PGIM

ESG

2024 ESG INVESTING REPORT

Published August 2025

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This ESG Investing Report focuses exclusively on how PGIM and its investment managers approach ESG/Sustainability in its investment processes and capabilities. PGIM's investment managers consider and engage on a multitude of other investment factors, and it should be noted that PGIM is not focused on ESG/Sustainability above any other investment consideration.

ABOUT PGIM

PGIM is the global asset management business of Prudential Financial, Inc ("PFI").[1] With US$1.38 trillion in assets under management (as of December 2024), more than 1,450 investment professionals and 41 offices worldwide, PGIM is built on a foundation of strength, stability and disciplined risk management. We offer active asset management and client-focused advisory services across private and public markets, to retail and institutional clients around the world.

PGIM delivers specialised expertise across key asset classes with a focused investment approach. Our clients benefit from a broad range of investment strategies spanning public and private asset classes, including fixed income, equities, real estate, private credit, and other alternatives, delivered with global depth and scale.

In June 2025, PGIM announced changes to its organisational structure in order to offer a seamless experience to our clients and deliver integrated solutions that meet both client and market demands. This report reflects, wherever possible, the new structure of our organisation, while focusing on activities undertaken by respective investment groups over the course of 2024.

PGIM investment groups:

- **FIXED INCOME AND PRIVATE CREDIT** provides global active asset management services primarily across public and private fixed income markets with $837 billion in AUM,[2] private credit solutions across the risk spectrum including investment grade, high yield, direct lending, and mezzanine financing with $106.6 billion AUM, and includes Montana Capital Partners (mcp), which provides private equity investments with a focus on secondary transactions in the small and mid-cap market with $4 billion AUM.[3]
- **MULTI-ASSET AND QUANTITATIVE SOLUTIONS** provides a range of systematic, customised solutions across equity, multi-asset, and liquid alternative platforms with $111 billion AUM[4] and US$20 billion of AUM which leverages PGIM's expertise to develop and implement asset-liability management and asset allocation strategies for institutional clients.
- **JENNISON ASSOCIATES** provides active fundamental public equity and fixed income asset management services across an array of growth, value, global and specialty equity strategies, as well as fixed income strategies with $211 billion AUM.[5]
- **REAL ESTATE** provides a broad range of public and private real estate debt and equity strategies with $206 billion in gross AUM and AUA.[6]

In addition, the **GLOBAL WEALTH** group ($195 billion AUM) includes actively managed investment solutions including mutual funds, listed and unlisted closed-end funds, exchange-traded funds ("ETFs") and separately managed accounts to individual investors, defined contribution plans and financial intermediaries in the United States. It also includes Undertakings for the Collective Investment in Transferable Securities ("UCITS") and other investment solutions to financial intermediaries in select countries across Europe, Asia and Latin America. Additionally, it operates a local investment management business in India and has a stake in an operating joint venture in China.[7]

PGIM's executive leadership team is responsible for delivering investment and business performance, while adhering to PGIM's global standards for financial controls, risk management, human resources management and compliance. PGIM's executive leadership team is headed by our President and CEO. At the end of 2024, PFI announced the appointment of Jacques Chappuis as PGIM's President and CEO, succeeding David Hunt, with effect from March 31, 2025. Jacques reports to the CEO of PFI and serves on PFI's Executive Leadership Team.

1 Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.

2 AUM total includes $11 billion in assets managed by PGIM Fixed Income for affiliated businesses, $67 billion in PGIM Japan assets, and $140 million of which is sub-advised by PGIM Private Capital.

3 MCP AUM includes NAV plus unfunded commitments. As of 9/30/24.

4 AUA/AUM total includes assets managed by PGIM Quantitative Solutions, $69 billion in directly managed mandates, $39 billion of institutional and retail assets managed by various affiliated and third-party managers. The Net AUM is $108.5 billion and the AUA is $2.8 billion.

5 AUM total includes equity $172 billion, fixed income $38 billion, and private credit and other alternatives $404 million.

6 AUM/AUA total is reflected as gross and includes assets under administration. Gross is $159 billion and AUA is $47 billion. Net AUM is $133 billion.

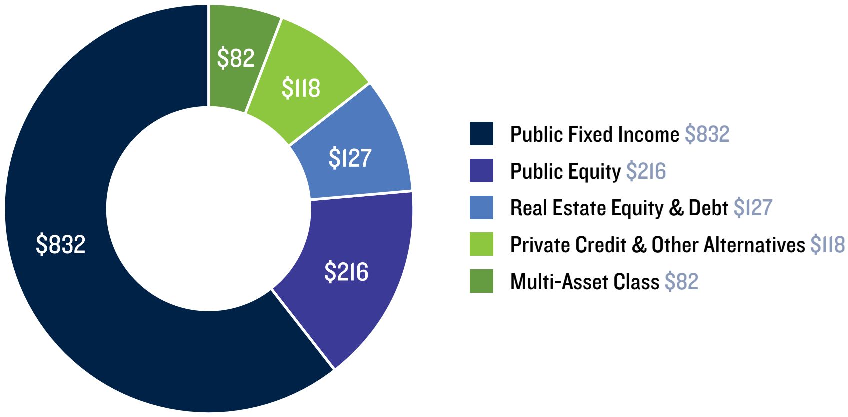
7 PGIM Investments AUM as of 12/31/2024 includes U.S. mutual funds: $145.5 (excluding money markets and funds of funds), closed-end funds: $1.4B, ETFs: $12.3, UCITS funds: $8.9B, PGIM Custom Harvest: $5.2B, and Asia Local: $21.2B. Asia Local AUM includes Everbright PGIM (a joint venture in China in which PGIM has a 45% ownership stake), PGIM Securities Investment Trust Enterprise in Taiwan, and PGIM India. In 2025, PGIM agreed to sell a 91.2% stake in PGIM SITE to E.Sun Financial Holding Co. The acquisition is subject to regulatory approvals and expected to complete by the end of 2025.

BREADTH OF EXPERTISE ACROSS ASSET CLASSES [8]

PGIM offers a broad range of investment capabilities across public, private, and alternative asset classes.

AUM BY ASSET CLASS

(US$ Billions)
as of 31/12/2024



Public Fixed Income	Public Equity	Real Estate	Alternatives
• U.S. Multi-Sector • Global Multi-Sector • IG Corporate • High Yield Bonds & Loans • Securitised Credit • Emerging Market Debt: Hard Currency, Local, Blend, Corporate, Total Return • Municipal Bonds • Short, Intermediate, and Long Duration • Liability-Driven Investing • CLOs	• Large Cap Growth Equity • Large Cap Value Equity • Large Cap Core Equity • Global, Developed, and • Emerging Markets • Small and Mid-Cap Equity • Sector Strategies • Regional/Country Strategies • Equity Indexing • Fundamental and Quantitative • Strategic Alpha (ETFs) • Direct Indexing • Thematic Strategies • Downside-Protection Strategies	• Real Estate Equity • Real Estate Debt • Multi-Sector Regional Strategies • Core, Core Plus, Value-Add • Investment-Grade to High Yield • Global Real Estate Securities	PRIVATE • Infrastructure Debt • Direct Lending • Mezzanine (Corporate and Energy) • Investment Grade and Below Investment Grade Private Placements • Private Equity Secondaries • Asset-backed Finance PUBLIC • Securitised Products • Relative Value Fixed Income • Emerging Markets • Long/Short • Unconstrained • Absolute Return • Healthcare Long/Short • Credit Opportunities • Special Situations
MULTI-ASSET and QUANTITATIVE SOLUTIONS			
ESG and CLIMATE FOCUSED STRATEGIES and SOLUTIONS			

8 PGIM by the Numbers, 4Q-2024, https://www.pgim.com/facts-figures, Accessed July 2025.

PGIM has developed a variety of ESG/Sustainability and climate-focused solutions, tools and capabilities across asset classes that can be used to address our clients' needs. Such additional ESG capabilities, tools or solutions are applied when explicitly requested by the client or as otherwise disclosed.

Our clients' views and the level of ambition in pursuing ESG/Sustainability objectives vary significantly. We carefully consider our clients' investment objectives, risk/return expectations, time horizon and ESG/Sustainability preferences. The resulting investment approaches vary depending on asset class, investment strategy, the clients' financial interests and their ESG/Sustainability objectives.

BREADTH OF EXPERTISE ACROSS GEOGRAPHIES

PGIM is present in key financial markets around the globe, with 1,450+ investment professionals in 41 office locations across 19 countries and jurisdictions, serving clients in 63 countries around the world. Our experienced teams combine their specialised asset class expertise with their deep knowledge of the local markets in which they invest and operate.[9]

BREADTH OF EXPERTISE ACROSS CLIENT GROUPS

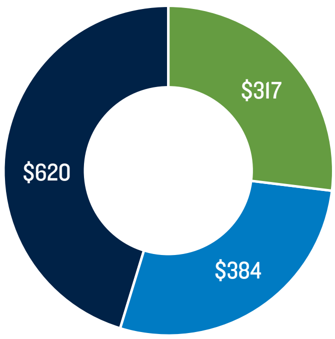
PGIM offers a broad range of strategies and solutions to three primary client groups:[10]

- PFI's General Account, which maintains diversified investment portfolios that support PFI's liabilities to customers.
- Institutional investors: 2,126 institutional clients including 158 of the largest 300 Global Pension Funds and over 200 client relationships spanning more than 20 years.[11]
- Retail investors: via third party intermediaries and product manufacturers and distributors globally, who include our investment options in their products and platforms.[12]

AUM BY CLIENT TYPE

(US$ Billions)
as of 31/12/2024

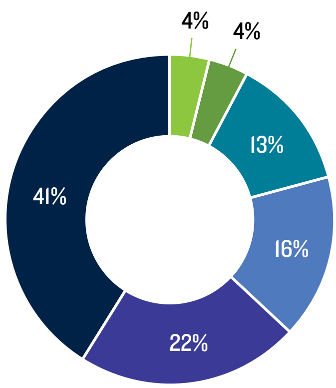
- Third-Party Institutional
- General Account (PFI)
- Retail



TYPES OF THIRD-PARTY CLIENTS BY % AUM

as of 31/12/2024

- Financial Institutions
- Pension Plans
- Financial Intermediaries
- Defined Contribution
- Sovereign Entities
- Institutional Consultants



9 Number of offices reflect those with five or more employees. PGIM, Global Locations, https://www.pgim.com/global-locations. Accessed July 2025.

10 PGIM Business Overview Q4, 2024, https://www.pgim.com/content/dam/pgim/us/en/pgim-center/active/documents/tbd/PGIM-Business-Overview.pdf. Accessed July 2025.

11 Based on PGIM client list as of December 31, 2024, compared to P&I/Thinking Ahead Institute's Top 300 Global Pension Funds ranking, data as of December 31, 2023, published September 2024.

12 PGIM does not have direct retail client relationships.

OUR CULTURE

At PGIM, we believe that a culture of responsible leadership and ethical business conduct is essential to our ability to deliver value for our investors, borrowers, and other stakeholders, and to our success in attracting and developing the best talent. We have a low ego investment culture centred around a team-based long-term oriented investment approach. We are committed to creating a safe and inclusive environment grounded in mutual respect, trust in each other, collegiality, teamwork, meritocracy, intellectual honesty, transparency, and an unwavering commitment to our clients.

For a fifth year in a row, Pensions & Investments has named PGIM a "Best Place to Work in Money Management" and PGIM secured the number 3 spot in the ranking for managers with 1,000 employees or more in 2024. PGIM survey respondents ranked the firm highest in the culture, manager relationships and overall employee engagement categories while highlighting that the organisation's people, inclusive environment, and flexibility set the company apart.

Our parent company, PFI, was once again recognised as one of the World's Most Ethical Companies by Ethisphere Institute - a global leader in defining and advancing standards of ethical business practices.

We are proud that PFI has earned this recognition for the 11th consecutive year, demonstrating to its employees, customers, and other stakeholders its continuous commitment to the highest standards of integrity and trust.

We have a long-held commitment to culture and inclusion, rooted in the belief that an inclusive culture for all—one that respects and values the differing backgrounds, perspectives, and experiences of our employees—is foundational to PGIM's success and sustainability. We believe a team with diverse perspectives and experiences, working in an inclusive environment, drives the best outcomes for our clients. As a leading asset manager with a global footprint, we also leverage our reach to support the communities where we work and invest.

Our culture and inclusion strategy permeates each department and team, across every level of talent. While our commitment to culture and inclusion has been unwavering, our focus continues to evolve to meet the changing needs of our times. Our strategy is centred on five areas of impact: talent, culture, industry, investing and community. Our programmes and initiatives across these five areas are designed to be open and accessible, ensuring all individuals feel valued and are empowered to invest in their own career development.

RESPONSIBLE BUSINESS PRACTICES WITHIN PGIM

We strive to operate with strong ethical business practices and policies designed to foster a fair and equitable workplace. Many of the highlights in this section are covered in greater detail in the Sustainability Report of our parent company, PFI.[15]

RESPONSIBLE BUSINESS CONDUCT

At PGIM, we are committed to doing business the right way to maintain and enhance our reputation in the marketplace and to continue to uphold the trust placed in us by our customers and other stakeholders. All PGIM employees follow our parent company PFI's Code of Conduct: MAKING THE RIGHT CHOICES[16] which includes our principles, core values and sets clear expectations for integrity, accountability and responsible decision-making for everyone associated with PFI. We expect employees to report concerns about potential violations of our standards, policies or the law. PGIM's Business Ethics Officers play an important role in fostering an ethical culture within our business. Business Ethics Officers provide resources and act as a point of contact for reporting ethical concerns, as well as any questions employees may have on PFI's policies, including our Code of Conduct, conflicts of interest and outside business activities.

13 PGIM, December 2024, https://www.pgim.com/campaigncountry/en/institutional/about-us/newsroom/in-the-news/pensions-investments-awards-pgim-best-place-to-work-money-management-for-fifth-straight-year. Accessed July 2025

14 The 2025 World's Most Ethical Companies® Honoree List, https://worldsmostethicalcompanies.com/honorees/ Accessed July 2025

15 PFI Sustainability Report 2024 https://www.prudentialesg.com/sustainability/default.aspx

16 PFI website: https://prudential.scene7.com/is/content/prudential/MTRCBrochure Accessed July 2025

CLIMATE GOVERNANCE & STRATEGY

PGIM depends upon maintaining a robust and resilient physical infrastructure, across global locations, which can handle the impacts of a changing climate and the transition toward a low-carbon economy. PGIM follows and benefits from PFI's policies, targets and implementation initiatives relating to our operational climate practices.[17]

PFI's climate practices are overseen by PFI's Board Corporate Governance and Business Ethics Committee. The full Board receives reports from its committees on sustainability-related risks and opportunities, which allow Directors to contemplate these considerations when reviewing business decisions and strategic plans.

PFI's Executive Sustainability Committee, comprising relevant senior leaders, including from PGIM, oversees the company's sustainability approach, including environmental stewardship and climate initiatives. Membership includes PGIM's Global Head of ESG, who ensures coordination and communication between PFI and PGIM's teams.

PFI's Climate Change Task Force drives the development of analyses, policies and practices that underpin PFI's climate change approach. The Task Force is responsible for advancing progress on discussion topics which impact PFI's decision-making (including climate-related priorities and action plans, risks and opportunities, and disclosures, and reporting) and escalating insights and recommendations when appropriate to the Executive Sustainability Committee. PFI's Climate Change Task Force consists of representatives from across the business and is led by PFI's Sustainability Office.

PFI has set emissions reductions goals in line with plans to reduce long-term costs by decreasing the company's home office portfolio, consolidating physical square footage to better reflect business needs, investing in energy-efficient capital improvements for owned properties, purchasing renewable energy for occupied properties, and investing in electric shuttles. Details on these programmes and associated goals can be found in PFI's annual Sustainability report. Each year, PFI publishes a 'Climate-related Risks and Opportunities Summary Report' which aligns to the TCFD framework and is inclusive of our asset management climate risks.

