

PIMCO's Sustainable Investment Policy Statement

PIMCO's mission is to deliver superior investment returns, solutions and service to our clients. For over 50 years, we have worked relentlessly to help millions of investors pursue their objectives – regardless of shifting market conditions. Leadership in sustainable investing is essential to deliver on our clients' financial objectives while sustainable long-term economic growth is essential to maintain healthy markets.

For PIMCO, sustainable investing represents an approach that seeks to appropriately consider material issues in investment decision making and portfolio construction. Sustainable investing includes issuers' impact on the environment and society, as well as how environmental, social and governance factors may impact the issuer more broadly. We analyze the extent to which environmental, social and governance factors could impact valuations. This approach can be achieved through a process of integrating these factors into investment research and decision making where relevant and material, to ultimately help manage portfolio risks and identify opportunities. Additionally, sustainable investing can also be achieved through offering specific sustainable investment solutions that explicitly include and seek to optimize these factors. Sustainable investment solutions may encompass negative screening, the proactive selection of assets based on more favorable environmental, social or governance (ESG) factors relative to their investment universe (e.g. positive screening), and, in certain circumstances, the selection of investments based partly on their contribution to broader objectives, such as alignment with the Paris Agreement, the Sustainable Development Goals (SDGs) or overall contribution to society, aligned with fiduciary duty and investment objectives. We view sustainable investing as a broader approach than ESG investing.

This Sustainable Investment Policy Statement details PIMCO's commitment to:

- The integration of relevant sustainable factors, including environmental, social and governance factors in the firm's long-term investment process,

- Providing sustainable investment solutions designed to meet a client's objectives,
- Engagement with issuers to try to improve investment outcomes and dialogue on sustainability factors and related risks,
- The evaluation of climate change and related risks in our investment analysis, and
- Governance and oversight of these areas.

ESG INTEGRATION IN PIMCO'S INVESTMENT RESEARCH PROCESS

At PIMCO, we define ESG Integration as the consistent consideration of relevant ESG factors in our investment research process with the goal of enhancing our clients' risk-adjusted returns. Relevant ESG factors may include but are not limited to: climate change risks, resource efficiency, natural capital, human capital management, human rights, regulatory risks, and reputational risk at an issuer, among others.

We believe incorporating relevant ESG factors should be part of a robust investment process. We recognize that ESG factors are increasingly essential inputs when evaluating global economies, markets, industries and business models, and that these risks may materialize over the short, medium or long-term horizons. Where relevant, these factors are important considerations when evaluating investment opportunities and risks for asset classes in both public and private markets. Our commitment to ESG Integration was one of the main drivers that led PIMCO to become a signatory to the United Nations Principles of Responsible Investment (PRI) in September 2011.

Integrating relevant factors into the evaluation process does not mean that ESG related information is the sole or primary consideration for an investment decision; instead, PIMCO's portfolio managers and analyst teams consider a variety of factors and assess the materiality of those factors to make investment decisions. The materiality of ESG considerations to investment decisions varies across asset classes, strategies, products and valuations. By increasing and diversifying the information available to the portfolio management team, we are able to provide a more holistic view of an investment, which we believe will benefit our clients.

PIMCO SUSTAINABLE INVESTMENT SOLUTIONS: ESG OPTIMIZATION

We have developed a suite of sustainable investment solutions for clients seeking risk-adjusted returns and the inclusion of sustainable factors in the investment selection process which may include managing the portfolio's carbon footprint, active engagement with issuers, green, social, sustainable or sustainability linked (GSS) bond allocations and/or a tilt toward issuers with higher quality or improving ESG characteristics. These investment solutions build on PIMCO's over 50-year core investment processes, while actively incorporating our clients' sustainability objectives. Clients around the world define their sustainability objectives differently – and that customization is supported. At PIMCO, we are eager to partner with clients to identify and deliver sustainability objectives customized to their risk and return profile.

More specifically, our sustainable investment solutions are organized into three categories.

Exclusionary strategies restrict a portion of the investment universe by excluding issuers misaligned with specific sustainability factors as defined by a client's investment objectives.

