PIMCO

31 DECEMBER 2024

INVESTMENT FIRM PRUDENTIAL REGIME (IFPR) DISCLOSURE FOR THE YEAR END 31 DECEMBER 2024 PIMCO EUROPE LTD.

A company of Allianz

PIMCO

Contents

1. OVERVIEW (MIFIDPRU 8.1)

1.1 Basis of Disclosure

The Financial Conduct Authority ("FCA") Investment Firm Prudential Regime ("IFPR") is the prudential regime for MiFID ("Markets in Financial Instruments Directive") investment firms in the UK. A key objective of the IFPR is to ensure that investment firms maintain adequate levels of capital, liquidity, and risk management processes to protect their clients, the wider financial system, and the economy as a whole.

The IFPR requires PIMCO Europe Ltd. ("PEL", "the company" or "the firm") to produce an "IFPR Disclosure", the aim of which is to increase transparency and confidence in the market and provide investors and stakeholders with an insight into how the firm operates.

PEL is a Non-Small and Non-Interconnected ("Non-SNI") MIFIDPRU Investment Firm and makes its disclosure on an individual entity basis. The disclosure is produced annually, or more frequently should there be a material change with the company's business model.

1.2 Validation and Signoff

This disclosure has been created in line with the requirements of MIFIDPRU 8. The sections in this disclosure align with the chapters of MIFIDPRU8 and have been referenced accordingly. Note that PEL is not subject to the Investment Policy disclosure requirements of MIFIDPRU as it falls below the size threshold outlined in MIFIDPRU 7.1.4.

This disclosure has been subject to the company's governance framework for appropriate challenge and oversight, including review and approval by the company's management body, the PEL Board. The reference date of the financials in this disclosure is 31 December 2024, the company's financial year-end, and the content is reflective of any changes in the business up to 19 May 2025, the date of approval of the disclosure at the PEL Board.

1.3 Location of Publication

This disclosure has been published on the PIMCO website https://www.pimco.co.uk/en-gb/ at the same time the Statutory Accounts have been made available.

1.4 Summary of Changes Compared to the Previous Disclosure

As of 1 April 2025, PEL appointed a new Chief Executive (SMF1) replacing the former Chief Executive who resigned from the company on 31 March 2025. There have been no other changes to this disclosure compared to last year's publication.

PIMCO

2. BUSINESS & GOVERNANCE (MIFIDPRU 8.3)

2.1 Business Overview

PEL is a company incorporated under the laws of England and Wales on 24 April 1991, and authorised and regulated by the FCA (the regulator of the financial services industry in the United Kingdom) in the conduct of its investment business. PEL is not consolidated into any group for FCA prudential supervision purposes.

PEL is owned by Pacific Investment Management Company Global Advisors LLC ("PIMCO" or the "PIMCO group"), a Delaware based company. PIMCO is ultimately wholly owned by Allianz SE, a German multinational financial services company headquartered in Munich.

2.1.1 Investment Management

PIMCO is a global investment management that specialises in the following investment strategies:

- **Fixed Income:** Credit (investment grade, bank loans, high yield), rates, government debt. The fixed income offering is truly global with specialists in developed and emerging markets debt and credit.
- **Alternatives:** Private credit, real estate, hedge fund and quantitative strategies.
- **Other Strategies:** Asset allocation, real return, and enhanced equity strategies.
- **ESG:** Focused ESG ("Environment, Social & Governance") strategies based around the above-mentioned core strategies.

PEL acts as discretionary portfolio manager or as advisor to a wide range of separate accounts and as delegated investment manager for PIMCO funds for professional investors pursuant to written investment management agreements. PEL predominantly manages fixed income strategies.

As an agent on behalf of a fund or separately managed account, PEL purchases and sells securities and, depending on the client's investment guidelines, may be authorised to enter into over-the-counter derivatives transactions, swap transactions, foreign exchange ("FX") transactions, repurchase transactions, futures transactions, bank loan transactions and otherwise trade in securities and derivatives transactions, including entering into forward transactions with respect to any of the foregoing for the client accounts.

The company does not undertake investment/trading activity on its own balance sheet and does not hold client monies or client assets. The firm's clients independently appoint their own custodians.

2.1.2 Fund Investment Vehicles

PEL is a distributor of fund (pooled) investment vehicles operated by group companies. These companies have a range of investment vehicles with several sub-funds and have delegated the investment management and distribution for some of these funds to PEL under investment advisory and distribution agreements.

2.1.3 Clients and Channels

PEL is a global distributor of investment services to investors in the UK, Europe, and the Middle East. PEL's investment services are available only to professional clients as defined in the FCA's Handbook and are not available to individual (retail) investors. PEL is a lead distributor of PIMCO funds through the Global Wealth Management ("GWM") channel, initiating the relationships with sub-distributors. PEL's main relationships can be classified as:

- **Institutional** – Professional investors such as public and private occupational pension schemes, companies, insurance companies, central banks, educational institutions, foundations, and endowments.

