PIMCO Global Advisors (Luxembourg) S.A. ("PGAL")

INTEGRATION OF SUSTAINABILITY RISKS

Background

This information is provided in accordance with Article 3 of Regulation 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("**SFDR**").

As a premier fixed income manager, PIMCO's mission is to deliver superior investment returns, solutions and service to our clients. For nearly 50 years, we have worked relentlessly to help millions of investors pursue their objectives – regardless of shifting market conditions. ESG integration is essential to deliver on our clients' financial objectives, to maintain our high performance culture by engaging top talent and to support long-term, sustainable economic growth globally.

This statement details PIMCO's commitments to: the integration of ESG risks into our broad research process, our engagement with issuers on sustainability risks and our climate change investment analysis. This statement is designed to apply broadly to our firm's long-term investment process and to our dedicated ESG investment solutions.

ESG INTEGRATION

At PIMCO, we define ESG Integration as the consistent consideration of material ESG risks into our investment research process to enhance our clients' risk-adjusted returns. Material ESG risks may include but are not limited to: climate change risks, social inequality, shifting consumer preferences, regulatory risks, talent management or misconduct at an issuer, among others. We believe incorporating relevant ESG risks should be part of a robust investment process.

We recognize that ESG risks are increasingly essential inputs when evaluating global economies, markets, industries and business models. Material ESG risks are important considerations when evaluating long-term investment opportunities and risks for all 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 UN Principles of Responsible Investment (PRI) in September 2011.

Integrating ESG risks into the evaluation process does not mean that ESG information is the sole or primary consideration for an investment decision;

instead, PIMCO's portfolio managers and analyst teams evaluate and weigh a variety of financial and non-financial factors, which can include ESG considerations, to make investment decisions. The relevance of ESG considerations to investment decisions varies across asset classes and strategies. By increasing and diversifying the information assessed by the portfolio management team where relevant we believe that we are able to generate a more holistic view of an investment, which we believe will generate opportunities to enhance returns for our clients.

ENGAGEMENT PHILOSOPHY

As one of the world's largest bondholders on behalf of our clients, PIMCO has a large and important platform with which to engage issuers to drive meaningful change on material ESG factors. We believe that ESG integration is not only about partnering with issuers that already demonstrate a deeply unified approach to ESG, but also about engaging with those with less advanced sustainability practices. This can be a direct way for PIMCO to influence positive changes that may benefit shareholders.

We aim to have an industry leading engagement program among fixed income asset managers. By investing across a diverse asset class and group of issuers – including corporates, municipalities, sovereigns and others – we believe PIMCO is ideally positioned to drive greater change than through exclusions or evaluations alone. In our experience we have found that our collaborative engagement approach has the potential to result in tangible, positive changes in certain companies given the strength and history of our platform.

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

CLIMATE CHANGE PRACTICE

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

Details on PIMCO's broad climate research approach:

- 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 ESG 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
- 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.

In sum, we support the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and engage with issuers – across corporates, sovereigns and others – to encourage enhanced disclosure on risk related to climate change.

REMUNERATION

PGAL's remuneration policy requires that risk and compliance with appropriate and relevant non-financial risks (such as individual compliance with policies and procedures) are included in employees' performance objectives. Individual compliance with relevant policies on sustainability risks will therefore be taken into account when considering an individual's performance and remuneration (including variable remuneration).