ESG Enhanced strategies are designed to target a better overall ESG profile than their investment universe. In the context of our ESG Enhanced strategies, PIMCO's investment process for commingled fund offerings applies the following guiding principles, which can also be applied to separately managed accounts:

- **Exclude:** We exclude issuers fundamentally misaligned with sustainability factors, which may be customized for client preferences in separately managed accounts.
- **Evaluate:** Using our proprietary and independent ESG scoring system as one factor in portfolio construction, in addition to externally sourced and internally developed criteria, we seek to optimize ESG portfolios to emphasize companies in each industry and more generally issuers with certain ESG practices, limited carbon footprint and/or high quality sustainable bond frameworks in order to target higher aggregate ESG scores and/or criteria for these portfolios. Members of PIMCO's global research team are responsible for assigning ESG scores to issuers under their coverage in collaboration with our dedicated ESG analysts, and ESG scores are augmented by insights from PIMCO's engagement activities.
- **Engage:** Our analysts engage with issuers with the objective of improving investment outcomes. Additionally, we believe that by collaborating with and allocating capital toward issuers willing to improve their ESG-related business practices, these strategies may have more influence than simply excluding issuers with poor ESG metrics and favoring those with strong metrics. We conduct engagement based on ESG themes that we believe have the most opportunity to reduce risk or capitalize on opportunities for each specific issuer.

Thematic strategies build on the ESG Enhanced strategies approach and are designed to incorporate a specific environmental and/or social objective or outcome in addition to their financial objectives.

ENGAGEMENT PHILOSOPHY

As one of the largest bondholders in the world, PIMCO has a large and important platform with which to engage issuers on sustainability matters. Engagement is an essential tool for both improving investment outcomes and influencing sustainability outcomes. We believe that sustainable investing is not only about partnering with issuers which already demonstrate a deeply unified approach to sustainability, but also about engaging with those issuers that are evolving their sustainability practices. While engagements seek to benefit our clients' investment objectives, they may also benefit additional stakeholders, including employees, customers, broader society and the environment.

The global bond market is significantly broader and more diverse than the equity market – providing a larger opportunity set in terms of engagement candidates, including private businesses, sovereigns, local authorities, supranational issuers, etc. Additionally, bonds mature and companies need to refinance; this facilitates a close relationship between bond investors and issuers, as engagement can be repeated and meaningful, and can even result in the issuance of dedicated ESG labelled or GSS fixed income securities – allowing investors to deploy capital in more targeted ways and monitor how the capital is being used through covenants and other metrics.

We aim to have an industry leading engagement program among fixed income asset managers. By investing across diverse asset classes and types of issuers – including but not limited to corporates and sovereigns - we believe PIMCO's engagement practices are ideally positioned to influence change that benefit investment outcomes rather than through exclusions or evaluations alone. In our experience, we have found that our approach of collaborating with issuers has the potential to result in tangible outcomes in certain issuers given the strength and history of our platform.

PIMCO's credit research analysts engage regularly with the issuers that they cover in the corporate space by, for example, discussing topics with company management teams related to corporate strategy, leverage, and balance sheet management, as well as sustainability-related topics such as climate change targets and environmental plans, human capital management, board qualifications and composition.

CLIMATE CHANGE INVESTMENT ANALYSIS

PIMCO recognizes that climate change will potentially have a profound impact on the global economy, financial markets and issuers over a long-term investment horizon. We have developed tools and methods that seek to incorporate material climate risk evaluations in our investment research processes.

Details on PIMCO's broad climate research approach include:

- When evaluating climate-related risks and opportunities within specific sectors and issuers, we typically begin with two broad categories: 1) transition risks (e.g., tighter regulations on carbon emissions) and 2) physical risks (e.g., how the rising intensity and frequency of extreme weather events affects critical assets and natural resources used or relied upon by the issuer);
- In sustainable portfolio solutions, the insights these tools provide are designed to provide material information to portfolio managers to better manage and mitigate climate-related credit risks and assess a portfolio's alignment with the Paris Agreement targets¹;
- For portfolios with decarbonisation goals, we have developed a four pronged approach of (1) reducing the carbon footprint, (2) investing in climate leaders, (3) supporting climate solutions and (4) influencing change through engagements;
- We explore climate change in the context of broader sustainability risk and are supportive of the SDGs as the reference framework to assess these wide-ranging risks (e.g. biodiversity, water scarcity, human and labor rights); and
- We also seek to engage with issuers on innovative debt issuance opportunities to advance the Paris Agreement and/or the SDGs.

¹ The Paris Agreement is the global accord to limit the global temperature rise to well below 2°, preferably to 1.5° Celsius compared to pre-industrial levels. According to the Intergovernmental Panel on Climate Change (IPCC), global net human-caused emissions of carbon dioxide (CO₂) would need to reach 'net zero' emissions around 2050 to limit global warming to 1.5 degrees Celsius.

GOVERNANCE AND OVERSIGHT

PIMCO's governance framework includes defined roles and groups that are responsible for the various facets of sustainable investing, including keeping our Risk Committee and Executive Committee apprised of our efforts.