At PGIM, our exposure to climate-related risks primarily arises from our investments. PGIM's strategy for managing climate-related risks and opportunities relating to our investments is detailed in the Climate-related risks and opportunities section of this report.

HUMAN RIGHTS

PGIM is committed to fully respecting and supporting the protection of internationally proclaimed human rights, and to avoiding the company's involvement in any abuse of human rights around the globe. Under the aegis of our parent company, PFI, we believe PGIM operates in accordance with the United Nations Universal Declaration of Human Rights and the International Labour Organisation's core conventions and recognises and supports the United Nations Guiding Principles on Business and Human Rights. ("UNGPs").

PFI has instituted various enterprise-level policies and practices[18] with regard to Human Rights, these include:

- **HUMAN RIGHTS STATEMENT,** which outlines PFI's commitment to human rights and covers employee responsibilities, supply chains practices, and reporting obligations.
- **ANTI-HUMAN TRAFFICKING/ANTI-SLAVERY POLICY,** which outlines PFI's zero-tolerance policy prohibiting slavery or trafficking in persons and trafficking-related activities.
- **EMPLOYEE CODE OF CONDUCT,** which highlights PFI's commitment to doing business with the highest standards of ethics and integrity.
- **SUPPLIER CODE OF CONDUCT,** which outlines PFI's expectation that its supplier partners should demonstrate their ethical, humane, socially responsible, and legally compliant business practices.
- **EQUAL EMPLOYMENT OPPORTUNITY POLICY,** which highlights that PFI recruits, employs, promotes, and compensates employees, and offers them access to the benefits and privileges of employment, solely on the basis of their job-related qualifications, merit, and competence and draws upon the diverse skills of all employees.

RISK MANAGEMENT

PGIM's risk governance structure, which serves as the basis for risk management activities, promoting transparency and enabling appropriate decision-making, will be revised to reflect the organisational restructuring announced in June 2025. The paragraph below describes the governance structure in place for the calendar year-end 2024. PGIM uses a 'Three Lines of Defence' model of risk management in which the businesses are the primary, or first line, responsible for understanding, assessing and taking steps to mitigate and manage risk. Each business has a risk governance structure and embedded risk team that is supported by a common framework at the enterprise level. At the highest level, each business is subject to the principles and policies of PFI. These are approved by the Board and sub-committees of PFI and govern the detailed operational controls

17 For a more in-depth overview of PFI's approach to climate risks, please see PFI's Climate-related Risks and Opportunities Summary Report: https://www.prudentialesg.com/sustainability/default.aspx

18 For copies of the policies and practices outlined, please see PFI's website: https://www.prudential.com/links/business-integrity. Accessed July 2025.

for support functions (such as operations, finance and human resources) as well as the general framework within which specific business unit risks are managed.

While having different roles, responsibilities and scope, Risk Management and Compliance together act as the second line, further strengthening management of risk by providing advice, effective challenge, and oversight of management activities, testing and assessing the effectiveness of first-line controls, as well as training, where applicable. Risk Management, led by the Chief Risk Officer, oversees risks under the guidance of the Enterprise Committee and PGIM Inc. Risk Management Committee. Additionally, Risk Management works across PGIM to identify, monitor and manage risks that PFI may face.

The Audit Department acts as the third line of defence through monitoring and testing with the aim that the other lines of defence are well-designed and operating as intended. Internal Audit assesses whether the organisation's governance, risk management, and control processes, as designed, implemented and monitored by management, are adequate and functioning.

Internal Audit's overall coverage strategy incorporates ESG related risks and its impact on various processes across sales/marketing, portfolio management, regulatory, operational and technology categories. PFI's Internal Audit group, as the third line of defence, uses a risk-based audit methodology that allows for a dynamic approach in coverage and is used to develop the audit plan to address key and evolving risks impacting PGIM. This includes performing a risk assessment that considers a range of quantitative and qualitative factors for each assessable unit and is informed through continuous monitoring.

MANAGING IMPACT INVESTING FOR PFI

PGIM oversees the Impact and Responsible Investing (IRI) group on behalf of our parent, PFI.[19] The IRI group was formed in 1976 to support innovative solutions that drive economic and social advancement and foster a more resilient world—while generating an appropriate risk-adjusted return. From the time of its creation, the group has invested over $3 billion (on a cumulative basis) on behalf of PFI's General Account and The Prudential Foundation. Since its integration into PGIM's Real Estate group, the team has been focused on deploying capital into next-generation real estate and energy independence investment opportunities.

As of December 2024, the IRI portfolio included $1 billion in active investments in partners and projects that help tackle pressing societal issues, such as financial inclusion, affordable housing, education and preparing workers for jobs of the future. Financial returns across most portfolio asset classes have been strong and, in many cases, have outperformed benchmarks.

IMPACT AND RESPONSIBLE INVESTING PORTFOLIO BREAKDOWN:

Portfolio Breakdown	% of total portfolio
Affordable Housing: Includes bringing services and opportunities to residents	16%
Education and Skills: Training programmes and connections to next generation quality jobs	18%
Financial Inclusion: Access to affordable banking and other financial services	30%
Outcomes Financing and Impact Innovation: Supporting the growth of new tools, financing approaches and products that aim to increase the scale and integrity of impact investing opportunities	9%
Resiliency: Transactions focused on next generation energy-efficient real estate and climate independent credit	3%
Transformative Developments: Quality places to live and work in underserved areas	24%
Grand Total	100%

19 For more information, please see PFI's Sustainability Report 2024. Available here: https://www.prudentialesg.com/sustainability/default.aspx. Accessed July 2025.

ESG INVESTING/SUSTAINABILITY PHILOSOPHY AND IMPLEMENTATION

PGIM'S ESG INVESTING/SUSTAINABILITY PHILOSOPHY

At PGIM, we are committed to offering our clients a choice in how they wish to invest their money. As different clients have different investment objectives, our goal is to help them meet their specific objectives. It is this active and client-centric approach that underpins our ESG philosophy. It is aligned with our overall investment beliefs, our active investing approach, the fiduciary responsibilities we owe to our clients and our strategy to broaden our investment capabilities while seeking to deliver attractive risk-adjusted returns and to meet our clients' evolving needs.

We view ESG as an investment tool, which can be used to serve different purposes. This can range from managing investment risk and identifying investment opportunities, to helping clients invest in line with their values, views and preferences, or achieve positive real-world impact. As the ESG toolkit can serve these very distinct purposes, our approach to ESG Investing/ Sustainability comprises two distinct pillars:

1) CONSIDERATION OF ECONOMICALLY MATERIAL ESG FACTORS WITHIN THE INVESTMENT PROCESS, ALSO KNOWN AS ESG INTEGRATION:

- We use the term "ESG integration" throughout this report to describe the consideration of economically material ESG factors within the investment process. The analysis of such economically material environmental, social and governance factors helps us to manage investment risk and identify attractive investment opportunities.
- We undertake such analysis because economically material ESG factors may have an impact on investment outcomes and therefore need to be incorporated into our investment analysis in order to meet our fiduciary responsibility to generate attractive risk-adjusted returns for our clients and investors.
- Therefore, where it is feasible to do so, we seek to consider economically material ESG factors across all our asset classes. For the year ending December 2024, this consideration of economically material ESG factors was applied to 89% of our total AUM.
- It is important to note that ESG factors are only one component of the investment process and they are considered alongside many other economically material factors in our investment decision making. As such, investment decisions are not based solely on ESG considerations. Other factors may be deemed to be more economically material and may outweigh economic considerations arising from ESG factors.

2) ESG/SUSTAINABILITY SOLUTIONS TO MEET CLIENTS SPECIFIC AND EXPLICIT SUSTAINABILITY-RELATED OBJECTIVES

- For clients whose investment objectives go beyond risk/return optimisation to include environmental and/or social objectives, we seek to develop expertise and offer investment solutions to help our clients achieve their objectives.
- This includes developing expertise, tools and capabilities to help clients invest in line with their own stated values, their own environmental and/or social preferences, or to seek to achieve real-world impacts based on their own choices.

These two distinct approaches to ESG Investing can be summarised as:

PGIM'S TWO PILLAR APPROACH TO ESG/SUSTAINABILITY

Purpose	Implementation
ESG Integration - the consideration of economically material ESG factors within the investment process: • Using ESG analysis to manage investment risk and identify attractive investment opportunities	• Economically material ESG factors are considered in the core investment process and incorporated into data collection, investment analysis and due diligence. • Approach varies by asset class and may involve fundamental and quantitative research, real estate, private equity and debt teams who are supported by ESG teams. • Reflects unique features of respective asset classes, investment platforms and investment processes.
ESG/Sustainability Solutions Based on Client Objectives: • Using an ESG lens to invest in line with clients' values, environmental and/or social preferences, or real-world impact objectives based on client choices	• Applied where appropriate at the investment strategy, mandate, or product level to help clients achieve their pre-defined ESG/ sustainability goals or impact objectives. • Client driven and implemented by investment and ESG teams using a range of capabilities and tools (e.g., screening, analytical frameworks, research and assessment methodologies, investment products, etc.). • Reflects unique features of respective asset classes, investment platforms and investment processes.

Underpinning these pillars is PGIM's ESG philosophy that reflects our view that:

- Analysing investment risks and opportunities arising from economically material environmental, social and governance factors leads to better long-term investment outcomes and, as such, is a fundamental component of generating attractive risk-adjusted returns for our clients and investors.
- Attractive investment opportunities may arise from the transition to environmental sustainability, shifting societal trends and consumer preferences.
- Active stewardship is integral to delivering desired investment outcomes for our clients and promoting a well-functioning financial system.
- Strong ESG capabilities and expertise are essential to meet the needs of our clients whose investment objectives go beyond risk/return optimisation to include environmental and/or social goals.

Our approach to ESG is grounded in the fiduciary responsibilities we owe to clients. As a fiduciary, PGIM invests client assets in accordance with the agreed mandate, or as disclosed within product offering documents. Therefore, for clients whose investment objectives focus solely on risk/return optimisation, PGIM only considers those environmental, social and governance factors deemed economically material.

However, for those clients with investment objectives that go beyond risk/return optimisation to include certain values, sustainability preferences and environmental and/or social goals, PGIM strives to support them in their financial and sustainability objectives by developing and employing ESG tools and expanding our product offering.

Active stewardship, targeted at preserving and enhancing investment value, is integral to PGIM's investment approach and, as such, company engagement and proxy voting activities, where relevant, remain a fundamental part of their investment process. In addition, we see value in constructive dialogue with policymakers and regulators on matters that materially impact our business, our clients, or our investments.

ESG IMPLEMENTATION AT PGIM

ESG IN THE INVESTMENT PROCESS

PGIM's investment managers apply PGIM's common ESG philosophy while leveraging their asset class expertise to develop a tailored approach to ESG. These include analytical frameworks, assessment tools, implementation approaches and customised ESG solutions optimised for their respective asset classes. We believe this represents a credible approach from both a fiduciary and a client perspective.

While each investment manager implements PGIM's ESG philosophy in a different nuanced way, typically we translate our ESG philosophy into practice by:

- Developing deep ESG expertise underpinned by extensive proprietary research and analytics.
- Integrating economically material environmental, social or governance factors across investment processes and asset classes.
- Actively investing in alpha-generating assets with environmentally and socially positive characteristics.
- Actively engaging with investee companies and other relevant stakeholders and voting proxies to preserve and enhance the value of our investments.
- Delivering ESG/Sustainability-related investment outcomes in alignment with clients' ESG/Sustainability investment objectives and risk/return expectations.
- Leveraging the strength of our investment managers and our global scale to offer clients in-depth, asset class-specific approaches to ESG implementation and customised ESG solutions across public and private markets.

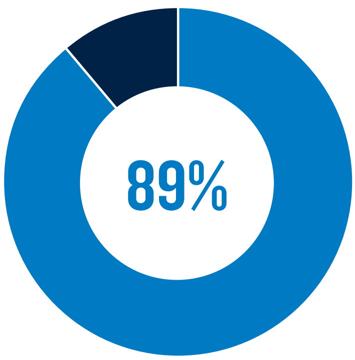
ESG AUM AT PGIM

As of year-end 2024, economically material environmental, social and governance factors were considered within the investment analysis and decision-making for 89% of PGIM's total assets.[20] The remaining 11% of our AUM represents those assets where a systematic consideration of economically material environmental, social and governance factors either does not add meaningful benefit to the investment decision-making and generation of attractive investment returns for our clients or the absence of information and data related to the environmental, social and governance factors makes the consideration unfeasible.

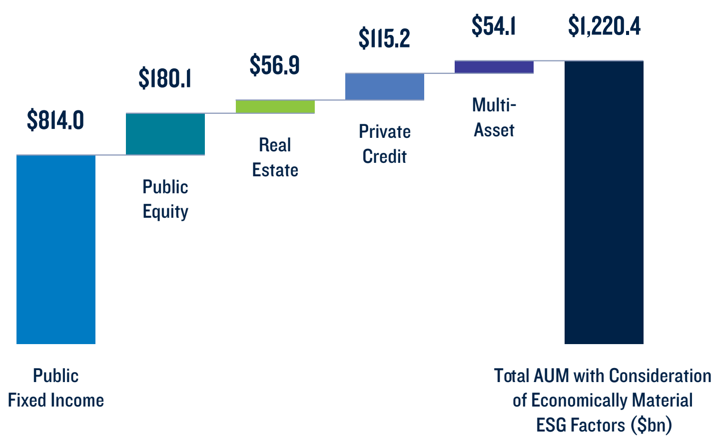
Analysis of the financial implications of ESG factors is only one component of the investment process. As such, investment decisions are not based solely on these considerations, and other factors may be deemed to be more economically material and to outweigh financial considerations arising from ESG factors.

AUM WITH CONSIDERATION OF ECONOMICALLY MATERIAL ESG FACTORS

Consideration of Economically Material ESG Factors



Consideration of Economically Material ESG Factors across Asset Classes (AUM $bn)



*PGIM ESG AUM internal data as of December 31, 2024. AUM totals may not sum due to rounding and double counting.

20 This includes investment products or mandates that include the explicit and consistent incorporation of economically material environmental, social and governance factors into financial analysis and investment decisions for investments within a portfolio, where ESG assessment can be reasonably undertaken. The focus is on analysing ESG risks and opportunities that can materially impact asset prices and the economic value of the investment. ESG factors are an input into investment decision-making and may not have a determinative role in the final investment decisions.

