

P I M C O

# 2019 Corporate Responsibility

A company of Allianz 



# Message from Emmanuel Roman

On behalf of PIMCO, we take great pride in helping investors achieve their objectives. Increasingly, investors are motivated by the recognition that environmental, social and governance (ESG) issues are material investment and business factors.

In 2011, consistent with our goal to continuously evolve our active approach to fixed income, PIMCO formalized its commitment to incorporating ESG factors into our investment process by signing the UN Principles for Responsible Investment. Since that time, we continue to foster innovation in the market for sustainable investments as most recently evidenced by our engagement in the UN Global Compact CFO Taskforce for the Sustainable Development Goals (SDGs). This partnership seeks to mobilize hundreds of CFOs to tackle financing needs around the SDGs.

PIMCO also supports the Ten Principles of the UN Global Compact with respect to human rights, labor, environment and anti-corruption. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company. Leadership in this area is essential to our high performance culture, and to delivering the best advice and results for our clients. We believe that our focus on sustainable business practices enhances the economy and society.

I am committed to our continued progress and partnership across our industry to tackle broader global challenges.

A handwritten signature in black ink, reading "E. Roman". The signature is stylized with a large, sweeping initial "E" and a long horizontal line extending from the end.

**Emmanuel Roman**  
CEO of PIMCO

## PIMCO Overview

Pacific Investment Management Company LLC ("PIMCO") was founded in Newport Beach, California in 1971 and is a global investment solutions provider. PIMCO started as a subsidiary of Pacific Life Insurance Company managing institutional separately managed fixed income accounts. In 2000, PIMCO was acquired by Allianz SE ("Allianz"), a large global financial

services company based in Germany, with the agreement that it would be able to operate as a separate and autonomous subsidiary. While primarily known as one of the world's largest fixed income managers, PIMCO also manages a broad range of strategies across different asset classes including alternatives, equities, and real assets.

## Our Values

### COLLABORATION

#### WE BELIEVE

each of us is here to help others succeed

#### WE LEVERAGE

diverse perspectives to make better decisions

#### WE SHARE

ideas, information and intelligence

### RESPONSIBILITY

#### WE PRIORITIZE

client needs and objectives ahead of our own

#### WE NEVER STOP LEARNING

and building expertise, individually and within teams

#### WE ARE ACCOUNTABLE

for the impact of our actions on clients, culture and community

### OPENNESS

#### WE SEEK

challenges to our most closely held viewpoints

#### WE LISTEN

and engage with fairness and candor

#### WE RECOGNIZE

the importance of a global mindset

### EXCELLENCE

#### WE PURSUE

deep insight with humility

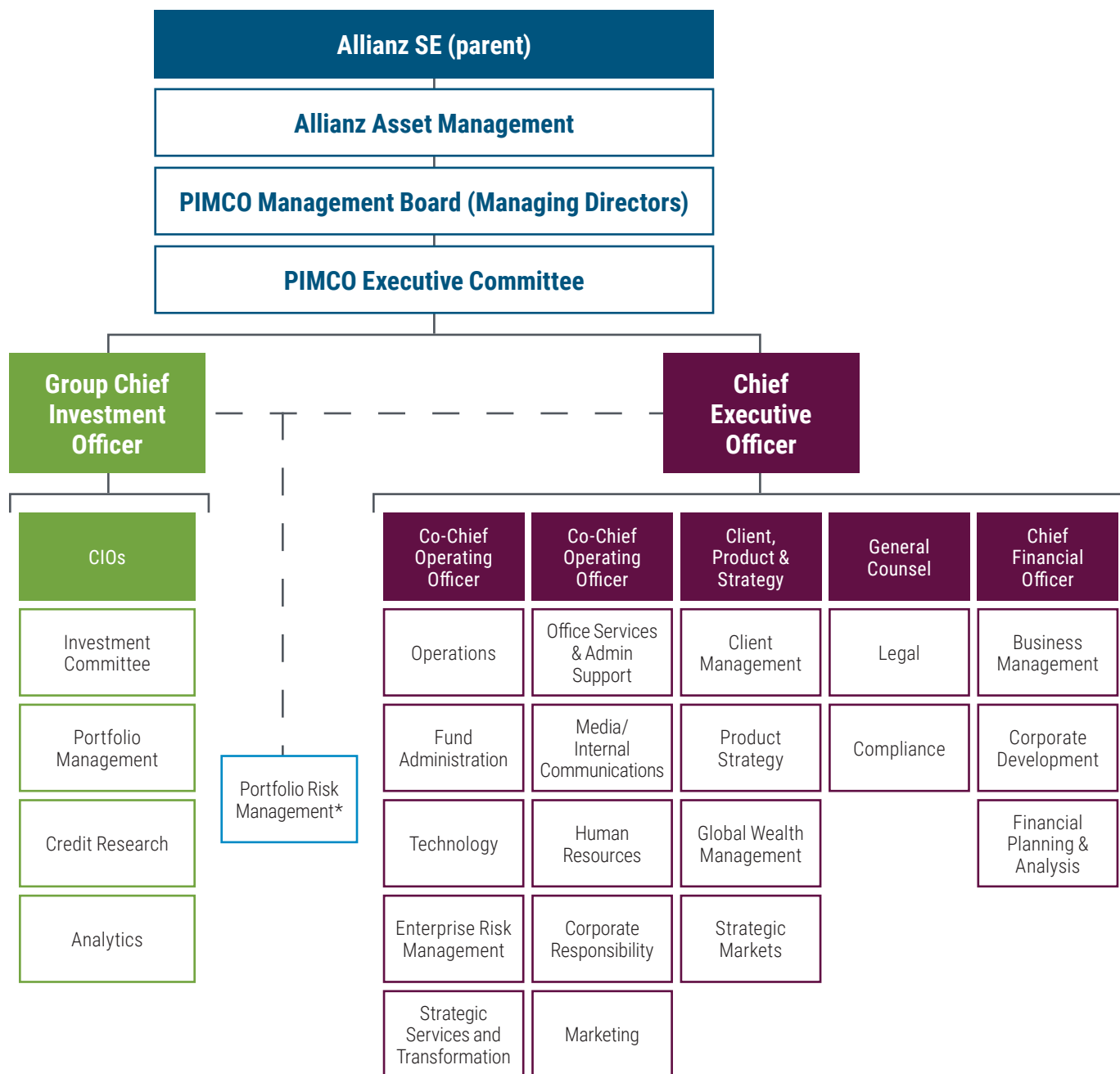
#### WE TRANSFORM

individual solutions into institutional best practices

#### WE ALL ACT AS LEADERS

and think as leaders

## Organizational Structure



As of 31 December 2019

\* Portfolio Risk Management reports both to the Group Chief Investment Officer and the Chief Executive Officer.



