

Pictet Asset Management Responsible Investment Policy

November 2025 vs. January 2023: what changed, and what it means for your ballot

Pictet Asset Management
Responsible Investment Policy
January 2023 edition compared with November 2025 edition

Pictet added an explicit commitment to vote against directors at oil and gas companies without a credible transition plan - and tightened almost every exclusion threshold in the document.

Source: the two published policy documents, read in full. Every quotation below is taken verbatim from them.
proxyvotesnow.com

Before the analysis: dates, and what this document is

Two clarifications, both material to how this report should be read.

The dates. The file held as Pictet's 2026 policy states 'NOVEMBER 2025' on its cover. The file held as its 2024 policy states 'JANUARY 2023.' This report is titled by the documents' own dates. The comparison therefore spans nearly three years, and the document grew from 22 pages to 32.

The scope. This is Pictet Asset Management's Responsible Investment Policy, not a standalone proxy voting guideline. Proxy voting occupies one section of about a page and a half, supported by an appendix of governance principles. Pictet's detailed voting instructions are not written by Pictet at all - both editions point to the same two external documents, ISS's Sustainability International Voting Guidelines and Sustainability US Voting Guidelines. So Pictet's own edits tell you about its escalation posture, its exclusions and its stated governance expectations, not about how it votes on a routine say-on-pay resolution. That is determined by the ISS Sustainability policy.

Direction of travel

Stricter, and unusually so for an edition published in late 2025. The exclusion thresholds tightened across almost the entire framework, a new climate voting commitment was added with named triggers, and the board diversity voting language was retained verbatim. The loosening is narrow and specific: defence contractors, nuclear power, and country-level exclusions.

1. The new climate voting commitment

Appendix D gained an entirely new part B, 'Fossil Fuels,' which did not exist in the 2023 edition. It contains the only explicit, trigger-based voting commitment anywhere in the document.

Nov 2025, new:

"We reserve the right to vote against Board members of (i) companies that have material exposure to oil & gas and lack a credible transition strategy and (ii) companies that are expanding thermal coal mining or power generation capacity."

This is the kind of sentence most large managers deleted in 2025 and 2026. Pictet added it. Two named triggers, two named consequences, and no requirement that engagement be attempted first - unlike the general escalation ladder in section 4.4, this sits outside the engagement sequence.

The rest of part B sets out what Pictet expects from fossil fuel companies, framed as engagement expectations rather than voting triggers: 'robust board oversight of climate-related risks and opportunities' integrated into 'executive remuneration, risk management and reporting'; 'ambitious short- and long-term decarbonisation targets, including those addressing material Scope 1,2 and 3 emissions' supported by 'credible transition plans'; net zero commitments 'with clear timelines and interim targets' and 'detailed plans on how they intend to achieve net zero emissions, including investment plans'; and a dedicated paragraph on methane.

Nov 2025, new:

"Given the high global warming potential of methane, we emphasize the importance of minimizing leaks and venting across the value chain."

The section is explicitly sourced to a parent-group document - 'Building upon the Climate Investment Principles of the Pictet Group' - and hedged: 'Notwithstanding the aspirational nature of these principles, we recognise that the transition to a low carbon economy is a long-term, complex and multi-dimensional issue.' Scope 3 is named without qualification, which is now unusual; several 2026 policies added scepticism about Scope 3 rather than expectations around it.

Why this matters

If you hold a Pictet equity fund with exposure to European or North American integrated oil majors, this is the section that could produce a vote against the board. The threshold questions - what counts as 'material exposure' and as a 'credible transition strategy' - are not defined, so the commitment is discretionary in application. But it is a stated commitment, with named targets, that did not exist three years ago.

2. The exclusion thresholds were cut, mostly to 10%

Appendix B is where Pictet's policy actually bites, because exclusions remove a holding rather than register a protest. Level 3 - the strictest tier, applied to Pictet's Article 8 and Article 9 sustainable strategies - was tightened almost across the board.

