

PIMCO®

SUSTAINABLE INVESTING

Engagement at PIMCO

DECEMBER 2024

A company of **Allianz** 

Engagement is conducted on a firmwide basis as an integrated part of our investment process and fiduciary duty, with the aim of supporting issuers at various stages in their sustainability journey. PIMCO's direct issuer engagement and industry leadership efforts support investment decisions by identifying current and emerging risks and improving market transparency. Engagement efforts inform proprietary credit assessments and sector frameworks, which underpin our overall investment process in pursuing beneficial investment outcomes for our clients.

Our Engagement Philosophy

As a leading fixed income manager, PIMCO has the scale and access to engage issuers on matters that we believe are material when pursuing compelling risk-adjusted returns.

We define engagement as interactions and dialogue with issuers to try to improve investment outcomes based on sustainability factors and related risks. Engagement with investees is one of the pillars of our stewardship activities and strategy to integrate ESG factors in the firm's investment research process.

As a leading fixed income manager, PIMCO has the scale and access to engage issuers on matters that we believe are material when pursuing compelling risk-adjusted returns. We believe PIMCO's size, history, and involvement across industry initiatives, provides a platform to engage with issuers who are both leading and continuing to evolve in their approach to sustainability. This extends beyond corporates, into structured credit, sovereigns, municipals, and alternatives, where applicable.

PIMCO aims to engage with a variety of market participants, seeking a more resilient and sustainable future. We use our platform to collaborate with multilateral organizations, academic researchers, scientists, not-for-profit organizations and policy experts. We view these forums as important areas of dialogue and industry innovation to address a range of themes with economic implications. These multifaceted efforts provide a distinctive market perspective that is unique to PIMCO.

We view our relationships with issuers as partnerships and pursue investment focused or economic outcomes that we believe will ultimately benefit our clients through risk mitigation or enhanced practices at the issuer. We believe that working with issuers to support enhancing their operational practices and address negative externalities can have a significant impact – especially for issuers with higher exposure to ESG-related risks.

Approach, Purpose, and Priorities

We prioritize issuers across the platform where we have meaningful financial and ESG risk exposure, focusing on what we believe to be material topics.

We aim to create value and influence forward momentum by engaging with companies at different stages of their sustainability journey, including those in high-impact sectors (e.g., due to their carbon footprint from a climate perspective). The purpose of our engagement is to gain investment insights and pursue financial outcomes aimed at reducing risks or capitalizing on opportunities. Our engagement practices, spanning diverse asset classes and types of issuers, are designed to help drive efficiencies, which may also benefit additional stakeholders.

We prioritize issuers across the platform where we have meaningful financial and ESG risk exposure, focusing on what we believe to be material topics. Engagement prioritization takes several attributes into consideration, such as: i) our firmwide exposure to an issuer; ii) the materiality of key ESG risks for those issuers; iii) thematic priorities relevant to our investment research process (e.g., balance sheet management, decarbonization and transition plans, nature, human rights); Green, Social, Sustainability, and Sustainability-linked Bonds (GSSS)¹ including both pre-issuance and post issuance evaluations; or the influence with the issuer.

Active management is well placed to benefit from engagement, particularly when it comes to mitigating potential regulatory and secular ESG risks. By offering issuers alternative considerations to current practices, we aim to enhance their risk management strategies, improve operational efficiencies, strengthen their credibility through increased transparency, and avoid potential controversies. We hold the view that periodic issuer engagement is essential for a thorough understanding of the investment's risk-reward scenario, which is critical to making informed buy or sell decisions.

Structure

At PIMCO, our engagement approach is designed to leverage the full scale of our global team of credit analysts and build upon our firm's decades of experience working constructively with issuers.

At PIMCO, our engagement approach is designed to leverage the full scale of our global team of credit analysts and build upon our firm's decades of experience working constructively with issuers. Our engagement structure is built on two key mechanisms: bilateral engagement and collaborative engagement.

Our bilateral engagements, conducted by our credit research analysts, portfolio managers, and ESG research analysts, allow us to address ESG risks across our platform. Guided by three principles – thinking like a treasurer, engaging like a partner, and holding to account as a lender – we seek to identify issuers that may benefit from engagement, develop tailored engagement objectives, foster productive dialogue, and measure progress against pre-defined internal benchmarks.

We actively participate in a wide range of industry initiatives and working groups that seek to advance sustainability efforts, help define global standards, encourage greater disclosure from issuers through collaborative engagement, and promote a more resilient marketplace. Where consistent with our approach, industry initiatives allow PIMCO to participate with other investors to advocate for clarity in ESG guidance to issuers. Overall, these initiatives benefit our internal research, engagement, and ultimately investment opportunities such as GSSS bonds issuance.