## Global Offices

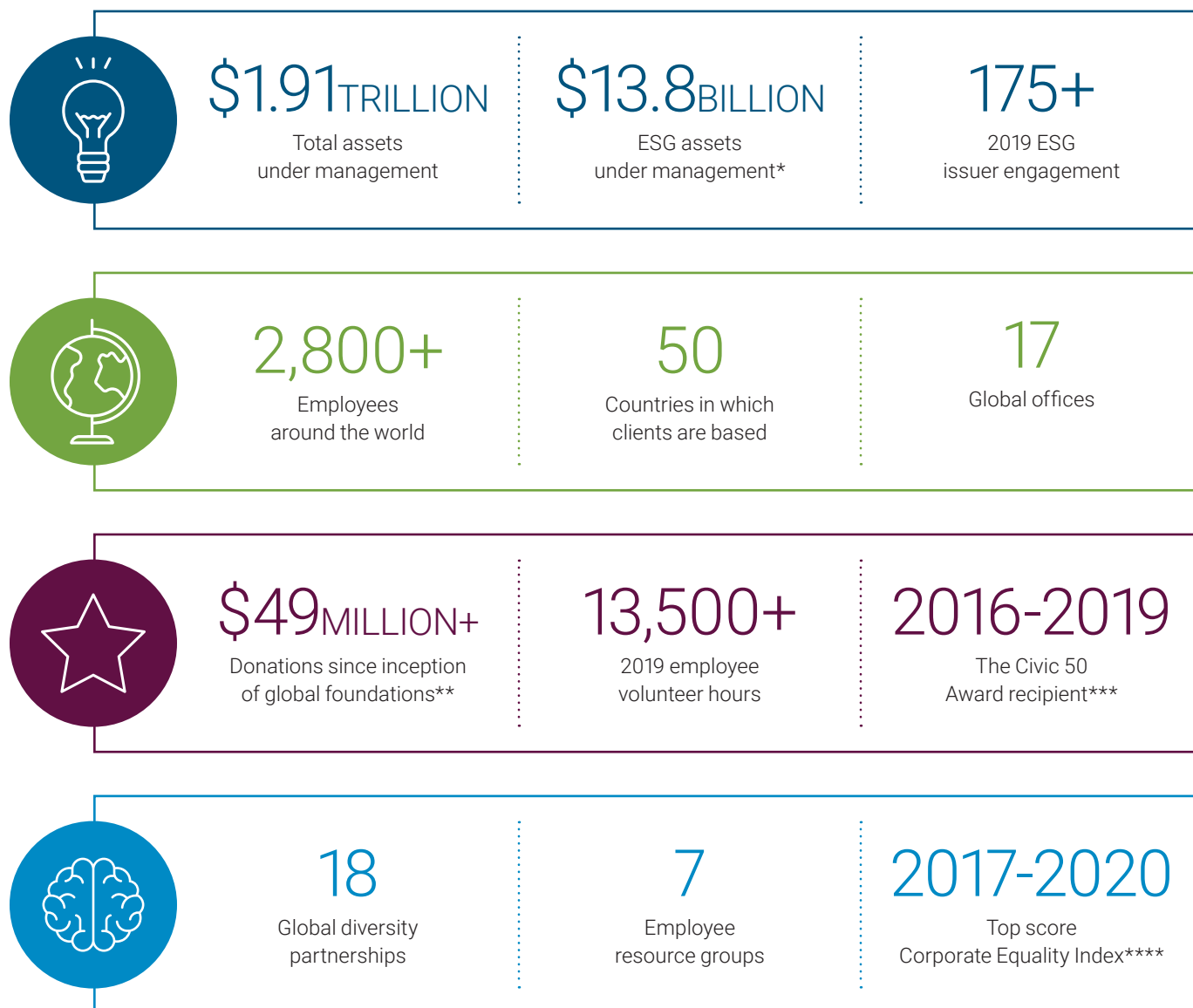


As of 31 December 2019

- 1 The Bermuda office opened in April 2019.
- 2 The Solana Beach, CA and Chicago, IL offices relate to PIMCO's acquisition of Gurtin Fixed Income Management, LLC in January 2019.
- 3 Rio De Janeiro office was established in 2012 but relocated to São Paulo in December 2018.



## Snapshot as of 31 December 2019



\* 3rd party dedicated ESG portfolios, defined as any portfolio with a sustainability objective beyond traditional financial objectives. Sustainability objectives could include carbon emissions reductions, green bond allocations, ESG issuer quality, engagement expectations or other sustainability linked objectives. These are not simply portfolios with negative screens.

\*\* Inception date of first foundation is 2000.

\*\*\* The Civic 50 recognizes the 50 most community-minded companies in the nation each year as determined by an annual survey. We also report best practices each year to provide a framework for good corporate citizenship. The Civic 50 honorees are public and private companies with U.S. operations and revenues of \$1bn or more. They rank only their U.S. community engagement programs, as outlined on their website: <https://www.pointsoflight.org/the-civic-50/>. This award is open to all companies with \$1B or more in revenue. This award was not paid for by PIMCO.

\*\*\*\* PIMCO is honored to earn the designation as a Best Place to Work for LGBT Equality in recognition for our continued commitment to foster an inclusive and diverse work environment. The Human Rights Campaign (HRC) Corporate Equality Index (CEI), a national benchmarking survey and report on corporate benefits, policies and practices pertinent to lesbian, gay, bisexual, and transgender (LGBT) equality and inclusion in the workplace. PIMCO first received this designation 5 December 2017.

## 2019 Highlights

- PIMCO completed the acquisition of Gurtin Municipal Bond Management, a specialist municipal bond manager serving high and ultra-high net worth individuals. In addition to considering ESG risk factors as part of their fundamental credit research process, Gurtin also customizes Social Advancement Portfolios.
- William “Bill” Thompson re-joined PIMCO in an advisory capacity in the role of Chairman Emeritus. Mr. Thompson served as PIMCO’s Chief Executive from 1993-2009.
- PIMCO launched a new insurance-linked securities business in partnership with Allianz.
- PIMCO named Dr. Richard Thaler as Senior Advisor on Retirement and Behavioral Economics. Dr. Thaler, who is a renowned economist and Charles R. Walgreen Distinguished Service Professor of Behavioral Science and Economics at the University of Chicago Booth School of Business, was awarded the Nobel Prize in Economic Sciences in 2017.
- The PIMCO Foundation awarded a \$2 million grant to the Global FoodBanking Network.
- PIMCO joined the United Nations’ Global Investors for Sustainable Development (GISD) Alliance. In partnership with investors, governments and multilateral institutions around the world, the GISD will deliver concrete solutions to scale-up long-term finance and investment which will specifically contribute to the realization of the UN’s Sustainable Development Goals (SDGs). The CEO of our parent company, Allianz, is also a member and serves as a co-chair of the alliance.
- PIMCO announced the launch of new ESG strategies<sup>1</sup>:
  - The PIMCO Climate Bond Strategy, including a U.S. 40-Act mutual fund, is our first strategy dedicated to investments that are linked to combating global climate change.
  - The PIMCO Enhanced Short Maturity Active ESG Strategy, including a U.S. 40-Act exchange-traded fund, aims to offer higher income than traditional cash investments, with a modest increase in risk, and focuses on issuers with high quality ESG practices.
  - The PIMCO Research Affiliates Fundamental Index (RAFI) ESG U.S. Strategy, including a U.S. 40-Act exchange-traded fund, is benchmarked to the RAFI™ ESG US Index and seeks to outperform market capitalization weighted indices, while investing in ESG-conscious companies.
  - The PIMCO Emerging Markets Bond ESG Strategy, including an Ireland domiciled Collective Investment in Transferable Securities (UCIT), is a diverse portfolio consisting primarily of fixed income securities from issuers in, or economically tied to, emerging or developing countries, excluding issuers that do not match Socially Responsible Investment (SRI) criteria.



