transition. Our enduring commitment to our communities, employees, and to improving diversity, equity and inclusion across our organisation will also reinforce the work we have started to better understand our role when it comes to social factors. Ultimately, our ability to interpret material environmental and social issues for the benefit of our clients and the resilience of our business will come down to our people. It is their grasp and ownership of sustainability in their area of expertise that will be the determining factor in investment leadership, product innovation and commercial success over the long term.

## Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>2</sup> and fulfil the following requirements/elements (a-d)<sup>3</sup>:

- a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Pictet Wealth Management invested portfolio consists of 3 buckets: Discretionary management (where the investment decision is delegated to Pictet Wealth Management); Advisory

*Links and references*

<sup>2</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

<sup>3</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

(where the Bank accompanies clients throughout the investment process, but clients take the final investment decision); and Execution only (where clients make their own investment decisions without consultation). This year's impact analysis was undertaken exclusively on the assets held under Discretionary and Advisory mandates on investments done in direct lines. We have considered the global exposure through corporate issuers (equity and fixed income) and their activity sectors, and the nature of impact classified by the UNEP FI as well as the issuer country of origin. Please note that the analysis covers approximately 41% of our total assets under management. The remaining portion of the portfolio could not be assessed through the same tool, due to the nature of the investment products (funds, ETFs, structured products, private assets, etc.). The below analysis does not include the assets managed by other entities of Pictet Group.

**b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope  
 i) by sectors & industries<sup>4</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or  
 ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

Based on the scope of analysis using the Impact analysis tool, we could classify our sector exposure thanks to the listed corporate instruments (equities and corporate bonds), held directly within the Bank. This year's methodology was exclusively based on the sector impact classified by UNEP FI.

*Links and references*

<sup>4</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.



**c) Context:** What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?<sup>5</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

*This step aims to put your bank's portfolio impacts into the context of society's needs.*

Response	Links and references
NA	

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)<sup>6</sup>? Please disclose.

Response	Links and references
<p>Considering our global exposure and the scope of direct investments in corporate issuers held in our Discretionary and Advisory portfolios, the exposure as of May 2024 is as follows: Our 3 highest exposures to <u>positive sectors</u> (for a total exposure of 21.7%):</p> <ol style="list-style-type: none"> <li>1. Diversified Banks (11.2%)</li> <li>2. Biotechnology (2.1%)</li> <li>3. Restaurants (2%)</li> </ol> <p>Our 3 highest exposures to <u>negative sectors</u> (for a total exposure of 7.2%):</p> <ol style="list-style-type: none"> <li>1. Integrated Oil and Gas (2.75%)</li> <li>2. Multi-Sector Holdings (0.62%)</li> <li>3. Industrial Gases (0.44%)</li> </ol>	



**d) For these (min. two prioritized impact areas): Performance measurement.** Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health&inclusion as your most significant impact areas, please also refer to the applicable indicators in the [Annex](#).

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

*The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.*

<sup>5</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<sup>6</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

<i>Response</i>		<i>Links and references</i>	
We have identified the types of clients and their contribution to positive and negative impacts according to invested portfolios. The table below summarize the distribution:			
	Positive sectors		Negative sectors
Discretionary	12.2%		2.9%
Advisory	9%		4.2%

### Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?<sup>7</sup>

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

*Climate change mitigation, water.*

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:  
(optional)

<sup>7</sup> You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets<sup>8</sup> have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) *Alignment:*** which international, regional or national policy frameworks to align your bank's portfolio with<sup>9</sup> have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

### Response

Following our current invested portfolio, the actions to address our impact on areas of most impact remain:

- Awareness:
  - Awareness of our impact is key to create buy-in and ownership within the organisation. One area of particular focus is climate change, given it is a complex problem that requires joint action from a range of stakeholders, from government to corporates, to financial institutions and consumers.
  - As investors, it is critical that both us and our clients comprehend the entirety of the issue and its potential solutions. To this end, we communicate on the climate change topic both internally and externally, through publications that support both awareness and positive impact opportunities.
- Engagements:
  - As active owners, we engage and vote in the companies we invest in.
  - Our engagement strategy focuses on corporate issuers screened for three factors: exposure to risk or opportunity in our four thematic pillars (Climate, Water, Nutrition, Governance); revenues from high-risk activities (beyond a defined threshold as outlined in our Responsible Investing Policy); and in breach of the UN Global Compact.
  - Specifically, when referring to Oil&Gas companies, the engagement asks will be aligned with our overall climate action plan and include

### Links and references

[https://www.pictet.com/ch/en/responsible-vision/climate-action-plan#:~:text=Our%20target%20for%20real%20estate&text=Across%20our%20direct%20investments%20and,2030%20\(from%202021%20levels\).](https://www.pictet.com/ch/en/responsible-vision/climate-action-plan#:~:text=Our%20target%20for%20real%20estate&text=Across%20our%20direct%20investments%20and,2030%20(from%202021%20levels).)