PGIM ESG AUM BY ESG/SUSTAINABILITY CHARACTERISTICS

PGIM provides investment advice based on specified client objectives and the clients' best financial interests. A number of our clients see ESG/Sustainability-related strategies as an opportunity to pursue environmental and/or social outcomes while generating desired financial returns.[21] For clients who seek such strategies, PGIM may apply certain ESG/Sustainability characteristics as highlighted below and as specified in the investment management agreements with our clients or investment fund documentation.[22]

PGIM's ESG Taxonomy

Strategies with ESG/Sustainability Characteristics

Consideration of Economically Material ESG Factors	Exclusions	Positive Alignment	Thematic	Impact Investing	Paris Aligned
$1,220.4bn	$476.6bn	$29.4bn	$1.6bn	$1.4bn	$17.2bn

Our clients' approaches to pursuing sustainability objectives vary significantly, and our investment managers carefully consider their respective investment objectives, risk/return expectations, time horizons, as well as their ESG/Sustainability preferences. The resulting ESG/Sustainability criteria used to address clients' sustainability objectives and preferences play a determinative role in defining the investable universe or influencing the portfolio construction or investment selection processes, as appropriate. The strategies with ESG/Sustainability characteristics vary depending on asset class, investment strategy, our clients' economic interests, and their ESG/Sustainability objectives, but can be grouped as follows:

ESG/Sustainability Characteristics	AUM	Definition
ESG/Sustainability Exclusions	$476.6bn	Exclusion from the investable universe or portfolio of certain companies, industries, countries, or asset types due to undesirable environmental, social or governance characteristics, activities, or practices. Exclusion criteria can refer to specific types/features of assets or company products, operational practices, violations of global norms or standards of conduct, controversies, or being scored below a certain minimum ESG ratings threshold, etc. The focus of exclusions is to avoid undesirable characteristics or activities or certain ESG practices.
Positive ESG/Sustainability Alignment	$29.4bn	An approach whereby the investable universe is determined, or portfolios are constructed or tilted based on positive ESG characteristics or performance of assets or investments. Positive characteristics/ performance could be determined by reference to a defined threshold value or rating, relative to industry peers or benchmark or using another methodology. This is different from the exclusionary approach as far as the objective is not to exclude the worst performers or undesirable investments, but rather to actively support companies or invest in assets with positive ESG/Sustainability characteristics.
Thematic ESG/Sustainability Investing	$1.6bn	Investing in assets/ investments that offer exposure to sustainability themes and thereby support sustainable solutions to environmental and social challenges (e.g., low carbon, circular economy, sustainable agriculture, green buildings, affordable housing, gender equity, etc.).
Impact Investing	$1.4bn	Investments made with the specific intent of generating positive, measurable social and/or environmental impact alongside a financial return (which differentiates it from philanthropy). This approach is used to contribute to the attainment of specific, positive, measurable environmental or social outcomes.
Paris Aligned Investing	$17.2bn	Implementing a decarbonisation strategy for a portfolio to achieve a temperature scenario of well below 2°C. Different approaches can be used in different mandates/products (e.g. % reduction in financed emissions; emissions intensity reduction relative to a specific business metric (e.g., kWh or ton); increase the percentage of investments in Paris-aligned or aligning assets; decrease portfolio temperature along a Paris pathway; directing investments toward low-carbon technology, etc.).

21 The categories listed are not mutually exclusive and AUM may therefore be included in more than one category.

22 This includes investment products or mandates that have additional ESG/Sustainability features specified in the IMA or fund documentation. These features are binding and play a determinative role in defining the investable universe, portfolio construction or investment selection process.

ESG POLICY, GOVERNANCE & RESOURCES

In June 2025, PGIM announced organisational changes, streamlining our operating model. Our investment processes, including their ESG component, remain unchanged. PGIM's ESG Policy, Governance and Resources described in this section of the report refer to the policies and processes in place for the reporting period of the calendar year 2024.

PGIM ESG INVESTMENT POLICY

PGIM has a dedicated ESG Investment Policy that underpins our ESG/Sustainability-related activities and is available on our website at https://www.pgim.com/esg. The policy details PGIM's ESG philosophy, as described earlier, and sets out how we implement it in our investment processes to serve our clients' needs and objectives.

PGIM's ESG Investment Policy also sets out PGIM's approach to ESG-related exclusions and restricted lists.

APPROACH TO EXCLUSIONS AND RESTRICTED LISTS

PGIM does not employ firm-wide exclusions or restricted lists other than as required by law or regulation. We believe that any restrictions of the investable universe should reflect the investment and sustainability preferences of clients, as well as investment and sustainability objectives of our ESG-focused investment products.

In an effort to give clients options in their approach to ESG investing, PGIM's investment managers are able to implement negative screens and exclusions in specific mandates, which are built according to specific, client-determined criteria. Such exclusionary screens can be built using specialist third-party screening providers or by excluding investments detailed in "restricted lists" provided by the client.

In addition to exclusions and constraints in our separate account mandates, PGIM's investment managers employ certain ESG-related constraints across ESG-focused commingled products that we manage. For public equities and debt, these typically include limits on UNGC violators, tobacco production, the manufacturing of controversial weapons, and thermal coal extraction and generation, among other product-specific limitations.

PGIM's investment managers regularly review exclusions and thresholds that have been set for our commingled strategies to ensure that these remain appropriate and reflect our investors' expectations.

In addition, all PGIM investment managers seek to adhere to the laws and regulations of the markets in which they operate and seek to execute any necessary exclusions as required by applicable laws and regulations.

PGIM ESG GOVERNANCE

PGIM's ESG Governance structures comprise PGIM's central governance and decision-making bodies, cross-PGIM forums, and governance and decision-making structures at the investment management level. PGIM's President and CEO is the most senior governance and decision-making authority for ESG business and climate-related matters at PGIM and is advised by its senior executive team, which comprises leaders across PGIM. PGIM's Global Head of ESG provides updates on ESG/Sustainability and climate-related matters to PGIM's senior leadership and chairs the PGIM ESG Council.

PGIM ESG COUNCIL

Each of PGIM's investment managers is responsible for the governance and execution of its ESG approach and capabilities; however, cross-PGIM collaboration is achieved through the PGIM ESG Council.

The Council's mission is to steward the overarching vision for, and collaboration on, ESG across PGIM. The Council actively guides and supports PGIM's efforts to navigate the evolving ESG/Sustainability landscape to further the development of industry leading ESG capabilities, products, and solutions across PGIM, to the benefit of our clients.

The PGIM ESG Council comprises the ESG/Sustainability leads from PGIM's investment managers, together with representatives from our Global Wealth group, our institutional client-facing teams and PGIM's central functions, including Legal, Compliance, Risk, Strategy, Marketing, Communications and External Affairs. The ESG Council is chaired by PGIM's Global Head of ESG and meets regularly throughout the year. The Council also convenes annually for an in-person ESG 'offsite' forum.

The ESG Council's role includes:

- Guiding our evolving ESG strategy, philosophy, and approach, and facilitating alignment across PGIM and with PFI.
- Advising on cross-PGIM ESG priorities, opportunities for collaboration and knowledge sharing, and responses to evolving regulatory, policy and market developments.
- Overseeing ESG Working Groups tasked with implementing cross-PGIM projects based on the priorities set by the ESG Council.

ESG COUNCIL WORKING GROUPS

The work of the ESG Council is implemented through permanent working groups which comprise members of the PGIM ESG Council and colleagues with relevant expertise from across PGIM. The working groups implement cross-PGIM projects based on focus areas and priorities set by the Council. Throughout 2024, the four working groups worked together on a variety of ESG-related matters including implementing sustainability-related regulations across our asset classes, providing insights into public policy and regulatory developments, exploring options for enhancing Sustainability/ESG data collection and reporting infrastructure to improve climate risk and emissions reporting, improving internal ESG-related training and external ESG/Sustainability related communication.

PGIM ESG Council

Advises PGIM's President and CEO on ESG Strategy and Policy. Brings up issues for decisions and provides regular updates.

PGIM Global Head of ESG (Chair)	Heads of ESG/Sustainability from	Representatives from	Observers from
	Fixed Income, Private Credit, Jennison Associates, Real Estate, and Quantitative Solutions investment groups	Global Wealth, Institutional Distribution, Marketing, Legal, Compliance, Risk, Strategy, Communications, External Affairs	PGIM ESG Team, Data/ Technology, Financial Reporting, Human Resources

ESG Working Groups

Support PGIM ESG Council through targeted work on ESG-related matters affecting respective stakeholder groups within PGIM.

ESG Investing	Client Experience	Legal, Compliance, and Risk	Data and Technology

PGIM'S ESG TEAM

PGIM's central ESG team was established in 2022 and is headed by PGIM's Global Head of ESG. The four-strong team plays a key role in shaping and coordinating ESG strategy and approach across PGIM. The team focuses on:

Cross Collaboration

Facilitating cross-PGIM collaboration on ESG and climate-related matters.

Best Practices

Identifying, assessing, and promoting good ESG practices, expertise, and research to help investment managers enhance their ESG capabilities and expertise and foster innovation.

Thought Leadership

Generating and contributing to thought leadership on ESG and climate-related topics.

Client and Industry Engagement

Engaging with clients, consultants, regulators, and industry associations to inform and shape industry-wide effectiveness on ESG.

Communication

Communicating PGIM's ESG philosophy and asset-class specific approaches and capabilities to external and internal stakeholders.

Tracking Progress

Developing goals, metrics, reporting, and tracking framework to assess PGIM's collective progress on ESG and climate-related activities.

Benchmarking

Benchmarking PGIM's approach and capabilities on ESG and climate relative to clients' needs.

PFI Engagement

Engaging with PFI to ensure that PGIM's needs are embedded into the enterprise approach to climate/sustainability, and to leverage any PFI efforts as appropriate for PGIM.

ESG Council

Leading and supporting PGIM's ESG Council and Council's working groups.

ESG GOVERNANCE OF PGIM'S INVESTMENT MANAGERS

For the calendar year 2024 each of PGIM's investment managers had dedicated ESG governance structures, comprising senior leaders, to guide ESG strategy and oversee its implementation.

- Fixed Income had an ESG Policy Committee composed of senior leaders and department heads across various regions, supported by an ESG Ratings Sub-Committee (known together as the "ESG Committee"). The ESG Committee was supported by focused ESG working groups as required. The ESG Policy Committee, chaired by the Head of Fixed Income, acted as the top governance and decision-making body for ESG practices and focused on the overall ESG policies and approach. The ESG Ratings Sub-Committee, chaired by Fixed Income's Head of Global Credit Research, made decisions on matters related to ESG integration in credit analysis, Fixed Income's ESG Impact Ratings and other frameworks and tools related to ESG assessments used in the investment process. The ESG Ratings Sub-Committee comprised senior representatives of research teams from Investment Grade, High Yield, Emerging Markets, Municipals, Securitised Products, Macroeconomic and ESG across various regions. The two Co-heads of ESG Research, responsible for managing the strategic integration of ESG considerations into the investment process as per clients' objectives and needs, were both members of the ESG Policy Committee and the ESG Ratings Sub-Committee.
- The Jennison Management Team had ultimate responsibility for their responsible investment efforts. This executive team comprised Jennison's Chief Executive Officer and Chief Operating Officer, and the heads of investment strategy, product and strategy, and global distribution. The Jennison Sustainability Governance Council was responsible for oversight and monitoring of the responsible investment policies and procedures and provided a forum for updates, open discussion, and insights on sustainability. The Sustainability Governance Council was chaired by the Head of Sustainability and included senior leaders from across Jennison, including sustainability, legal, compliance, risk, product and strategy. The Council was supported by sustainability working groups to inform committee decisions and work on specific projects.
- The ESG Executive Council for Quantitative Solutions comprised senior executives who oversaw PGIM's quantitative equity sustainable investing and stewardship efforts. The Council met on a bi-annual basis to advise on and oversee the ESG investment policies for quantitative equities, set ESG strategic priorities and initiatives, and shape the ESG research agenda.

- Real Estate's Global Sustainability Council consulted on vision, strategy and policies and developed long-term targets. The Co-leads of Sustainability oversaw regional sustainability councils, who helped identify opportunities in the region, as well as worked to promote tools for implementation, and measure and report on regional progress. Through the council model, the Co-leads could further integrate sustainability processes, goals, targets and policies across real estate equity and debt globally.
- Private Credit's ESG approach was set and governed by the ESG Committee, which comprised the Head of Private Credit as well as senior leaders from Credit, Alternatives, Real Assets, Institutional Asset Management and Global Corporate Finance. The Committee's primary responsibility was the establishment and oversight of Private Credit's ESG-related efforts as relevant to their investment and business activities.[23]

PGIM ESG RESOURCES

PGIM has dedicated significant human, technology and data/analytics resources to integrating economically material ESG factors into the investment process and delivering desired ESG and sustainability outcomes for our clients.

Overall, PGIM has over 30 colleagues whose responsibilities are fully or largely focused on ESG and sustainability topics. They occupy different levels of seniority from analyst to managing director levels and have between 3 and over 20 years of ESG-focused investment experience. These dedicated ESG specialists drive the implementation of PGIM's ESG strategy across asset classes and work closely with investment, client servicing, product development, legal, compliance and other teams.

The typical expectation of an ESG team is to support investment research and analysis by providing relevant insights and helping investment teams to assess the materiality of ESG risks, opportunities (and, where appropriate, impacts) and suitably integrate these into investment decision-making. This may involve undertaking sector, thematic and issuer/asset level ESG analysis. Furthermore, ESG teams are often involved in stewardship activities, including engagement with issuers and other stakeholders (e.g., borrowers, industry groups, policymakers, tenants, suppliers, communities, etc.) on ESG topics and providing recommendations on selected proxy-voting issues where ESG expertise is required to assess the relevance and materiality of the issues on the shareholder meeting agenda.

ESG teams are also actively involved in monitoring ESG-related thematic, regulatory and market developments; analysing third-party ESG data and research and identifying new ways of sourcing, accessing and applying such data; producing ESG-related thought leadership; engaging with clients that have ESG objectives; participating in the design and launch of new ESG strategies and products; and contributing to ESG reporting.

At PGIM, while dedicated ESG specialists as subject matter experts are a valuable resource, we recognise the need for broader application and true integration of ESG considerations across different aspects of our business and investment process. Therefore, ESG-related responsibilities are found throughout the business, rather than solely within ESG teams. To support this objective, PGIM seeks to train teams and individuals across the organisation on ESG topics, with a view to broaden our capabilities, including individuals within the following roles:

Fundamental and quantitative analysis and economics	Portfolio managers, originators, underwriters, and asset management teams	Client advisory, client services	Product development and marketing teams
Technology and data professionals	Legal, compliance, and risk teams	Communications and marketing teams	Government and regulatory affairs teams

23 For more information, please see Appendix III for PGIM's respective ESG / Sustainability policies and reports across asset classes

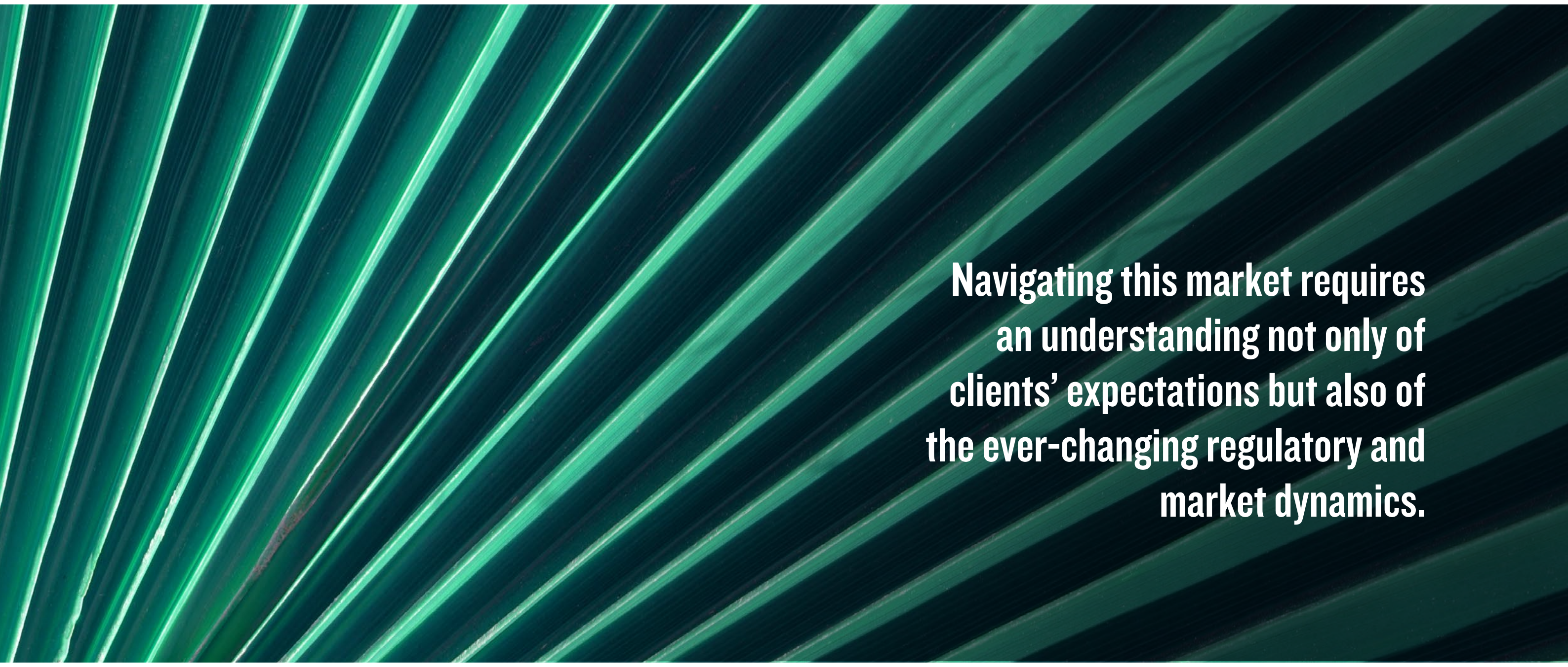
TECHNOLOGY AND INFRASTRUCTURE

At PGIM, we invest significant resources in technology and information systems to support our investment research, reporting, portfolio construction and monitoring, compliance, and management capabilities. In 2024, we continued to develop our internal tools and methodologies to improve ESG/Sustainability-related data collection as well as ESG/Sustainability, climate risk and emissions reporting. This included improving access to relevant ESG data sources across our business, as well as improving access to relevant tools and analytics across asset classes.