<sup>1</sup> For informational purposes only. This material does not constitute an offer to sell or a solicitation of an offer to buy interests in a fund or any other PIMCO trading strategy or investment product. Strategy availability may be limited to certain investment vehicles; not all investment vehicles may be available to all investors. Please contact your PIMCO representative for more information.

## Overview of Materiality

In 2019, PIMCO initiated an exercise to better understand which sustainability issues and business drivers are most important to our key stakeholders, which include our clients, colleagues, investors, regulators and civil society. This exercise entailed interviews with key senior leadership, evaluation of employee engagement data as well as a review of our partnerships with relevant external stakeholders. We developed a list of potential material sustainability issues utilizing the Sustainability Accounting Standards Board as a framework. These material issues were evaluated by a newly formed Sustainability Advisory Group at PIMCO. They based their evaluation on existing business priorities, relevant reporting frameworks, industry associations and collaborative initiatives, stakeholder priorities as well as regulatory considerations.

The Sustainability Advisory Group is comprised of senior global business leaders representing Portfolio Management, Legal & Compliance, ESG & Sustainability Strategy, Operations, Human Resources, Investments, Technology, Marketing, Philanthropy and our Executive Office. This leadership team provides advocacy as well as policy and process guidance related to sustainable business practices.

### THE MATERIALITY EXERCISE RESULTED IN A FEW CLEAR THEMES:

**Delivering for our clients is of paramount importance.**

#### RESPONSIBLE INVESTING

Given PIMCO's size and market presence, **sustainable investing** presents an important opportunity to advance objectives important to our clients, colleagues and global communities.

#### SUSTAINABLE BUSINESS

Mitigating risk within our business operations is critical to our long-term success. We seek to continuously evaluate and improve our efforts related to **compliance, anti-corruption, cybersecurity and business continuity** in addition to other operational functions.

#### COMMITMENT TO TALENT

**Developing talent, supporting diversity and cultivating an inclusive culture** are important to fostering a healthy organizational dynamic in which teams can deliver innovative and leading investment products and services.

#### EMPOWERING COMMUNITIES

Addressing urgent societal challenges related to the **environment and human development** should be an ongoing aspiration.

**Leadership in these areas is essential to our high performance culture and to delivering the best advice and results for our clients.**



## Sustainability Advisory Group



**Olivia Albrecht**  
Head of ESG Business Strategy



**Mangala Ananthanarayanan**  
Head of Business Management  
of EMEA & APAC



**Phillip Bufe**  
Executive Office



**David Flattum**  
Global General Counsel



**Dirk Manelski**  
Chief Technology Officer



**Scott Mather**  
Chief Investment Officer, U.S.  
Core Strategies Responsible for  
ESG Strategies



**Gavin Power**  
Chief, Sustainable Development  
and International Affairs



**Sapna Shah**  
Head of Corporate Responsibility,  
Executive Director  
PIMCO Foundation



**Robin Shanahan**  
Co-Chief Operating Officer



**Cathy Stahl**  
Head of Marketing



**Peter Strelow**  
Co-Chief Operating Officer

## Responsible Investing



We need a new era in financial innovation—that is, new products, projects, and investable instruments that will attract the major investors. We see an enormous opportunity in fixed income investments linked to the SDGs.

**Scott Mather,**  
Chief Investment Officer, U.S.  
Core Strategies Responsible for  
ESG Strategies

Given PIMCO's size and market presence, sustainable investing presents an important opportunity to advance objectives important to our clients, colleagues and global communities.

Like many investors all over the world, we are deeply concerned about the global health crises and increased severity in natural disasters over the past year. Rising social fragmentation and poorly managed climate risks have also started taking a toll on businesses – and therefore investments.

As one of the world's leading fixed income managers, we at PIMCO are focusing on these disruptive forces not only out of basic human compassion but because we believe that in order to maintain a robust economy – and therefore generate jobs and opportunity – growth has to be sustainable. If growth does not encompass the minimum ESG standards, natural resources will become scarcer and out of reach for many; social unrest will become more disruptive, leading to extreme political outcomes; and a lack of governance principle may preserve abusive, inefficient, and unequal organizations or societies. As citizens of this world and as leading capital allocators, we must engage in our area of expertise, bond markets, to help drive change. We believe the size of bond markets and recurring nature of debt issuance make fixed income investors unparalleled in their ability to drive meaningful ESG change.

Recognizing the importance of sustainable growth, a number of other considerations drive our ESG investment process:

- **It is our fiduciary duty to manage risk:** The long-term challenge of decarbonizing the economy certainly comes with risks, but it also offers opportunities for active investors. We recognize that ESG factors are increasingly essential inputs when evaluating global economies, markets, industries and business models. Material ESG factors are important considerations when evaluating long-term investment opportunities and risks for all asset classes, across public and private markets.
- **Bondholders have a voice to drive change:** We believe fixed income as an asset class is unparalleled in its ability to drive meaningful ESG change. The global bond market is almost double the size of the equity market, and bond issues come to the market more frequently than equity offerings. By engaging with companies when they need to fundraise, investors can help implement ESG standards and accelerate change.

- **The investment universe is evolving:** The economic disruption from poorly managed ESG risks is already being felt and the winners and losers of the transition to a net zero carbon economy are emerging. Rating agencies increasingly report on bond issuers' ESG risks in a way that affects their cost of capital – a move that is helping increase green bond supply along with other factors. This is met by increasing demand, as more and more consumers insist on products that are more sustainable.
- **Climate science is real and alarming, but we can do something about it:** If greenhouse gas (GHG) emissions are not rapidly and materially reduced in line with goals of the Paris Agreement on climate change, it may be too late to avoid the worst environmental and economic effects of climate change. Meanwhile capital markets need to increase their readiness for potentially large transformation resulting from the energy transition, coupled with the rise in intensity and frequency of natural disasters.



## How We Bring ESG into Action in Our Investment Process



Engaging through  
new bond issuance



Encouraging  
positive impact



Addressing material  
ESG risks



Engaging with  
sovereign governments



Establishing  
climate targets



Collaborating with  
industry groups



## 2019 Highlights

### PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) ASSESSMENT REPORT

The PRI assessment report assesses how well ESG metrics are incorporated into the investment process of asset managers signed up to the PRI.<sup>1</sup>

Principles for Responsible Investment Assessment Report	2019	
	PIMCO	Median
Strategy & Governance	A+	A
Fixed Income – Sovereigns, Supranationals, Agencies (SSA)	A+	B
Fixed Income – Corporate Financial	A+	B
Fixed Income – Corporate Non-Financial	A+	B
Fixed Income – Securitized	A+	C

### PARTNERSHIP WITH INDUSTRY STAKEHOLDERS TO DEVELOP THE SUSTAINABLE BOND MARKET, ENCOURAGE POSITIVE IMPACT AND ADDRESS ESG RISK

We encourage corporate and sovereign issuers to advance their efforts by issuing green bonds or bonds linked to the SDGs. Examples include 1) partnering with an Emerging Markets-focused bank to discuss its nascent sustainable bond framework and planned CO2 reductions in its lending book, 2) engaging with a U.S. hospitality company focused on setting ambitious environmental targets (e.g. carbon, renewable energy, water) and developing its green bond disclosure and 3) not recommending investment in a Central African sovereign nation after the government showed limited readiness to improve ESG-related disclosures.