<https://sciencebasedtargets.org/companies-taking-action>

<https://www.netzeroassetmanagers.org/signatories/pictet-group/>

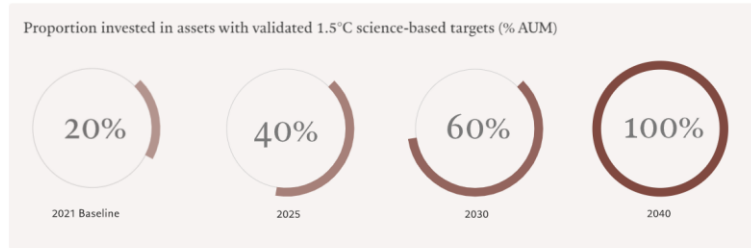
[Responsible investing policy](#)  
[Our progress on climate change](#)  
[Ceres Valuing Water Finance Initiative](#)

<p>topics like:</p> <ul style="list-style-type: none"> <li>- Transparency on GHG Emissions scope 1, 2, 3</li> <li>- Externally-validated science-based targets</li> <li>- Expansion and exploration strategy</li> <li>- Phase-out strategy <ul style="list-style-type: none"> <li>o Resources across the group are in place to monitor the engagement activities and take further action if needed.</li> </ul> </li> <li>• Exclusions: <ul style="list-style-type: none"> <li>o Our Responsible Investing Policy identifies activities for which an exclusion policy is in place, either for all managed assets (eg Controversial Weapons and Thermal Coal Extraction), or for our Responsible Investing solutions (eg GMOs, Pesticides, Oil&amp;Gas Production).</li> </ul> </li> </ul> <p>Pictet followed the Science Based Targets initiative’s (SBTi) guidance to determine the scope of our climate targets, which SBTi validated in 2022. Pictet’s commitment is reflected in our Climate Action Plan, which covers both client assets and Pictet Group assets. The Plan fully applies to Pictet Wealth Management, as it includes 100% of direct and indirect listed equity and corporate fixed income investments across discretionary mandates.</p> <p>Pictet’s Climate Action Plan includes engaging with the companies and funds we invest in to set science-based targets. This is done in line with the priority angles identified - specifically: Low-carbon transition- in the Pictet Group Engagement Focus’ framework.</p> <p>Pictet Group also committed to the Net Zero Asset Managers initiative in 2021.</p> <p>For the first impact area identified as Climate mitigation, Pictet developed the Pictet <a href="#">Climate Action Plan</a>, which applies to all business lines of the Group. The indicator of the Plan is measured by the portion of total assets under management invested in companies with validated 1.5°C science-based targets, as illustrated below. The baseline started in 2021 with 20% of total assets for the Group.</p>	
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<sup>8</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank’s management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>9</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank’s targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

Pictet's target for listed equity and fixed income



The current baseline and expected future progress will differ by asset class and geography. SBTi validated

At the end of 2023, we were on track to reach our targets on listed equities and additional efforts to take on corporate fixed income.

The second impact area is Water, as defined in our Group Engagement Focus framework, focused specifically on water conservation and water quality. Today, our main actions are around voting and engagement with invested companies whose activities negatively impact such areas. In 2022, Pictet partnered with Ceres to contribute this expertise in designing the [Valuing Water Finance Initiative](#) and became a founding signatory. The Initiative commits signatories to engaging with companies with high water footprints to align with SDG6 and adopt responsible water stewardship.

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

*You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.*

*A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.*

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

<i>Impact area</i>	<i>Indicator code</i>	<i>Response</i>
<i>Financial health &amp; inclusion</i>	...	
	...	
	...	

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

<i>Response</i> <b>Refer to section 2.2. a)</b>	<i>Links and references</i>
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**c) SMART targets** (incl. key performance indicators (KPIs)<sup>10</sup>): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.

<i>Response</i> <b>Refer to section 2.2. a)</b>	<i>Links and references</i>
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**d) Action plan:** which actions including milestones have you defined to meet the set targets? Please describe.

Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

<i>Response</i> <b>Refer to section 2.2. a)</b>	<i>Links and references</i>
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	Climate	Water
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No

<sup>10</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

## 2.3 Target implementation and monitoring (Key Step 2)

### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

#### *Response*

For the first impact area identified as Climate mitigation, Pictet developed the Pictet [Climate Action Plan](#), which applies to all Business lines of the Group (please refer to section 2.2).  
For the second area of impact identified as Water, current main actions include voting and engagement with invested companies which contributed negatively to such area (please refer to section 2.2). Defining SMART targets is part of the Engagement process and is individual to each case, as each case and company is unique.  
The list of engaged companies will be enhanced over time.  
As an illustration, we have currently 6 open engagement cases on the Water quality matter.