¹ **GSSS Bonds:** are defined as green, social, and sustainable bonds and sustainability-linked bonds. **Green Bonds:** are a type of bond whose proceeds are used to finance or re-finance new and existing projects or activities with positive environmental impact. Eligible project categories include: renewable energy, energy efficiency, clean transportation, green buildings, wastewater management and climate change adaptation. **Social Bonds:** are a type of bond whose proceeds are used to finance or re-finance social projects or activities that aim to address or mitigate a specific social issue or seek to achieve positive social outcomes. Social Project categories include providing and/or promoting: affordable basic infrastructure, access to essential services, affordable housing, employment generation, food security, or socioeconomic advancement and empowerment. **Sustainability Bonds:** are a type of bond whose proceeds are used to finance or re-finance a combination of green and social projects or activities. Sustainability bonds with strict accountability of the use of proceeds towards activities that advance the UN Sustainable Development Goals or SDGs may be labeled as SDG Bonds. **Sustainability-linked Bonds:** are bonds which are structurally linked to the issuer's achievement of certain sustainability goals, such as through a covenant linking the coupon of a bond to specific environmental and/or social goals. Progress, or lack thereof, toward the aforementioned goals or selected key performance indicators results in a decrease or increase in the instrument's coupon.

PIMCO'S ROLE: SUPPORTING RESILIENCE AND A SUSTAINABLE ECONOMY

Research	Engagement	Investment
Navigating issuer risks and opportunities	Providing guidance on sustainability risk mitigation and opportunities	Shaping guidance and financing transition of business models
Assessing risks and opportunities when making investment decisions Proprietary tools to assess ESG and climate risks	Bilateral and collaborative engagement Industry initiatives	Bond market guidance Sourcing and investing in GSSS bonds Offering sustainable investment strategies
		

Source: PIMCO. **Sustainable Strategies** are strategies with client-driven sustainability requirements. For these strategies, PIMCO actively incorporates sustainability principles (i.e. excluding issuers fundamentally misaligned with sustainability factors, evaluating issuers using proprietary and independent ESG scoring) consistent with those strategies and guidelines. Further information is available in PIMCO's Sustainable Investment Policy Statement. For information about funds that follow sustainability strategies and guidelines, please refer to the fund's prospectus for more detailed information related to its investment objectives, investment strategies, and approach to sustainable investment.

- 1. Research:** Through our participation in the Core Team of the Partnership for Carbon Accounting Financials (PCAF), PIMCO aims to address the increasing demand from market participants for more consistent, comparable data to measure greenhouse gas emissions in different sectors and across the capital structure.
- 2. Engagement:** Furthermore, PIMCO supports a number of international climate-related disclosure standards and frameworks such as the Institutional Investors Group on Climate Change (IIGCC) and TCFD, increasing transparency, measurement and management of climate risks. Our longstanding history with numerous borrowers through a range of economic cycles provides a path for constructive engagement on sector-specific sustainability themes in seeking to uncover investment insight, and outcomes that may reduce risks or capitalize on opportunities.
- 3. Investment:** PIMCO aspires to be an industry leader for continued development in ESG-labeled bond issuance. We demonstrate this through our activities as a member of the ICMA Executive Committee of the Principles, including as a coordinator of the Sustainability-Linked Bond Working Group, and our publication of best practices guidance, covering corporate, sovereign, and municipal issuers. As the Co-Chair of the CFO Coalition for the SDGs, PIMCO engages directly with leading CFOs and corporate executives to identify solutions in addressing the Sustainable Development Goals.

See appendix for details on these industry initiatives and PIMCO's Sustainable Investment Policy Statement for details on how engagement fits into our broader sustainable investing strategy, governance, and oversight.

Engagement Integration in Portfolio Management

PIMCO's engagement efforts are conducted on behalf of the firm to gain insight into an issuer's management quality and inform investment decisions.

PIMCO's engagement efforts are conducted on behalf of the firm to gain insight into an issuer's management quality and inform investment decisions. Engagements may also focus on improving operational efficiencies, with the aim of ultimately enhancing risk-adjusted returns.

Credit research and ESG research analysts regularly engage with the executives and senior representatives of corporate, sovereign, and quasi-sovereign entities to encourage balance sheet management and discuss bond issuance where applicable. Periodic engagement also serves to provide additional data points on management quality and governance assessments. Engagements are conducted by the credit research team, the ESG research team, and portfolio managers - often jointly - touching on various elements to inform the overall investment view on an issuer. As a result, insights gained from these discussions are incorporated into the internal credit recommendation on an issuer and disseminated to all portfolio managers globally. The credit research and portfolio management teams have access to the proprietary engagement tracking database, which includes dates, key participants, notes, themes and points for follow-up.

Lack of engagement progress may result in changes to our proprietary ESG scores and underlying issuer assessments, as well as internal escalations. For traditional accounts without sustainable investment guidelines and restrictions, this is taken into consideration alongside broader investment inputs such as valuation, broader positioning, index inclusion, and fundamental credit analysis. In sustainability strategies², such engagement progress and coverage, or lack thereof, may be weighted more heavily in positioning decisions than a traditional strategy to best achieve the stated sustainability-related objectives.

² Sustainable Strategies are strategies with client-driven sustainability requirements. For these strategies, PIMCO actively incorporates sustainability principles (i.e. excluding issuers fundamentally misaligned with sustainability factors, evaluating issuers using proprietary and independent ESG scoring) consistent with those strategies and guidelines. Further information is available in PIMCO's Sustainable Investment Policy Statement. For information about funds that follow sustainability strategies and guidelines, please refer to the fund's prospectus for more detailed information related to its investment objectives, investment strategies, and approach to sustainable investment.

Engagement on material sustainability factors encompasses a vast majority of corporate assets.

1350+
engagements³

75%+
PIMCO's firmwide market value in corporate assets⁴ in 2023

We believe that our engagement and our scale may influence the scope or timing of issuers' objectives, as well as the disclosures that they report to investors.