- **GWM** – Financial intermediaries, independent financial advisors, family offices and sub-advised that distribute PIMCO products (funds) to investors.

2.1.4 Business Model

PEL operates within the global PIMCO business model. This model enables the standard operation of functions and processes and the common use of technology, systems and vendor services. The management structure at PEL comprises the following functional areas:

- Portfolio Management
- Account Management
- Product Management
- Business Management

2.2 Corporate Governance

PEL has established a corporate governance structure that seeks to ensure that it has effective systems and controls to identify, monitor and manage risks that can arise through ongoing business operations that have the potential to cause harms to clients, markets and the firm itself. In addition to being a core part of the firm's ongoing operations, risk management is formalised through committees and cross-departmental business groups.

2.2.1 Board of Directors

The company's Board of Directors ("the Board") is ultimately responsible for risk management at the firm. The Board meets as necessary, but at least on a quarterly cycle and receives formal reports on a range of capital, liquidity and risk related matters. The Board includes Independent Non-Executive Directors that provide independent oversight and challenge to the company's senior management.

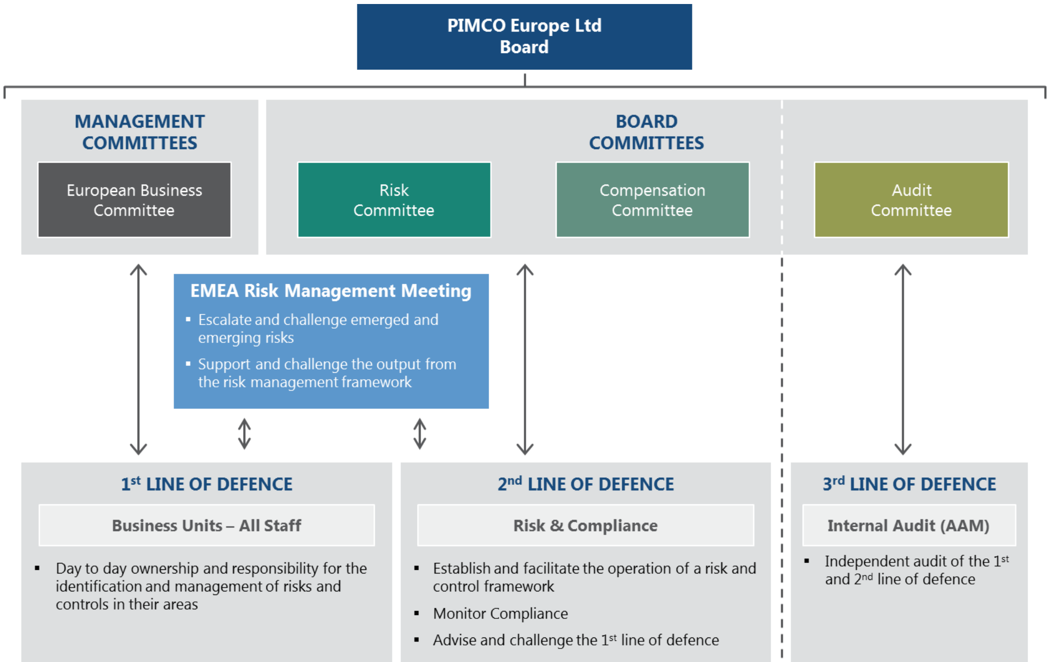
The Board manages the company's risks through a framework of policies and procedures having regard to relevant laws, standards, principles and rules (including FCA principles and rules). These policies and procedures are updated as required.

The roles and responsibilities of the Board are as follows:

- Setting risk appetite in conjunction with the company's business strategy.
- Setting appropriate policies to manage risks to the company's operations and the achievement of business objectives.
- Seeking regular assurance that the system of internal control is effective in managing risks in the manner it has approved.
- Maintaining a sound system of financial control.
- Reviewing and approval of the company's Internal Capital Adequacy and Risk Assessment ("ICARA") at least once per annum. Significant changes to economic conditions, the company's business strategy, its risk profile, or a combination of changes may also result in a review of the ICARA.

2.2.2 Delegation of Authority

The Board has established certain standing committees to which it has delegated specific powers, duties and decision-making responsibilities and that meet at least quarterly.



- **PEL Risk Committee** - The PEL Risk Committee assists the PEL Board with the oversight of PEL's risks and risk management activity. It is responsible for the identification of material risks, the regular monitoring of the risk profile in relation to the Board defined risk appetite, the monitoring of the adequacy of the firm's regulatory capital position, and for reviewing the effectiveness of the firm's risk management function and framework.