#### *Links and references*



## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### 3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers<sup>11</sup> in place to encourage sustainable practices?

Yes       In progress       No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes       In progress       No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities<sup>12</sup>). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

#### Response

Following last year's report, our engagement with clients in the journey towards responsible investing evolve across 4 pillars:

- Awareness through collecting clients' sustainability preferences
- Awareness through Investment Solutions
- Awareness through Extra-Financial Reporting
- Awareness through Communication

#### Client Sustainability preferences

Our European Bank continues to collect clients' sustainability preferences and ensures checking the suitability of investment solutions offered to those clients. This initiative was rolled out in 2022 with banker training and dedicated material to successfully lead conversations with clients on the topic. The implementation for the Bank in Switzerland was successfully started in 2023 with banker training and supporting documents.

#### Investment Solutions

Our ambition is for all the investment solutions available to our

#### Links and references

<https://www.pictet.com/ch/en/insights/beyond-markets>

clients to integrate ESG considerations in the investment process. We reached an absolute majority of assets under management at the end of 2023 and we are continuing our efforts to further increase the level and quality of integration.

By including E, S and G considerations in our investment process, we seek to create awareness about those characteristics and their financial materiality through the whole value chain of wealth management. As of end of 2023, around 21% of the assets managed for our clients were classified as responsible (art.8 or art.9 according to the SFDR directive), and we aim to reach 35% by 2025.

The broadening of our responsible-investment solution offering initiated with the upgrade and evolution of existing solutions into responsible, where convergence is possible, given the availability of both data and products in the needed asset classes (regions, styles).

#### Extra Financial reporting

To extend the reach of our awareness efforts, we deployed the Extra Financial Report to all our clients under management. This report is available as a two-pager integrated into the Investment Management Report and provides an ESG Overview of the portfolio. The objective is to familiarise readers and provide transparency not only to clients invested in Responsible Investing solutions but also those who are not.

The Report was developed to now include additional metrics, notably the portion of the portfolio having net-zero targets. A highly customisable extra-financial reporting is also available, upon client request, for those who wish to go deeper in the understanding of their portfolio exposures.

#### Communication

To support our clients' awareness in the Responsible Investing journey, we are investing in internal and external communication.

- The Responsible Investing Awareness training that is mandatory for all new Pictet employees, and part of the bankers' mandatory trainings, aims to enable meaningful conversations with our clients.
- A dedicated internal Responsible Investing intranet page collates all information regarding our relevant investing frameworks, investment solutions and case studies.

<sup>11</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>12</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

#### *Response*

Since last year, holdings in positive-impact sectors (as defined by UNEP FI) have increased while there has been a slight decrease in negative-impact ones. While exposure has grown, the top contributors in positive-impact sectors remained unchanged from the previous year. However, exposure to top negative sectors from last year was reduced, except for the highest contributors. The global economic and political environment has been a factor in this performance. At Pictet Wealth Management, the following developments are of note:

- Products and services:
  - Steps have been taken to refine and to increase the monitoring of our Responsible Investing offer (multi-asset and equity solutions)
- Proxy voting and engagement
  - Publication of our Active Ownership report for 2022 (the 2023 report is pending approval before publication).
- Last year saw an increase of assets under management that adhere to SFDR criteria for Responsible Investment. Investment instruments defined under Art. 8 of the SFDR criteria saw an especially noteworthy rise in assets.
- Data availability: Great attention is paid to identify the top-rated data providers best aligned with our purposes. The opportunity angle is embedded in the more “positive aspects” of data, what we interpret as “sustainable investments” defined as “[...] 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”. On this basis, Pictet has developed a group-wide framework for sustainable investments in its product offering. (<https://www.eiopa.europa.eu/select-language?destination=/node/1>).

#### *Links and references*

<https://www.pictet.com/ch/en/wealth-management/aiming-to-be-responsible>

## Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### 4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>13</sup>) you have identified as relevant in relation to the impact analysis and target setting process?

Yes       In progress       No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

#### Response

As investors, practicing active ownership, including engagement with the issuers we are invested in, is a key lever of responsible investing. Pictet is actively involved in several collaborative investor engagement initiatives, each of which addresses a specific theme that aligns with our Group Engagement Focus. Since the beginning of 2023, Pictet Wealth Management has led direct bilateral engagement dialogue with corporate issuers. We seek meaningful impact on individual issuers in which we hold a significant position and have relevant expertise. We have identified high-ESG impact companies to engage with in priority themes, including low-carbon transition, water and long-term performance culture through our Group Engagement Focus framework. Over time, we will expand the companies included as those in the initial target list make satisfactory progress. We will for example ask those companies to set validated science-based targets with credible decarbonisation plans to achieve them. Concrete engagement objectives and timelines will be solidified for each target issuer. Over a pre-determined time horizon, when insufficient progress or a lack of response is noted, the respective

#### Links and references

<https://www.pictet.com/ch/en/about/sustainability-report>

<https://www.pictet.com/ch/en/responsible-vision/pictet-group-foundation>

<sup>13</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

lead engagement analysts/portfolio managers will, on a case-by-case basis, determine whether escalation actions should be taken.

