

About the portfolio manager

Assets under management	USD 1'888 bn, USD 13.7 bn according to ESG principles
Number of inv. profess.	815
Number of inv. profess. dedicated to ESG	No separate business unit; integrated across all functions of the firm
Participation in shareholder meetings	No, but engagement via ESG platform
ESG rating	A+ (UN PRI)
ESG consultant	PIMCO's internal ESG Advisory Group
External data sources	<ul style="list-style-type: none"> • Bloomberg • MSCI • RepRisk • CDP (former Carbon Disclosure Project) • Freedom House

Memberships

Signatory to UNPRI	Yes
UNPRI rating	A+
Others (selection)	<ul style="list-style-type: none"> • PRI Bondholder Engagement Working Group and Sovereign Working Group • CDP • PRI SDG Advisory Committee • UN Global Compact • UN Global Compact SDG Finance Lab • Climate Action 100+ • Sustainability Accounting Standards Board - Inv. Advisory Group

Voting activity

Exercise of voting rights	No (as a fixed income manager, the occasion to vote proxies is very rare), but via PIMCO's ESG platform, the engagement process is designed to encourage issuers to improve their sustainability practices
ESG consultant	None for Fixed Income, ISS for Equities
Voting report	Yes, for individual separate account mandates

Decision making process for exclusion decisions

In the case of ESG portfolios, PIMCO uses a proprietary compliance system, ACE (Automated Compliance Environment) which identifies major restricted industries or sectors which are fundamentally misaligned with sustainable investing principles (collectively, the "Core Exclusions List"). Clients can provide their list of exclusions for PIMCO to incorporate into portfolio construction. A dedicated Exclusions Advisory Group, which consists of investment professionals from across the firm, is responsible for developing a list of issuers and industries (collectively, the "Dynamic Exclusions List") which may be excluded from the portfolio due to business practices which are currently (but not necessarily fundamentally) misaligned with ESG principles or which have failed to effectively respond to PIMCO's engagement efforts. In determining issuers for the Dynamic Exclusions List, the ESG Advisory Group references globally accepted norms such as the UN Global Compact Principles, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization Conventions.

Consultant for investment guidelines and exclusion criteria

PIMCO's ESG Advisory Group references globally accepted norms such as the UN Global Compact Principles, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization Conventions in determining issuers for the Dynamic Exclusions List.

Decision making process for exercising voting rights

PIMCO Proxy Voting Policy

PIMCO has adopted written proxy voting policies and procedures ("Proxy Policy") with Portfolio Management being responsible for monitoring and providing direction on voting and consent events and Operations being responsible for providing all necessary documentation.

PIMCO Proxy Voting Activities

PIMCO seeks to ensure that voting and consent rights with respect to securities held in accounts over which PIMCO has discretionary authority are exercised in the client's best interests and to manage potential conflicts of interest that may arise.

Each proxy is voted, and each consent is given, on a case-by-case basis, taking into account relevant facts and circumstances. For equity securities, PIMCO has retained an Industry Service Provider ("ISP") to provide recommendations as to how to vote proxies and to cast votes as PIMCO's agent on behalf of clients in accordance with its recommendations, unless otherwise instructed by PIMCO. With respect to the voting of proxies relating to fixed income securities, PIMCO's fixed income credit research group is responsible for researching and issuing recommendations as to how to vote the proxies.

PIMCO's voting policy takes the following factors into account when deciding how to vote proxies: (i) the long-term benefit to shareholders of promoting corporate accountability and responsibility on social issues; (ii) management's responsibility with respect to special interest issues; (iii) any economic costs and restrictions on management; (iv) a client's instruction to vote proxies in a specific manner and/or in a manner different from these policies and procedures; and (v) the responsibility to vote proxies for the greatest long-term shareholder value. In addition, we are generally supportive of proposals that foster good corporate governance practices.

Engagement

Engagement	Yes
Consultant	PIMCO's Dedicated ESG Resources

ESG consultant for engagement activities / engagement

At a firm-wide level, PIMCO's global credit analysts and portfolio managers spend a significant amount of time conducting calls and in-person meetings with issuers' senior management. In addition to financial matters, they may also focus on material ESG issues such as how risk management and business strategy address conduct risk, product safety and carbon risk. We have found this regular dialogue across multiple touchpoints to be a highly effective method of communicating and engaging on ESG issues.

PIMCO also has an ESG Engagement Analyst, Del Anderson, who leads our ESG engagement activity and is integrated into the broader PIMCO Credit Research Team and reports to the Head of Credit Research, Christian Stracke. Our goal is to holistically integrate engagement activities into the ongoing discussions led by our credit research and portfolio management teams, broadening the scope of questions beyond credit-specific considerations to include ESG concerns. Using a proprietary technology platform, engagement at PIMCO is designed to leverage the full scale of our global team of credit analysts and build upon our firm's decades of experience working collaboratively with issuers to encourage business practices which are favorable to our investment objectives.

IST portfolio

Portfolio overview

ESG rating	No
Application of an exclusion list	Yes, the SVVK exclusion list is applied.

Incorporation of ESG factors into the investment process

The PIMCO investment process evaluates ESG risk factors from both the top-down (i.e. macro) and bottom-up (i.e. security specific) in a process that encompasses all of our assets under management.

From the top-down, the first and most important step in PIMCO's process is to correctly identify the major long-term themes that will impact the global economy and financial markets. PIMCO believes that such analysis is fundamental to making sound investment decisions. The firm's annual Secular Forums are devoted to identifying and analysing these longer-term trends and the analysis of ESG-related issues fits directly into that process. PIMCO blends its macro analysis with detailed bottom-up work. This analysis is further outlined in the attached graphic.

In order to keep-up knowledge and understanding surrounding ESG issues, the firm's global credit research team and portfolio managers evaluate ESG-related issues as part of their corporate credit analysis and capital allocation decision-making processes. Our staff of seasoned credit analysts internally rate credit-related issues held in its portfolios. PIMCO incorporates ESG methodologies at the firm level, complementing the traditional ratings assigned by credit analysts. We currently have ESG scoring in place for corporate issuers, sovereigns, securitized issuers and municipal issuers. However, while these scores are provided at the issuer level, non-ESG funds may not optimize on ESG factors. To facilitate the systematic integration of ESG risk factors in our analysis and help to monitor ESG-related risks, we are continually enhancing our proprietary credit research software with specific ESG-related attributes.

Identification of companies excluded

The list is implemented as an automatic rule, i.e. the issuers on the SVVK exclusion list automatically flag as not eligible for the portfolio.