- **PEL Compensation Committee** - The PEL Compensation Committee establishes the firm's remuneration principles and oversee the governance of the remuneration programs, policies, and procedures.

- **PEL Audit Committee** - The PEL Audit Committee assists the PEL Board with reviewing Internal Audit's findings regarding the effectiveness of the firm's control environment and the performance and effectiveness of the external auditors, internal auditors, and the finance reporting function.

In addition, the Board has delegated responsibility and authority for the day-to-day running of the business of PEL, in line with the business strategy and risk appetite set by the PEL Board, to the Chief Executive Officer. To support the Chief Executive Officer in discharging this responsibility, the PEL Board has established the **European Business Committee** as the executive advisory committee for PEL. Senior management from across the PEL business participate at the quarterly **Enterprise Risk Meeting** that is led and facilitated by the Enterprise Risk Management function to discuss the identification and assessment of material risks.

Finally, there are a range of committees and control groups that operate across the wider PIMCO group that provide support to the PEL Board, as required, in discharging its responsibilities. In addition, PIMCO has several oversight groups specifically involved in managing investment risks and risks arising through the investment products.

2.3 Directorships

Director	FCA Senior Managers Regime	Number of Directorships
Mangala Ananthanarayanan	SMF 3 Executive Director SMF 24 Chief Operations	6
Lisa Arnold	SMF 11 Chair of the Audit Committee SMF 14 Senior Independent Director	3
Ryan Blute	SMF 3 Executive Director	6

Rosanna Burr	Director of firm who is not a certification employee or a SMF manager	2
Christian Stracke	SMF 1 Chief Executive SMF 3 Executive Director	4
Isaline Marcel	Director of firm who is not a certification employee or a SMF manager	1
Lorenzo Pagani	SMF 3 Executive Director	1
Emmanuel Roman	SMF 9 Chair of the Governing Body SMF 12 Chair of the Remuneration Committee	1
Sung-Hee Suh	SMF 10 Chair of the Risk Committee	1

Notes:

1. The following directorships are not within the scope of IFPR Disclosures:
   (a) executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and

   (b) executive and non-executive directorships held within the same group or within an undertaking (including a non-financial sector entity) in which the firm holds a qualifying holding.
2. The FCA has granted a waiver which allows the firm to treat the directorships within collective investment undertakings to which the firm or its affiliates provide fund management or portfolio management services in the same way as directorships held within the same group as the firm. The number of directorships shown for Christian Stracke, Ryan Blute and Mangala Ananthanarayanan include directorships of a number of such collective investment undertakings.
3. Mr Stracke became a new Director of PEL on 1 April 2025; his SMF functions are subject to regulatory approval as of 19 May 2025.

2.4 Diversity

PIMCO has long leveraged the power of diverse perspectives in the investment process, and PEL shares that philosophy. It is recognised that an inclusive culture embraces diverse views and drives success as an organisation. By giving staff a space where they feel their contributions are included and valued, PEL is able to retain a diverse pool of top talent, leading to the best thinking and therefore best outcomes for clients and the business.

PEL continues to invest in recruiting, developing and retaining talent. PEL champions inclusion and diversity ("I&D") not only within the firm, but throughout the investment management industry. PEL is involved with I&D initiatives undertaken at the PIMCO group level. The PIMCO group has adopted a multi-faceted approach to promoting I&D; including the launch of the PIMCO Women's Summit with over 1400 participants globally. The firm advocates advancing I&D through research and has published thought leadership on incorporating I&D and behavioural science into the investment processes.

Accountability is a key driver in promoting a more inclusive work environment. PIMCO's Managing Director I&D Council continues to be responsible for monitoring and reporting I&D progress to PIMCO's Group Executive Committee. The Council is supported by an I&D Ambassadors Board; both of these bodies have representation from PEL staff.

Creating a culture of connectivity and belonging, where all colleagues feel valued, respected and heard, is core to the firm's mission and critical to its journey. This includes an annual PIMCO-wide employee engagement survey through which employees are invited to share their feedback on various elements of employee engagement and enablement. Employee Resource Groups ("ERGs") play a crucial role in facilitating employee engagement and connecting colleagues around the organisation; currently PEL is involved with a number of ERGs including PIMCO Women, the Multi-Cultural Network, and PRIDE.

While PEL does not have numeric goals, PEL has been a signatory of the Women in Finance Charter since inception and support the efforts of the UK Government to promote gender balance at all levels within the financial services industry.