Proxy voting guidelines and activities are aligned with our engagement dialogues. Specifically, we use our voting decisions to influence target companies on the specific issues raised in our engagements.

We also partner with other organisations with aligned engagement agendas, therefore benefitting from their expertise on specific issues and themes. Through collaborative engagement initiatives we are enabled to join aligned groups of investors willing to aggregate their voices for a greater impact on specific causes.

In 2023, we leveraged our strategic partners to advocate in the areas of responsible investing, biodiversity loss, climate change and DEI. (p.56 Group sustainability Report).

In addition, as an active member in various industry groups and workstreams, including Swiss Sustainable Finance and the Swiss Bankers Association, we aim to engage and collaborate more broadly within our industry.

Our associative presence also extends to the Asset Management Association Switzerland and Swiss Sustainable Finance.

In recognition that today's challenges require new partnerships across economic actors, the public and private sectors and broader society, we continue to be a strategic partner to Building Bridges, which aims to accelerate capital flows to sustainable development through promoting dialogue across all such stakeholders.

In parallel, the [Pictet Group Foundation](#) supports impact-driven solutions that build resilient communities and ecosystems with a special focus on water and nutrition, in alignment with our investment focus themes.

## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes       In progress       No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

The **Group Stewardship and Sustainability Board (GSSB)** is the dedicated body in charge of proposing our ESG, stewardship and sustainability 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. Among its members, the GSSB includes two other Managing Partners, the Head of Group Sustainability and 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.

The GSSB has a number of associated committees to analyse and 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

*Links and references*

<https://www.pictet.com/content/dam/www/documents/brochures/responsibility/PictetGroup-ESG-Sustainability-report-2023-EN.pdf.coredownload.pdf>

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, scorecard and portal strategy and 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. Additionally, group entities and locations actively collaborate regarding regulatory projects. The governance of the latter is assured by the **ESG Regulatory Working Group** led by Group Risk. Representatives of each business division have a seat on the table to ensure implementation and monitoring across the Group.

Moreover, the Wealth Management division takes the lead when addressing client services. Driven by ESG professionals, responsibility to implement actions towards our goals are shared among the division including, but not limited to the Investment department. Each Goal setting for each participant in the workstream is officially communicated through the performance management tool and ensures accountability and commitment.

The implementation of the Responsible Investing vision in the Wealth management division remains driven by the ESG Steering Committee. In 2023, it has been strengthened by the inclusion of ESG topics at Investment committees when necessary. The goal of the ESG committee is to:

- distribute of information and ownership
- ensure proper inclusion of all Wealth management representatives
- update the committee on Responsible investing ambitions, concerns, and decisions.

The committee meets every 2 months and involves the highest governing bodies of the division.

**5.2 Promoting a culture of responsible banking:**

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

Our ambition to be a leading responsible investment firm is one of Pictet’s seven 2025 strategic priorities and was first presented by our Managing Partners in early 2020. Since then, this ambition has been regularly reinforced and reiterated to all employees

*Links and references*  
<https://www.pictet.com/content/dam/www/documents/brochures>

through various touchpoints, underlining its importance and providing visibility of progress towards it.

In 2023, we partnered with Enterprise for Society, a collaboration between IMD Business School, HEC Lausanne and EPFL, to design a curriculum that would raise and deepen awareness on material sustainability topics among Pictet’s top leadership. This includes Pictet’s Managing Partners, Equity Partners and Group key functions. Topics included climate science and the macroeconomic implications of overshooting the planetary boundaries. Two full-day workshops took place in 2023 with the rollout planned for continuation throughout 2024 with the aim of 100% completion across senior leaders, our boards and relevant non-executive directors.

At Pictet, we maximise impact in the places where we work by mobilising our most valuable resource – our people – through hands-on community engagement. All Pictet staff members are given two days of volunteering during their work hours per year. In 2023, over 689 volunteering opportunities were offered to Pictet employees globally, an increase of 35% over 2022. We know there is more to do in this area and are working on strengthening our employee volunteer offering. Dedicated employee committees coordinate global volunteering activities across various business lines. These committees identify local engagement opportunities with support from the Pictet Group Foundation. These efforts are focused on the following key areas: environment and education, nutrition, and water.

To align incentives, our remuneration policy integrates sustainability risks by way of the policies and procedures which Pictet employees are bound to respect. Assessment of “Compliance with internal (Policies & Procedures) P&P” forms part of an employee’s annual review, which may include ESG limitations and considering sustainability risks based on the type of products or services selected by clients served by that employee. In addition, Pictet employees are held to the Group’s general engagement on sustainability and responsible investing, as relevant to their function.

