

April 2019

UN Global Compact *Communication on Progress*



P I M C O

Emmanuel Roman
Managing Director, Chief Executive Officer
650 Newport Center Drive
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April 12, 2019

H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017

Dear Mr. Secretary-General,


I am pleased to confirm that PIMCO continues our support of the Ten Principles of the UN Global Compact with respect to human rights, labor, environment and anti-corruption.

With this communication, we express our commitment to advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, such as the Sustainable Development Goals.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes PIMCO's efforts to implement the Ten Principles. To further this, we commit to support the principles of the UN Global Compact by reporting on our progress annually in a manner consistent with UN Global Compact COP policy. This includes:

- a signed statement expressing continued support for the Global Compact and renewing our ongoing commitment to the initiative and its principles;
- a description of practical actions (i.e., disclosure of any relevant policies, procedures, activities) that PIMCO has taken (or plans to undertake) to implement the Global Compact principles in each of the four issue areas (human rights, labor, environment, anti-corruption); and
- a measurement of outcomes (i.e., the degree to which targets/performance indicators were met or other qualitative or quantitative measurements of results).

Sincerely yours,

A handwritten signature in black ink, appearing to read "E. Roman", written over a horizontal line.

Emmanuel Roman
Chief Executive Officer

About PIMCO

PIMCO is one of the world's premier fixed income investment managers, launched in 1971 in Newport Beach, California. In our 45+ years of operating, we have continued to bring innovation and expertise to our partnership with clients seeking the best investment solutions. Today we have offices across the globe and more than 2,500 professionals united by a single purpose: creating opportunities for investors in every environment.

Our Commitment to Responsible Investing

As a firm, PIMCO believes in advancing positive change through our investment practices. We seek to achieve this through a principled approach to investment, engaging issuers on matters related to environmental, social, and governance (ESG) issues, and reporting publicly on our activities. We believe these activities are essential to our commitment to uphold the principles of the UN Global Compact (UNGC).

PIMCO has been managing socially responsible strategies since 1991, and since 2011 has been taking steps to formally incorporate ESG analysis into the firm's investment process. In 2017, PIMCO launched a range of dedicated ESG strategies that combine ESG-focused portfolio construction with active engagement and transparent reporting on ESG matters, and the firm developed a more comprehensive protocol for engaging with corporate issuers to influence good ESG outcomes.

PIMCO's annual ESG Investing Report, available on our website, describes the firm's engagement with issuers. We seek to identify issuers with the capacity to change their ESG practices and then develop a core set of engagement objectives. We believe that successful engagement is based on collaboration, a productive dialogue and mutual agreement on objectives.

To further promote the transparency and accountability of our activities, PIMCO became a signatory to the United Nations-supported Principles for Responsible Investment (PRI) [in 2011](#). Since then, we believe we have made ample progress in our self-assessment of PIMCO's investment approach, attaining top marks across all sections (A+) for responsible investing¹. PIMCO exceeded the median score derived from industry peers in each category. Categories include:

- Strategy & Governance
- Fixed Income – Sovereigns, Supranationals and Agencies (SSA)
- Fixed Income – Corporate Financial
- Fixed Income – Corporate Non-Financial
- Fixed Income – Securitized

In addition to UN PRI reporting, PIMCO has regularly engaged with the broader UN system, including UNGC. For example, PIMCO hosted the UNGC / PIMCO Symposium at our headquarters in February 2018. The event brought together public and private sectors to explore how fixed income markets can support the achievement of the 17 Sustainable Development Goals (SDGs) and its 169 targets. We are also pleased to be supporters of the UN Women's Empowerment Principles and the UN LGBTI Standards of Conduct for Business. In addition, [we are a founding member of IMPACT 2030](#), the only private sector, partnership-led initiative focused on leveraging employee volunteer programs to directly and substantially contribute to the achievement of the

¹ UNPRI assessment report limited to asset managers signed up to the PRI and based on how well ESG metrics are incorporated into their investment processes. UNPRI Transparency Reports 2018 are available at <https://www.unpri.org/signatories/transparency-reports-2018/3350.article>. For methodology, please refer to About PRI Assessment: <https://www.unpri.org/signatories/about-pri-assessment>. **Past performance is no guarantee of future results.**

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global SDGs. Further, we have had the opportunity to engage in Global Compact Local Network events, most recently in Brazil and Italy.

PIMCO recognizes that the SDGs can provide a framework for measuring impact in ESG investment strategies and that fixed income capital is an important financing mechanism in the realization of the SDGs. Our goal is to encourage and support enhanced SDG disclosure by issuers, and we have taken steps to map the current quality of SDG reporting among issuers. Our findings and thought leadership to date are publicly available on our [website](#).