Fossil fuels

Thermal coal extraction: revenue threshold for exclusion

Jan 2023:

"Thermal Coal Extraction >25% >25% >25%"

Nov 2025:

"Thermal Coal Extraction 25% 25% 10%"

Oil and gas production

Jan 2023:

"Oil & Gas Production - - >25%"

Nov 2025:

"Oil & Gas Production - - 10%"

The Level 3 oil and gas threshold was cut from 25% of revenue to 10%, which is a substantial widening of the excluded universe - it now captures diversified industrials and utilities with a modest hydrocarbon segment, not just pure-play producers. Thermal coal extraction and power generation follow the same pattern. Two new rows appear:

- 'Expansion of Thermal Coal Extraction or Power Generation' is excluded outright at Level 3 with no revenue threshold at all - the first absolute activity-based exclusion in the fossil fuel table, and the direct counterpart of the new voting trigger in Appendix D.
- Thermal coal power generation was split by geography: 25% in high-income countries, 50% in the rest of the world at Level 2, converging at 10% at Level 3. This is a deliberate accommodation of emerging-market energy access, and the only place Pictet applies a different standard by country income.

Weapons: tighter on nuclear, looser on defence contractors

A new row excludes 'Production of nuclear weapons from countries signatory to the NPT' at Level 3. In 2023 nuclear weapons were excluded only where the producer was headquartered in a non-signatory country; Level 3 now reaches all nuclear weapons production. Small arms and military contracting thresholds were also cut - weapon-related products and services from 50% to 10%, small arms for military and law enforcement customers from 25% to 10%.

Against that, a new footnote materially narrows the Level 2 defence exclusion:

Nov 2025, new:

"Applies only to companies that do not meet minimum standards of business ethics and responsible conduct, or are not subject to internationally recognised arms export control frameworks."

A European defence contractor operating under national and EU export controls is now outside the Level 2 exclusion regardless of its revenue mix. Given the timing - a policy published in November 2025, after two years of European rearmament and sustained industry pressure on ESG exclusion lists - this is the clearest example in the document of a policy bending to a live investment debate.

Three new addictive-product and agricultural exclusions

- Alcoholic Beverages Production, excluded at Level 3 above 10% of revenue. New.

- Gambling Specialised Equipment, excluded at Level 3 above 10%. New, alongside the existing exclusion on gambling operations.
- Palm Oil Production and Distribution, excluded at Level 3 above 10%. New. The explanatory note is unusually balanced, describing both the deforestation and human rights concerns and the counter-argument that 'the oil palm tree is the most efficient oil crop in terms of land use.'
- Genetically modified plants and seeds and pesticides all fell from 25% or 10% to 10% at Level 3.

And one exclusion removed entirely

Nuclear power generation

Jan 2023:

"Nuclear Power Generation - - >50%"

Nov 2025:

"[no entry - nuclear power is no longer excluded at any level]"

The row is gone and so is its explanatory note, which in 2023 weighed nuclear's 'low CO2 emission' against 'substantial environmental damage and long-term health concerns for living organisms in case of accidents, nuclear waste disposal, and potential usage of waste as input for nuclear weapons.' The 2023 table heading read 'Fossil Fuels and Nuclear Energy'; the 2025 heading reads simply 'Fossil Fuels.' Nuclear power has moved from a controversial activity to an unremarked one - a substantive reversal, and consistent with the direction European sustainable-finance frameworks have taken since 2022.

Norms breaches: broader

The international norms exclusion

Jan 2023:

"Companies in severe breach of UN Global Compact Principles on human rights, labour standards, environmental protection and anti-corruption No Yes Yes"

Nov 2025:

"Breaches of, or severe controversies related to UN Global Compact Principles or OECD Guidelines for Multinational Enterprises - Excluded Excluded"

Two extensions in one row. The OECD Guidelines for Multinational Enterprises were added alongside the UN Global Compact, and 'severe controversies related to' those principles now trigger exclusion as well as actual breaches - a lower evidentiary bar. A third tier was added for sustainable investments only, excluding companies with merely 'high controversies.'