The network of Responsible Investing Ambassadors runs monthly and has been completed with additional colleagues from European desks desiring to be part of the forum. A second network of professionals, namely the Responsible Investing

[/responsibility/PictetGroup-ESG-Sustainability-report-2023-EN.pdf.coredownload.pdf](#)



<p>Champions was created to empower our experts in the implementation process. They represent the drivers of the several working groups implementing Responsible Investing targets.</p>	
<p><b>5.3 Policies and due diligence processes</b></p> <p>Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>14</sup> Please describe.</p> <p>Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.</p>	
<p>In addition to the Responsible Investing Policy (publicly available online) the Responsible Investing solutions benefit from several levels of controls, from inception to execution:</p> <ul style="list-style-type: none"> <li>• <b>Robust frameworks:</b> our instrument selection for Responsible Investing solutions is framed by asset-class specific frameworks, built by our experts across the Group. Such frameworks allow the solutions to respond to our Responsible Investing Policy, reviewed on a yearly basis.</li> <li>• <b>Due Diligence:</b> when building partnerships with third-party managers, the process of ESG due diligence is mandatory. Additional resources were allocated to this activity to increase the level of efficiency and accuracy by having the process stored on a web-based platform. Analysts remain the owners of the process as they are the ones in close contact with managers.</li> <li>• <b>Internal Controls:</b> In additions to systems’ constraints, monthly controls of delegated investment strategies are in place to ensure quality monitoring and performed by the Investment Risk team, reporting to the Risk department. The latter is not directly linked to the Investment department.</li> <li>• <b>Internal Audit:</b> our final sets of controls, we are audited yearly on our activities related to Responsible Investing, from communication, investment decisions to Client Reporting. Once interviewed, Internal audit will submit recommendations which must be implemented in a reasonable timeframe.</li> </ul>	<p><i>Links and references</i></p>

<sup>14</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

## Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes  No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes  No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes  In progress  No

## Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

### 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes       Partially       No

If applicable, please include the link or description of the assurance statement.

All activities detailed in this report have been the subject and the review our a Greenwashing internal audit. External assurance will be done for the 2024 report.

*Links and references*

<https://www.pictet.com/ch/en/about/sustainability-report>

### 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other: SFDR, NFDR

*Response*

*Links and references*

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>15</sup>, target setting<sup>16</sup> and governance structure for implementing the PRB)? Please describe briefly.

We are committed to staying focused in our progress for the benefit of our clients, colleagues and broader society. In 2024, we have three sustainability priorities:

*Links and references*

<https://www.pictet.com/ch/en/about/sustainability-report>

<sup>15</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>16</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

<p>1. We will continue to strengthen the implementation of Pictet’s climate action plan. This will include work to integrate broader nature and social considerations, including those concerning the just transition and human rights, into the plan.</p> <p>2. We will work to improve transparency and disclosure on products and solutions and our general disclosures, as they are key to systems change. Enhancing our data and operating model for information sharing will be key to success in this area.</p> <p>3. We will build on our existing ESG data portal and scorecard to improve forward-looking indicators and incorporate more proprietary data sets.</p> <p>We will continue our work towards the transition in 2024 and beyond. While this report provides a single-year snapshot of our decades-long journey, this exercise will reinforce our commitments going forward, giving our clients and other key stakeholders a better understanding of our approach.</p>	
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## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- |  |  |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance                               | <input checked="" type="checkbox"/> Customer engagement  |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                           | <input type="checkbox"/> Stakeholder engagement          |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input type="checkbox"/> Data availability               |
| <input type="checkbox"/> Conducting an impact analysis   | <input type="checkbox"/> Data quality                    |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input type="checkbox"/> Access to resources             |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies            | <input checked="" type="checkbox"/> Reporting            |
| <input type="checkbox"/> Setting targets   | <input type="checkbox"/> Assurance                       |
| <input type="checkbox"/> Other: ...  | <input type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

# Annex

A set of indicators has been produced for the impact areas of climate mitigation and financial health & inclusion. These indicators will support you in your reporting and in showing progress against PRB implementation. Banks are expected to set targets that address minimum two areas of most significant impact within the first four years after signing the PRB. That means that Banks should ultimately set targets using impact indicators. Acknowledging the fact that banks are in different stages of implementation and on different levels of maturity and therefore might not be able to report on impact from the beginning, a Theory of Change approach has been used to develop the set of indicators below.<sup>17</sup> The Theory of Change shows the **pathway to impact** and considers the relationship between inputs, actions, outputs, and outcomes in order to achieve impact. The Theory of Change for climate mitigation can be found [here](#), the Theory of Change for financial health & inclusion can be found [here](#).