Source: ESG engagement activities by PIMCO analysts, Jan 1-Dec 31, 2023.

Engagement in Practice and Thematic Priorities

As previously stated, at PIMCO engagement prioritization considers several attributes, which may include thematic priorities that can influence the issuer. Below we highlight a number of thematic priorities in focus:

1. Green, Social, Sustainability and Sustainability-Linked Bonds: As one of the largest investors in green, social, sustainable, and sustainability-linked (GSSS) bonds, the impact of our invested capital is sizeable and quantifiable. PIMCO uses its market position, and the demand for GSSS bonds, to encourage high quality issuance.

In the case where we believe sustainability topics are material to general corporate purpose (GCP) bond issuance, or the company is interested in issuing a GSSS bond, our ESG and credit analysts work together to advise on ideal structures, recommend the most applicable features to the business model, and communicate criteria we hope to see in a bond framework—for example, alignment with the UN Sustainable Development Goals. PIMCO's size, scale, and collaborative approach has led to routinely anchoring deals for both GSSS and GCP bonds, to the economic benefit of our clients. Additionally, the bond issuance from our long-term engagements has supported shifts in corporate strategies that we believe may benefit our clients, e.g., investing in green bonds from utilities to finance renewable energy generation capacity, as they phase out thermal coal.

To allocate investor capital toward credible projects, there must be a variety of high quality GSSS bonds available in the market. For over a decade, PIMCO has been one of the leading institutions supporting the GSSS bond market, and we remain committed to building the primary and secondary markets for labeled bonds:

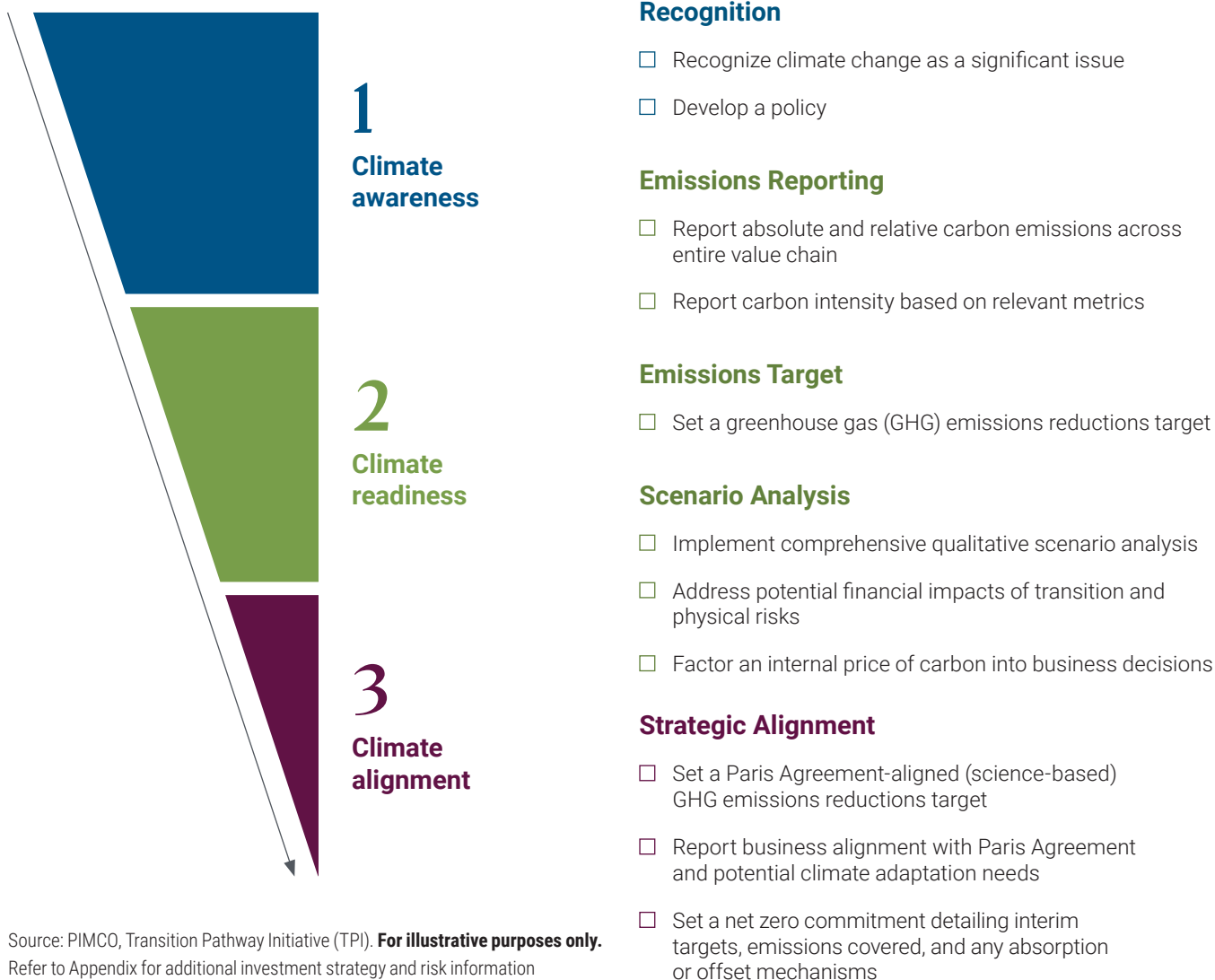
- PIMCO sits on the ICMA Principles Executive Committee and has been a member since 2019. ICMA's GSSS bond working groups shape the guidelines for issuers to follow when bringing these bonds to market.
- PIMCO portfolio managers, credit research analysts, and ESG analysts, conduct both routine and ad-hoc calls with bank syndicates and issuers.
- PIMCO offers feedback on recent GSSS bonds, advising on how to strengthen issuer commitments and best align these commitments to global sustainability standards.
- PIMCO ESG analysts maintain due diligence on GSSS bonds throughout stages of the issuance process, providing feedback on pre-deal calls through active questioning of both the issuer and their advisors.