Country exclusions: restructured, and narrower at Level 2

The 2023 framework excluded countries 'classified as very high or high risk in the Fragile State Index or affected by violent conflict as defined by the World Bank' at Levels 2 and 3, with a watchlist at Level 1. The 2025 framework replaces this with two principles-based criteria - state sponsorship of terrorism and financial-crime deficiencies, evaluated against 'the FATF blacklist, EU sanctions and the OFAC list'; and countries 'significantly undermining international security by perpetuating internal unrest or external aggression,' evaluated against 'the Fragile States Index, EU and Swiss arms-related export sanctions and human and civil rights violations.' The second criterion applies only at Level 3. Net effect: the FATF blacklist is newly in scope, but the fragile-states exclusion no longer reaches Level 2 strategies.

3. Active ownership: governance expectations held, escalation compressed

Appendix D was renamed from 'Good Corporate Governance Practices' to 'Active Ownership Guidelines' and given a new preamble. The governance content beneath it is essentially untouched.

What was added to the preamble

The status of the governance principles

Jan 2023:

"Good practices outlined below are based on generally accepted standards in relation to the central pillars of corporate governance including board & management, executive remuneration, risk control & reporting, and investors' rights."

Nov 2025:

"The principles outlined below are based on generally accepted standards for well-governed companies. They address the way companies are directed and controlled and cover the central pillars of corporate governance including board & management, executive remuneration, risk control & reporting, and investors' rights."

'Good practices' became 'principles' throughout - a small firming-up rather than the softening seen elsewhere in the industry. Two substantive additions:

Nov 2025, new:

"Aligned with the International Corporate Governance Network we agree that the sustainable success and value creation of a company involves meeting legitimate investor needs for returns on capital while maintaining positive relations with key stakeholders, including the workforce, customers, suppliers, communities, and civil society more broadly."

An explicit stakeholder statement, anchored to the ICGN, added at a time when US managers were removing stakeholder language from their guidelines. Balanced against it, a new caveat that cuts the other way:

Nov 2025, new:

"As a global investor, we also recognise that local rules and cultural norms may lead to different governance standards but we encourage explanations where divergence occurs from these principles."

That is a comply-or-explain escape valve applied to the whole appendix, and it is the one place in the governance principles where Pictet gave ground.

What did not change in the governance principles

Everything else. Board and management, remuneration, risk control and reporting, and investor rights are carried over word for word, including several tests that other managers have watered down. Most notably, the board diversity paragraph is identical in both editions:

both editions, unchanged:

"At this time, gender diversity at board level is the most transparent measurement available to investors and we actively consider voting against individuals on boards that are not making enough progress on this area."

- The expectation that boards be 'diverse organisations across gender, ethnicity and thought' survives verbatim.
- Independence: still a majority of independent directors, still a lower 33% threshold for family companies, still a 30% economic or voting stake as the definition of a family company.
- Re-election: still 'preferably annually, but at a minimum no less than every three years.'
- Remuneration: still ten lettered requirements including three-year minimum performance periods with an additional holding period, malus and clawback, no in-flight repricing, service contracts capped at one year, and the expectation that 'companies in fossil fuel intensive sectors will align elements of executive remuneration with greenhouse gas reduction targets and/or decarbonisation efforts.'

- Audit: still a competitive tender at least every ten years; still an explicit statement that 'Payment of taxes is a corporate responsibility.'
- Investor rights: still one share one vote, still opposition to 'any proposal or action which materially reduces or damages shareholders' rights.'

Escalation was shortened

The escalation ladder

Jan 2023:

"We typically begin with discussions with company representatives. If we are not satisfied with the outcome of these discussions, we may prioritise the company for engagement either bilaterally, in collaboration with others or through our engagement service provider. We may also vote against management at company meetings."

Nov 2025:

"When we are not satisfied with the outcome of an engagement, we may deploy an escalation strategy that may include voting against management at company meetings."

The section also lost its opening paragraph, which in 2023 listed the circumstances that would trigger escalation - underperformance, 'governance or management structures failing to meet the standards expected,' or concerns about 'strategy or environmental or social matters.' The remaining steps are unchanged: supporting third-party shareholder resolutions, joining shareholder groups, and ultimately reducing or selling the holding. The section was also moved, from section 2.5 (inside the research and monitoring chapter) to section 4.4 (inside corporate engagement), which is a more logical home.