ESG TRAINING AND EDUCATION

As the ESG investing landscape and client demand for sustainability-focused products and solutions evolves, navigating this market requires an understanding not only of clients' expectations but also of the ever-changing regulatory and market dynamics. To help our colleagues make sense of the complexities and nuances of ESG investing, we partnered with a third-party provider to develop an ESG training programme tailored for PGIM employees to help them understand our clients' needs across multiple facets of ESG. The modular training programme is open to all colleagues, offering insights into ESG in an investment context, PGIM's fiduciary approach to ESG, and the expertise of each PGIM investment manager in supporting clients' diverse and evolving needs.

In addition, PGIM's investment groups and central functions offer various ad-hoc training and professional development opportunities for dedicated ESG teams, as well as non-ESG specialist employees. In particular, PGIM offers employees an opportunity to take the CFA Institute's Sustainable Investing Certificate, with costs covered by the company. We regularly provide colleagues with an opportunity to attend conferences, seminars and other types of educational events. Where PGIM needs specific advice, we have access to specialist advisory and consulting service providers, which we engage from time to time to supplement our internal expertise.



ESG RESEARCH & INVESTMENT APPROACH

Being an active investment manager, in-depth research and analysis underpin PGIM's investment decisions across all our asset classes. As fiduciaries, we make informed investment decisions by considering a broad range of investment factors, which may include, but are not limited to, ESG issues. PGIM's investment teams research and analyse the economic materiality of ESG factors for their investments with a primary objective of generating strong risk-adjusted returns for clients. Our fundamental, quantitative, underwriting, and investment teams incorporate ESG factors that are relevant and material to their investments into investment analysis and due diligence processes.

Economically material ESG risks and opportunities may impact our investment processes in different ways. For example, they may affect investment theses, internal ratings/scores, relative value assessments, asset-level risk assessments, and portfolio weightings, as appropriate for each asset class and its respective investment processes. They will also influence how we use active stewardship across asset classes, including engagement and proxy voting, to help preserve and enhance the value of our investments. Our focus is on ensuring that ESG inputs into our investment research, analysis and decision-making are supported by high quality data and analytics. We are evolving our methodologies and approaches as ESG data and materiality of ESG factors for our investments change over time. The analysis of the financial implications of these ESG factors are only one part of the investment process, meaning that investment decisions are not based solely on these considerations, as other factors may be deemed to be more financially material and to outweigh any financial considerations arising from ESG factors.

The ESG research and integration processes necessarily differ across asset classes as we reflect the unique features of each respective asset class, investment platform and investment process. As the economic materiality of ESG factors has many variables, we refrain from blanket assessments, instead focusing on rigorous ESG analysis grounded in robust research.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

PGIM takes a proactive approach to understanding and responding to economically material investment considerations arising from environmental, social and governance factors – and this includes climate-related factors. We recognise that climate change will impact the economies and markets we operate in and will create both immense uncertainty and opportunity. As climate risks may increasingly be reflected in market prices and asset valuations, we must understand and manage climate-related risks in our portfolios, as well as actively identify opportunities for alpha generation along the path to a more sustainable economy.

At PGIM, we are committed to supporting our clients by addressing these climate-related risks, capturing climate-related opportunities and/or meeting clients' specific decarbonisation goals. We deploy robust investment analysis to navigate the risks and opportunities of market, regulatory and technology shifts driven by climate change, as well as more frequent and severe physical impacts on economies, assets, and livelihoods.

Our approach to understanding and managing climate-related investment factors will differ in implementation and may include the following:

- Identifying material physical and transition climate risks in relation to our investments.
- Conducting investment-level analysis and, where needed, engaging with relevant stakeholders to assess the extent of vulnerability to climate risks and measures taken to mitigate them.
- Identifying investment opportunities related to the reduction of carbon emissions and facilitating the transition to a low-carbon economy, as well as building climate change resilience across different sectors and geographies.
- Integrating available climate data into the investment risk monitoring and client reporting processes.

Being an active investment manager, we consider both short-term and longer-term risks and evaluate the most likely risk channels for assets in our portfolios. For real assets, the physical risks associated with climate change can be economically significant and, as such, are integrated into investment analysis. Across PGIM, we strive to improve access to resources including data and analytical tools to undertake climate-related analysis of economically material transition risks in a way that is most appropriate to the respective asset class and investment process.

Across PGIM's asset classes, we leverage these tools in combination with forward-looking ESG risk metrics that may have greater relevance to active risk and opportunity management, while recognising that such metrics are comparatively less developed at this stage. For this reason, our investment teams are increasingly turning to bespoke tools for forward-looking research and analysis, such as the holistic assessment of the transition readiness of issuers, or the alignment of corporate transition plans with country policy frameworks. Similarly, assessment of the physical risks of climate change to assets under various climate scenarios is undertaken using a combination of third-party research tools with bottom-up analysis by our real estate teams. This entails analysis of asset-specific material risks and opportunities, and the potential for management or mitigation of these risks. We continue to engage with our data vendors, seeking to improve the overall quality and transparency of climate-related data available to investors and coverage across underserved asset classes.

Across PGIM, we seek to expand our use of climate-related data and analytics, and to deepen our understanding of physical and transition risks and how these are most likely to manifest in relation to our particular asset classes.

USING ESG ANALYSIS TO IDENTIFY AND ASSESS INVESTMENT RISKS AND OPPORTUNITIES

FIXED INCOME AND PRIVATE CREDIT

FIXED INCOME

Our Fixed Income team believes material ESG factors can impact investment performance, and therefore integrates relevant, credit-material factors into credit analysis – which is incorporated into its relative value assessment – across all its credit strategies. This is consistent with our fiduciary obligations.

INTEGRATION OF ESG FACTORS INTO FUNDAMENTAL ISSUER AND RELATIVE VALUE ASSESSMENTS

Our Fixed Income investment process assesses whether a given investment offers adequate compensation for the fundamental risk profile of the issuer, which includes ESG risks on an asset class, industry and/or individual issuer basis. If an analyst deems an ESG factor to have a material adverse impact on the financial value of an issuer, it is included in credit analysis and relative value discussions across mandates. In support of such analysis, analysts review information related to ESG factors, which may be provided by the issuer, obtained from third-party ESG research providers, or alternative data sources (e.g., NGO analyses, governmental and inter-governmental studies, etc.). They may also supplement this information through engagement with the issuer.

A credit analyst may evaluate a prospective investment for a chemicals manufacturing business located in a known floodplain with a history of severe natural disasters.

Their assessment may indicate elevated levels of asset concentration and limited asset redundancy, amplified by elevated probability of flood/natural disaster.

In consideration of such an investment opportunity, the required compensation (coupon, capital structure, covenants, and documentation, etc.) may be considerable to account for the aforementioned ESG risks.

In line with our bottom-up, fundamental credit approach, issuers' credit profiles are viewed from a holistic perspective, rather than as separate components. Therefore, issuers' ESG risks and opportunities are not evaluated in isolation, but instead integrated directly into fundamental credit ratings and thus into relative value assessments. Portfolio managers are provided with information on ESG risks and opportunities, but ESG risk alone would not rule out investment. Instead, it contributes to our overall assessment of an issuer's credit risk and thus the relative value of investment.

INTEGRATION OF ESG FACTORS INTO MARKET-WIDE AND SYSTEMIC RISK MANAGEMENT

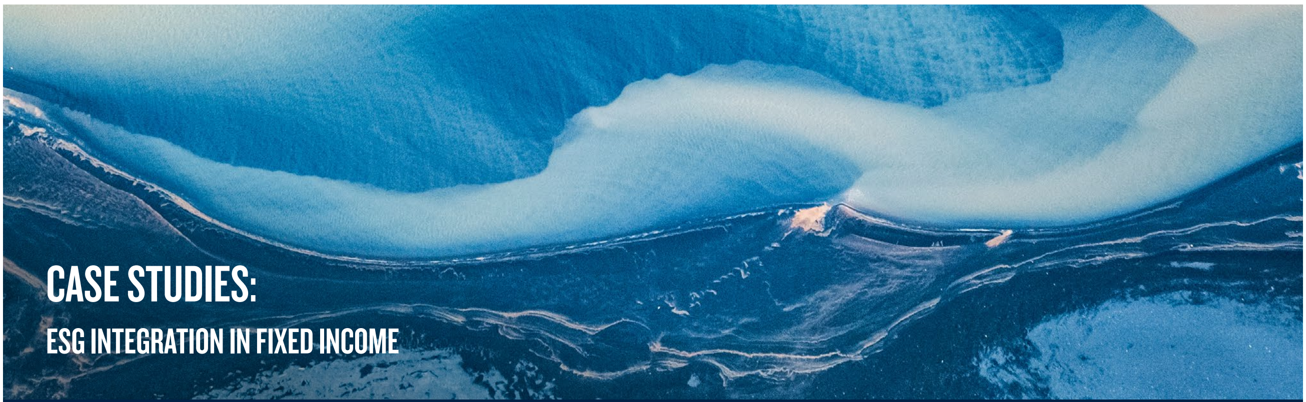
Our Fixed Income senior investment team meets regularly to analyse market-wide and systemic risks, including those related to ESG factors. This may include analysing economic, interest rate, credit spread, market technical, underlying fundamental themes, social and political instability, and macro and/or climate event specific impacts in each major fixed income sector. The senior investment team develops a Fixed Income-wide market outlook, consolidating these views, which may influence the overall risk profile, sector allocation, and duration/yield curve positioning in fixed income portfolios, depending on the specific strategy. Relative value decisions, including sizing and hedging, are made by portfolio management in consultation with credit research analysts. Credit research analysts are responsible for confirming that relevant ESG risks and opportunities are reflected in their credit analysis and ratings. ESG factors, including climate-related risks and opportunities, are incorporated in the identification and monitoring of individual credit risks.

Additionally, Fixed Income's risk management framework combines monitoring the risk of individual credits and the overall portfolio risk. Market Implied Rating curves that drive the business's risk analytics are recreated each night based on spread levels. These curves are then used to assign CUSIP-specific ratings based on the spread and tenor of each bond. In this framework, if an individual credit, industry, or country has a spread premium due to ESG or other factors, it would be assigned a lower credit rating in the risk management system. The lower rating would result in tighter thresholds and/or bigger stress shocks being applied to those credits. While not a specific ESG filter, if market forces cause names with less favourable ESG characteristics to trade with wider spreads, they will be assigned lower ratings and higher risk weights in the risk management system.

INTEGRATION OF CLIMATE RISK AND OPPORTUNITIES

Our Fixed Income team believes that carefully considered, bottom-up analysis is the most useful approach for assessing climate risks and opportunities. It considers climate change and the associated policy and regulatory response to be an important risk factor that should be incorporated into credit assessments and into credit ratings where the issuer's exposure to climate risk is deemed to be high. Analysts assess climate risk as part of the overall credit assessment (e.g. a less carbon intensive firm with much higher leverage can still be higher risk overall). Bottom-up analysis can also be used to help identify risks and opportunities arising through less obvious channels. Such opportunities and trade-offs are often not reflected in top-down models, reinforcing the Fixed Income team's commitment to the bottom-up, issuer-level analysis in assessing climate risks and opportunities.

Analysts may also, at their discretion, run scenarios in their financial models that incorporate one or more of the analyst's most material climate-related considerations. This is not, however, a systematic requirement. By integrating climate risks into the credit analysis process, the Fixed Income team aligns climate-related investment risks and opportunities with the time horizons for credit assessments more generally. Whilst climate-related issues often manifest themselves over the medium and longer terms, our experience suggests that accurate, decision-useful predictions about the evolution of most investments' risk profiles over longer time horizons are difficult due to intervening events that could render such predictions incorrect. The Fixed Income team seeks to identify and analyse medium- and long-term risks that are relatively certain and will be difficult or costly for an issuer to address.



CASE STUDIES:

ESG INTEGRATION IN FIXED INCOME

Issuer type:
European Electricity Grid

Topic:
Energy Transition Opportunities

Description: The issuer is one of Europe's largest owners and operators of regulated electricity transmission networks. The company is poised to play an essential role in the European Union's low-carbon transition by providing the critical infrastructure needed to enable new installations of renewable energy projects including high voltage direct current (HVDC) transmission lines and interconnections.

Assessment: Our analysis indicated that due to the magnitude of the investments and capital expenditure (capex) required for its renewable energy linked projects in Germany and the Baltic Sea, the company will incur significantly higher leverage and likely experience a deterioration in its credit profile in the near term. However, our assessment of the issuer's local regulatory regime and federal climate policy gave us confidence that the returns likely to be generated over the long term would result in a stronger credit profile over time. As the bonds offered attractive spreads relative to our assessments of the risks, we participated in the issuer's bond offering in 2024.

Issuer type:
Emerging Market Corporate – Multinational Mining and Metals company

Topic:
Energy Transition and Circular Economy Opportunities

Description: The company is one of the world's largest primary producers of platinum, palladium, and rhodium and is a top-tier gold producer. It has been under pressure in recent years due to a weaker palladium and platinum price backdrop, as expected falling demand for palladium (used in catalytic converters in internal combustion engines) led to a sharp fall in prices while supply remained steady. To offset the risk of falling platinum group metals demand, the company is attempting to pivot toward electric vehicle battery minerals (mainly lithium and nickel).

Assessment: We expect this issuer to benefit in coming years from the expected growing demand associated with the low carbon transition as countries shift to more favourable policies which encourage the greater usage of electric vehicles. Another growth opportunity we view as positive for the credit is the investment in recycling, which will help towards a circular economy and allow the recovery of green precious metals. These factors have fed into our overall view of the credit - the expected lithium production beginning in 2026 and ramp-up of the recycling business should support EBITDA and revenue growth necessary to bring leverage down – and we increased our position in 2024.