3. **RISK MANAGEMENT** (MIFIDPRU 8.2)

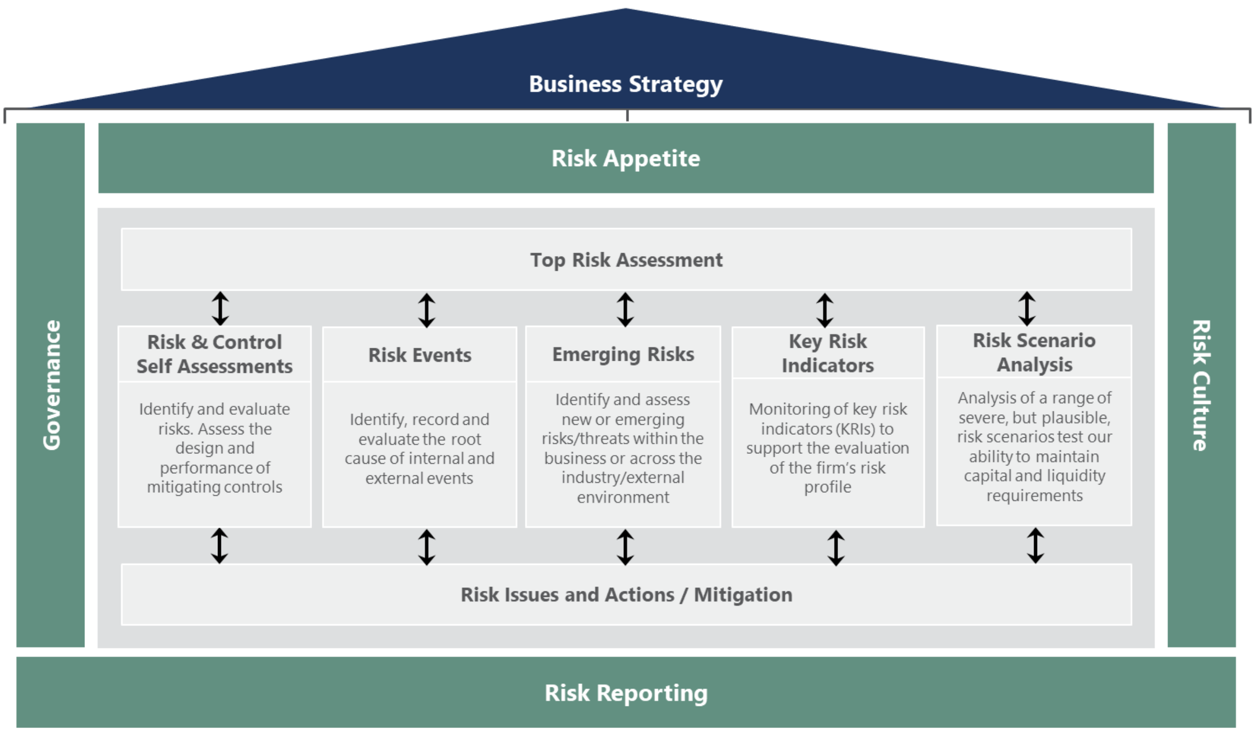
3.1 Three Lines of Defence Model

In order to provide independent assurance of risks and controls and to avoid a conflict of interest within individual roles the company has adopted the 'three lines of defence' risk management operating model.

- **1st Line of defence** – The business has day-to-day ownership and responsibility for the identification and management of risks and controls across the processes that they operate.
- **2nd line of defence** – Risk, Legal and Compliance functions are responsible for establishing and facilitating the operation of a risk and control framework across the company. These control functions advise and challenge the business around the management of their risks and monitor their compliance with key policies and regulatory requirements.
- **3rd line of defence** – Internal Audit is responsible for the independent verification of the design and operation of the controls established by the 1st and 2nd lines of defence.

3.2 Risk Management Framework

The company's Risk Management Framework ("RMF") is designed to enable the firm to protect the interests of its clients by managing all elements of risk on a forward-looking basis. The RMF outlines the firm's risk strategy and provides the best practice requirements for the day-to-day identification, monitoring and reporting of the risks specific to the business.



The RMF depicted above is comprised of the following key elements:

Risk Governance – Oversight of the firm's risks and risk management activity through:

- Defining the firm's risk taxonomy, risk appetite and monitoring the firm's risk profile.
- Approval of the firm's regulatory capital requirement and monitoring its capital and liquidity position.
- Establishing and monitoring compliance with capital and liquidity risk tolerance levels.

- Evaluation of the key risks to the firm's strategy and the way it conducts its operations.
- Establishing risk related policies and procedures.

Risk Identification & Assessment – Forward looking evaluation of risks through:

- The periodic update of the company's Top Risk Assessment and foundational risk and control self-assessments ("RCSA").
- The identification and assessment of emerging risks within the business and across the industry.
- Analysis of a range of risk scenarios that test the firm's resilience to severe events.
- A targeted program of risk assurance assessments.