The following pages outline PIMCO's policies and plans that are designed to contribute to the Ten Principles of the UNGC, mapped to the four main areas of human rights, labor, environment and anti-corruption. We believe that this reflects PIMCO's commitment to transparent reporting and accountability which we believe is foundational to our continued commitment to the UNGC.

This document is not intended to provide an exhaustive list of all the ways in which PIMCO aligns and contributes to the UNGC Principles, rather, it is designed to provide an indication of the numerous different mechanisms that PIMCO uses to support the UNGC and also provide a clear indication of our values and approach.

HUMAN RIGHTS

PIMCO strongly believes that every person around the world deserves to be treated with dignity and equality. We also understand both the opportunity and obligation to effect meaningful social change. Specifically, our community engagement platform, Purpose at PIMCO, seeks to be aligned to SDGs #2 and #5, Zero Hunger and Gender Equality. Our focus on hunger and gender equality reflects our belief that these are fundamental issues critical to human development and sustainable worldwide economic growth.

Learn more about our efforts here: [Purpose at PIMCO](#)

Implementation of Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure businesses are not complicit in human rights abuses

Policies and Commitments

- PIMCO's Global Anti-Money Laundering Policy and [statement](#) on the UK Modern Slavery Act represent our commitment to implementation of the Human Rights Principles, both internally and in supply chains.
- PIMCO is a signatory to the UN Women's Empowerment Principles as of 2018.
- PIMCO is a supporter of the UN LGBTI Standards of Conduct as of 2018.
- PIMCO is a founding member of IMPACT 2030 as of 2017.

Systems and Procedures

PIMCO's Anti-Money Laundering Program includes controls designed to prevent, detect and report any attempt to use PIMCO to launder the proceeds of illegal activity, including human trafficking.

To supplement our efforts related to supporting human rights, we plan to further integrate human rights considerations into global procedures and policies in 2019.

Measurement of Outcomes

- For the calendar year 2018, PIMCO Foundations globally distributed approximately \$6mm in funding towards local and international grants through our philanthropic partners to address a wide range of issues which include hunger, gender equality, homelessness, early career and college readiness and disaster assistance.
- For the calendar year 2018, over 1,500 PIMCO employees engaged in over 11,000 hours of community service across 262 projects.

LABOR

PIMCO's Equal Employment Opportunity Policy affirms PIMCO's commitment to non-discrimination and equal opportunity for all employees and applicants. Employees and applicants will not be subject to unlawful discrimination based upon race, color, creed, citizenship status, national origin, ancestry, religion (including religious dress and grooming practices), sex (including pregnancy, childbirth, breastfeeding, or related medical conditions), sexual orientation, gender (including gender identity and expression), age (40 and over), marital status, military or veteran status, disability (physical or mental), medical condition (including cancer and genetic characteristics) or any other basis prohibited under federal, state or local law, ordinance or regulation.

Read more about our efforts here: [Inclusion, Diversity & Culture](#)

Implementation of Labor Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: The elimination of all forms of forced and compulsory labor

Principle 5: The effective abolition of child labor

Principle 6: The elimination of discrimination in respect of employment and occupation

Policies and Commitments

- PIMCO Employee Guides, which include our Equal Opportunity & Harassment Policy, seek to protect employees against all types of discrimination and harassment.
- Respectful workplace training is mandatory for all employees.
- PIMCO's global flexible working policy aids in fostering a culture that enables colleagues to be optimally productive in their professional and personal lives.
- PIMCO offers high quality benefits, as evidenced by paid parental leave options, family building support, retirement readiness and other financial planning guidance.
- PIMCO is a signatory to the HM Treasury Women in Finance Charter as of 2018.
- PIMCO is a signatory to the CEO Action for Diversity and Inclusion initiative as of 2017.

Systems and Procedures

PIMCO has internal systems and procedures that seek to ensure our business is conducted in accordance with Principles 3 through 6.

In addition to the policies and commitments noted above, PIMCO offers an ombudsman service to employees globally who wish to discuss workplace issues via an external, confidential, neutral and independent service.

Further, our Inclusion, Diversity & Culture (IDC) programming seeks to heighten employees' appreciation for diverse perspectives and skills. PIMCO's IDC philosophy acknowledges a wide range of identity dimensions such as race, ethnicity, gender, sexual orientation, gender identity and military status but also focuses on dimensions and concepts such as culture, business segments, geographic diversity, unconscious bias, cognitive diversity and inclusive leadership. We seek to achieve our mission through the combined efforts of our dedicated volunteer teams, continued engagement from senior leadership, process enhancements that mitigate bias in our recruiting, development, and promotions processes, as well as a sustained long-term commitment to our mission.