Our:

- PIMCO's Sustainability Team sets the strategic priorities for the platform and oversees our firm wide integration efforts, including our research frameworks, systems and tools. This group is responsible for PIMCO's Sustainable Investment Policy Statement.
- Executive Committee member responsible for oversight of Sustainability oversees our ESG and Sustainability initiatives, providing strategic direction and firm wide coordination around our efforts.
- Head of Corporate Sustainability oversees all aspects of corporate sustainability including the firm's strategy, initiatives and external partnerships.
- Portfolio Management Lead for ESG Investing coordinates with the broader credit research team and oversees the ESG analyst team responsible for evaluating and engaging with issuers globally, ESG integration across the trade floor, and consistent implementation of our research frameworks.
- Head of ESG Product Strategy is responsible for product development, marketing and messaging for all of our Sustainable Investment Solutions as well as messaging around our firm-wide integration of ESG.
- Chief of Sustainable Development and International Affairs is responsible for the firm's engagement in global initiatives and platforms focused on SDG investment and financing.
- Business Management group functions each have designated contacts to help coordinate functional support for sustainability efforts across areas such as Operations, Legal & Compliance, Information Technology and Marketing.

Our Sustainability Leadership Team also oversees the evaluation and approval of the firm's participation in certain third-party sponsored partnerships (i.e., industry engagements and/ or affiliations). We view these partnerships as important ways to add value for our investors through increasing our knowledge and expertise in particular areas and providing leadership in areas where internal sustainability stakeholders have strong views, all with the objective of reaching better investment outcomes.

PIMCO's role as a fiduciary is a guiding principle for evaluating potential affiliations; of paramount importance is the firm's role as a steward of client assets – which means that our investment activities and commitments must be led by client mandates and considerations expressed through investment objectives, guidelines and/or restrictions. Asset managers have a different role to play in sustainable investing relative to asset owners – while we can advise, educate and invest on behalf of our asset owner clients, it is not appropriate to commit to any course of action collectively for all clients.

Finally, while we have attempted to be comprehensive and clear in this document, as a fixed income and alternatives manager there are many asset classes that we invest in which include exposure to investments other than a public company. Public companies have the most extensive data and frameworks for sustainability established to date, while there can be significant variation for other issuer types. This could lead to differences in the application of the principles of sustainable investing noted throughout this policy statement, although we hope and expect those to diminish over time.

As of July 1, 2023

For more information about PIMCO's Sustainable Investing capabilities, please review [here](#).

For more information about PIMCO's Corporate Responsibility platform, please review [here](#).

IMPORTANT INFORMATION

ESG investing is qualitative and subjective by nature, and there is no guarantee that the factors utilized by PIMCO or any judgment exercised by PIMCO will reflect the opinions of any particular investor, and the factors utilized by PIMCO may differ from the factors that any particular investor considers relevant in evaluating an issuer's ESG practices. In evaluating an issuer, PIMCO is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, or present conflicting information and data with respect to an issuer, which in each case could cause PIMCO to incorrectly assess an issuer's business practices with respect to its ESG practices. Socially responsible norms differ by region, and an issuer's ESG practices or PIMCO's assessment of an issuer's ESG practices may change over time. There is no standardized industry definition or certification for certain ESG categories, for example "green bonds"; as such, the inclusion of securities in these statistics involves PIMCO's subjectivity and discretion. There is no assurance that the ESG investing strategy or techniques employed will be successful. **Past performance is not a guarantee or reliable indicator of future results.**

Environmental ("E") factors can include matters such as climate change, pollution, waste, and how an issuer protects and/or conserves natural resources. Social ("S") factors can include how an issuer manages its relationships with individuals, such as its employees, stakeholders, customers and its community. Governance ("G") factors can include how an issuer operates, such as its leadership, pay and incentive structures, internal controls, and the rights of equity and debt holders.

ESG Labeled Bonds are defined as green, social, and sustainable bonds and sustainability-linked bonds. **Green Bonds** are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects. **Social Bonds** are use-of-proceeds bonds earmarked to finance new and existing projects or activities with positive social impacts. **Sustainability Bonds** are use-of-proceeds bonds earmarked to finance new and existing projects or activities with positive environmental and social impacts. **Sustainability-Linked Bonds (SLBs)** are structurally linked to the issuer's achievement of climate or broader sustainability goals, such as through a step-up in coupon if key performance indicators (KPIs) are not met.