**How to use:** Both practice (action, outcome and output) and impact performance need to be understood because practice is the conduit for achieving desired impacts (including targets). The Theory of Change allows to identify metrics and set targets which align with a bank's maturity. The indicators below are all connected to a bank's impact and can be considered as steps towards measuring impact. Some of the practice indicators (on the action, output, and outcome levels respectively) are connected to portfolio composition and financial targets<sup>18</sup> (highlighted in **green**) or to client engagement<sup>19</sup> targets (highlighted in **blue**), which enable your overall target. If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex to measure your performance and baseline.<sup>20</sup> Once you have set the target, you can use the indicators as guidance for your action plan as well as defining Key Performance Indicators (KPIs) which you can then use to measure progress against the set targets.

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<sup>17</sup> It is not required from banks to work with the Theory of Change concept internally. In fact, the Theory of Change has been used to structure the requirements of setting SMART targets using relevant indicators.

<sup>18</sup> Financial targets also aim for real economy outcomes but are not directly expressed as such. Instead, they are expressed with financial indicators and metrics, e.g., to redirect flows of lending and investments to sectors, activities or projects aligned with SDGs and/or related to the selected impact area. Banks can also set financial targets related to specific types of customers e.g., low-income customers or female entrepreneurs.

<sup>19</sup> Client engagement targets involve engaging relevant clients and customers to enable your overall target. The purpose of client engagement is to support clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>20</sup> You might not be able to report on all indicators and/or or levels of practice (i.e. from left to right), in which case you should report on all applicable indicators on the respective level of practice no matter if it is an action, output or outcome indicator.

- **For Signatories of the Net-Zero Banking Alliance:** please report on the climate targets set as required in the [Guidelines for Climate Target Setting](#). As a member of the Alliance, you are required to publish first 2030 targets for priority sectors within 18 months and further sectoral targets within 36 months after signing. You can use the PRB template to disclose the required climate target information if its publication date is in line with the committed NZBA timeframe.
- **For Signatories of the Collective Commitment to Financial Health & Inclusion:** please report on financial health and/or financial inclusion targets set as required in the [Financial Health and Inclusion Commitment Statement](#). As a signatory to the Commitment, you have agreed to set a SMART ambitious target within 18 months after signing. To facilitate your process, please refer to the [Guidance on Target Setting for Financial Health and Inclusion](#) and the [Core Indicators](#) to measure financial health and inclusion. Keep in mind that signatories of the Commitment are encouraged to measure as many indicators as possible from the Core Set or their equivalent to be able to set a SMART impact driven target.

Impact area	Practice <sup>21</sup> (pathway to impact)									Impact <sup>22</sup>		
	1. Action indicators			2. Output indicators			3. Outcome indicators			4. Impact indicators		
	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics	Code	Indicator	Response options & metrics
A. Climate change mitigation	A.1.1	<b>Climate strategy:</b> Does your bank have a climate strategy in place?	Yes / In progress / No	A.2.1	<b>Client engagement process:</b> Is your bank in an engagement process with clients regarding their strategy towards a low(er)-carbon business model (for business clients), or towards low(er)-carbon practices (for retail clients)?	Yes / Setting it up / No;  If yes: Please specify for which clients (types of clients, sectors, geography, number of clients etc.)	A.3.1	<b>Financial volume of green assets/low-carbon technologies:</b> How much does your bank lend to/invest in green assets / loans and low-carbon activities and technologies?	bln/mn USD or local currency, and/or % of portfolio; <i>please specify</i> the definition of green assets and low-carbon technologies used	A.4.1	<b>Reduction of GHG emissions:</b> how much have the GHG emissions financed been reduced?	% over time; baseline and tracking GHG emissions in kg of CO <sub>2</sub> e (or applicable metrics) <sup>23</sup>
	A.1.2	<b>Paris alignment target:</b> Has your bank set a long-term portfolio-wide Paris-alignment target? To become net zero by when?	Yes / In progress / No;  If yes: - please specify: to become <b>net zero by when?</b> - <b>Emissions baseline / base year:</b> What is the emissions baseline / base	A.2.2	<b>Absolute financed emissions:</b> What are your absolute emissions (financed emissions = scope 3, category 15) in your lending and/or	Total GHG emissions or CO <sub>2</sub> e <i>(please also disclose what is excluded for now and why)</i>	A.3.2	<b>Financial volume lent to / invested in carbon intensive sectors and activities and transition finance:</b> How much does your bank lend to / invest in carbon-intensive	bln/mn USD or local currency, and/or % of portfolio	A.4.2	<b>Portfolio alignment:</b> How much of your bank's portfolio is aligned with Paris (depending on the target set [A.1.2] either 1.5 or 2 degrees)?	% of portfolio (please specify which portfolio; for corporate and business clients: % of sectors financed)