Some bond issuers are already committed to driving positive environmental and social impact in their businesses, and we want to encourage them to continue advancing their efforts. Examples include 1) partnering with senior leaders of a UK electric and gas utility to set an emission reduction policy and enhance disclosures, 2) working with U.S. government-sponsored enterprises to encourage the development of expanded ESG disclosures on mortgage-based securities and 3) engaging with a global telecommunications company to enhance its environmental credentials in line with advanced practices and green bond reporting.

### RECENT PARTNERSHIPS WITH INDUSTRY GROUPS TO DRIVE A GLOBALLY COORDINATED ESG EFFORT

- **UN Global Compact CFO Taskforce for the SDGs:** Scott Mather, PIMCO CIO of U.S. Core Strategies, in partnership with the UN Global Compact and energy utility ENEL, will co-chair this two-year project with the aim of mobilizing hundreds of CFOs to tackle the financing needs around the SDGs.
- **Global Investors for Sustainable Development (GISD) Alliance:** Launched by UN Secretary-General Guterres in October 2019, the alliance consists of 30 CEOs who will focus on accelerating long-term investment into sustainable development. In partnership with investors, governments and multilateral institutions around the world, the GISD will deliver concrete solutions to scale-up long-term finance and investment which will specifically contribute to the realization of the SDGs.
- **Transition Pathway Initiative (TPI):** TPI is a global initiative led by asset owners and supported by asset managers. Aimed at investors and free to use, it assesses companies' preparedness for the transition to a low-carbon economy, supporting efforts to address climate change. TPI data and tools help inform our assessment of climate risks and engagement with bond issuers.
- **Climate Bonds Initiative (CBI):** CBI is a leading organization focused on fixed income and climate change solutions. CBI has been instrumental in supporting more robust data and standards to propel the green bond market, and remains heavily involved in shaping new green bond-related regulations. Partnering with CBI is an exciting development in the context of our efforts to promote robust and innovative investment criteria and products to help advance the Paris Agreement on climate change.
- **Task Force on Climate-related Financial Disclosures (TCFD):** TCFD will develop voluntary, consistent, climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders. The Task Force will consider the physical, liability and transition risks associated with climate change and what constitutes effective financial



disclosures across industries. The work of the Task Force will help companies understand what financial markets want from disclosure in order to measure and respond to climate change risks, and encourage firms to align their disclosures with investors' needs.

We continue to partner with a number of other organizations to share and leverage expertise. These include:

- Bank of England Climate Risk Forum
- Cambridge Institute for Sustainability Leadership – Investment Leaders Group (ILG)
- Carbon Disclosure Project (CDP)
- Climate Action 100+
- Green Bond Principles and Social Bond Principles
- International Capital Markets Association (ICMA)
- Institutional Investors Group on Climate Change (IIGCC)
- Principles for Responsible Investment (PRI) initiatives: PRI Bondholder Engagement Working Group; PRI Fixed Income Advisory Committee; PRI Sovereign Working Group; PRI SDG Advisory Committee
- Sustainability Account Standards Board (SASB)
- UN Global Compact
- UN Global Compact SDG Finance Lab

## COLLABORATIVE ENGAGEMENT

PIMCO's ESG platform engages collaboratively with issuers to change ESG-related business practices. Examples include engaging on what issuers are doing to ensure gender diversity in employment as well as business ethics controls that make it more difficult for others to engage in bribery practices. More recently in 2019, PIMCO's ESG team developed a human capital management framework to serve as a guide to help analysts measure and rank human capital strategies across peer groups.

It includes tools for credit analysts, case studies, industry-specific characteristics and macro trend considerations.

## SPOTLIGHT ON CLIMATE CHANGE AND THE ENVIRONMENT

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 material climate risk evaluations in our investment research processes over time.

Details on PIMCO's broad climate research approach:

- When evaluating climate-related risks and opportunities of 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 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 assess portfolios alignment with the Paris Agreement targets<sup>2</sup>.
- We explore climate change in the context of broader sustainability risk and endorse the SDGs as the holistic 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 and engage with issuers – across corporates, sovereigns and others – to encourage enhanced disclosure on climate change, biodiversity, and the SDGs, including their efforts to advance the underlying goals, such as those of the Paris Agreement. We will continue to devote PIMCO resources to build climate investment solutions for our clients globally.

<sup>1</sup> PRI Transparency Reports 2019 are available at <https://www.unpri.org/signatories/transparency-reports-2019/4506.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.

<sup>2</sup> The Paris Agreement is the global accord to limit the global temperature rise by year 2100 to 1.5°C – 2°C above pre-industrial levels.

# Sustainable Business

Mitigating risk within our business operations is critical to our long-term success. We seek to continuously evaluate and improve our efforts related to compliance, anti-corruption, cybersecurity and business continuity in addition to other operational functions.

## CODE OF ETHICS

Our Code of Ethics is intended to assist employees in meeting the high ethical standards PIMCO follows in conducting its business. The following general fiduciary principles govern our activities:

- A duty to place the interests of clients first
- Raising awareness of and managing actual or potential conflicts of interest
- Not taking inappropriate advantage of one's position
- Complying with all applicable Securities and Commodities Laws

100% of employees complete our annual code of ethics certification.

## RISK MANAGEMENT

Risk Management is a foundational element of the firm and is embedded in the daily functioning of each business and operational area. We also have developed specific processes and procedures to identify and manage various risk types.

Top management oversight is provided by the PIMCO Executive Committee, which includes representation of appointed PIMCO Managing Directors and is headed by the Chief Executive Officer.

Our Business Management units provide leadership and oversight of the various functional groups, monitor ongoing business line performance risks and allocate resources as deemed appropriate. The Business Management group is comprised of the Executive Office, Legal and Compliance, Operations, Technology, Marketing, Human Resources, Communications and Administration groups.

In addition to being a core part of the firm's ongoing operations, risk management is formalized through committees and cross-departmental business groups. PIMCO's Risk Committee acts pursuant to authority granted to it by the Executive Committee to oversee risk management on a firm-wide basis. This includes assessing, overseeing and challenging firm-wide risk management processes and procedures. The Risk Committee is comprised of senior representatives from across the firm in order to identify and manage the various types of risk that the firm may face.

In 2019, we integrated multiple risk and quality functions throughout our firm into a consolidated Enterprise Risk & Quality Management team, further harmonizing global risk management practices.



Effective risk management within our business operations helps us achieve our firm objective of preserving and enhancing our clients' assets.