PIMCO's credit research analysts assess the Environmental, Social, and Governance ("ESG") profile of corporate, municipal, and sovereign issuers relative to peer issuers with a goal of separating leaders from laggards. Using industry-specific ESG frameworks, analysts review issuers' ESG performance based on information available in public filings, recent ESG news and controversies, as well as through engagement with company management teams. Analysts assign three separate numerical scores from 1 to 5 (with 5 being the highest) to their environmental, social and governance-based business practices. The score in each category is related to an issuer's rank relative to industry peers, and the relative weights of the E, S, and G scores in the composite score vary based on industries, as each industry is assigned a different factor weight. For example, the environmental category has the greatest weight for issuers in extractive industries (e.g., oil, gas, and mining), the social category has the greatest weight for pharmaceutical issuers, and the governance category has the greatest weight for financial issuers. Analysts also include a forward-looking ESG trend assessment, which recognizes companies whose ESG performance is significantly improving or deteriorating. These factors are combined to create a proprietary composite **ESG issuer score**.

PIMCO's credit research analysts also assess green, social, sustainability, and sustainability-linked bonds (collectively "ESG bonds") at an issuance level, including prior to and after issuance. Utilizing PIMCO's proprietary ESG Bond Framework assessment, credit analysts evaluate such instruments starting with the strategic fit, assessing the alignment of the issuers' ESG-related strategies with the bond's objectives and use of proceeds, key performance indicators (KPIs), and the evidence of significant positive impact of the activities compared to "business as usual". We continuously screen for "red flags" and controversies through this process and also assess the degree of reporting by the issuer to analyze misalignment with key market standards, such as the Green Bond Principles. These factors result in a proprietary **ESG bond score** ranging from 1 to 5 (with 5 being the highest). PIMCO does not score all ESG bonds. Unassessed ESG bonds receive a default score of 3. ESG bonds holdings in PIMCO portfolios are then assigned a score that combines the **issuer's ESG score** and the **ESG bond score**. Specifically, an ESG bond holding receives the ESG issuer score plus an adjustment ranging from 0 up to 1.0 point, depending on the type of ESG bond (use of proceeds or sustainability-linked) and the quality of the ESG bond according to PIMCO's proprietary assessment. Holdings of securitized ESG bond issuances (asset-backed securities, collateralized loan obligations, collateralized mortgage obligations, collateralized debt obligations, and mortgage pass through securities) receive the ESG issuer score and are not adjusted.

We use MSCI and other third-party ratings for reference but make our own assessment based on our own, independent analysis of the industry and relevant ESG factors. PIMCO's resulting assessments are proprietary and distinct from those provided by ESG rating providers. Inclusion of a proprietary PIMCO ESG rating creates a conflict of interest because PIMCO and its affiliates benefit when PIMCO assigns a particular security a high score, or assigns a benchmark index or security a low score.

All investments contain risk and may lose value. Investing in the **bond market** is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and low interest rate environments increase this risk. Reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed.

With respect to comingled funds with sustainability objectives ("ESG-dedicated funds"), please see each ESG-dedicated fund's prospectus for more detailed information related to its investment objectives, investment strategies and approach to ESG.

This material contains the current opinions of the manager and such opinions are subject to change without notice. This material is distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed.