Risk Measuring & Monitoring – Monitoring of risk trends and the quantification of potential risk exposures through:

- Recording risk events and the evaluation of trends.
- Identification of and quantification of risk scenarios.
- Use of Key Risk Indicators ("KRIs") to support the monitoring of the firm's risk profile.
- Monitoring the status and completion of agreed key risk mitigating actions.

Risk Culture – Emphasising a culture which:

- Recognises the importance of setting the right tone from the top.
- Stresses that risk management is the responsibility of each and everyone.
- Is supported by training and awareness programmes to ensure that all staff are aware of risk issues and understand the importance of good risk management practices.

3.3 Internal Capital Adequacy and Risk Assessment (ICARA)

The ICARA is the centrepiece of PEL's risk management process. It considers how PEL identifies and manages the key risks and potential "harms" (risk outcomes) for PEL's clients, the markets in which PEL operates and the firm itself, that may manifest through the course of ongoing business operations or from winding-down the business, and details PEL's regulatory capital and liquidity resources and requirements in respect of the risks identified. The ICARA is produced annually, or more frequently following material changes to the business model or risk profile, and is subject to review and challenge through the governance framework including approval at the PEL Board.

PEL has a robust RMF supporting management to identify and manage risks promptly and in accordance with the Board's appetite for risk. The ICARA process provides assurance to management that the most material risks are understood and have been acted upon. The most material risks inherent from the business model that have the potential to cause harms to clients, markets or the firm itself, as well as those risks that are emerging / on the horizon, are identified and analysed via risk scenario analysis and stress-testing.

In the ICARA process, capital adequacy is assessed by reference to the highest of the following capital requirement calculations. The highest requirement becomes PEL's Own Funds Threshold Requirement ("OFTR"). PEL's own funds must remain above its OFTR at all times and PEL will submit a notification to the FCA if it falls below this level:

1. **Own Funds Requirement** – Further details of this capital requirement are in section 5. It is based on the higher of:
    - K-Factor Requirement ("KFR")
    - Fixed Overhead Requirement ("FOR")
    - Permanent Minimum Capital Requirement (£75k)

2. **Ongoing Operations Requirement** – this is PEL's own assessment of a range of severe risk scenarios that have the potential to cause harms to clients, the markets and the firm itself. The business model and risk outlook are analysed and these harms are grouped under credit risk, market risk and operational risk.

3. **Wind-Down Based Requirement** – PEL carries out its own assessment of the wind-down capital required. This figure is compared against the FOR and the highest is used for the Own Funds Requirement.

4. **Any amount set by the FCA** – the FCA may provide firms with Individual Capital Guidance ("ICG") following a Supervisory Review and Evaluation Process ("SREP").

Additionally, the ICARA process requires an analysis of liquidity and to hold adequate own funds and liquid assets to maintain this at an adequate level at all times. Liquidity is calculated in the ICARA via:

1. **Liquid Assets Threshold Requirement ("LATR")** – to ensure the firm can remain viable throughout the economic cycle, with the ability to address any potential harm from its ongoing activities; and

2. **Wind-Down** – to allow its business to wind-down in an orderly way.

3.4 Material Risks and Harms

The ICARA leverages the RMF to inform senior management of the material risks and potential harms that drive the development of the capital adequacy assessment.

Risk	Risk Management Strategy, Process & Mitigation	Assessment of Risk through ICARA
Operational risk - defined as the risk of reduction in earnings and/or value, through financial or reputational loss, from inadequate or failed internal processes and systems, or from people related or external events.	• Operational risk, for the purpose of the ICARA capital adequacy assessment, includes the most material risks from the company's Top Risk Assessment, and includes risk-types such as Execution & Delivery risk, Distribution risk, Product risk, People risk, Regulatory & Compliance risk, Business Disruption risk, Cyber & Information Security risk and Group risk. • The company seeks to manage this risk through fostering a strong risk culture across the firm, supported by a clear risk governance structure and RMF based on industry best practice. • Policies, procedures, standards and frameworks support the management of these risks.	• The Ongoing Operations Requirement assesses a range of operational risk scenarios to quantify the impact of individual risks materialising at a point in time.
Credit / counterparty risk - defined as the risk that unexpected losses may arise as a result of the firm's counterparties failing to meet their obligations to pay.	• Exposure to this risk where a client fails to pay investment management fees due, in respect of unsecured cash balances placed in bank deposits and from its exposure to intercompany receivable balances. • The firm's clients are predominantly large, sophisticated institutional entities where the risk of default is generally low. • The impact of a client defaulting on investment management fees is mitigated by the high level of diversification across the client base. • Monitoring of cash levels and banks is carried out by the Finance Department. • Cash is placed with institutions that satisfy counterparty credit requirements and the creditworthiness of these institutions are monitored on a regular basis. • A portion of the company's revenues are generated via an intercompany transfer pricing process with fees payable by PIMCO LLC to the firm being accrued on a monthly basis. If PIMCO LLC were unable to pay any or all of its intercompany balance then the loss incurred by the firm would directly impact its ability to distribute profits back to PIMCO LLC. As a	• Credit / counterparty risk is assessed through the Own Funds Requirement and the Ongoing Operations Requirement