One related deletion is worth noting. The 2023 engagement section ended: 'we set or support defined objectives, we track progress against these objectives and in some cases, if they are not met, we may reduce or sell our holdings.' The 2025 version stops at 'and track progress against these objectives.' Divestment for failed engagement now appears only at the end of the formal escalation ladder, not as a routine consequence of a missed engagement objective.

4. Voting mechanics, and the parts that did not move

The proxy voting section itself is close to unchanged. The edits are terminological, with one exception.

What Pictet's voting upholds

Jan 2023:

"In line with Good Corporate Governance Practices, our proxy voting upholds best practice in corporate governance including board and management, executive remuneration, risk management and shareholder rights."

Nov 2025:

"In line with our Active Ownership Guidelines, our proxy voting upholds generally accepted standards for well-governed companies. They address the way companies are directed and controlled and cover the central pillars of corporate governance including board & management, executive remuneration, risk control & reporting, and investor rights."

'Best practice' became 'generally accepted standards,' and 'shareholder rights' became 'investor rights' - the latter reflecting that Pictet applies these principles to bondholders as well, which the 2025 appendix makes explicit by extending them to 'bondholders, or other providers of debt.' Neither changes a vote.

- Coverage targets are identical: 100% of equity holdings in actively managed funds, 80% of benchmark weight in passive funds, and a choice of Pictet's or the client's own guidelines for segregated accounts.
- The two ISS Sustainability voting guidelines - International and US - remain the operative documents, at the same URLs.
- The decision process is unchanged: third-party specialists research every resolution, Pictet retains full discretion to deviate with a written rationale, and disputes escalate to the CIO and then the Head of Investments. The only edit is that 'ESG team' was renamed 'RI team' throughout.
- Securities lending is unchanged: recall case-by-case, or remove the portfolio from the lending pool.
- The shareholder resolution section is unchanged in full, including the statement that Pictet 'does not usually assume the role of an activist investor and does not initiate shareholder resolutions or shareholder groups,' and the three criteria it applies when considering supporting someone else's.

Elsewhere in the document, two chapters were added that have no 2023 equivalent. A new section 2, 'Organisation,' describes a governance model embedding ESG responsibilities through 'a dedicated Responsible Investment (RI) team and a network of ESG specialists/champions.' A new section 6, 'ESG Data,' describes data sourcing, quality controls, the preference for reported over estimated data, and a coverage caveat - 'at the portfolio and index level, an ESG indicator is considered significant if we have coverage on more than 50% of eligible assets.' Appendix C was replaced entirely, from 'Adverse Impacts on Society and the Environment' to 'Approaches and Definitions under SFDR,' setting out Pictet's sustainable investment framework, its do-no-significant-harm thresholds and its good governance test. That is regulatory disclosure rather than voting policy, and accounts for most of the document's growth from 22 to 32 pages.

The bottom line

Pictet moved in the opposite direction to most of its peers over this period.

It added a named climate voting trigger - against directors at oil and gas companies without a credible transition strategy, and at companies expanding thermal coal capacity - where others deleted theirs. It cut Level 3 exclusion thresholds from 25% to 10% across fossil fuels, weapons, GM crops and pesticides, added an absolute exclusion for thermal coal expansion, and brought alcohol, gambling equipment and palm oil into the framework for the first time. It broadened its norms-breach exclusion to cover the OECD Guidelines and mere 'severe controversies.' And it kept, word for word, a commitment to consider voting against directors at boards not making enough progress on gender diversity.

The loosening is real but narrow and all point at specific live debates: nuclear power dropped out of the exclusion table entirely, European defence contractors operating under recognised export controls were carved out of the Level 2 weapons exclusion, and the fragile-states country exclusion no longer reaches Level 2. A new comply-or-explain caveat lets local governance norms justify divergence from the principles, and the escalation ladder lost its detail.

One caveat governs everything above. Pictet's ballot-level voting instructions are ISS's Sustainability policies, not its own. A tightening in Pictet's exclusion framework changes what it owns; a tightening in its stated principles changes what it says. Whether either changes a routine vote depends on a document Pictet does not write - and on the discretion it reserves to deviate from ISS on a case-by-case basis.