³ As of 31 December 2023. Source: PIMCO. PIMCO firmwide ESG engagement activities, Jan 1 - Dec 31, 2023. 1,355 corporate issuers engaged in 2023 refers to all tracked engagements that discussed sustainability topics. Engagements were conducted by ESG and/or credit analysts. Not all ESG analysts are 100% ESG-dedicated, some split their time between ESG engagement and traditional credit research. Refers to tracked engagements conducted by ESG or corporate analysts. Due to PIMCO internal system mapping of issuers, engagement figures, including interaction data by pillar and topic as of 2023 can vary and are subject to change.

⁴ About 75% of PIMCO's firmwide market value of corporate issuers engaged on ESG topics from Jan 1 - Dec 31, 2023. Includes all engagements conducted by ESG and credit analysts. Calculated as % AUM as of 31 December 2023. Corporate issuers are credits covered by PIMCO's corporate analyst teams. This percentage is based on corporate assets under management of engaged issuers held (numerator) divided by firmwide corporate assets under management (denominator). Please note that issuers engaged over the course of the calendar year may have been sold prior to the year end, and in such a circumstance, would not contribute towards the proportion of issuers engaged.

- 2. Corporate governance:** We have consistently promoted enhanced sustainability disclosure in line with recognized international frameworks, such as those developed by the Task Force on Climate-Related Financial Disclosures (TCFD⁵) and the International Capital Market Association (ICMA). In addition to conducting in-depth ESG research into issuers and investments, our analysts regularly engage with the management teams at the companies they cover on corporate governance, corporate strategy, leverage, and balance sheet management.
- 3. Climate change:** Decarbonization and climate change transition continue to be one of the main environmental topics raised with issuers, with a focus on best practices linked to target setting, transition plans, and reporting on progress. PIMCO has also conducted multi-year engagements on the theme of methane emissions from oil and gas production, as well as physical risks across sectors. Thematic, multi-year cross-sector engagements help determine the extent to which issuers are assessing and monitoring these risks internally, as well as the extent to which they are developing adaptation solutions, which may affect markets more broadly. (Note: The accompanying graphic illustrates our engagement from acknowledging the importance of climate change to detailing a strategy to align with the Paris Agreement.)

CLIMATE CHANGE ENGAGEMENT



⁵ As of 4Q23 the TCFD was disbanded and the Financial Stability Board (FSB) appointed the International Financial Reporting Standards (IFRS) Foundation to take over the monitoring of companies' climate-related disclosures. Please refer to PIMCO's global Task Force on Climate-Related Financial Disclosures (TCFD) report: <https://www.pimco.com/us/en/documents/dca97fa8-18ab-429e-bbb7-2cd1e2afb678?id=1389944762311>

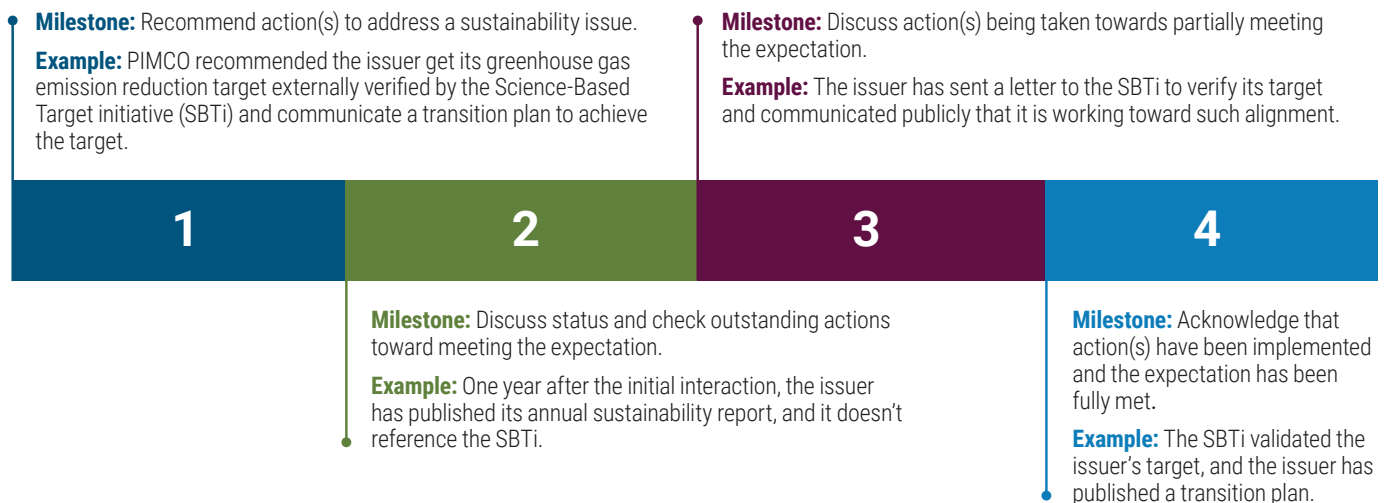
4. **Nature:** PIMCO has also deepened its engagement with issuers on natural capital. This involves both addressing specific themes such as biodiversity, deforestation, or water scarcity, and inquiring about issuers' plans to formally align with emerging fully-fledged disclosure frameworks such as the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and the Science Based Targets Network (SBTN).
5. **Human rights and human capital.** PIMCO continues to engage with issuers on establishing thorough due diligence on human rights risks embedded across their value chain. We are also discussing the development of effective, transparent, and inclusive human capital strategies for talent retention.