Issuer type:
European Waste Management Company

Topic:
Governance Risks

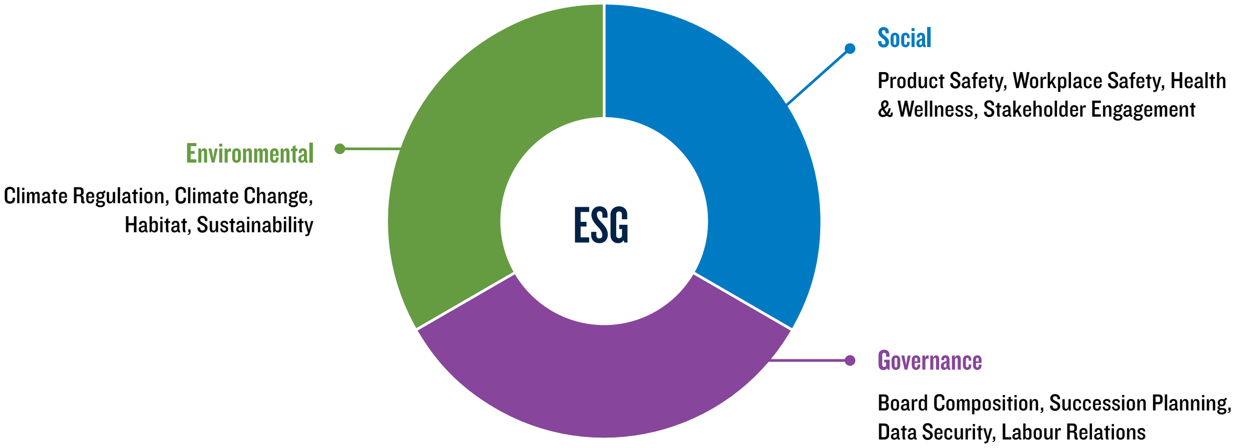
Description: The company focuses on the collection, sorting, and recycling of materials such as paper, plastics, and metals. Serving clients from municipalities to large industries, it offers customised recycling solutions and uses advanced technologies to convert waste into reusable resources, which it then sells on. Recycling is a growing industry, and the company is well-positioned to capitalise on this trend given its market position and investments in innovation. However, the company faced allegations of domestic money laundering and active bribery of public service personnel to secure a major waste management contract, with the owner and several other executives being indicted.

Assessment: Despite the positive recycling angle and attractive pricing on a purely relative value basis, the alleged money laundering and bribery allegations posed a risk to general governance practices and the tendering of future contracts. As a result, we elected to pass on the company's latest bond issuance.

PRIVATE CREDIT

Our Private Credit team's approach to ESG strives to reflect material economic and financial risks and opportunities presented by ESG factors as a component of the overall investment thesis. Throughout the investment process, including research, decision making, and portfolio management, private credit investment teams strive to identify, analyse, and mitigate relevant risks and factors.

Specifically, the investment teams are responsible for analysing the following ESG factors as part of determining if they are of material importance to the creditworthiness of the investment:



For private credit investments, we will consider material ESG risks in investment analysis to the extent relevant to the soundness of the investment. ESG risks are analysed and tracked both at the time of investment, as well as throughout the holding period as an explicit part of the portfolio monitoring process. Our relationship-forward approach often enables direct access to portfolio companies' management teams, which helps us to engage directly with decision makers, including dialogue around relevant ESG risks and opportunities.

INTEGRATION OF ESG FACTORS IN THE INVESTMENT PROCESS

ESG risk analysis is integrated throughout the entire investment life cycle, from the initial investment triage stage, through investment underwriting, and throughout the holding period:

Pre-Investment		Post-Investment
Initial Investment Triage	**Due Diligence**	**Portfolio Monitoring**
Local and global investment teams source deal flow across industries, examining risks and opportunities, including consideration for key ESG concerns.	Investment teams engage in rigorous due diligence for every investment, often meeting directly with company management teams. A formal ESG risk analysis is completed via our proprietary ESG Checklist, which documents risk materiality for each of our 12 ESG factors on a 0-4 scale	Continue to monitor investments throughout portfolio life, including completing an ESG Checklist risk assessment at least annually as both industry and company specific ESG risks may evolve over the holding period.

ESG Engagement

Engagement with prospects and portfolio companies may occur at any point in the investment process, from initial triage through maturity.

Our proprietary ESG Checklist tool for private credit helps investment teams analyse and understand ESG risks that may be economically material to the business and sector of the borrower. The Checklist includes guiding questions that prompt investment teams to consider relevant potential risks associated with each E, S and G factor. The questions are not intended to be exhaustive, and relevant ESG risks outside of the guiding questions may also be considered in the investment analysis.

The ESG Checklist scores are included in internal investment documentation for new transactions as a component of the overall analysis, and as such are reviewed by the relevant internal investment authorities. The checklist further prompts written commentary for any significant risks that are identified during due diligence or monitoring. ESG factors form part of the overall risk management and risk assessment processes, and are one of many risks which may, depending on the specific investment opportunity, be relevant to a determination of overall risk.

The ESG risk scale strives to capture the materiality of ESG risks in the context of the overall investment supported by a qualitative ESG analysis. Framed by the ESG Checklist guiding questions, investment teams assign each of the 12 ESG factors an individual risk rating using the following scale:

The Private Credit Team's ESG Checklist Score Scale

0 — No Risk
Not a relevant consideration.
This may also include extremely remote, inconsequential or implausible risk.

1 — Low Risk
Either low probability or low impact. Not a significant credit consideration.
The risk is likely not included in investment consideration.

2 — Moderate Risk
An issue analysed, but likely not a key investment risk.
Could be a key risk but is considered unlikely or manageable.

3 — High Risk
Likely a key investment risk.
Key risk is more likely or difficult to manage. Often correlates with lower credit quality.

4 — Severe Risk
Critical credit issue. Impacts credit quality or valuation of the asset.
Unlikely that a new transaction would have a severe risk. Most likely to manifest over time and most often appear in conjunction with credit downgrades or other issues.

For private credit investments, the lack of standardised ESG data available from many of the borrowers poses significant challenges. While our private credit investment teams access a variety of data sources as part of their comprehensive investment processes, we predominantly rely on internal research and assessment for ESG analysis. As disclosure standards and ESG reporting evolve, our investment teams will strive to incorporate the most relevant ESG data available and materially relevant to respective investments.

ESG RISK ANALYSIS CASE STUDY

CHEMICAL/INDUSTRIAL MANUFACTURER

ESG Factor	ESG Risk Rating
Climate Regulation	1
Climate Change	0
Habitat	2
Sustainability	1
Product Safety	1
Workplace Safety	1
Health & Wellness	0
Stakeholder Engagement	0
Board Composition	0
Succession Planning	0
Data Security	0
Labor Relations	0

ESG Factor Guiding Question

Is there significant risk that the issuer faces negative financial or reputational consequences as a result of direct or indirect ecological damage?

Examples would include deforestation, damage or reduction of habitat for endangered species, damage or pollution to air or water quality, chemical spills, or poor waste management.

Investment Team ESG Risk Commentary*

Environmental risk potential for chemical companies can be high due to the amount of waste and pollution generated on an annual basis compared to other industries. Many of the Company's products and by-products can be toxic and polluting, making the Company subject to environmental risks and litigation. However, we are comforted by the Company's long-term clean record and commitment to sustainability, especially regarding its waste management, greenhouse gas emissions, water usage, renewable energy usage, and disposal of plastics.

As such, we view this Company's Habitat Risk Rating as 2-Moderate Risk.

Footnote: This material contains examples of Private Capital's internal ESG risk analysis and is not intended to represent any particular product's or strategy's performance or how any particular product or strategy will be invested or allocated at any particular time. PGIM's Private Capital team's ESG analysis may yield different results than other investment managers and PGIM's Private Capital team's ESG rankings and factors may change over time ESG assessment is qualitative and subjective by nature; there is no guarantee that the criteria used, or judgment exercised by PGIM's Private Capital team will reflect the beliefs or values of any investor. Information regarding ESG practices may not be accurate or complete, and PGIM's Private Capital team depends on this information to evaluate a company's ESG risks. ESG noms differ by region. There is no assurance that PGIM's Private Capital team's ESG assessment techniques will be successful. *ESG risk commentary details are edited for clarity and to maintain the Company's confidentiality.

PRIVATE EQUITY SECONDARIES

MONTANA CAPITAL PARTNERS (mcp)

Montana Capital Partners (mcp) is focused on secondary private equity investments in the European and North American mid-market. As a secondary investor, mcp's sustainability risk framework focuses on assessing the sustainability risk of the General Partners (GPs) it works with as well as those of the underlying companies. mcp places particular emphasis on processes that allow appropriate sustainability risk mitigation in a diversified indirect private equity portfolio. mcp seeks to manage sustainability risk to an appropriate level in all investment opportunities that it sources and proposes to its clients and its approach focuses on the following:

- the due diligence phase, as the most critical
- a framework that is suitable for both concentrated and highly diversified transactions and for different levels of GP access
- a risk-based approach that considers both portfolio and GP sustainability risk
- a toolkit for asset-level due diligence where appropriate

mcp's framework combines sustainability screening and integration in the form of risk analysis of both portfolio companies and partner GPs. mcp's due diligence activities are repeated periodically (quarterly for portfolio companies and annually for GPs) for sustainability risk monitoring. mcp's sustainability risk framework is summarised in the table below:

		Due diligence	Monitoring
Risk screening	Industry screening	• All opportunities are reviewed against mcp's high-risk industry list • List is largely based on the IFC Exclusion List	• Sector exposure monitored on a quarterly basis
Integration	Portfolio company assessment	• Portfolio companies are run through RepRisk[24] for high level risk assessment • Mid and low risk companies are subject to enhanced DD	• Portfolio run through RepRisk on a quarterly basis. Changes in rating and incidents reviewed in detail by the ESG Taskforce, with escalation to deal teams and GPs if required
	GP assessment	• Partner GPs are assessed through a proprietary scorecard, based on ILPA's GP ESG DD Framework	• Portfolio GPs are asked to complete an annual monitoring survey for mcp to refresh its GP assessments

For GP risk assessment, mcp uses a sustainability risk assessment questionnaire that builds on the ILPA ESG Assessment Framework and assesses GP policies, commitments to industry standards, governance, communication and investment process.

For portfolio company risk assessment, mcp currently uses an external ESG risk rating provider, which considers issues and topic tags based on UNGC principles, SASB issues and past public ESG incidents by sector and company. In addition, mcp will screen out transactions with exposure to high-risk industries as outlined in mcp's sustainability policy, which represents mcp's baseline commitment to its clients and does not prevent mcp from entering into additional or more restrictive commitments in respect of specific funds and clients for example in Limited Partnership Agreements and side letters.

24 RepRisk is a global platform for reputational risks and responsible business conduct.

PUBLIC EQUITIES

JENNISON ASSOCIATES

At Jennison, PGIM's fundamental growth equity manager, the primary objective in seeking to fulfil fiduciary duties is to generate superior long-term investment performance for clients. Jennison investment teams employ fundamental research to analyse different aspects of companies that could have an impact on risk or return, including ESG factors, and believe proprietary research and a holistic perspective are crucial for evaluating a company's investment prospects.

Jennison believes that ESG factors can significantly impact investment outcomes by helping to identify opportunities, mitigate risks, and/or align investment outcomes with clients' needs. This includes considering climate risks and opportunities within investments. Investment teams strive to develop a deep understanding of these factors and their impact through fundamental research and active stewardship.

INTEGRATION OF ESG FACTORS INTO THE INVESTMENT PROCESS

Proprietary research is the cornerstone of Jennison's investment approach. Jennison's investment teams take a long-term, holistic view, analysing company, sector, and industry fundamentals to identify the most attractive investments. Information is largely gathered from primary sources, including company disclosures such as financial statements, annual/quarterly reports, sustainability reports, regulatory filings, and public statements. Additionally, analysts and portfolio managers engage in company-level discussions and leverage third-party research and data to inform their investment decisions. Investment professionals are responsible for evaluating and incorporating material ESG considerations into their fundamental research and decision making. The importance of these inputs can vary across teams and may depend on the investment strategy's objective, client-specific investment guidelines and regulatory considerations.

Analysts and portfolio managers are supported by the sustainability team, which conducts proprietary sustainability research, supports stewardship activities, and monitors portfolio holdings for material ESG risks and controversies. Jennison's sustainability research is grounded in economic materiality and relies on its proprietary materiality framework, which is informed by the SASB framework and incorporates flexibility to adjust materiality at the security level when deemed appropriate.[25] Jennison investment professionals have access to both proprietary Sustainability Research Notes and third-party data as part of their investment process. The portfolio managers are ultimately responsible for making investment decisions based on company-specific fundamentals, including economically material ESG factors, when evaluating a potential investment. Jennison believes this bottom-up approach to research and portfolio construction is well suited to the fluid and nuanced nature of ESG issues in the investment process.

Identify Material Key Issues by Industry	Perform In-Depth Company Research	Engage	Monitor
77 industries Over 200 Key Issues including: • Carbon emissions • Energy management • Human capital management • Supply chain management • Data security/privacy • Business ethics • Corporate governance	Evaluate material risk exposures, controversies, and trends Identify alignment to sustainable development goals (SDGs) Proprietary assessment and scorecard	Seek to build long-term relationships, and engage management teams on key issues when necessary	Continuously evaluate material ESG risk factors, sustainable investment criteria, and SDG alignment

25 The SASB Standards identify the sustainability-related issues most relevant to investor decision-making in 77 industries and enable organisations to provide disclosures that could reasonably be expected to affect the entity's cash flows, access to finance or cost of capital over the short, medium, or long term. For more information please see: https://sasb.ifrs.org/standards/ Accessed July 2025.

INTEGRATION OF CLIMATE RISK AND OPPORTUNITIES

Investment professionals at Jennison consider climate-related risks and opportunities that they believe could have a significant impact on shareholder value. This includes both the short-term and long-term effects of climate change.

As part of our proprietary sustainability research assessments, investment and sustainability professionals focus on issues considered economically material to a company's current and/or future operations, products, or services. Utilising a bottom-up research process, we may evaluate the physical or transition risks of climate change, including strategies around climate adaptation or mitigation. The understanding of climate change risks and opportunities is deepened through company engagements, where our investment and sustainability professionals seek to better understand topics such as emissions profiles and climate-related controls and adaptation strategies.

CASE STUDY:

ESG INTEGRATION AT JENNISON

Topics:
Product Safety;
Customer Welfare;
Waste Management

Objective:
Assess the company's management of risks and highlight opportunities in supply chain management and customer welfare

Investment thesis: A global food service company with a variety of customers, from schools to hospitals to Fortune 500 companies, is seen by the investment team as a well-managed best-in-class operator, featuring a long-tenured management team with experience in food preparation and service. Given the customer-facing business, Product Safety, Customer Welfare, and Waste Management are key topics.

Action: A deep dive assessment of this company's filings resulted in a "best-in-class" rating for the company, particularly on social pillar risk management, and identified very strong food safety – evidenced by an improving trend in its food safety incident rate, supplier social risk management, and customer welfare, including the vast majority of sites offering a healthy meal choice. We saw an opportunity to improve disclosures around aggregated data on customer welfare and/or food waste at the overall company level and requested engagement with the company to offer our feedback.

During the engagement, we suggested that the company potentially expand Customer Welfare data points e.g. quantify the client base that requests permanent healthy meal options. Our engagement also helped to confirm that the company sees food waste as a focus point for data collection and reporting: the company seeks to show waste data to customers in order to drive more efficient menu choices.

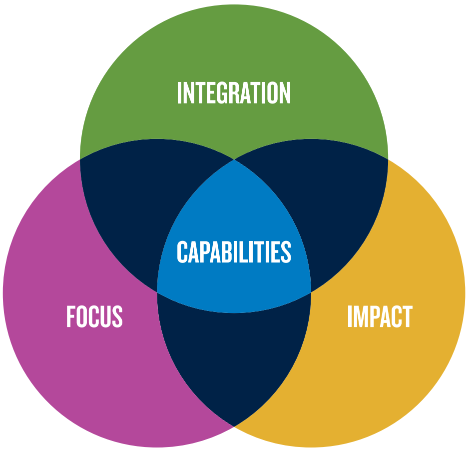
Outcome: Our research and engagement meeting confirmed the high-quality sustainability practices of the company. The Sustainability Team highlighted the company's strong food safety policies and practices, which management partly attributed to its well-established supply chain - an element of the business that the portfolio managers (PMs) value. The PMs also see potential upside from the continued reduction of food waste over time to manage costs, as well as a top-line benefit if food prices increase over time due to environmental risks like drought.