<sup>21</sup> Practice: the bank's portfolio composition in terms of key sectors, its client engagement, and its relevant policies and processes, and, if applicable, its advocacy practices

<sup>22</sup> Impact: the actual impact of the bank's portfolio

<sup>23</sup> If possible and/or necessary, please contextualize the progress: Greenhouse gas emissions might even increase initially because the scope of measurements is extended and financed emissions from a growing proportion of the portfolio are measured, emission factors are updated etc. Emission reductions made by the clients should over time lead to a decrease in GHG emissions financed.



		year for your target? - <b>Climate scenario used:</b> What climate scenario(s) aligned with the Paris climate goals has your bank used?		investment portfolio?			sectors and activities <sup>24</sup> ? How much does your bank invest in transition finance <sup>25</sup> ?			
<b>A.1.3</b>	<b>Policy and process for client relationships:</b> has your bank put in place rules and processes for client relationships (both new clients and existing clients), to work together towards the goal of transitioning the clients' activities and business model?	Yes / In progress / No	<b>A.2.3</b>	<b>Sector-specific emission intensity</b> (per clients' physical outputs or per financial performance): What is the emission intensity within the relevant sector?	Please specify which sector ( <i>depending on the sector and/or chosen metric</i> ): kg of CO <sub>2</sub> e/kWh, CO <sub>2</sub> e / m <sup>2</sup> ; kg of CO <sub>2</sub> e/USD invested, or kg of CO <sub>2</sub> e/revenue or profit					
<b>A.1.4</b>	<b>Portfolio analysis:</b> Has your bank analyzed (parts of) its lending and/or investment portfolio in terms of financed emissions (Scope 3, category 15); technology mix or carbon-intensive sectors in the portfolio?	Yes / In progress / No;  <i>If yes:</i> please specify which parts of the lending and investment portfolio you have analyzed	<b>A.2.4</b>	<b>Proportion of financed emissions covered by a decarbonization target:</b> What proportion of your bank's financed emissions is covered by a decarbonization target, i.e. stem from clients with	% <i>(denominator: financed emissions in scope of the target set)</i>					

<sup>24</sup> A list of carbon-intensive sectors can be found in the [Guidelines for Climate Target Setting](#).

<sup>25</sup> Transition finance is defined as financing the transition towards a low-carbon future in alignment with the Paris climate goals. It entails any form of financial support for non-pure play green activities to become greener and reduce emissions.

	<b>A.1.5</b>	<b>Business opportunities and financial products:</b> Has your bank developed financial products tailored to support clients' and customers' reduction in GHG emissions (such as energy efficient mortgages, green loans, green bonds, green securitisations etc.)?	Yes / In progress / No; Please specify which ones, and what financial volume and/or % of the portfolio they account for		a transition plan in place?							
<b>B. Financial health</b>	<b>B.1.1</b>	# of products and services in the portfolio with a focus on financial health	Internal data based. Measures how many of the products and services in the portfolio have a financial health focus. We deem a product or service to have this focus when it facilitates decision making and supports financial health increase based on our definition of financial health. This covers products and services embedded with nudges to simplify decision making, round-up, high yield savings accounts, easy investment tools, etc.	<b>B.2.1</b>	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective	<b>B.3.1</b>	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	<b>B.4.1</b>	% of customers with a high level of financial health	Survey and/or transactional data based. Measures the percentage of customers with a high level of financial health according to the score chosen by the financial institution.

					means that the bank has measured if the initiative is successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.							
	B.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of	B.2.2 *	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including	B.3.2	% of customers who use the bank's services to create a financial action plan with the bank	Transactional and/or survey data based. Measures the percentage of customers who create a financial action plan with the bank using the bank's services. A financial action plan is anything that helps the customer build financial resilience. It is done "with the bank" if the bank can visualize,	B.4.2	% of customers for which spending exceeded 90% of inflows for more than 6 months last year	Survey and/or transactional data based. Measures the percentage of customers with a transaction account and/or savings/investment accounts for which spending exceeded 90% of inflows for more than 6 months in the year within the reporting period compared to the total of customers within PRB scope. Focus on main

			stronger skills, and thus, any individual that is supported with the initiative will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			financial health tools)			through the transactions of the customer, the results of the plan.			financial institution customers.
	B.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.				B.3.3	% of customers using overdraft regularly	Transactional data based. Measures the percentage of customers using the overdraft option in their accounts or credit cards, regularly. Overdraft can be used to handle unexpected emergencies but more than 1/3 of the year (banks may deviate if proper reasons are provided) denotes regularity and a precursor to lower financial health	B.4.3	% of customers that feel confident about their financial situation in the next 12 months	Survey based data. Measures the percentage of customers that answered positively to feeling confident about their financial situation in the next 12 months compared to the total number of customers surveyed. By confident we mean not feeling worried about their financial situation.
							B.3.4	% of customers with a non-performing loan	Transactional data based. Measures the percentage of customers with past-due loans ("past due"	B.4.4	% of customers with products connected to long-term saving and investment plans	Transactional and/or survey data based. Measures the percentage of customers with products