Our framework to track the progress of our engagement encompasses key milestones that correspond to different stages of interaction with the issuer.

Setting Objectives, Tracking Progress

PIMCO views stewardship as a long-term and dynamic process that evolves over several years and is supported by tracking systems. Stewardship typically begins with setting engagement priorities and objectives. These objectives build on recognized industry benchmarks and are customized to issuers where appropriate. Our framework to track the progress of our engagement encompasses key milestones that correspond to different stages of interaction with the issuer and implementation of our recommendation(s) in line with the engagement objectives.

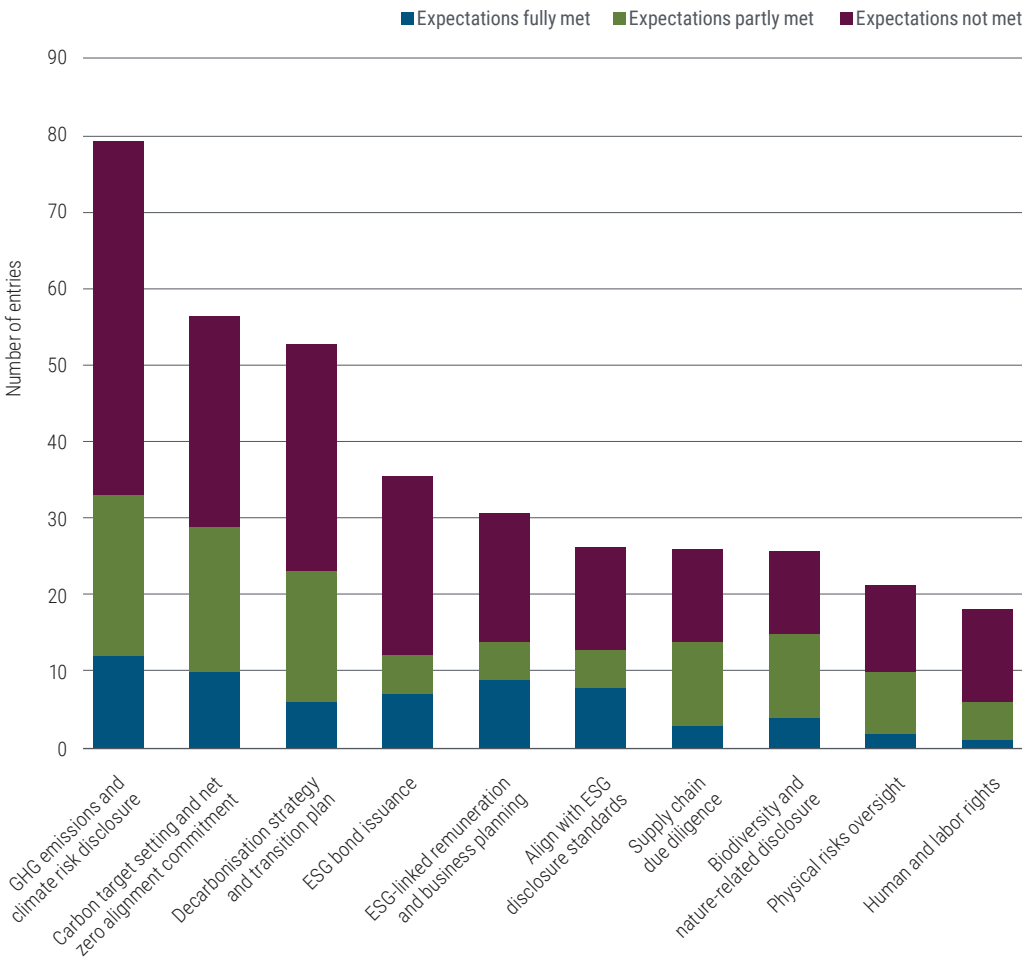
KEY ENGAGEMENT MILESTONES AND EXAMPLES



Source: PIMCO. **For illustrative purposes only.** The timeline above is provided as an illustrative example of PIMCO's ESG research and engagement capabilities and are not intended to represent any specific portfolio's performance or how a portfolio will be invested or allocated at any particular time. PIMCO's ESG processes may yield different results than other investment managers' and a company's ESG rankings and factors may change over time.

The bar graph below provides a summary of PIMCO’s approach to monitoring and reporting observations from engagement⁶ activities for select issuers. The information displayed is specific to the time period identified and is subject to change because engagement activities occur over time. The observations below include categorizing issuer’s responses to PIMCO’s engagement activities based on anticipated outcomes.