**Peter Strelow**  
Co-Chief Operating Officer



An important objective for PIMCO is to engage with clients, regulators and industry groups to help shape policy that will enhance the operations and effectiveness of the asset management industry to better serve the interests of investors.

**David Flattum**  
Global General Counsel

### FOCUS ON 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.

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.

PIMCO remains in compliance with Anti-Corruption laws and regulation and on an annual basis, compliance training on corruption and bribery is completed by all employees.

### FOCUS ON OPERATIONS, TECHNOLOGY & ADMINISTRATION

PIMCO employs a measured approach to technology development in order to mitigate risk of unpredictable technological changes disrupting the business and control environment.

Our Information Security team has partnered with Ernst & Young for dedicated Vulnerability Management and 24x7x365 Security Operations Center services to proactively

identify and manage cybersecurity risks and threats. This allows PIMCO to ensure enterprise network security and stability with minimal downtime from potential cyber incidents. We engage industry leading firms to conduct external and internal penetration tests of PIMCO computer and network systems to assess the effectiveness of our information security program at least on an annual basis. PIMCO has also heavily invested in our capabilities to deliver Security Awareness Training to all employees on a quarterly basis to help foster a cybersecurity conscious workplace.

Also in regard to business continuity, a detailed plan, approved by senior management, exists to respond to multiple levels of contingencies, ranging from a local building fire to an area-wide disaster. The plan is based on a comprehensively documented business-impact review that identifies the most critical parts of the business. PIMCO policy requires that the contingency plan be tested annually to ensure its continuing feasibility and effectiveness.

### SUPPLY CHAIN

Being in the professional services industry, PIMCO's procurement activities are relatively limited and exposure to supply chain risks is also considered limited. However, we continue to take steps to ensure we mitigate risk associated with third party vendors. In addition to complying with the UK Modern Slavery Act, in 2019, we updated our Vendor Management Policy to foster enhanced due diligence. Updates within the policy include new sections within our vendor due diligence questionnaire related to labor, inclusion & diversity and environment.



## 2019 Highlights

100%

- Employees that complete Code of Ethics certification
- Employees that complete Annual Compliance training
- Employees that complete Anti-Financial Crimes training
- Enhanced and expanded our information security and cyber security footprint to align with evolving industry standards and escalating threat levels, including 24x7 intrusion detection monitoring
- Integrated multiple risk and quality functions throughout our firm into a consolidated Enterprise Risk & Quality Management team, further harmonizing global risk management practices

### FOCUS ON ENVIRONMENTAL IMPACT

PIMCO's Sustainability Advisory Group offers internal guidance towards best-in-class sustainability efforts at PIMCO. Consisting of senior leaders from across the firm, this group offers internal guidance towards sustainability objectives, fosters accountability towards achieving objectives by harnessing resources across the firm and removing obstacles to progress, and serves as internal and external sustainability advocates.

In 2019, we internally focused on composting, waste reduction, minimizing plastic usage and more robust collection of environmental data metrics. These efforts included:

- **Global Food Waste Campaign in honor of World Food Day:** During this campaign, PIMCO engaged in a waste characterization study, shared facts on food insecurity with our global employee population and initiated a global composting program.
- **Elimination of single-use plastics from Newport Beach headquarters:** Water bottles, plastic containers, such as Ziploc bags and plastic wrap, as well as single-use items

from our onsite gym such as razors and toothbrushes were either eliminated or replaced by compostable or non-single-use options. Other global offices have also partially or fully eliminated single-use plastics.

- **Enhancements in environmental data collection efforts:** We engaged in globally coordinated data collection efforts across our global offices to collect specific data on energy, water, waste, travel and paper with heightened quality assurance efforts to better measure our firm-wide carbon emissions and broader environmental footprint.

Additionally, 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.



# Commitment to Talent



At PIMCO we're committed to recruiting and retaining top talent from a range of industries and backgrounds. Harnessing new ideas and fresh thinking supports our ability to provide the best ideas and solutions to our clients every day.

**Robin Shanahan**  
Co-Chief Operating Officer

Developing talent, supporting diversity and cultivating an inclusive culture are important to fostering a healthy organizational dynamic in which teams can deliver innovative and leading investment products and services.

## INCLUSION, DIVERSITY & CULTURE

To foster a high performance culture, PIMCO's Inclusion, Diversity & Culture (IDC) efforts seek to heighten employees' appreciation for diverse perspectives and skills, which in turn will help facilitate increased collaboration and enhance our ability to attract, retain, develop and engage top talent – all of which should lead to better outcomes for our clients.

Our 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, geographical diversity,

unconscious bias, cognitive diversity, and inclusive leadership.

We recognize that achieving our goals requires a long-term sustained commitment and a holistic approach. We believe that continued progress of these IDC goals supports PIMCO in achieving our core mission of delivering strong investments returns, solutions, and service to our clients.

Our approach is composed of five areas of focus which guide our actions to systematically integrate greater diversity and inclusion into all aspects of our business and culture.

## AREAS OF FOCUS

### 1. Process Integration

- Bias Mitigation
- Talent Acquisition and Development

### 2. Policy Enhancement

- Fertility, Adoption and Surrogacy
- Parental and Veteran Leave

### 3. Partnership Engagement

- Intern Visits
- Client Events
- Sponsorships

### 4. Communications & Advocacy

- Speaker Events
- Industry and Public Commitments
- Communications

### 5. Internal Engagement

- Employee Resource Groups
- Senior Level Commitment

To empower employees, we created employee resource groups (ERGs) that provide a platform for our employee population. Employees who participate in our ERGs develop their networks, develop their careers, and provide important

feedback to the firm on how best to recruit, retain, develop and engage diverse talent as well as foster a more inclusive culture at PIMCO.

**OUR VOLUNTEER-DRIVEN EMPLOYEE GROUPS ARE CRITICAL VOICES IN FOSTERING A MORE DIVERSE AND INCLUSIVE PIMCO. ERGS AT PIMCO INCLUDE:**

*Families*

Provides meaningful support to employees as they **integrate career and caregiving responsibilities**

*Multicultural*

**Celebrates the ethnic and cultural diversity** of our employees and facilitates a culture of inclusion by raising awareness of the breadth of experiences amongst our team

**PRIDE**

Fosters a culture that **enables all employees to be their authentic selves**, regardless of sexual orientation, gender identity or gender expression

**VETERANS**

Contributes to the success of the firm by **supporting veterans' transition to civilian life and work** through networking and mentoring initiatives

*Women*

Focuses on gender equality and on the **attraction, development, retention and engagement of women** at all stages of their careers