QUANTITATIVE EQUITIES

PGIM's quantitative equity ("quant equities") team delivers a range of quantitatively developed and managed investment solutions to help clients achieve a variety of investment objectives.

INTEGRATION OF ESG FACTORS INTO THE INVESTMENT PROCESS

The quant equities team utilises a vast amount of data and a variety of information in its investment process. This holistic approach enables identification of risks across multiple dimensions, including company-specific risks that can surface in the economic, business, and regulatory environments. Since ESG factors represent a dimension of the overall risk environment, the quant equities team views its approach to ESG as an extension of its overall risk analysis, further identifying material risk arising from interactions with customers, suppliers, employees, and other stakeholders that could impact companies' financial outcomes. Overall, our approach to ESG for quantitative equity investments is characterised by the following features:



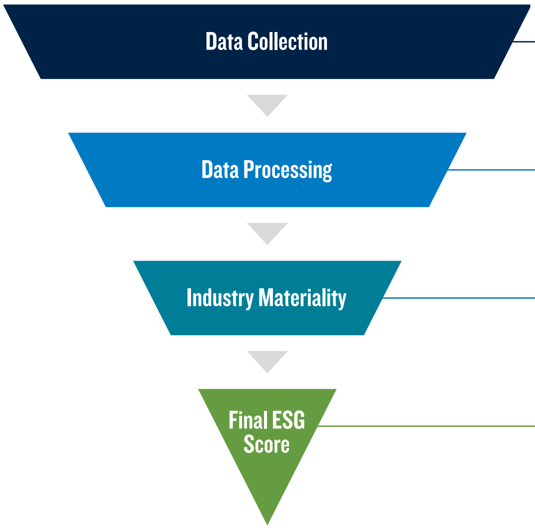
QUANTITATIVE EQUITIES

- Combines its proprietary model that assesses economically material risks with additional alpha drivers.
- Focuses on balanced Core exposures and delivering consistent performance.
- Implements strict risk controls to limit sector/industry tilts

When assessing investments, the quant equities team evaluates multiple dimensions of return drivers and potential sources of risk, drawing on a multitude of data and information sources to comprehensively assess a company's return and risk prospects. One key area of focus is the potential for unexpected shocks to a company's financial performance. We believe that a holistic, 360-degree analysis of a company that captures its interactions with customers, suppliers, employees, and its physical environment can provide more direct insights into the material risks a company may face. This is a proprietary factor that is developed by our quant research team and is integrated into most of the active strategies on the Quantitative Equity platform. The exceptions are strategies where there is insufficient data (e.g., microcaps). The research team's advanced technical expertise and domain knowledge enable the effective application of quantitative techniques in constructing the material event risk factor. PGIM's Head of Quantitative Equity Research and Sustainable Investing leads all quantitative equity research, including that related to ESG.

To conduct its research, we leverage a materiality framework underpinned by the SASB Standards and utilise our own research insights to further calibrate this framework. ESG data is seen as one of many valuable sources for uncovering material issues critical to the investment research. Due to the broad scope and granular nature of these insights, we use multiple data and information sources to minimise blind spots, thus evaluating thousands of metrics spanning all aspects of a company's operations. These metrics range from data directly reported by companies to those derived from unstructured data. From this extensive evaluation, the most meaningful metrics have been curated to effectively quantify the material risks relevant to a company in a given industry.

Despite encompassing a large amount of data, the materiality risk scores are highly transparent as we can clearly illustrate issues considered material for each company and showcase the underlying data driving our risk assessment. Furthermore, we have developed internal tools that enable portfolio managers to monitor portfolio exposures to the proprietary material event risk factors. These tools also allow portfolio managers to drill down and gain visibility around exposure to each of the 28 potential material risk issues. This level of granularity enables portfolio managers to isolate which firms within a portfolio contribute most to specific material risk exposures. Thus, portfolio managers are able to conduct attribution analysis that details how ESG attributes contribute to the performance of our quantitative equity portfolios. These proprietary internal tools also serve as a resource for reporting on material event risk features to clients.



A carefully selected set of ESG metrics is collected with a focus on ensuring breadth and depth of insights into each company.

We assign a positive or negative association to each metric, and standardise raw metrics where necessary. Careful treatment of data is critical for comparability across companies.

Each metric is mapped to a set of ESG issues. A materiality map is used to emphasise the most meaningful issues in each industry.

Using materiality insights, ESG issues are combined into a single score. The score is highly transparent and responsive to new information.

Our internal research has allowed us to address challenges associated with diverse types of data and metrics. By leveraging quantitative approaches, we synthesise data into a proprietary score for each company being considered for investment. In the development of this proprietary score, we have taken deliberate steps to remove outside biases that could inflate or deflate the apparent risks facing a stock. This ensures that insights are more reliable and valuable within the stock selection and risk management processes. A key outcome of our research is our ability to assign a materiality risk score even in the absence of direct data disclosed by a company, thus allowing us to develop insights across our global investment universe.

INTEGRATION OF CLIMATE RISK CONSIDERATIONS

Climate risk is one of the factors considered within the quant equities team's material risk framework, with emphasis placed where it is deemed potentially most likely to impact company performance. Companies within the same industry are assessed relative to one another, ensuring consistent evaluation. This approach eliminates bias between different sectors or industries, such as comparisons between "brown" and "green" industries, in the assessment of climate risks.

For quantitative equities, we focus on actual carbon emissions in assessing dimensions of climate risk (i.e., transitional risk) and we are cautious about using company-set emissions targets as they are neither widespread nor subject to binding requirements. Our quant equities team believes that focusing on actual emissions (and/or changes in recent emissions) provides us with an effective predictor of future carbon emissions and serves as a more accurate proxy of climate risk.

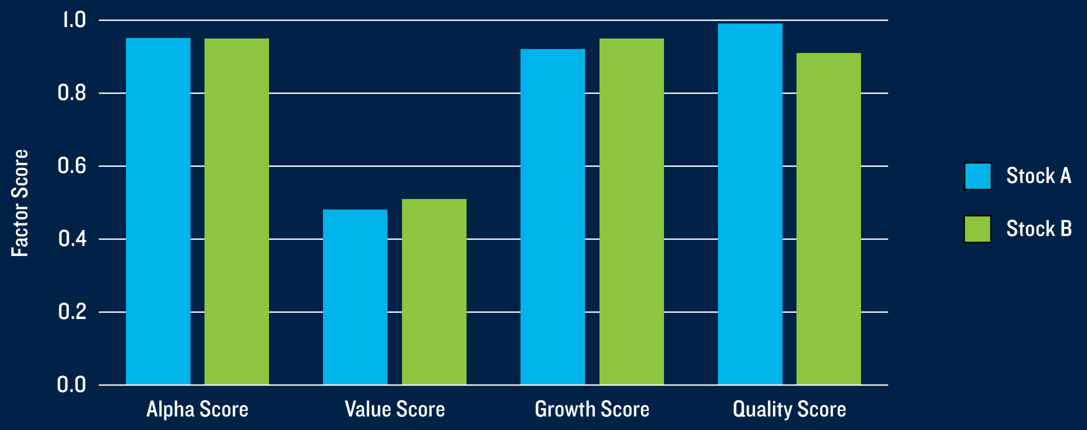
Climate risk is considered in conjunction with other material risks a company may face. This helps limit the likelihood of rewarding a company that looks attractive on one material risk dimension but faces meaningful potential challenges stemming from other material risk categories. The comprehensive nature of the quant equities team's material risk framework allows for a more cohesive approach to managing these risks. When decarbonisation is an explicit and dominant objective for an investor, our investment approach incorporates this priority directly into the portfolio construction process.

CASE STUDY:

ESG INTEGRATION IN QUANTITATIVE EQUITIES

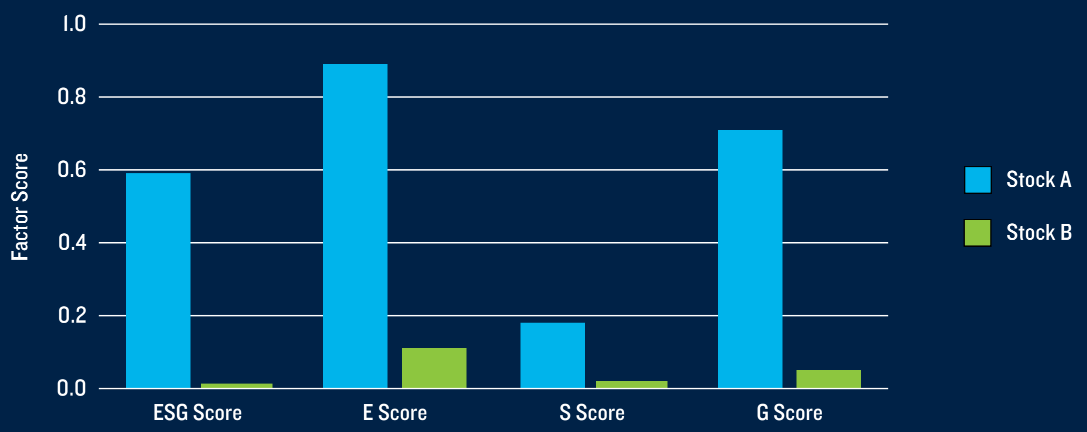
Context: Within the quantitative equity team, the portfolio construction process prioritises maximising exposure to stocks with attractive performance prospects, which are measured using an alpha score. The alpha score comprises quantitative assessments across value, quality, and growth attributes. For example, in our global developed markets strategy, we identified two US-based software companies with similar alpha scores and alpha attributes.

Action: When integrating ESG insights, the ESG score maps various material risk factors into underlying environmental, social, and corporate governance risk categories. The focus is on ensuring that the portfolio-level ESG metrics are more favourable than those of the index.



Outcome: In this example, we observe Stock A to have a higher ESG score and higher scores across the underlying ESG components relative to Stock B. The portfolio construction process, which, in this case, balances alpha objectives with ESG considerations, results in Stock A being included in the portfolio while Stock B is not. This example illustrates how the portfolio can maximise exposure to higher alpha stocks, while also improving overall portfolio ESG metrics.

The quant research team ensures that all ESG-related research is presented to portfolio managers. This serves to help educate and train portfolio managers and broader investment teams on new portfolio inputs and issues across the ESG landscape. The team also regularly attends conferences and industry events to understand emerging ESG considerations, along with the latest data and technology that could improve how ESG-related insights are integrated into portfolios. The quant equities team considers the ongoing advancements in the volume of company-disclosed data and new approaches to gaining visibility and insights into companies' interactions via various alternative data sources (which can be much more timely than company-disclosed insights), as promising areas going forward.



GLOBAL REAL ESTATE SECURITIES ("GRES")

PGIM's Global Real Estate Securities (GRES) division invests in the securities of the listed real estate companies or real estate investment trusts (REITs).

GRES has been an investor member of GRESB since 2013 to align with the leading ESG benchmark for real assets and to gain access to a global database and a uniform reporting process. In addition, ESG is incorporated into GRES's multifactor valuation model, which adjusts traditional real estate valuation metrics to achieve a warranted price target for every name in their benchmark. Proprietary ESG scores are incorporated in the determination of price target output, with the factors detailed below driving scores for each company in the universe.

- **GOVERNANCE SCORE:** a proprietary governance-ranking system accounts for multiple factors to create an overall governance quality score, including independence of the board, lengths of tenure of board members, proxy access, insider ownership of stock, non-staggered board, anti-takeover provisions, and business conflicts of interest with executive management teams. ESG governance scores are also factored in because such rankings spotlight a REIT's commitment to continued ESG oversight.
- **ESG IMPLEMENTATION SCORE:** ESG initiatives, case studies, building certifications and energy ratings are used to derive ESG implementation scores.
- **ANNUAL EMISSION REDUCTION SCORE:** Disclosures from GRESB are used to compare real estate investment trusts' environmental standings as per Real Estate's environmental priorities. ESG case studies, building certifications, GHG emissions, waste management and water consumption rankings are used and an overall resilience score is given for each portfolio.
- **SOCIAL COMMITMENT SCORE:** The current methodology ranks companies based on disclosures regarding human capital management, stakeholder satisfaction and community engagement. REITs that currently provide this type of information in their annual ESG reports are rated on those factors. REITs' portfolio social standings are also assessed, looking at affordable-housing benefits and walkability measures.
- **PGIM ESG PLATFORM ASSESSMENT:** A scoring assessment is based on analyst and property manager interactions with REIT management teams regarding ESG matters.

The GRES team works continually with the REITs' executive management teams to refine their process and increase transparency.

REAL ESTATE

For real estate investments, we firmly believe that the consideration of sustainability factors can positively affect long-term economic performance based on the understanding that sustainability factors, including the physical and transition risks associated with climate change as well as social issues can pose material risks and opportunities to investments. Improving resource use, energy and water efficiency, and reducing operating costs across equity and debt portfolios can enhance risk-adjusted returns.

Rigorous investment analysis and due diligence processes for our real estate investments involve careful consideration of a breadth of investment factors which may include sustainability issues including, resource reduction strategies, and consideration of climate-related risks (physical and transition). When appropriate based on our investing approach, the team advocates for the use of sustainable materials and renewable energy, the reduction of GHG emissions, and operating practices, materials and construction methods that protect human health and preserve biodiversity and potentially enhance value.

Our Real Estate teams typically consider it more constructive to invest in assets and/or engage and support borrowers in their transition toward sustainability, rather than divest or refuse a loan. This approach is underpinned by a view that improving the ESG performance of an asset, engaging to improve sustainability practices and/or focusing on a low-carbon transition pathway can ultimately create long-term value.

INTEGRATION OF SUSTAINABILITY CONSIDERATIONS IN REAL ESTATE EQUITY

For equity investments, our Real Estate team incorporates a Sustainability Due Diligence Framework and Sustainable Standard Operating Guidelines to reduce energy consumption. Resilience assessment criteria are also used to evaluate and integrate disaster preparedness and climate change mitigation and adaptation strategies into asset plans and operations. Real estate asset management teams monitor and benchmark their properties' energy use and regularly complete assessments to determine best strategies for improving property performance.

ESG Across the Property Life Cycle	
Acquisition	For all new investments, assets are screened by reviewing vendor due diligence reports, publicly available environmental information. After an offer is made, PGIM's Real Estate portfolio managers commission a comprehensive due diligence process, with support from surveyors, engineers, and sustainability consultants, and investment-critical ESG risks undergo further reviews according to CRREM methodology.
Active Stewardship	ESG is also considered across the active stewardship phase to assess potential enhancements to ESG performance and mitigate risks identified during acquisition. Further detail is provided in the Active Stewardship section of this report.
Development/ Refurbishment	The development/refurbishment stage of the property life cycle represents the most critical opportunity to improve an asset's sustainability performance - particularly regarding energy efficiency. PGIM Real Estate seeks to follow industry best practices for new construction and major renovation projects, including pursuing green building certifications and sustainable construction practices.
Divestiture	When assets are sold in the divestiture phase, ESG-performance data collected across the active stewardship period are disclosed to the buyer.

SUSTAINABILITY DUE DILIGENCE

For new investments, standing assets, and new developments, our Real Estate team employs a risk assessment framework that includes comprehensive criteria that enable us to better understand the optimal performance and associated risks of our assets. By using the framework to form more accurate evaluations of potential capital investments, asset performance and marketability can be improved.

