Website disclosures relating to proprietary PIMCO ESG Rating

The information outlined below relates to ESG Ratings issued by PIMCO Europe GmbH in respect of assets under its management.

Ratings Methodology

The ratings methodology used in preparing the ESG Rating comprises the following:

The ESG ratings methodology is based on PIMCO's proprietary scoring frameworks developed across asset classes and types of instruments, including corporates, sovereigns, securitized products, municipal issuers, and ESG-labelled bonds.

The approach for corporate credit applies a bottom-up analytical process using industry-specific frameworks, drawing on information from public filings, recent news and controversies, and engagement with issuer management teams and related representatives. The approach for other asset classes other than corporate credit differs, using inputs that are relevant for the respective asset classes.

Issuers are assigned separate Environmental, Social, and Governance (E, S, G) scores, which are combined into a single proprietary ESG score, with the relative weighting of each pillar determined by the issuer's business profile and industry dynamics. These combined ESG scores take numerical values from 1 (worst) to 5 (best) and are assigned at the issuer level.

The assessment of the ESG profile of the relevant issuer is relative to peer issuers with a goal of separating leaders and improvers from laggards and those with a deteriorating trend. The score assigned to each issuer is related to an issuer's rank relative to industry peers.

The methodology incorporates a forward-looking and backward-looking ESG trend assessment to reflect improving or deteriorating performance, and ESG-labelled bonds are further evaluated using a proprietary framework assessing strategic fit, potential impact, red flags, and reporting, which may result in a positive adjustment to the issuer ESG score.

PIMCO seeks to update ESG scores as new information becomes available and continuously refine its ratings frameworks.

The key rating assumptions used in developing the ESG Rating are as follows:

The key assumptions underlying the ESG rating are that assessments are based on information from public disclosures, recent developments, and issuer engagement, and that ESG performance can be evaluated through separate E, S, and G pillar scores combined into an overall proprietary score. The weighting of ESG factors reflects differences in sector dynamics and materiality, and the methodology incorporates a forward-looking trend assessment. ESG-labelled bonds are assessed based on their framework characteristics and may enhance the issuer's ESG score, while ESG scores are subject to ongoing monitoring and updates as part of the research process. In addition, the methodology is informed by a range of analytical considerations relating to the interpretation of ESG information. These include the consideration that ESG factors may be assessed in the context of their potential impact on credit fundamentals, and that their materiality can vary by sector and issuer characteristics. Where disclosure is incomplete, the approach does not necessarily assume worst-case or deteriorating performance, but instead seeks to apply a balanced, evidence-based assessment informed by available data, peer comparisons and analyst judgement. The methodology also reflects the view that the existence of policies or targets may not, in isolation, be sufficient to support stronger assessments, and that consideration may be given to the extent of implementation and observable outcomes. The forward-looking assessment is intended to reflect expected trajectory, recognising that current disclosures may not fully capture future positioning.

The ESG Rating is based on both forward-looking and backward-looking analysis of the relevant issuer and issuance.

Industry Classification

The methodology underpinning the ESG Rating uses the Bloomberg Industry Classification Standard. Further information on this industry classification system is available from bloomberg.com.

Data Sources

Data used by PIMCO in the ESG Rating process is typically sourced in various ways at the discretion of the ESG ratings analyst, including from a third-party vendor and/or generating such data through proprietary analysis carried out by the Investment Advisor and/or obtaining relevant data directly from the underlying issuer.

Some of the data used in the rating methodology may be disclosed by corporate issuers as part of sustainability disclosures required under Directive 2013/34/EU and Regulation EU 2019/2088. However, this data may also be collected independently of such disclosures.

PIMCO may need to use estimates from time to time as a result of data challenges (data availability and reliability). For example, the availability of sustainability-related data can in certain circumstances be limited due to a lack of corporate disclosure being made by issuers or in circumstances where such data may not be standardized or verified when provided by an issuer. ESG data estimates may be updated periodically or on an ad-hoc basis, depending on underlying data availability, methodological updates and material developments, and therefore the update frequency may vary across metrics.

Use of Scientific Evidence

The methodology underpinning the ESG Rating is based on certain scientific evidence available to PIMCO including climate-related data and forward-looking and backward-looking trend analysis, which is then complemented by industry frameworks, issuer disclosures and engagement-based assessment of the credibility of transition strategies and targets.

Objective

The objective of the ESG Rating is to generate a proprietary score which provides PIMCO's assessment of issuers on ESG factors which are deemed material for the individual issuer.