								defined by policies at each bank) compared to the total amount of customers with loans in the bank's lending portfolio.			connected to long-term saving and investment plans. "Long-term" will depend on each bank's definition.	
							B.3.5	% of customers showing an increase or stable amounts in savings, deposit and/or investment account balances, quarter on quarter.	Transactional data based. Measures the percentage of customers showing an increase or stable amounts in savings and/or deposit AND/OR investment accounts balances, quarter on quarter.	B.4.5	% of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense	Survey based data. Measures the percentage of customers that would struggle to raise emergency funds or cover with insurance a major unexpected expense. We consider a major unexpected expense, one that the customer hadn't planned for and would require them to spend more than what they have available for secondary expenses in their monthly budget or 1/20th of the country's Gross National Income (banks may deviate if proper reasons are provided). A good example is: unforeseen medical bills, large appliance malfunctioning, car repair, etc. Survey based

												using the question: "If a major unexpected expense arises, how can you cover it right now?" and give the multiple choice options of insurance, emergency funds, loan, credit card, family/friends, etc.
<b>C. Financial Inclusion</b>	<b>C.1.1</b>	# of products and services in the portfolio with a focus on financial inclusion	Internal data based. Measures how many of the products and services in the portfolio have a financial inclusion focus. We deem a product or service to have this focus when its design facilitates the access and usage by the prioritized customer. For example, no-fee savings account, low interest microloan, offline access or sim-based banking apps, etc	<b>C.2.1</b>	# of individuals supported with dedicated and effective financial and/or digital education initiatives	Based on internal data. Measures the number of users (customers and non customers) of financial and/or digital skills-building initiatives offered by the bank. An initiative encompasses courses, programs, training videos, articles, SMS education campaigns, etc. Dedicated means that the initiative was specially created for a defined group of individuals (in many cases a prioritized group). Effective means that the bank has measured if the initiative is	<b>C.3.1</b>	% of individuals with a good and/or very good level of financial skills	Assessment based. Measures the percentage of individuals with a good and/or very good level of financial skills according to the assessment chosen by the financial institution. Should be measured on individuals benefitting from the bank's financial education initiatives.	<b>C.4.1</b>	% of customers with 2 or more active financial products, from different categories, with the bank	Transactional data based. Measures the percentage of customers with 2 or more active financial products, from different categories, with the bank. By active we mean there's at least one usage per month. By category we mean credit/debt, savings/deposit/payment, insurance, investment, etc. Once a target has been set for this indicator, we encourage banks to ensure responsible selling policies or other initiatives so that the target doesn't become a toxic incentive.

					successful in generating the desired results of stronger financial skills, and thus, any individual that is supported with the initiative will achieve the desired results. A bank can't count a click as an individual so we encourage that the data is presented as # of individuals for deanonymized users and # of interactions for anonymized users.					
	C.1.2	% of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health	Based on internal data. Measures the percentage of relevant employees supported with effective training on financial inclusion, responsible credit and/or financial health. Including training to attend the needs of prioritized groups. Effective means that the bank has measured if the initiative is successful in generating the desired results of stronger skills, and thus, any individual that is supported with the initiative	C.2.2	% of customers with effective access to a basic banking product	Transactional data based. Measures the percentage of customers with effective access to a basic banking product. By effective we mean the usage beyond first access. Basic banking products vary by bank. Good examples are: checking accounts, payment accounts, credit cards, saving accounts, deposit accounts, e-	C.3.2	% of customers supported with dedicated customer journey/advisory services	"Transactional data based. Where dedicated customer journey/advisory services are in place for prioritized groups, this indicator measures the percentage of customers using such services. Depending on size of bank, either number or percentage can be the unit of measure.	

			will achieve the desired results. Relevant employees are those the bank prioritizes in the training program due to their direct impact on the customers' financial health			money accounts, etc.						
	C.1.3	# of partnerships active to achieve financial health and inclusion targets	Based on internal data. Measures the number of partnerships currently active to achieve financial health and inclusion targets. By active we mean that are currently undergoing actions and generating results. We suggest disclosing the results of the partnerships in the commentary of the reports.	C.2.3	# of new customers per month	Transactional data based. Measures the number of new customers per month. Once the bank sets a target, this indicator can become a KPI to measure the percentage of new customers from the prioritized groups, per month.	C.3.3*	% of customers actively using the online/mobile banking platform/tools	Transactional data based. Measures the percentage of customers logging in, at least once a month, to one of the following digital platforms (measure those applicable for your bank): Online internet banking and/or mobile phone banking and/or digital tools (including financial health tools, if applicable)			