*Social*

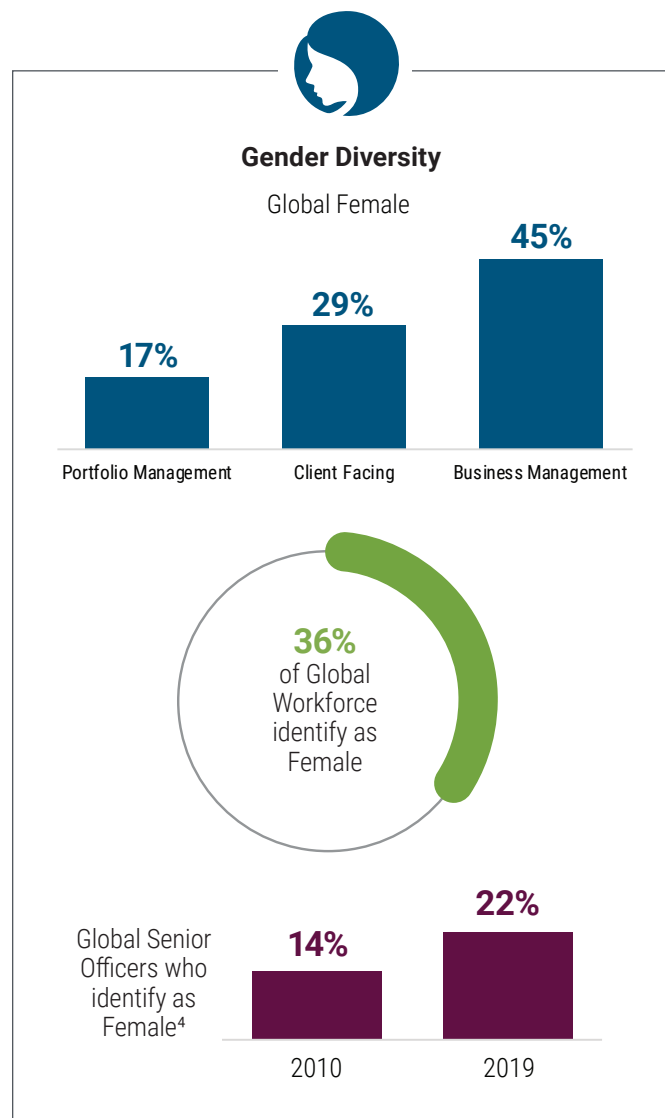
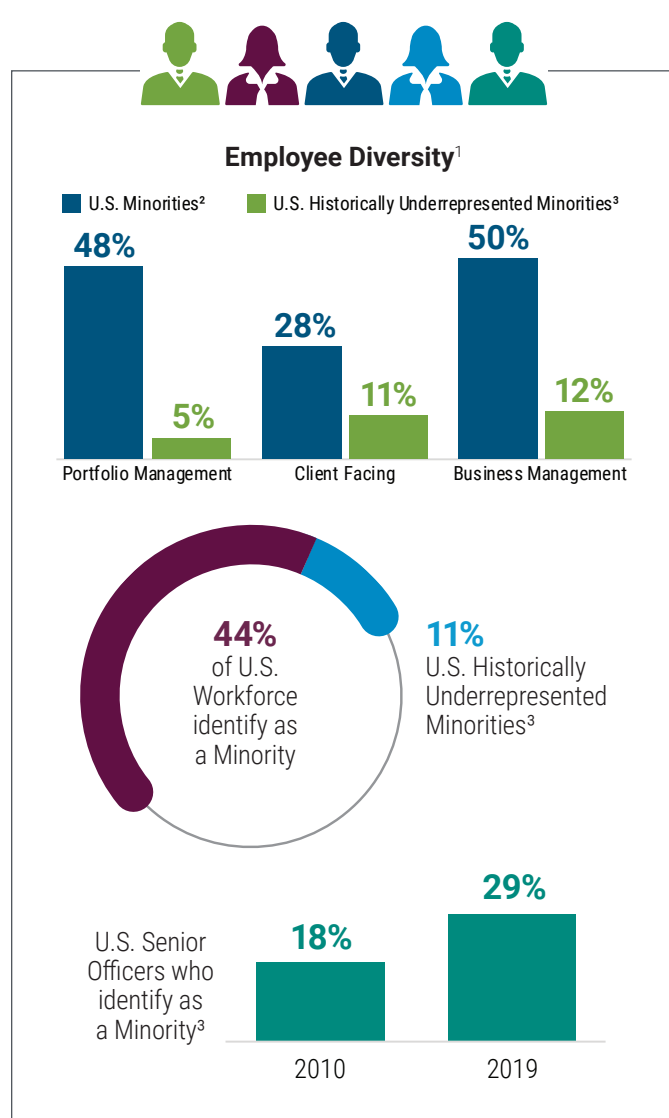
Increases **collaboration and encourage a culture of connectivity** amongst colleagues while fostering increased appreciation for diverse skills and perspectives

*MyWellbeing*

Focuses on **improving mental and physical health** and general wellbeing

## OUR EMPLOYEE DIVERSITY

A snapshot of our current employee diversity



Source: PIMCO, unless noted otherwise, data based upon self-reported information and PIMCO's Equal Employment Opportunity reporting data as of 31 December 2019

<sup>1</sup> These numbers reflect our U.S. population only due to varying data collection considerations of this type of data in other regions.

<sup>2</sup> U.S. Minorities (employees who identify as African American or Black, Hispanic or Latino, Native American, Alaska Native, Asian, or 2 or more)

<sup>3</sup> Historically Underrepresented Minorities (employees who identify as African American or Black, Hispanic or Latino, Native American, or Alaska Native)

<sup>4</sup> Employees with officer titles of Senior Vice President and above. Self-reported information and data as of 31 December 2010 and 31 December 2019.

## SPOTLIGHT ON GIRLS WHO INVEST

In 2019, PIMCO expanded its partnership with Girls Who Invest (GWI), a non-profit organization with a mission to have 30% of the world's investable capital managed by women by 2030. Within the context of this partnership, PIMCO has hosted 12 interns

with the commitment of 16 more in 2020 and 2021. Erin Browne, Managing Director and Portfolio Manager at PIMCO, serves on the GWI Advisory Board and Candice Stack, Managing Director and Co-Head of Institutional Client Management, serves on the GWI Board of Directors.



## PARTNERS

Our aim is to partner with organizations that enable us to achieve our goals globally and regionally



In an industry that actively seeks differentiated and uncorrelated portfolio risk, losing a group of employees who bring diversity in idea-generation and strategy presents a tangible loss to financial services firms. PIMCO is investing in the development of a pipeline of future female leaders in asset management.

**Erin Browne**  
Portfolio Manager focusing on  
Asset Allocation strategies

## SIGNATORIES & ACCOLADES





## SPOTLIGHT: BEST PLACE TO WORK FOR LGBT EQUALITY

PIMCO is honored to earn 100% on the Human Rights Campaign (HRC) Corporate Equality Index (CEI), a national benchmarking survey and report on corporate benefits, policies and practices pertinent to lesbian, gay, bisexual, and transgender (LGBT) equality and inclusion in the workplace for the fourth year in a row (2017-2020). The Best Place to Work for LGBT Equality designation is recognition of our continued commitment to foster an inclusive and diverse work environment. HRC has continuously improved its standards and ranking methodology, and each year firms are held to a higher standard. This achievement is a reflection of the work between our PIMCO PRIDE ERG and Human Resources to evolve policies and processes to support IDC initiatives and provide industry-leading benefits to employees.