Examples of initiatives that affirm our support for employees in 2018 include:

- an expansion of our peer-to-peer mentoring program for parents to our European offices;
- the creation and distribution of best practice guidance for considering religious observances;
- the launch of PIMCO's [Women & Investing platform](#); and
- fertility, adoption and surrogacy benefits for all employees since 2018.

Measurement of Outcomes

- PIMCO has received a perfect score on the Human Rights Campaign Foundation's Corporate Equality Index for the third year in a row, earning the designation as a "Best Place to Work for LGBTQ Equality."
- As of year-end 2018, PIMCO's global population of female talent stands at 35%. Within the United States, 41% of our workforce is classified as minorities and 10% as underrepresented minorities, based on Equal Employment Opportunity data reporting standards.

Environment

PIMCO's leadership on the environmental principles includes support of certain voluntary international frameworks and agreements on climate action and sustainable development. In many instances these voluntary frameworks and agreements (examples noted below) are supportive of the SDGs. PIMCO remains committed to sustainable investing, to working with clients to meet their aims, to engaging with issuers to improve ESG practices, and to partnering with industry participants to broaden the universe of ESG investing.

Implementation of Environmental Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: Undertake initiatives to promote greater environmental responsibility

Principle 9: Encourage the development and diffusion of environmentally friendly technologies

Policies and Commitments

- PIMCO is member of the Investment Leaders Group of the Cambridge Institute for Sustainability Leadership as of 2018.
- PIMCO is a signatory to the CDP, formerly the Carbon Disclosure Project, as of 2018.
- PIMCO is an active participant in Climate Action 100+ as of 2017.
- PIMCO is part of the Investor Advisory Group of the Sustainability Accounting Standards Board as of 2016.

Systems and Procedures

PIMCO engages with issuers on several environmental topics, including climate change, water, resource efficiency, community engagement and land use. Through our engagement with issuers on the topic of climate change, we seek to encourage several developments, such as:

- improved disclosure by issuers, for example: Scope 3 disclosure, Task Force on Climate-related Financial Disclosure (TCFD) reporting that includes scenario analysis covering transition and physical risk, and a Paris Agreement-aligned (science-based) greenhouse gas emissions reduction target;
- collaborative investor initiatives to address this critical global sustainability issue; and
- management of exposure to water risk, including setting reduction and recycling targets, and action to address any conflicts with local stakeholders concerning freshwater resources.

Beyond PIMCO's climate focus, we look for evidence of best practices in relation to issuers improving performance in areas such as pollution control, recycling and managing toxic substances, developing eco-friendly products and raising customer awareness.

Measurement of Outcomes

- Environmental considerations remain an important part of our ESG engagement strategy. Please review our latest ESG Annual Report on our website for more information and specific metrics.
- PIMCO's offices in Newport Beach, New York City, Austin, Taipei, Hong Kong and Toronto are recipients of LEED Gold certification. The building in which our London office operates is certified Excellent by the BREEAM sustainability assessment method. In Singapore, the building in which we operate has received the Green Mark Platinum Award from Singapore's Building & Construction Authority and a Platinum Certification by the U.S. Green Building Council.

ANTI-CORRUPTION

PIMCO is committed to complying with all applicable statutory and regulatory requirements relating to bribery and corruption. As such, we prohibit bribery and corruption in any of our business activities or in business activities of third parties acting on PIMCO's behalf and have instituted a robust program that is designed to detect and prevent the use of our services or personnel in such activities.

Implementation of Anti-Corruption Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

Policies and Commitments

Examples of our policies which showcase our commitment to Principle 10 include, but are not limited to:

- Global Anti-Corruption Policy
- Code of Business Conduct
- Code of Ethics
- Policy on Gifts, Entertainment and Related Anti-Corruption Measures
- Policy for Reporting Suspicious Activities and Concerns
- Financial Intermediary Due Diligence Policy
- Global Economic Sanctions Policy
- Global Anti-Money Laundering Policy
- Political Contributions Policy
- Conflicts of Interest Policy
- Guidelines Regarding Business Competition

Systems and Procedures

PIMCO's Legal and Compliance Department has a dedicated Anti-Financial Crimes Team that is responsible for implementing and maintaining the firm's Global Anti-Corruption Program. This Program is reasonably designed to comply with applicable laws, regulations and rules relating to bribery and corruption and includes, but is not limited to: policies and procedures; risk assessments; risk-based due diligence on our clients, prospects and other third parties; ongoing monitoring; and training for all employees.

Measurement of Outcomes

- PIMCO remains in compliance with AML and Anti-Corruption laws and regulations.
- Compliance training on corruption and bribery is completed by all employees.

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