	result, the company's undistributed profit mitigates the credit risk associated with the intercompany receivable balance.	
Market risk - defined as the current or prospective risk to earnings or value arising from adverse movements in equity and commodity prices, interest and/or foreign exchange rates.	• The company's only source of market risk is FX risk. • The firm seeks to minimise FX exposure by minimising the net balance of the currency of its payment obligations and the currency of its income receivables as far as possible to achieve a natural hedge. • The firm does not conduct any proprietary trading activities.	• Market risk is assessed through the Own Funds Requirement and the Ongoing Operations Requirement.
Liquidity risk - defined as the risk that the company is unable to meet its financial obligations as they fall due without adversely impacting its financial position, the normal course of its business or its reputation.	• The policy is to always maintain sufficient liquid funds to meet the higher of the firm's obligations, including any contingent liabilities and off-balance sheet liabilities, as they are forecast to fall due over the next three months, or as needed in the event of an orderly wind down, whichever is the greater. • Liquidity is monitored through the monthly financial preparation and reporting process which includes a forward-looking assessment of the liquidity position of the firm. • Cash balances and compliance with the Liquidity Policy is reported quarterly to the Audit Committee and the Board.	• Liquidity risk is assessed in the ICARA via stress testing analysis to analyse the LATR, and also in the Wind-Down analysis.
Strategic & Business risk - multi-year or permanent impairment of PEL's ability to provide returns on its capital or generate profits. Business risk is influenced by numerous internal and external factors, including investment performance, sales, fees, competition, reputation, and the overall economic and political climate.	• This risk covers several sub-risk types and includes risks in pursuit of growth objectives and risks inherent in Investment Portfolio Management and ESG principles. • The company seeks to manage this risk through fostering a strong risk culture across the firm, supported by a clear risk governance structure and a RMF based on industry best practice. • Policies, procedures, standards and frameworks support the management of these risks.	• Strategic & Business risks are primarily assessed through scenario stress-testing and reverse stress-testing.

4. OWN FUNDS (MIFIDPRU 8.4)

The tables below show the own funds for PEL based on the audited financial statements for the year-end 31 December 2024. Tier 1 capital consists of share capital, share premium and retained earnings. Share capital comprises 495,035 ordinary shares of £1 each. PEL has no additional Tier 1, 2 or 3 items. The tables below relate to MIFIDPRU8_Annex1R and exclude row numbers not relevant to PEL.

Composition of regulatory own funds (as of December 31, 2024)			
		£ '000	Source based on reference of balance sheet
1	Own Funds	106,276	
2	Tier 1 Capital	106,276	
3	Common Equity Tier 1 Capital	160,545	Net assets / Total equity
4	Fully paid up capital instruments	495	Share capital
5	Share premium	43,021	Share premium
6	Retained earnings	117,029	Profit and loss account
11	Total Deductions from Common equity Tier 1	(54,269)	
19	Other capital elements, deductions and adjustments		Intangible assets, deferred tax assets included in Debtors: Amounts falling due after more than one year and any unverified profits as at 31 December 2024

	Own funds ; reconcilation of regulatory own funds to balance sheet in the audited financial statements	Balance sheet as in audited financial statements	Cross-reference to tempate OFI
	Assets	£ '000	
1	Intangible Assets	0	
2	Tangible Assets	1,907	
3	Debtors: Amounts falling due after more than one year	39,755	19
4	Debtors: Amounts falling due within one year	75,580	
	Investments	18,794	
5	Cash at bank and in hand	50,039	
	Total Assets	186,075	
	Liabilities		
6	Creditors: amounts faillng due within one year	19,493	
7	Creditors: amounts falling due after more than one year	869	
8	Provisions for liabilities	5,168	
	Total Liabilities	25,530	
	Net Assets	160,545	
	Shareholders equity	£ '000	
9	Share capital	495	4
10	Share premium account	43,021	5
11	Profit and loss account	117,029	6
	Total Equity	160,545	1,2,3

	Own funds: main features of own instruments issued by the firm:
	495,035 ordinary shares of £1.00 each, fully paid

5. OWN FUNDS REQUIREMENT (MIFIDPRU 8.5)

5.1 Calculation of Own Funds Requirement

In accordance with Chapter 4 of MIFIDPRU, PEL is at all times required to hold own funds in excess of the highest of:

- Permanent minimum capital requirement ("PMR")
- K-factor Requirement ("KFR")
- Fixed Overhead Requirement ("FOR")

PEL complies with its applicable amount of PMR that equals to £75,000 as the firm does not have permission to hold client money or trade on its own account. The PMR is a fixed, prescribed amount applicable to an investment firm based on its regulatory permissions to undertake specified regulated activities.