## RESPECTFUL WORKPLACE

PIMCO is committed to providing a work environment that is free from discrimination on the grounds of any characteristic protected by law. This policy applies to all employees and applicants for employment and all aspects of the employment relationship. All supervisors and managers are required to report any incident of discrimination that they observe or become aware of to Human Resources. Any employee or applicant for employment who believes that he or she has suffered or witnessed discrimination should notify the person to whom they report or Human Resources. Additionally, PIMCO offers an ombudsman service for employees to discuss any workplace issues and concerns and to explore potential options and solutions.

## COMPENSATION & BENEFITS

As a global organization, we embrace and support a diverse workforce where people are treated fairly by providing equitable benefits, opportunities for development, career progression and industry and market attractive compensation. We are committed to paying employees fairly based on the quality of their performance. PIMCO participates in annual compensation benchmark surveys and engages various consultancies to ensure pay practices are within market levels and examined for racial/ethnic or gender-based disparities. Additionally, in 2019, PIMCO engaged an independent consultant to evaluate pay equity globally. Their review found no significant differences in pay between men and women in comparable positions when accounting for appropriate explanatory factors.

PIMCO is committed to offering a comprehensive portfolio of employee benefits designed to support the health and wellbeing of our employees and their families. Importantly, we provide equivalent coverage to domestic partners as we do spouses, regardless of gender.

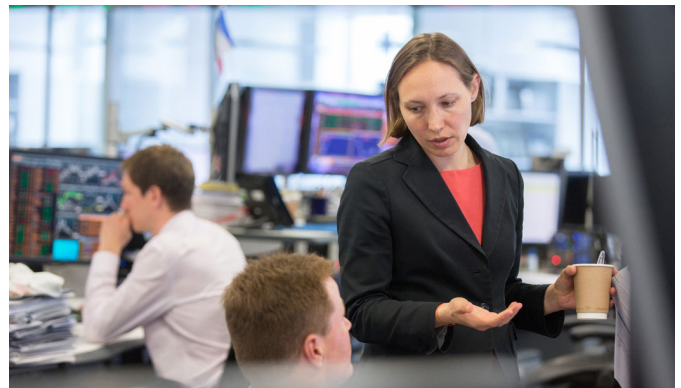
We provide competitive family-friendly benefits, policies and programming such as our New Expected Parent Support Team (NEST) program, parental leave training guides, global fertility/surrogacy/adoption, flexible work arrangements and breastmilk shipment benefits.



## 2019 Highlights

100%

- Employees with access to benefits (full time)
- Employees with access to skills-based training
- Employees with access to educational assistance
- Completion of respectful workplace training
- PIMCO has received a perfect score of 100% on the Human Rights Campaign Corporate Equality Index (HRC CEI) for the fourth consecutive year
- Implementation of the Senior Manager Certification regime in the UK
- To increase inclusivity and mitigate bias in our recruitment processes, we have incorporated a number of process improvements including, but not limited to, the use of tools to evaluate the gender balance and inclusiveness of text in job descriptions
- Enhanced U.S. military leave policy to provide up to 6 months of company-paid military leave within a 5-year period
- Expanded PIMCO fertility, adoption and surrogacy benefits and breastmilk shipment reimbursement policy in EMEA and APAC
- Engaged employees in bi-annual global engagement survey



# Empowering Communities



Addressing urgent societal challenges related to the environment and human development should be an ongoing aspiration.

Our community engagement platform, Purpose at PIMCO (P@P), highlights our firm's commitment to evolving and strategically advancing social impact. P@P integrates our foundation (PIMCO Gives), employee engagement (PIMCO Acts) and leadership efforts (PIMCO Advocates). It is through these three pillars that we engage our clients, cross-sector partnerships, and PIMCO colleagues.



At PIMCO, we are extremely fortunate to have a vibrant culture of service. Since the inception of the PIMCO Foundation in 2000, and the launch of our corporate volunteer program in 2007, we've sought to foster a substantial, long term impact in our global community.

**Cathy Stahl**  
Head of Marketing



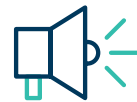
## WE GIVE

We donate to high performing non-profit partners to support critical on-the-ground services and innovative opportunities around the globe.



## WE ACT

We invest our time, skills and expertise to drive meaningful impact in the communities where we work and live.



## WE ADVOCATE

We aim to take leadership within our industry as thought leaders and strategic partners to create solutions and advocate for change.

- **PIMCO Gives** invests in high performing non-profit partners to support innovative opportunities around the globe. Whether by leveraging employee match, deploying disaster assistance funds, or investing in local non-profits through our local grants program, we leverage our resources to contribute to society.
- Through **PIMCO Acts** our colleagues invest their time, skills and expertise to drive meaningful impact by taking part in skills-based, hands-on, virtual, pro bono volunteering and nonprofit board placement.
- Under **PIMCO Advocates** we act as thought leaders and strategic partners, intentionally aligning our work with the UN's Sustainable Development Goals.

With an aim to take on some of the world's greatest problems, we've concentrated our work specifically on two of the 17 Sustainable Development Goals. We believe that zero hunger (Goal 2) and gender equality (Goal 5) are fundamental issues critical to human development and sustainable worldwide economic growth. Below are some examples of our efforts.



- We partner with the Global Food Banking Network (GFN). Food banks represent a "triple win" in the communities where they operate, reducing food waste and protecting the environment, providing food assistance to hungry and vulnerable people, and strengthening civil society through support of local humanitarian charities.<sup>1</sup> Since the inception of our relationship with GFN, we have committed to investing \$3 million, working toward a hunger-free world with the shared vision that food banking and food repurposing are integral to defeating hunger.
- We also work with local food banks across each of our global offices. For example, over the last decade, colleagues from PIMCO's Newport Beach, New York City, Austin, Toronto and Asia Pacific offices have come together to pack critical meals through our signature Share the Harvest event. Through this initiative to date, PIMCO has donated over \$2 million, mobilized more than 8 thousand volunteers, family and friends, and packed more than 170,000 food boxes, sacks and meals, collectively impacting more than 478,000 individuals.



Our values showcase our strong commitment to the community, with PIMCO colleagues driving the success of our corporate responsibility initiatives.

**Mangala Ananthanarayanan**  
Head of Business Management  
for EMEA & APAC

Through the Women & Investing platform, we work with employees, clients, partners and communities on our gender equality efforts. The platform is supported by teams and initiatives throughout PIMCO and consists of three pillars:



WOMEN *for* WOMEN  
International

- **Women in Investing:** We invest in the talent pipeline of our firm and our industry to bring more women into our industry.
- **Investing in Women:** We match the resources, time and talents of our people with organizations around the world to support gender equality and tackle the challenges facing girls and women today. Partnerships include Nomi Network, Women for Women International and Girls Who Invest.
- **Women as Investors:** Recognizing the growing influence of women investors, we are committed to a research-oriented approach to understanding and meeting their evolving investment needs.

<sup>1</sup> Source: [Waste Note, Want not Toward Zero Hunger, The Global FoodBanking Network](#)





One in nine people around the world suffers from hunger. PIMCO employees have long supported efforts to alleviate food insecurity, and our partnership with GFN allows us to reach even more families via the support, creation and capacity building of food banks and improving food banks sustainability and long-term impact.