	New Acquisitions	Standing Assets	New Developments
Strategy	Analyse sustainability considerations in the acquisition process	Analyse building improvement and upgrades where needed to enhance sustainability performance, and meet regulatory requirements	Analyse green building and sustainable construction practices where practicable
Approach	Supplement existing property condition assessments with sustainability assessments for new acquisitions	Perform periodic environmental and social due diligence	Conduct sustainability assessments for new developments
Outcome	Minimise risk and maximise value for investors and tenants Positively affect our capital investment decisions Meet regulatory requirements		

GREEN BUILDING CERTIFICATIONS [26]

Global building ratings of our real estate equity investments are important indicators of high building performance and continue to grow in number, area, and value. Around the world in 2023, our real estate equity investments achieved numerous building ratings and/or certifications. A selection of these is detailed below:

Selected Certification/Rating Scheme	Number of Certifications/ Ratings in 2023 for equity investments
Arc	506
BREEAM	84
CALGreen	34
Fitwel	48
Green Star	14
IREM	26
LEED	189
NGBS	30
EU EPC	202
WiredScore	64
ENERGY STAR Label	93
Others	69
All Certifications & Ratings Total[27]	1,359

26 A certified or rated green building has been independently verified. Participation in the green building certification or rating is voluntary and each property pays prevailing market fees to participate in green building certification and rating programs. Generally, PGIM Real Estate share internationally recognized certifications such as: BOMA, BREEAM®, DGNB, EDGE, Fitwel®, GBAC®, IREM®, LEED®, TOBY®, WELL, WiredScore. For more information, please see PGIM Real Estate Sustainability Report 2023/24 (page 2). Available here: https://www.pgim.com/real-estate/esg Accessed July 2025.

27 'Certifications & Ratings Total' totaled over buildings count each building once. A single building may have multiple certifications/ratings.

CASE STUDY:

ADDRESSING DATA GAPS TO ENHANCE CLIMATE-RELATED FINANCIAL DISCLOSURES FOR UK INVESTORS

Background: TCFD requires granular "carbon data" to be calculated and disclosed (i.e., Scope 1, 2, and 3 greenhouse gas emissions). Although the disclosure was not mandatory, it was required for a number of our UK investors. Increasingly due diligence questionnaires received from key UK investors required fund-level reporting of TCFD metrics and targets. The challenge for our Real Estate teams was that many assets are operated on full repairing and insuring terms, where the tenant owns the energy consumption data.

Process and Engagement: To improve the availability and reliability of "carbon data" for investor reporting, as well as take a first step to decarbonise these portfolios, our Real Estate team utilised "legitimate interest" lawful basis for accessing tenant/resident energy consumption data. A building performance technology company was procured by the business which could collect electricity and gas meter data from every UK meter. The software ingests the last 12 months energy consumption from any property and tracks it automatically moving forward. The supplier-specific carbon emissions / tCo2 are also reported. The data is aggregated by sector type or scheme to ensure data privacy and security are maintained.

Outcome: Energy data floor area coverage has increased and the data, being automated, is considerably more accurate than previous years. Integrating data into our Real Estate global data platform has allowed for further analysis and enhanced performance tracking. Going forward a review will be undertaken of leases across the portfolio to identify and trigger all utility data sharing clauses and allow carbon data to be understood at the property level, as opposed to being aggregated at the sector type/scheme level. An engagement programme will then be initiated for any remaining commercial tenants i.e. those without existing green leases, to continue to identify property-level emissions. This disclosure, whilst not required for TCFD, is the first best step for decarbonisation; to ascertain current carbon emissions and where the impact lies.

INTEGRATION OF SUSTAINABILITY CONSIDERATIONS IN REAL ESTATE DEBT

For debt investments, our Real Estate team follows a similar ESG risk screening and assessment process as with equity investments. This includes proprietary loan assessments for new loans, along with environmental, engineering, zoning, insurance, and appraisal reports from approved suppliers, supplemented by data from third parties.

In 2023, an updated and enhanced version of the loan assessment was launched, which offered specific regional and property type functionality to best capture sustainability risks and upsides in the global markets that our Real Estate team transacted in, alongside a modernised set of questions to evaluate property-level physical resilience and environmental risk parameters. The Sustainability Loan Assessment asks sponsor-related sustainability questions, as well as questions directly linked to data collection for SFDR[28] annual reporting. The loan assessment also directly uploads into our Real Estate team's software data platform for easy access by deal teams. The assessment is integrated into the Investment Committee's approval process and information is sourced from a wide variety of providers including a borrower questionnaire, building, mechanical, electrical, and environmental/sustainability reports, and third-party data providers.

THE SUSTAINABILITY LOAN ASSESSMENT

Sustainability Loan Assessment (Evaluates and scores more than 30 sustainability attributes, resulting in a 0 to 100 score)	
Governance	attributes and risks including borrower's sustainability commitments
Environmental	risks, opportunities, and physical attributes that support environmental stability
Social	attributes and risks that affect the living and social experiences at a property
Resilience	resilience assessments that evaluate climate-related physical risks

28 The Sustainable Finance Disclosure Regulation (SFDR) is an EU regulation which sets out how financial market participants must disclose sustainability information. It is also designed to allow investors to properly assess how sustainability risks are integrated in the investment decision process. See: Access to European Union law, Regulation - 2019/2088 - EN - sfdr - EUR-Lex. Accessed July 2025.

The Real Estate team has adopted the following key ESG priorities in the lending process:

- It requires full third-party engineering and environmental impact assessment reports (including a review of sustainability) for every property it finances and completes a needs assessment on every property.
- All assets undergo a structural review during the due diligence process.
- It recognises that best-in-class borrowers are those that fulfil their social obligations across the assets in which they operate, and in the communities where they are based.
- It actively evaluates borrowers' engagement at the tenant, resident, and community level and our underwriting approach quantatively and qualitatively addresses the primary risks and attributes that impact the living and social experience at a property.
- Comprehensive asset-level diligence, appropriate loan documentation, structuring and covenants form important components in delivering on its portfolio-level strategic objectives.

The standardised loan documentation also explicitly addresses environmental risk factors. Examples include:

- Requirements to comply with environmental laws, regulations, and orders.
- Requirements to disclose to PGIM, as the lender, any contamination or violation of environmental laws, regulations, and orders, and to conduct necessary remediation at the borrower's sole expense.

The loan asset management team and loan servicer (PGIM Real Estate Loan Services (RELS)) monitor compliance with the environmental and financial covenants throughout the life of the loan to ensure there is continued knowledge and understanding of the assets. It also provides monitoring and outreach in times of extreme climate or natural catastrophe events. RELS' proprietary extreme event tracking module is able to quickly identify properties in impacted areas and offer outreach assistance if needed. During major climate events (i.e., Hurricane Helene, Los Angeles Fires), RELS creates an internal event tracking project to contact borrowers, assess damage and tenant safety, and monitor losses. Internal events are communicated to portfolio management, asset managers, and the Sustainability & Engineering teams throughout the duration of the climate event and involve a review of physical risk mitigation strategies captured during loan diligence.

GREEN BUILDING CERTIFICATIONS [29]

PGIM's Real Estate mortgage funds also track the number of green building certifications and types in their portfolios and strive to increase their data coverage on this important indicator of energy efficiency across their portfolios.

Selected Certification/Rating Scheme	Number of Certifications/ Ratings in 2023 for debt investments
American Tree Farm Systems (ATFS)	1
Animal Welfare	2
BCA Gold	1
BCA Platinum	1
BREEAM	38
California Certified Organic Farm (CCOF)	1
DNGB	11
Energy Star Certified	44
Florida's Best Management	2
Food Safety	8
Forest Stewardship Council (FSC)	25
LEED	96
Napa Green Winery	1
Organic	15
Other	65
Renewable Energy	12
Sustainability	6
Sustainable Forestry Initiative (SFI)	23

29 For more information, on Green Building Certifications, please see PGIM Real Estate Sustainability Report 2023/24 (page 2) Available here: https://www.pgim.com/real-estate/esg. Accessed July 2025.

CASE STUDY:

ENHANCING THE LOAN ASSESSMENT PROCESS

Background: Our Real Estate team reviews physical and transition risks related to climate change as part of standard due diligence for each loan. Sustainability risks may slightly differ regionally due to local laws, regulations, and ordinances that influence energy transition risk.

Process: The global refresh of technical due diligence processes in 2023 involved the creation of a Loan Assessment that offered unique questions and answers depending on the property type and region selected. To accommodate this, separate property-level questionnaires for U.S., European, and Asia Pacific transactions were created, mainly due to the differentiation of energy efficiency laws in each region/country and their unique effect on the risk tracking processes.

Outcome: The U.S. property-level questionnaire was expanded to include an Ordinance Review component, which requested technical due diligence consultants to review asset applicability to any regional energy ordinances that may request borrowers to annually report energy benchmarking data or adhere to energy performance standards. Similar to EPC transition risk for European properties, non-compliance with U.S. energy performance standards (i.e. Local Law 97 in New York City) could result in significant monetary fines, which increases the risk of borrower loan default and can negatively affect our financial exit position. The Ordinance Review, together with the Environmental Engineering Report (completed by our in-house engineering team) describes asset compliance with energy ordinances and inform PGIM's legal team if any post-closing obligations or annual reporting requirements need to be implemented into the loan documents. The identification of applicable energy regulations to both the early-stage loan diligence process and post-closing loan monitoring process allowed PGIM to safely continue transactions in markets across the U.S.

INTEGRATING CLIMATE RISK, RESILIENCE & NET-ZERO ACROSS REAL ESTATE EQUITY, AND DEBT INVESTMENTS

Within the Real Estate teams, we proactively consider the potential near-term and long-term impacts of climate change as part of an ongoing risk-informed investment decision-making process. In addition to considering climate risk, we focus on building resilience and environmental stewardship to both protect the environment and strengthen global business outcomes. This focus helps improve the potential for higher investment returns, and benefits clients, employees as well as future generations.

Real estate, due to its fixed location, is typically more exposed to the physical risks of climate change than any other asset class. Physical risks essentially relate to the damage to buildings arising from extreme weather events caused by the changing climate. The Real Estate team has implemented a "screen" of the physical risks associated with climate change into the investment and due diligence process for equity and into the Loan Assessment for debt and ensures that existing standing assets are reviewed quarterly as part of Portfolio Reviews. The Sustainability Team makes budget recommendations for assets flagged as High Risk and/or Red Flag for flooding, sea level rise, wildfire, storm, and other climate risk indicators.

Real estate is also exposed to the transition risks of climate change. Transition risks can arise from efforts to address climate change and the transition to a low-carbon economy. Our Real Estate team undertakes net zero carbon audits for selected assets to confirm the energy and carbon intensity of these assets and to estimate the potential costs of meeting applicable carbon-reduction targets. Such analysis is also used to inform a net zero carbon pathway for selected strategies. Furthermore, a "screen" of the transition risks associated with climate change, using the Carbon Risk Real Estate Monitor (CRREM) has been incorporated into the investment and due diligence process for equity standing investments, with the results presented to the Investment Committee.

Our Real Estate asset risk assessment framework is based on a scenario analysis that considers the impact of a comprehensive set of stressors on a range of various sustainability metrics. To anticipate and manage future risks and opportunities, the investment teams seek to identify, measure, evaluate and manage investment, market, insurance, liquidity, and operational risks individually and in aggregate. The robust stress-testing process examines the sensitivity of long-term obligations and resources to possible financial, operational and behavioural risks.

For real estate debt investments, the connection between climate risk and an asset's long-term vitality has long been recognised, with an attempt to mitigate environmental risk. Our Real Estate servicing team monitors compliance with environmental and financial covenants throughout the life of a loan to ensure that the team gains continued knowledge and understanding of the assets. The debt investments require full third-party engineering and environmental impact assessment reports — including a review of sustainability — for every property financed. A needs assessment is also completed for every property, which includes HVAC and other energy-related property functions.

CLIMATE RISK METRICS FOR EQUITY INVESTMENTS [30]

The chart below highlights climate risks classified as High Risk or above for our equity assets owned at any time during 2023. Metrics are based on Moody's Analytics. The gross market value (GMV) is as of December 31, 2023, or asset disposition date. Risk levels in order of risk are No Risk, Low Risk, Medium Risk, High Risk and Red Flag.

	Global		United States		Latin America		Europe		Asia Pacific	
Climate Risk Exposure High Risk of...	% of GMV	% of Floor Area	% of GMV	% of Floor Area	% of GMV	% of Floor Area	% of GMV	% of Floor Area	% of GMV	% of Floor Area
Any	80%	76%	81%	76%	87%	89%	51%	44%	81%	78%
Heat Stress	2%	1%	0%	0%	0%	1%	1%	3%	32%	18%
Water Stress	32%	33%	33%	27%	62%	63%	3%	6%	0%	0%
Sea Level Rise	5%	3%	5%	3%	0%	0%	4%	6%	0%	0%
Hurricanes and Typhoons	8%	7%	6%	7%	0%	0%	0%	0%	29%	11%
Floods	36%	34%	38%	35%	26%	28%	46%	33%	11%	33%
Earthquakes	19%	11%	21%	14%	1%	1%	0%	1%	24%	19%
Wildfires	51%	46%	56%	47%	67%	71%	1%	3%	20%	18%

30 For actively managed equity assets owned at any time during 2023. For more information, see PGIM Real Estate Sustainability Report 2023-4 (p16) https://www.pgim.com/content/dam/pgim/us/en/pgim-real-estate/active/documents/reports/PGIM-Sustainability-Report-2023-24.pdf. July 2025.

HELPING CLIENTS MEET THEIR OWN ESG/ SUSTAINABILITY-RELATED OBJECTIVES

For clients who are interested in investment strategies and products that exhibit certain ESG/Sustainability features or explicitly mandate PGIM to pursue ESG/Sustainability objectives alongside financial returns objectives, PGIM has developed a range of carefully designed strategies and a variety of tools, analytical frameworks, research, and assessment methodologies to help implement those clients' chosen ESG/Sustainability preferences or objectives.

Clients' objectives may include specific environmental goals (such as portfolio alignment with the Paris Agreement) or social goals (such as supply of affordable housing), or clients may wish to align their investments with their values or preferences (e.g., respect for human rights or non-investment in tobacco). Respective approaches to facilitating client-specific sustainability-related goals differ among asset classes. Some, but not all, of our asset class teams have developed dedicated products and solutions to allow clients to express specific ESG views and preferences.

As highlighted earlier under PGIM's Approach to Exclusions and Restricted Lists, PGIM investment teams implement exclusionary screens under certain client mandates and in relation to certain retail investment products.

We strongly believe in providing our clients and investors with a choice on how they would like their assets to be invested and we are committed to doing our very best in helping them to express their policies, sustainability preferences and beliefs through their investments. Selected examples of the frameworks, assessment methodologies and product capabilities across PGIM's asset classes are detailed below.

PUBLIC FIXED INCOME AND PRIVATE CREDIT

FIXED INCOME

ESG IMPACT RATINGS: APPLYING A DOUBLE MATERIALITY APPROACH FOR CLIENTS WITH SUSTAINABILITY OBJECTIVES

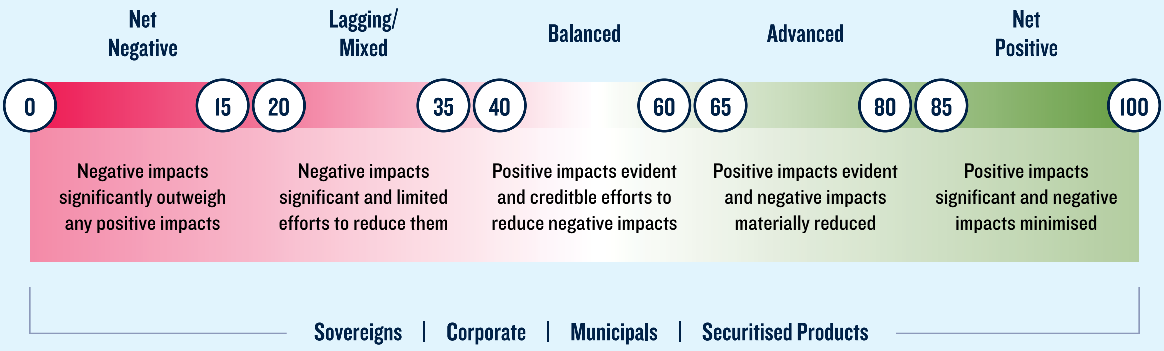
For clients who wish to consider the impact that investments have on the environment and society, Fixed Income offers a proprietary ESG Impact Rating Framework, which serves to assess the issuers' positive impacts as well as how they reduce (or plan to reduce) their negative impacts, and to assign a proprietary ESG Impact Rating accordingly.