PROGRESS VS. EXPECTATIONS BY OBJECTIVE



From 21 February 2019 to 1 July 2024. **For illustrative purposes only.** Based on the count of issuers. An entry is defined as value entered for the engagement objective’s progress in PIMCO systems, which is not necessarily a change. These entries reflect only of a subset of the total engagement activities conducted by PIMCO. Expectations fully met refers to evidence of all aspects of the ask (e.g., timeline, level of ambition, scope, etc.) being met in line with PIMCO’s expectation (defined by analysts on a case-by-case basis, building on PIMCO’s thematic and sector questions and expectations). Expectations partly met refer to interim steps taken within the expected timeframe, but with some aspects of the ask that are not yet materialized or misalign with our expectations (e.g., timeline, level of ambition, scope, etc.). Expectations not met encompasses other statuses, including no action and work in progress (e.g., issuer has proposed actions to address the recommendations, or the progress has not been yet checked). Engagement is subjective, evolving, and qualitative by nature, and there is no representation that these data points suffice to draw conclusions linked to the effectiveness or potential outcomes of engagement.

6 While PIMCO does not represent that our engagement was the sole factor driving the positive changes made by these companies, we do believe that our engagement and our scale may have influence on the scope or timing of the commitments made by issuers as well as the disclosures that those issuers will report to investors. From 21 February 2019 to 26 June 2024.

Importantly, there are also notable examples of progress in relation to responsible sourcing and natural capital stewardship as companies increasingly take a holistic approach to sustainability.

CASE STUDIES

Objective	Topic	Status	Recommendation	Outcome
European Beverage				
Water stewardship (including target setting)	Water	Objective fully met	Implement context-based water targets.	Issuer has published a global water stewardship policy and has set several water targets, including context-based targets.
Human rights policy, due diligence, and/or transparency	Human and Labor Rights, and Health and Safety	Objective fully met	Implement criteria to embed respect for human rights and conduct human rights due diligence. Establish grievance mechanisms and ensure access to remedies.	Issuer has expanded the scope of its grievance mechanism to the broader supply chain.
U.S. Food and Beverage				
Biodiversity and ecosystems oversight, assessment and/or disclosure	Land use and Biodiversity	Objective fully met	Set a time-bound commitment to eliminate deforestation across the supply chains, particularly cocoa and dairy.	Issuer implemented time-bound target. Aims for cocoa, palm, soy, and paper materials used by its European business to be deforestation-free by 2024.
Carbon target setting and net zero	Water	Objective fully met	Enhance water strategy by aligning or endorsing the UN's CEO Water Mandate, which outlines specific commitments on reporting, water-related targets, engagement, etc.	Issuer has set water-related targets and outlined specific water commitments in alignment with the UN's CEO Water Mandate.
Asian Retail				
Biodiversity and ecosystems oversight, assessment and/or disclosure	Land use and Biodiversity	Objective fully met	Leverage external standards in due diligence process and set out plan to engage with suppliers to increase traceability and reduce exposure to forest risks.	Issuer has disclosed certificates relevant to establishing sustainable procurement thresholds.
Responsible sourcing	Human and Labor Rights, and Health and Safety	Objective fully met	Improve responsible sourcing practices.	Issuer has disclosed certificates applied in establishing sustainable procurement thresholds.
Supply chain due diligence	Human and Labor Rights, and Health and Safety	Objective fully met	Improve supply chain and audits procedures.	Issuer has created a human rights risk heat map to identify sensitive topics across its supply chain.

Source: PIMCO. The examples above are presented for illustrative purposes only, as general examples of PIMCO's ESG research and engagement capabilities and are not intended to represent any specific portfolio's performance or how a portfolio will be invested or allocated at any particular time. PIMCO's ESG processes may yield different results than other investment managers' and a company's ESG rankings and factors may change over time.

Objective	Topic	Status	Recommendation	Outcome
Asian Transport				
ESG bonds enquiry	ESG Bonds	Objective fully met	Publish an overarching sustainable bond framework including its eligibility criteria for environmental and social projects and how its decarbonization target can be linked to a coupon step-up (SLB structure).	Issuer published Sustainability Finance Framework in alignment with PIMCO's recommendation.
European Bank				
GHG emissions and climate risk disclosure	Greenhouse Gas Emissions	Objective fully met	Disclose on year-on-year financed emissions for priority sectors in both absolute and intensity terms, ideally with insights on data quality.	Issuer provided a breakdown of year-on-year financed emissions in the lending portfolio.
Decarbonization strategy	Greenhouse Gas Emissions	Objective fully met	Disclose client engagement on greenfield O&G exploration projects when assessing the credibility of its transition plans.	Issuer published an overview of engagement and implementation actions with oil and gas clients.
U.S. Media				
Disclose and improve DE&I	Human Capital Management	Objective fully met	Enhance transparency regarding the diversity of its content production teams and provide detailed reports on the representation of different ethnicities in content production.	Issuer disclosed more in-depth transparency on the diversity of content production team.
ESG-linked remuneration and business planning	Board, Management and Ownership	Objective fully met	Provide more in-depth disclosure of the KPIs used to determine ESG-linked pay bonuses, including the roles or levels within the organization that this applies to.	Issuer disclosed an explanation of KPIs used to determine ESG-linked remuneration and the internal structure where this is applied.
European Energy				
Decarbonization strategy	Greenhouse Gas Emissions	Objective partially met	Flesh out the alignment of the future production and investments into exploration and new projects with its commitment to net zero pathways.	Issuer published that no new frontier exploration entries will be made after 2025 and published a chart demonstrating the alignment of its Scope 3 Net Carbon Intensity target with the IEA NZE.
Carbon target setting and net zero	Greenhouse Gas Emissions	Objective partially met	Disclose on future absolute Scope 3 emissions (can be initially a range) and consider setting an interim target on absolute Scope 3 emissions.	Issuer has set an absolute Scope 3 emission target but just for its oil products as a first step.