PIMCO as a general matter provides services to qualified institutions, financial intermediaries and institutional investors. Individual investors should contact their own financial professional to determine the most appropriate investment options for their financial situation. This is not an offer to any person in any jurisdiction where unlawful or unauthorized. | **Pacific Investment Management Company LLC**, 650 Newport Center Drive, Newport Beach, CA 92660 is regulated by the United States Securities and Exchange Commission. | **PIMCO Europe Ltd (Company No. 2604517, 11 Baker Street, London W1U 3AH, United Kingdom)** is authorised and regulated by the Financial Conduct Authority (FCA) (12 Endeavour Square, London E20 1JN) in the UK. The services provided by PIMCO Europe Ltd are not available to retail investors, who should not rely on this communication but contact their financial adviser. | **PIMCO Europe GmbH (Company No. 192083, Seidlstr. 24-24a, 80335 Munich, Germany), PIMCO Europe GmbH Italian Branch (Company No. 10005170963, Corso Vittorio Emanuele II, 37/ Piano 5, 20122 Milano, Italy), PIMCO Europe GmbH Irish Branch (Company No. 909462, 57B Harcourt Street Dublin D02 F721, Ireland), PIMCO Europe GmbH UK Branch (Company No. FC037712, 11 Baker Street, London W1U 3AH, UK), PIMCO Europe GmbH Spanish Branch (N.I.F. W2765338E, Paseo de la Castellana 43, Oficina 05-111, 28046 Madrid, Spain) and PIMCO Europe GmbH French Branch (Company No. 918745621 R.C.S. Paris, 50-52 Boulevard Haussmann, 75009 Paris, France)** are authorised and regulated by the German Federal Financial Supervisory Authority (BaFin) (Marie-Curie-Str. 24-28, 60439 Frankfurt am Main) in Germany in accordance with Section 15 of the German Securities Institutions Act (WpIG). The Italian Branch, Irish Branch, UK Branch, Spanish Branch and French Branch are additionally supervised by: (1) Italian Branch: the Commissione Nazionale per le Società e la Borsa (CONSOB) (Giovanni Battista Martini, 3 - 00198 Rome) in accordance with Article 27 of the Italian Consolidated Financial Act; (2) Irish Branch: the Central Bank of Ireland (New Wapping Street, North Wall Quay, Dublin 1 D01 F7X3) in accordance with Regulation 43 of the European Union (Markets in Financial Instruments) Regulations 2017, as amended; (3) UK Branch: the Financial Conduct Authority (FCA) (12 Endeavour Square, London E20 1JN); (4) Spanish Branch: the Comisión Nacional del Mercado de Valores (CNMV) (Edison, 4, 28006 Madrid) in accordance with obligations stipulated in articles 168 and 203 to 224, as well as obligations contained in Title V, Section I of the Law on the Securities Market (LSM) and in articles 111, 114 and 117 of Royal Decree 217/2008, respectively and (5) French Branch: ACPR/Banque de France (4 Place de Budapest, CS 92459, 75436 Paris Cedex 09) in accordance with Art. 35 of Directive 2014/65/EU on markets in financial instruments and under the surveillance of ACPR and AMF. The services provided by PIMCO Europe GmbH are available only to professional clients as defined in Section 67 para. 2 German Securities Trading Act (WpHG). They are not available to individual investors, who should not rely on this communication. | **PIMCO (Schweiz) GmbH (registered in Switzerland, Company No. CH-020.4.038.582-2, Brandschenkestrasse 41 Zurich 8002, Switzerland)**. The services provided by PIMCO (Schweiz) GmbH are not available to retail investors, who should not rely on this communication but contact their financial adviser. | **PIMCO Asia Pte Ltd** (Registration No. 199804652K) is regulated by the Monetary Authority of Singapore as a holder of a capital markets services licence and an exempt financial adviser. The asset management services and investment products are not available to persons where provision of such services and products is unauthorised. | **PIMCO Asia Limited** is licensed by the Securities and Futures Commission for Types 1, 4 and 9 regulated activities under the Securities and Futures Ordinance. PIMCO Asia Limited is registered as a cross-border discretionary investment manager with the Financial Supervisory Commission of Korea (Registration No. 08-02-307). The asset management services and investment products are not available to persons where provision of such services and products is unauthorised. | **PIMCO Investment Management (Shanghai) Limited**. Office address: Suite 7204, Shanghai Tower, 479 Lujiazui Ring Road, Pudong, Shanghai 200120, China (Unified social credit code: 91310115MA1K41MU72) is registered with Asset Management Association of China as Private Fund Manager (Registration No. P1071502, Type: Other). | **PIMCO Australia Pty Ltd** ABN 54 084 280 508, AFSL 246862. This publication has been prepared without taking into account the objectives, financial situation or needs of investors. Before making an investment decision, investors should obtain professional advice and consider whether the information contained herein is appropriate having regard to their objectives, financial situation and needs. | **PIMCO Japan Ltd**, Financial Instruments Business Registration Number is Director of Kanto Local Finance Bureau (Financial Instruments Firm) No. 382. PIMCO Japan Ltd is a member of Japan Investment Advisers Association, The Investment Trusts Association, Japan and Type II Financial Instruments Firms Association. All investments contain risk. There is no guarantee that the principal amount of the investment will be preserved, or that a certain return will be realized; the investment could suffer a loss. All profits and losses incur to the investor. The amounts, maximum amounts and calculation methodologies of each type of fee and expense and their total amounts will vary depending on the investment strategy, the status of investment performance, period of management and outstanding balance of assets and thus such fees and expenses cannot be set forth herein. | **PIMCO Taiwan Limited** is an independently operated and managed company. The reference number of business license of the company approved by the competent authority is (112) Jin Guan Tou Gu Xin Zi No. 015. The registered address of the company is 40F., No.68, Sec. 5, Zhongxiao East Rd., Xinyi District, Taipei City 110, Taiwan (R.O.C.), and the telephone number is +886 2 8729-5500. | No part of this publication may be reproduced in any form, or referred to in any other publication, without express written permission. PIMCO is a trademark of Allianz Asset Management of America LLC in the United States and throughout the world. ©2023, PIMCO.