

TCW ESG Policy

TCW is a steward of our clients' assets with a responsibility to act in their best interest. TCW believes environmental, social, and governance (ESG) factors can have a significant impact on the companies and countries in which we invest, which in turn can affect the performance of our clients' portfolios. Accordingly, the consideration of ESG factors in our investment process is a matter not only of good investment practice but also better aligns our organization's interests with those of our clients.

TCW's investment management teams recognize the importance of fundamentals-based research, incorporating ESG factors as appropriate into the research process across fixed income, equities and alternatives. This approach is consistent with our underlying view that companies or countries with stronger ESG practices are more likely to be beneficiaries of investment capital, while poor stewards are more likely to trade with higher risk premiums.

In 2019, TCW became a signatory to the United Nations–supported PRI—an international network of investors collaborating to put the six Principles for Responsible Investment into practice.

As such, TCW has undertaken to:

- Incorporate ESG issues into investment analysis and decision-making processes.
- Incorporate ESG issues into our investment policies and practices, to the extent applicable.
- Seek appropriate disclosure on ESG issues by the entities in which we invest.
- Promote acceptance and implementation of the Principles within the investment industry.
- Work together to enhance our effectiveness in implementing the Principles.
- Report on our activities and progress towards implementing the Principles.

To ensure the integration of ESG considerations within our various investment strategies, TCW has formed an ESG Committee. The ESG Committee consists of portfolio managers, analysts, traders and members of senior management. The committee and the individual portfolio management teams will monitor and evaluate best practices in integrating ESG into active management.

In conjunction with TCW's firm-wide ESG initiatives, each investment team incorporates their own approach to ESG integration within the research process.

Fixed Income

TCW's corporate credit team systematically incorporates quantitative and qualitative analysis of material ESG factors in their credit research process. Research analysts are responsible for identifying the ESG factors considered material in the group's *ESG Scorecard*, and further outline the timing and probability of any relevant ESG-related risks and identifying broader industry trends and issuer performance compared to their peer group. In addition, TCW's securitized credit team considers ESG factors an important part of bottom-up credit analysis, especially when evaluating security cash flow stability and ultimate repayment of debt. To enhance transparency, the team established an *ESG Dashboard* that highlights ESG factors considered in deal review.

Click here for more information on our Fixed Income policy.

Emerging Markets

TCW's emerging markets team systematically incorporates ESG factors to help identify attractive investment opportunities and signal potential upside and downside risks. The team's comprehensive proprietary ESG sovereign scorecard ranks countries on what we consider to be the most important ESG factors linked to a sovereign's creditworthiness and/or its level and sustainability of growth. Corporate and equity analysts consider ESG factors in recommending allocations to particular sectors, as well as in their bottom-up assessment of the risk and valuation of specific companies. In their dialogue with government officials and management teams, the sovereign, corporate and equity analysts discuss ESG factors and their potential impact on returns.

Click here for more information on our Emerging Markets policy.

Equities

TCW's equities group comprises five investment teams which manage equity strategies across the style spectrum (growth, value, core, high income), in addition to sector-specific (healthcare, technology) and specialized investment strategies (Global AI, Global Space Tech, Global REITs). Each of our portfolio managers and research analysts incorporate ESG factors into the investment process in a manner consistent with the well-articulated investment philosophy and discipline of their investment strategies. ESG factors are explicitly considered as inputs to our investment process, as we believe that strong corporate governance, socially responsible investing, and promoting environmental sustainability can positively impact long-term profitability and risk-adjusted returns.

Click here for more information on our Equities Group policy.

Working with Clients on ESG:

TCW manages investments for a variety of clients with specific ESG criteria. We have the capacity to limit exposure to certain countries, sectors, or companies based on investor preferences. As of June 30, 2021, TCW managed approximately \$35.2 billion in accounts that are subject to specific ESG guidelines.