Source: PIMCO. The examples above are presented for illustrative purposes only, as general examples of PIMCO's ESG research and engagement capabilities and are not intended to represent any specific portfolio's performance or how a portfolio will be invested or allocated at any particular time. PIMCO's ESG processes may yield different results than other investment managers' and a company's ESG rankings and factors may change over time.

For detailed case studies, see our annual [Sustainable Investing Report](#).

Appendix

PIMCO PARTNERSHIPS

We actively participate in a wide range of industry initiatives and working groups that seek to advance sustainability efforts, help define global standards, encourage greater disclosure from issuers, and promote a more resilient marketplace.

With these partnerships we contribute to industry consultations and feedback on regulatory and policy developments. For example, in 2023, as part of our involvement in the Bank of England Climate Financial Risk Forum (CFRF), we provided comments on the UK Transition Plan Taskforce's Asset Managers Sector Guidance. The Transition Plan Taskforce (TPT) was launched by HM Treasury in March 2022 with a mandate to bring together leaders from industry, academia, and regulators to develop best practice for transition plan disclosures for finance and the real economy.

Select list of industry affiliations:

Industry Affiliations	Overview
Bank of England Climate Financial Risk Forum (CFRF) Member	- CFRF works to build capacity and share best practice across industry and financial regulators to advance the sector's responses to the financial risks from climate change. - Brings together senior representatives from across the financial sector, including banks, insurers, and asset managers and includes observers from trade bodies to represent a broader range of firms to ensure the output of the CFRF is communicated to their members.
Climate Bonds Initiative (CBI) Partner	A leading organization focused on fixed income and climate change solutions, CBI has been instrumental in supporting more robust data and standards to propel the green bond market and remains heavily involved in shaping new green bond-related regulations.
The ESG Integrated Disclosure Project (ESG IDP) Executive Committee Member	- The ESG Integrated Disclosure Project (ESG IDP) template provides borrowers with a harmonized and standardized means to report ESG information to their lenders. - The Executive Committee oversees the use and development of the ESG IDP template, to support the consistent collection of data from sponsored and non-sponsored borrowers across the private and broadly syndicated credit markets.
Farm Animal Investment Risk and Return (FAIRR) Member	- A global network of investors addressing ESG issuers in protein supply chains, FAIRR has over \$23 trillion in member AUM. - The aim of the initiative is to build a network of investors who are aware of the issues linked to intensive animal production and who seek to minimize the risks within the broader food system.
Global Investors for Sustainable Development Alliance (GISD) Member	PIMCO is one of only 30 members of the UN Secretary-General's GISD Alliance, which focuses on accelerating investment into sustainable development. In partnership with investors, governments, and multilateral institutions, GISD will drive investment toward achieving the UN's Sustainable Development Goals.
International Capital Markets Association (ICMA) Principles Executive Committee Member	- ICMA promotes the development of appropriate, broadly accepted guidelines, rules, recommendations, and standard documentation to maintain and enhance the framework of cross-border issuing, trading, and investing in debt securities. - The executive committee is responsible for the management and administration, which includes addressing all matters relating to the ICMA's Principles: The Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), and Sustainability-Linked Bond Principles (SLBP).

Industry Affiliations	Overview
Institutional Investors Group on Climate Change (IIGCC) Member	- IIGCC is a leading investor coalition on climate change, with more than 350 members across 23 countries, and over €50 trillion in assets. - The group drives investor collaboration on climate change and takes action for a prosperous, low-carbon future.
The Partnership for Carbon Accounting Financials (PCAF) Core Team Member	- PCAF is a global partnership of financial institutions working together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments. - The Core Team of PCAF governs the Global GHG Accounting and Reporting Standard for the Financial Industry and all its updates and expansions, with the ultimate goal of harmonizing GHG accounting and reporting across the financial industry.
Principles for Responsible Investment (PRI) Signatory	- The UN-supported Principles for Responsible Investment (PRI) is the world's largest investor initiative focusing on integrating ESG factors into the investment processes. - PIMCO is an active signatory of the PRI and engages in several work streams, including: - Chair of the PRI Sustainable Development Goals Advisory Committee (SDG) - Member of the Advance Initiative's Advisory Committee, engaging companies to strengthen commitment, due diligence, and remediation of human rights issues.
UN Global Compact (UNGC) Member	- UNGC is a principles-based framework for businesses aimed at advancing sustainable and responsible policies and practices. - PIMCO supports the Ten Principles of the UN Global Compact with respect to human rights, labor, environment, and anti-corruption – and is committed to incorporating these principles into our strategy, culture, and day-to-day operations. - PIMCO co-chairs the UN Global Compact's CFO Coalition, which is an effort to create a movement of chief financial officers to address SDG investment and financing.