PEL's FOR as at 31 December 2024 was £51.5m. The FOR is calculated in accordance with MIFIDPRU 4.5 and is based on an amount equal to one quarter of the firm's relevant expenditure from its audited financial statements for the preceding year or its forecast relevant expenditure if it is projected to increase by 30% or more; or if there would be an increase of £2m or more in the firm's FOR based on projected relevant expenditure. The relevant expenditure is based on fixed costs, with variable costs being deducted from the total expenditure. The FOR as at 31 December 2024 was based upon 2023 actual expenditure.

MIFIDPRU 4.6 sets out the calculation methodology for determining the KFR. The KFR equals an aggregated sum that comprises the amounts of individually applicable K-factors. A firm's regulatory permissions to undertake regulated activities drive the application of individual K-factors. The two relevant K-factors applicable to PEL are K-AUM and K-COH, based on PEL's permission to manage client assets and act as delegated portfolio manager for other PIMCO entities.

5.2 Own Funds Requirement

The Own Funds Requirement (OFR) represents the higher of the PMR, KFR or FOR. The amounts are presented below:

31-Dec-2024	£'000
A) Permanent Minimum Capital Requirement	75
B) Fixed Overhead Requirement	51,530
C) K-Factors	30,130
Sum of K-AUM, K-CMH and K-ASA	*26,086*
Sum of K-COH and K-DTF	*4,044*
Sum of K-NPR, K-CMG, K-TCD and K-CON	*0*
Higher of A, B and C	51,530

5.3 Approach to Assessing the Adequacy of Own Funds

Please refer to section 3.3 to see the firm's approach to assessing the adequacy of its own funds.

6. REMUNERATION (MIFIDPRU 8.6)

6.1 Requirement

During 2024 the company was subject to the FCA's MIFIDPRU Remuneration Code at SYSC 19G of the FCA's Handbook (the "RemCode"). The company's Remuneration Policy is designed to ensure that it complies with the RemCode and that compensation plans are consistent with and promote sound and effective risk management; do not encourage excessive risk taking; include measures to avoid conflicts of interest; and are in line with the firm's business strategy, objectives, values and long-term interests.

As a Non-SNI MIFIDPRU Investment Firm that does not meet the conditions set out in SYSC 19G.1.1R(2), the following provisions set out in SYSC 19G.1.1R(4) do not apply to the company:

- SYSC 19G.6.19R to SYSC 19G.6.21G (Shares, instruments and alternative arrangements);
- SYSC 19G.6.22R and n SYSC 19G.6.23G (Retention policy);
- SYSC 19G.6.24R to n SYSC 19G.6.29R (Deferral); and
- SYSC 19G.6.35R(2) (Discretionary pension benefits).

6.2 Application of the Requirements

The company is required to disclose certain information on at least an annual basis regarding:

a. Decision making processes relating to the company's Remuneration Policy;

b. The link between pay and performance; and

c. Aggregate quantitative information on remuneration for all staff, Senior Management and other Material Risk Takers (see "Remuneration Disclosure" below).

6.2.1 Decision Making on Remuneration Policy

The PIMCO Compensation Committee governs PIMCO group-wide remuneration strategy and ensures that the approaches adopted incentivise and reward strong performance, outstanding client service, effective risk management, contribution towards the firm's longer-term goals and conduct that places the needs and interests of clients first.

The Board has the responsibility for implementing remuneration strategy at the local level. This task is delegated to the company's Compensation Committee, a formal sub-committee of the Board. The Chair of the company's Compensation Committee provides a formal report to the Board on a quarterly basis.

The Remuneration Policy of the company is proposed by the company's Compensation Committee and approved by the Board. The Remuneration Policy takes into account the overall PIMCO group compensation strategy along with the requirements of the MIFIDPRU RemCode. This ensures that the company's approach to compensation rewards strong performance and promotes a culture of compliance and effective risk management.

The company's Compensation Committee is advised by regulatory and legal advisers in the UK on compensation regulation matters.

6.2.2 Link Between Pay and Performance

The company's total compensation philosophy is in line with PIMCO group policy that total compensation for high performing staff should be highly competitive. The company works to a total compensation model (the "Total Compensation Plan" or "Plan") as do other PIMCO group companies globally. The company's Total Compensation Plan is intended to reward performance, integrity, and teamwork. The Plan embraces a corporate culture of pay-for-performance and meritocracy.