The ESG Rating is designed to assess both financial risk and impacts, consistent with the double materiality principle. It evaluates how ESG factors may affect an issuer's creditworthiness and financial performance (financial materiality), as well as the issuer's impact on environmental and social outcomes (impact materiality). While both dimensions are considered, the methodology's primary objective is capturing financially material risks, with impact considerations incorporated where relevant to inform this assessment and provide additional insight.

PIMCO also assesses the labelled bonds, including green, social, sustainability and sustainability-linked bonds, at an issuance level using its proprietary ESG Bond Framework assessment to consider their 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 or targets compared to "business as usual". This assessment also involves screening for "red flags" and controversies and assessing the degree of reporting by the issuer to analyse misalignment with key market standards and guidance.

Scope

In the case of the "PIMCO ESG score", the rating constitutes an aggregated rating of certain environmental, social and governance factors and issues, including but not limited to:

- Environmental: Climate Change (e.g. GHG emissions, physical risks and resilience), Resource Efficiency and Natural Capital (e.g. water, land use and biodiversity, waste, air pollution).
- Social: Human Capital (e.g. human capital management, human & labor rights and health & safety, community & stakeholder relationships), Product Health, Quality, Safety & Innovation (e.g. product safety & quality, product innovation & wellness).
- Governance: Corporate Governance (e.g. board, management & ownership, business ethics, conduct & culture, delivery on business & balance sheet strategy), Risk Management & Transparency (e.g. risk management, transparency & reporting).

In the case of the "PIMCO "E" score, the rating is based on the environmental factors, including: Climate Change (GHG emissions, physical risks and resilience), Resource Efficiency and Natural Capital (water, land use and biodiversity, waste, air pollution).

Aggregated Weighting

The relative weighting of the three overarching ESG 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.

Topics covered by the ESG Rating

The ESG Rating covers the following topics which are covered by the European Sustainability Reporting Standards developed under the EU CSRD reporting framework:

Environmental Standards

- ESRS E1 - Climate change
- ESRS E2 - Pollution
- ESRS E3 - Water and marine resources
- ESRS E4 - Biodiversity and ecosystems
- ESRS E5 - Resource use and circular economy

Social Standards

- ESRS S1 - Own Workforce
- ESRS S2 - Works in the value chain
- ESRS S3 - Affected communities
- ESRS S4 - Consumers and end-users

Governance Standards

- ESRS G1 - Business Conduct

Absolute/Relative Value

The assessment of the ESG profile of the relevant issuer is relative to peer issuers with a goal of separating leaders from laggards. The score assigned to each issuer is related to an issuer's rank relative to industry peer.

Use of Artificial Intelligence

PIMCO may use large language models to gather certain data which underpin the rating methodology it uses. The use of such models entails inherent risks and limitations including the potential for bias, inaccuracies and inconsistencies. These risks are mitigated by PIMCO through robust governance and processes, including analyst-led research, critical review and independent judgment, with final determinations made by investment professionals.

Limitations in Data Sources and Methodologies

The ESG Rating is subject to certain limitations relating to data availability, quality and methodological assumptions. PIMCO may need to use estimates from time to time as a result of data challenges (data availability and reliability). For example, the availability of sustainability-related data can in certain circumstances be limited due to a lack of corporate disclosure being made by issuers or in circumstances where such data may not be standardized or verified when provided by an issuer. The methodology therefore relies in part on estimates, proxies and forward-looking assumptions, particularly in areas such as climate risk and transition analysis, which are inherently uncertain. In addition, differences in reporting standards,

definitions and measurement approaches across jurisdictions and sectors may affect consistency and comparability. Furthermore, ESG frameworks, data inputs and analytical methodologies are updated on a periodic basis; as a result, information incorporated into the ESG Rating may, at any given point in time, not fully reflect the most recent developments or disclosures and may be subject to temporary inconsistencies.

As data coverage and issuer disclosure improve over time, estimated data is replaced with reported data where available.

Environmental Factors

When determining the Average PIMCO "E" score and the Average PIMCO "ESG" score, the targets or objectives of the Paris Agreement are taken into account by assessing an issuers alignment or commitment to the Paris Agreement where relevant, notably based on its GHG emissions pathway, strategy and actions.

Social and Governance Factors

When determining the Average PIMCO "ESG" score, a number international agreements are taken into account (e.g. the UN Global Compact Principles and OECD Guidelines for Multinational Enterprises) by assessing an issuer's adherence to such agreements.

MSCI Scores

In determining the Average MSCI ESG Score and the Average MSCI "E" score, PIMCO collates the latest available ratings assigned by MSCI to the holdings in corporate issuers. It then weighs the MSCI ratings assigned to each relevant portfolio constituent to arrive at an ESG or 'E' score in respect of the corporate holdings within the fund.

Further information on the ratings methodologies used by MSCI in rating issuers is available from the following link.