**Sachin Gupta**  
Portfolio Manager and  
Head of Global Desk

### SPOTLIGHT: WHY SDG #2 – ZERO HUNGER?

It is estimated that food wasted by Europe and the U.S. could feed the world three times over. On average, an astounding 21% of food we buy goes to waste while one in four people around the world are malnourished. This is why we pair the resources, time and talents of our employees with our global partners to combat hunger as both a systemic global issue and a local tragedy that prevents families and communities from reaching their full potential. As previously mentioned, over the last decade PIMCO colleagues have come together with family and friends to pack critical meals for the most vulnerable in our communities, with local partnerships supporting the Orange County Food Bank, New York Common Pantry, Central Texas Food Bank, and nine other food banks around the world.

Amplifying these efforts, in May 2018, PIMCO announced a strategic partnership with The Global FoodBanking Network (GFN), a global nonprofit alleviating world hunger through creating and strengthening food banks. In July 2018, PIMCO Managing Director, Sachin Gupta, joined the GFN Board of Directors. In 2019, PIMCO re-committed to #zerohunger, further investing into GFN's worldwide efforts.

Across PIMCO's global offices, we now partner with local food banks, most of which are within the GFN network, supporting food access initiatives such as the launch of mobile food pantries, meal preparation, delivery and food drives. During PIMCO's 2019 Global Month of Volunteering, colleagues, friends and family members participated in 160+ events worldwide, 40% of which were directed towards alleviating hunger.

Stemming from our 2019 investments and the efforts of our colleagues and our nonprofit partners, approximately 2.1 million people experienced increased food security. PIMCO remains committed to fostering progress and achieving the greatest outcomes we can for our partners and those in need.



With PIMCO's support, GFN has reached 9.6 million people facing hunger through a network of food banking organizations in more than 40 countries including Ecuador, Guatemala, Honduras, Peru and India and provided a basis for the launch of the Asia Food Bank Incubator program, expanding services to seven countries across the region. Thanks to PIMCO, we are one step closer to our vision and the global goal of achieving SDG 2 - Zero Hunger.

**Lisa Moon**  
President and  
Chief Executive Officer,  
Global Food Banking Network

## IMPACT2030 INNOVATION AWARD

Launched in 2018 and anchored by SDG 17, Partnership for the Goals, IMPACT2030 was founded on the belief that when companies join forces and harness the skills, expertise and creativity of their people as a force for good, they can change the world. The IMPACT2030 Innovation Award highlights best-in-class approaches to connecting the skills, passion, and

expertise of their people toward advancing the SDGs through innovative pro bono, skills-based and hands-on employee volunteer programs. In 2017, PIMCO signed on as a Founding Partner of IMPACT2030. In 2019, PIMCO was honored to be included as a recipient of the Innovation Awards.

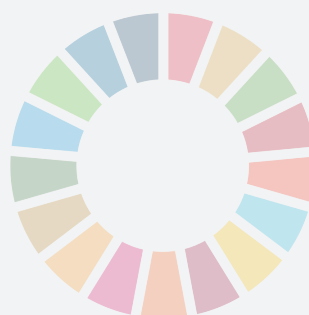
### THE CIVIC 50 WINNER 2016–2019



PIMCO has been named to the Points of Light Civic 50, a ranking of the 50 most community-minded companies in the U.S.

### FOUNDING PARTNER

PIMCO is a founding member of IMPACT2030, a private sector-led coalition that is committed to mobilizing employee volunteers to achieve the UN Sustainable Development Goals (SDGs) by the year 2030. We align our Purpose at PIMCO strategic initiatives around **SDG 2 Zero Hunger** and **SDG 5 Gender Equality**.



### IMPACT | 2030

We are a recipient of the **IMPACT2030 2019 Innovation Award** recognizing the impact of Purpose at PIMCO's work.



## 2019 Highlights

- Volunteer hours (employees, family, friends)

18,161

- PIMCO employee volunteer hours

13,837

- Volunteers (all employees, family, friends) (unique)

3,035

- PIMCO employee volunteers (unique)

1,939

- Global employee participation in PIMCO-sponsored volunteer events

67%

- Number of PIMCO-sponsored global volunteer events

343

- Number of hours focused on

• Zero Hunger: 9,390

• Gender Equality: 1,532

## Learn More

For additional information on the practices outlined in this report, please visit the following sections of our website:

- [Leadership](#)
- [ESG Annual Report](#)
- [ESG Policy Statement](#)
- [Purpose at PIMCO](#)
- [Inclusion, Diversity & Culture](#)

Please contact [Corporate Responsibility](#) with additional questions.



## UN Global Compact- Communication on Progress

In May 2017, PIMCO initially confirmed its support for the Ten Principles of the Global Compact with respect to human rights, labor, environment and anti-corruption. Since that time, our CEO has reconfirmed that commitment.

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.

Within this report, we have therefore integrated:

- 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).

Please see below for specific areas within this report where practical actions in relation to the Ten Principles are described:

	Responsible Investing	Sustainable Business	Commitment to Talent	Empowering Communities
<b>Human Rights</b>	<ul style="list-style-type: none"> <li>• Spotlight on Climate Change &amp; the Environment</li> <li>• Collaborative Engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Supply Chain</li> </ul>	<ul style="list-style-type: none"> <li>• Partners</li> <li>• Best place to work for LGBT equality</li> </ul>	<ul style="list-style-type: none"> <li>• Purpose at PIMCO</li> <li>• Spotlight – Why SDG#2 – Zero Hunger?</li> </ul>
<b>Labor</b>	<ul style="list-style-type: none"> <li>• Collaborative Engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Supply Chain</li> </ul>	<ul style="list-style-type: none"> <li>• Inclusion, Diversity &amp; Culture</li> <li>• Respectful Workplace</li> <li>• Compensation &amp; Benefits</li> <li>• 2019 Highlights</li> </ul>	<ul style="list-style-type: none"> <li>• Women &amp; Investing</li> <li>• IMPACT 2030 Innovation Award</li> <li>• 2019 Highlights</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Launch of new ESG strategies; Firm-wide 2019 Highlights</li> <li>• Partnership with Industry Stakeholders</li> <li>• Spotlight on Climate Change &amp; the Environment</li> </ul>	<ul style="list-style-type: none"> <li>• Supply Chain</li> <li>• Focus on Environmental Impact</li> </ul>	<ul style="list-style-type: none"> <li>• Global Food Waste Campaign (Sustainable Business)</li> </ul>	<ul style="list-style-type: none"> <li>• Global FoodBanking Networking partnership</li> </ul>
<b>Anti-Corruption</b>	<ul style="list-style-type: none"> <li>• Collaborative Engagement</li> <li>• Please review latest ESG annual report, available on pimco.com</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on Anti-Corruption</li> <li>• 2019 Highlights</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Ethics (Sustainable Business)</li> </ul>	

This update serves as additional action beyond the policies and commitments outlined in our 2018 UN Global Compact Communication of Progress, which is available [here](#).



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