Variable compensation is regarded as an important tool within the total compensation philosophy to create the right type of performance and risk culture at the company. In addition to a fixed salary, all staff participate in the company's variable compensation program with more senior staff and investment professionals receiving a higher proportion of their total compensation through a discretionary, performance-based variable payment. This payment is made annually, normally in December, and relates to the performance year from 1 October the previous year to 30 September of the current year. More senior staff may also participate in the company's long-term incentive program ("LTIP"). Additionally, a carried interest plan has been approved for those staff that work in the alternatives group. Further details are outlined below.

PIMCO's variable compensation pool is agreed annually based on group-wide business performance. This pool is allocated among PIMCO's business units including PIMCO's EMEA region (which incorporates the company) through a collaborative process between firm management and local management which takes account of the company's business performance. Local management is then responsible for implementing a process to evaluate the variable compensation level for each individual staff. This is based on an individual assessment of the performance of each staff by their manager and takes into consideration the following factors:

- Local team performance;
- External market comparisons for similar roles at other firms;
- Individual performance relative to objectives (both financial and non-financial); and
- Conduct or risk related issues that contravene the firm's policies, expectations and values.

Individual compensation recommendations are reviewed by the company's senior management, adjusted as necessary to reflect risk, compliance or conflict of interest related issues and submitted to the company's Compensation Committee for their review. Following this, the PIMCO Compensation Committee reviews the compensation recommendations of the company along with all other firm wide business units. Following this review, the recommendations are returned to the company's Compensation Committee for final review and approval.

More senior staff, whose total compensation is above a specific threshold, also participate in a mandatory LTIP. Through this program, a proportion of total compensation will be deferred for three years. The amount paid at the end of the three years is adjusted depending on the performance of the firm during that period (subject to a cap). It is only payable as long as the individual remains employed.

PIMCO may offer the ability to award staff who provide services to Alternative Funds with a percentage ("points") of carried interest otherwise payable to PIMCO in the event that the applicable performance measurements are achieved. Carried interest is a share of any profits that the general partners of private equity funds receive as compensation. These awards are a form of deferred compensation as they are granted well before any actual cash is received and are contingent on long-term performance. They replace what would otherwise have been fully vested cash compensation and defer payment subject to forfeiture. The Carried Interest Compensation Plan is established and operated in accordance with the plan rules.

Overall, the company's approach to remuneration (and that of the wider PIMCO group) creates a merit-based culture of high performance that promotes effective risk management, provides a constant focus on client outcomes and discourages excessive risk taking and short-termism.

6.2.3 Material Risk Takers ("MRTs")

The company undertakes a comprehensive review to identify those persons who it considers to be MRTs for the purposes of the MIFIDPRU Remuneration Code (SYSC 19G.5). In doing so the company considers and reviews all staff whose professional activities have a material impact on a firm's risk profile or the assets the firm manages. In seeking to identify material risk takers, the company considers those staff that might exercise significant influence in relation to any material risks identified in the company's ICARA.

6.2.4 Malus and Clawback

In accordance with the MIFIDPRU Remuneration Code, variable compensation awarded by the company (including any "One Time Awards" or deferred compensation) needs to be subject to provisions which in certain circumstances allow for the reduction of amounts payable ("malus") to the individual, and/or allow for the individual to repay to the company all or part of any variable compensation received ("clawback").

The period during which malus provisions are able to be applied, will commence on the date of the award and terminate on the date of vest of the award in question. The period during which clawback provisions are able to be applied will commence on the date of payment of an award and terminate three years after the date of payment of the award in question.

The conditions under which the company may invoke such malus and/or clawback provisions include (but not limited to):

- material misstatement of results or an error in performance calculations;
- material failure of risk management and internal controls;
- misconduct or fraud;
- conduct leading to financial loss;
- conduct leading to reputational damage;
- unreasonable failure to protect the interest of staff and clients.

Any application of the malus and/or clawback provisions will be approved by the Compensation Committee.

6.2.5 Remuneration Disclosure

The table below discloses the aggregate quantitative information on remuneration for: (i) all staff; and (ii) split between Senior Management, Other MRTs and Other Staff. The total number of MRTs identified for 2024 was 22.

For the purpose of disclosure for the financial year of guaranteed variable remuneration (SYSC 8.6.8R(5)(a)) and severance payments (SYSC 8.6.8R(5)(b) and (c)), the company relies on the exemption according to SYSC 8.6.8R(7). In accordance with SYSC 8.6.9R the company confirms that reliance on the exemption is to prevent individual identification of a Material Risk Taker.

Figures £'000	Total Remuneration	Fixed Remuneration	Variable Remuneration
All Staff	216,517	91,113	125,404
Senior Management	64,359	19,518	44,841
Other Material Risk Takers	27,389	7,354	20,036
Other Staff	124,769	64,242	60,527