Source: PIMCO Sustainable Investing Report (pages 14-15)

The information contained herein is as of 30 June 2024 unless otherwise noted.

This material contains examples of the firm's internal ESG engagement and research capabilities. The data contained within the report may be stale and should not be relied upon as investment advice or a recommendation of any particular security, strategy or investment product. In selecting case studies, PIMCO considers multiple factors, including, but not limited to, whether the example illustrates the particular investment strategy being featured and processes applied by PIMCO to making investment decisions. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed.

Past performance is not a guarantee or a reliable indicator of future results.

A word about risk: 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.

Sustainable Strategies are strategies with client-driven sustainability requirements. For these strategies, PIMCO actively incorporates sustainability principles (i.e. excluding issuers fundamentally misaligned with sustainability factors, evaluating issuers using proprietary and independent ESG scoring) consistent with those strategies and guidelines. Further information is available in PIMCO's Sustainable Investment Policy Statement. For information about funds that follow sustainability strategies and guidelines, please refer to the fund's prospectus for more detailed information related to its investment objectives, investment strategies, and approach to sustainable investment.

There is no assurance that the socially responsible investing strategy and techniques employed will be successful.

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 on 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 assurance that the ESG investing strategy or techniques employed will be successful. Past performance is not a guarantee or reliable indicator of future results.

Scope 1 emissions are direct GHG emissions that occur from sources owned or controlled by a company (for example, company vehicles and facilities), Scope 2 emissions are indirect GHG emissions from the purchase of electricity, steam, heating or cooling, and Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain.

While PIMCO has not made a firm wide net zero commitment, at PIMCO we are committed to providing industry leading advice and solutions for clients on a range of sustainability and ESG issues, including climate change and reducing greenhouse gas emissions to net zero.

ESG-labelled Bonds are defined as green, social, and sustainable bonds and sustainability-linked bonds. Green Bonds are those issues with proceeds specifically earmarked to be used for climate and environmental 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 bonds that include sustainability-linked covenants, as explained by the issuer through use of a framework and/or legal documentation. The sustainability objectives and exclusions of any particular portfolio that follows sustainability strategies and guidelines will be set out in the respective governing documents. For detailed information related to our PIMCO sponsored funds that follow sustainability strategies and guidelines, please refer to the fund's prospectus. Green/social/sustainability bonds of issuers involved in coal and fossil fuel-related sectors may be permitted.

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 analyse 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.

Statements concerning financial market trends or portfolio strategies are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions or are appropriate for all investors and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in the market. Outlook and strategies are subject to change without notice. Investors should consult their investment professional prior to making an investment decision.

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. . Since PIMCO Europe Ltd services and products are provided exclusively to professional clients, the appropriateness of such is always affirmed. | **PIMCO Europe GmbH (Company No. 192083, Seidlstr. 24-24a, 80335 Munich, Germany)**, **PIMCO Europe GmbH Italian Branch (Company No. 10005170963, via Turati nn. 25/27 (angolo via Cavalieri n. 4), 20121 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. According to Art. 56 of Regulation (EU) 565/2017, an investment company is entitled to assume that professional clients possess the necessary knowledge and experience to understand the risks associated with the relevant investment services or transactions. Since PIMCO Europe GmbH services and products are provided exclusively to professional clients, the appropriateness of such is always affirmed. | **PIMCO (Schweiz) GmbH (registered in Switzerland, Company No. CH-020.4.038.582-2, Brandschenkestrasse 41 Zurich 8002, Switzerland)**. According to the Swiss Collective Investment Schemes Act of 23 June 2006 ("CISA"), an investment company is entitled to assume that professional clients possess the necessary knowledge and experience to understand the risks associated with the relevant investment services or transactions. Since PIMCO (Schweiz) GmbH services and products are provided exclusively to professional clients, the appropriateness of such is always affirmed. 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** (8 Marina View, #30-01, Asia Square Tower 1, Singapore 018960, 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** (Suite 2201, 22nd Floor, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong) 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. To the extent it involves Pacific Investment Management Co LLC (PIMCO LLC) providing financial services to wholesale clients, PIMCO LLC is exempt from the requirement to hold an Australian financial services licence in respect of financial services provided to wholesale clients in Australia. PIMCO LLC is regulated by the Securities and Exchange Commission under US laws, which differ from Australian laws. | **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. | **PIMCO Canada Corp.** (199 Bay Street, Suite 2050, Commerce Court Station, P.O. Box 363, Toronto, ON, M5L 1G2) services and products may only be available in certain provinces or territories of Canada and only through dealers authorized for that purpose. | **Note to Readers in Colombia:** This document is provided through the representative office of Pacific Investment Management Company LLC located at Carrera 7 No. 71-52 TB Piso 9, Bogotá D.C. (Promoción y oferta de los negocios y servicios del mercado de valores por parte de Pacific Investment Management Company LLC, representada en Colombia.). **Note to Readers in Brazil:** PIMCO Latin America Administradora de Carteiras Ltda. Av. Brg. Faria Lima, 3477 Itaim Bibi, São Paulo - SP 04538-132 Brazil. **Note to Readers in Argentina:** This document may be provided through the representative office of PIMCO Global Advisors LLC AVENIDA CORRIENTES, 299, Buenos Aires, Argentina. | 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. ©2024, PIMCO.