Designed to support credit analysts, the framework provides detailed guidance on the key negative and positive ESG impacts at a sub-industry level and allows analysts some flexibility in applying it. Analysts may review certain KPIs, including relevant Principal Adverse Impact Indicators (PAI) (or similar metrics) where available, to assess performance on those impacts. Given the diversity of the relevant impacts across sub-industries, not all impacts are best assessed using quantitative metrics alone. Therefore, analysts rely heavily on in-house research, qualitative analysis, and engagement capabilities, though they may also review data from third party sources. This combined approach to leverage quantitative and qualitative information along with credit analysts' expertise allows Fixed Income to form a more comprehensive and granular view of ESG performance and trajectory than would be possible using a limited number of data-driven, but scope-limited KPIs.

Fixed Income's ESG Impact Ratings Framework is distinct from analysts' assessment of the risks arising from ESG factors and events that could impact the economic value of clients' investments. While economically material ESG risks and opportunities are integrated into credit analysis for all credit strategies, the ESG Impact Ratings are only used for specific strategies that aim to pursue ESG objectives that extend beyond what is purely financial (e.g., they are used in portfolio construction to determine eligibility of issuers for Fixed Income ESG strategies, or for client strategies where they explicitly direct Fixed Income to do so).

ESG IMPACT RATINGS FRAMEWORK [31]

The ESG Impact Ratings Framework assesses issuers' impact on the environment and society and categorises them into five clearly defined categories along a scale spanning from zero to 100, with zero as the lowest score and 100 as the highest.



Analysts rate issuers based on the severity of the negative sustainability impacts and the issuers' efforts to reduce and minimise negative, as well as enhance positive impacts. Although often informed by quantitative metrics, these ratings ultimately reflect the qualitative judgement of credit analysts regarding sustainability impacts. ESG Impact Ratings for corporate issuers and securitised products are not relative to an industry, but rather have specific definitions that apply equally to issuers across all industries.

An ESG Impact Rating is assigned to an issuer on a 100-point scale in 5-point increments. A high ESG Impact Rating is generally based on the credibility and ambition of an issuer's strategy to reduce negative environmental and social impacts, and their actual achievements at the time of the analysis, while efforts to enhance their positive impacts serve as an additional differentiator that can elevate an issuer's ratings further.

BALANCED, ADVANCED, or NET POSITIVE: An ESG Impact Rating between 40-100 generally means that, with respect to the economic activities, products/services, and practices of an issuer (or financed by an issue), the issuer is considered to:

- Be generating some meaningful, inherently positive impacts for either the environment or society; and
- Have reduced and/or minimised the associated key negative environmental and/or social impacts or is making credible efforts to do so.

NET NEGATIVE to LAGGING/MIXED: An ESG Impact Rating below 40 generally means that, with respect to the economic activities, products/services, and practices of an issuer (or financed by an issue), the issuer is considered to:

- Be generating some inherently positive impacts for the environment and/or society, however it continues to generate material negative impacts on the environment and/or society and is making limited or no credible efforts to reduce these; or
- Be generating negative impacts on the environment and/or society that are so significant they cannot effectively be outweighed by any positive benefits produced for the environment and/or society.

31 For more insight into PGIM Fixed Income's ESG Impact Ratings please see: https://www.pgim.com/campaigncountry/en/institutional/businesses/fixed-income/environmental-social-governance/esg-impact-ratings. Accessed July 2025.

CORPORATE CREDIT ESG IMPACT RATINGS are assigned by credit research analysts, who use the sector-specific ESG Impact Rating guidance and any additional impacts they deem relevant for the particular issuer to assess an issuer's performance using information produced by the issuer and/or other third-party sources.

SOVEREIGN ESG IMPACT RATINGS include quantitative data to assess performance across the specific environmental, social and governance topics and metrics, and include a qualitative assessment by economists to determine a final ESG Impact Rating.

SECURITISED PRODUCTS receive their own guidance on likely environmental and/or social impacts depending on the specific sub-asset class. The guidance will vary by the type of product (e.g. ABS, CMBS, RMBS):

- Some asset types receive specific guidance on environmental and/or social impacts that are likely.
- In other cases, a preliminary rating is first assigned to the issuer following the framework provided for corporate bonds, and then adjusted upwards or downwards after assessing any incremental environmental and/or social impacts from the underlying asset pool.

The ESG Impact Rating for currency and derivative contracts referencing a single investment will reflect the ESG Impact Rating of that investment (e.g., U.S. Treasury future or U.S. interest rate swap would get the same ESG Impact Rating as the corresponding U.S. Treasury). Similarly, a single name sovereign or corporate credit default swap would get the same ESG Impact Rating as the corresponding sovereign or corporate issuer that it references. For currency and derivative contracts (such as a Euro or High Yield CDX contract) that reference multiple underlying investments, an ESG Impact Rating is applied to the contract that is based on the weighted average ESG Impact Rating for the underlying constituents within that contract for which an ESG Impact Rating is available.[32]

While certain corporate governance considerations (such as, for example, ownership structures or board effectiveness) are generally not considered to directly affect an issuer's and/or issue's impacts on the environment and society, they can be important in determining the credibility of stated targets and initiatives put forth by the issuer. Analysts are therefore also guided to consider these potential indirect effects on environmental and social impacts under the framework.

CASE STUDY:

SOVEREIGN: AFRICAN EMERGING MARKET

Outcome:
Ineligible for ESG strategies

Within the environmental pillar, this country generally scores poorly. It gets the lowest score possible on the water and marine resources themes, driven by inadequate wastewater treatment and a very low ranking in Ocean Health's Clean Marine Waters index, which measures to what degree marine waters have been contaminated by chemicals, rubbish, etc. This poor performance is partially offset by a higher performance on the climate theme driven by low emissions per capita and a low emissions growth rate over the past three years. Within the social pillar, it scores towards the lower end across all themes, with exceptionally poor performance on child mortality rate and life expectancy at birth. Due to internal conflict, over half a million people have been internally displaced and over two million people are in need of aid. However, aid is hard to come by: Médecins Sans Frontières was forced to suspend activities in one region following the 'unjust detention' of some of its workers and government interference. In 2020 the government also suspended the group's activities in another region. Given this lack of access to aid, we would expect the healthcare outcomes to continue to worsen until the conflict begins to improve . The country scores poorly on both governance themes, with the lowest possible score for freedom & rights. Anglophone civilians are disproportionately affected by the ongoing crisis and face discrimination and unlawful killing. Additionally, certain ethnic communities are targeted for their alleged collaboration with either side of the conflict and recent years have seen rising violence against LGBTQ communities. Same-sex conduct and relations are criminalised, punishable by up to five years in prison. These concerns are currently reflected in the country's score of zero on the Freedom & Rights theme.

32 Although not usually the case, there is a possibility for asset classes where the Fixed Income team's coverage is low that only a minority of the constituents would be captured in this average.

ESG STRATEGIES

Investors seeking positive environmental and social outcomes alongside financial returns may wish to use the ESG Impact Ratings framework in portfolio construction to avoid issuers with significant negative environmental and social impacts and/or tilt toward issuers with more positive impacts.

ESG Impact Ratings also inform Fixed Income's ESG strategies that have explicit ESG objectives. Issuers with significant negative impacts on the environment and/ or society (i.e., low-rated) are not considered for selection in all ESG strategies. In addition, ESG strategies typically target a higher average ESG Impact Rating than their benchmarks.

In addition to the use of ESG Impact Ratings, certain ESG-related constraints are also employed across ESG strategies. These may include restrictions for UNGC violators, controversial weapons, limits on Arctic oil and gas, oil sands, thermal coal extraction and generation, tobacco production, conventional weapons, gambling, and overall weighted average carbon intensity. Certain ESG strategies also apply the Paris-Aligned Benchmark exclusions and additional third-party exclusion lists, as disclosed in applicable offering documents or agreements.

While adhering to specified ESG criteria, the investment approach for these strategies is to pursue specified alpha targets while operating within appropriate risk budgets using the same fundamental and relative value assessments as are applied across all Fixed Income strategies. Given the significant restrictions on ESG strategies, alpha targets for such strategies are typically set below those of traditional strategies as implied by classical portfolio theory. However, there are market environments where Fixed Income believes ESG strategies may outperform.

ESG-LABELLED BONDS

Fixed Income takes a case-by-case approach for ESG-labelled bonds held in certain, relevant portfolios. In 2024, the ESG-labelled bond framework was updated to strengthen the assessment of credibility through three lenses, as our Fixed Income team believes this helps differentiate the ESG-labelled issuances in the market.

For **GREEN, SOCIAL & SUSTAINABLE (GSS) BONDS,** the assessment covers the credibility of the issuer, the project, and the bond, as well as the additionality of the projects.

The **CREDIBILITY** assessment starts by evaluating:

- **CREDIBILITY OF THE ISSUER:** this assessment leans heavily on our ESG Impact Ratings where we assess the issuer's most material positive and/or negative impacts on the environment and/or society, and how credibly the issuer is transitioning or improving on these.
- **CREDIBILITY OF THE PROJECTS:** this assessment looks to understand where the use of proceeds will be allocated and whether these projects are defensible and impactful for the label.
- **CREDIBILITY OF THE BOND:** this part of the assessment ensures that critical elements of the structure are in place and that the projects are aligned with the issuer's key transition levers.

The **ADDITIONALITY** assessment evaluates whether our Fixed Income team believes that the projects reflect meaningful new and novel activities for the issuer. This assessment results in an uplift (or a lack thereof) of a GSS Bond's ESG Impact Rating versus the ESG Impact Rating of its issuer. Previously we had applied designations of High, Higher, Medium, Low and No Impact GSS Bonds; the labels have now been updated to:

Not Credible	Either the issuer's overall transition plans are not sufficiently credible or ambitious, or the bond's projects are not defensibly green/social
Tier I	The projects are green/social in isolation, but either the projects are not sufficiently material to the issuer, or the bond's structure has some weaknesses
Tier 2	The projects are both green/social and material for the issuer and the bond's structure is strong, but the projects do not represent material new or novel activities for the issuer
Tier 3	The projects are both green/social and material for the issuer and the bond's structure is credible, and the projects do clearly represent material new and novel activities for the issuer

SUSTAINABILITY-LINKED INSTRUMENTS

As with assessing Green, Social & Sustainable (GSS) Bonds, the objective in assessing Sustainability Linked Bonds (SLBs) and Sustainability Linked Loans (SLLs) is to determine whether the instrument merits an uplift to the issuer's ESG Impact Rating. Uplifts are assigned to high quality SLBs/SLLs in recognition of the reputational and financial incentives they provide, the increase in credibility they offer, and the additional reporting or verification requirements they impose. However, SLB/SLL uplifts are only assigned if the Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs) are material and ambitious.

Unlike GSS Bonds, there are no restrictions on how the proceeds can be used, and they are typically issued as general obligation bonds; thus, there is rarely any additionality stemming from the use of proceeds. Additionally, SPTs are generally set at the issuer level, rather than for specific projects. As such, the assessment is done on both the issuer and the associated KPIs/SPTs. With respect to assessing the KPIs/SPTs, the materiality and ambition of the KPI(s) to the issuer, as well as their measurability and transparency are assessed. Additionally, Fixed Income also assesses the structural features of the instrument and whether the target dates are appropriate given the term lengths, and whether the step-up structure provides sufficient financial incentive relative to the issuer's overall costs of capital - considering the issuer's full capital stack, not just the bond in isolation.

High quality SLBs/SLLs that meet these criteria may receive a numeric uplift to the ESG Impact Rating of the issuer, whereas low-quality instruments default to the issuer rating, as they are deemed to provide no additional positive impact. Since SPTs are set at the firm level, they are considered like any other target, which could result in an upgrade to the issuer-level ESG Impact Rating if they are credible and ambitious. As a result, the potential uplift for an SLB/SLL itself is more limited.

GREEN BOND ASSESSMENT EXAMPLES FROM FIXED INCOME

TIER 3 Green Bond	At present, the utility operating company issuing this Green Bond has significant exposure to fossil fuel generation and only ~25% of its capacity is renewables, essentially all from aged wind assets. However, the issuer has credible emissions reduction targets, striving to achieve a 30% reduction in CO_2 emissions by 2030 and Net Zero by 2050. This issuance allocates all its proceeds towards the construction of two large solar generation projects – the issuer's first solar capacity - with the final investment decision for those projects made in parallel with the decision to issue a Green Bond. Combined, these projects will have a total nameplate capacity that is equivalent to nearly half of the issuer's total current generation. Both these solar farms will be highly transformative for the issuer, and both projects have not yet undergone construction; nearly all the proceeds from this Green Bond will be financing new projects with little or no refinancing expected.
TIER 2 Green Bond	When assessing the issuer's Green Bond framework, we identified that the company had a track record of improving its energy efficiency and targets to materially reduce its GHG emissions. This helped establish a baseline level of credibility to the company's Green Bond framework. We then identified that the Use-of-Proceeds listed in the framework were green in nature and linked to key levers for the issuer to achieve its transition/sustainability plans. However, as they were activities already ongoing at the company, such as increasing the use of recycled glass and improving energy efficiency, the Use-of-Proceeds was not deemed to be 'additional.' This led to a Tier 2 classification under our framework.
TIER 1 Green Bond	We assessed the bond's credibility as relatively good. The issuer has a robust ESG strategy tied to measurable outcomes: it set climate targets aligned with the European Green Deal, Fit for 55 and Europe's climate agreements, including net zero Scope 1 & 2 emissions by 2030 and net zero Scope 3 emissions by 2050. The Use-of-Proceeds commitment aligned with these targets as the eligible lending categories were in green buildings and clean transportation. However, the bond was a Minimum Requirement for Own Funds and Eligible Liabilities (MREL) eligible asset, meaning it, in effect, helped the bank meet a regulatory requirement. As such, we determined it enables several times more lending than explicitly accounted for in the Green Bond framework's Use-of-Proceeds. These structural concerns led to the bond being assessed as Tier 1.
NOT CREDIBLE Green Bond	While the issuer had a robust sustainability strategy, including targets to reduce its GHG emissions, which are its most material environmental impacts, the eligible Use-of-Proceeds of its Green Bond framework included 'premium fertiliser production,' a project with minimal relevance to its green strategy. The company's subsequent reporting indicated that 96% of the Green Bond's proceeds were allocated to the premium fertiliser assets, with only the remaining 4% dedicated to green ammonia (a key input required for low carbon fertiliser production). As most of the Use-of-Proceeds were allocated to projects that did not support the company's green strategy and transition, we viewed the Green Bond issuance as Not Credible.

HELPING CLIENTS TO MEET CLIMATE-RELATED INVESTMENT OBJECTIVES

Climate change and GHG emissions are a significant factor in Fixed Income's ESG impact assessment and ESG Impact Ratings which can be used by clients wishing to apply an ESG impact lens. Climate considerations play a large role in analysts' assessments of issuers in GHG emissions intensive sectors where negative climate impacts are material. Issuers with significant, negative climate impacts arising from Scope 1, 2 or 3 emissions and lacking credible measures to materially reduce them – will receive lower ESG Impact Ratings, which in turn may lead to the issuer being excluded from certain portfolios that include criteria based on the ESG Impact Ratings.

Furthermore, certain Fixed Income ESG strategies and client accounts have exclusions on some of the most carbon intensive activities such as thermal coal extraction, thermal coal power generation and oil production in the Arctic and from tar sands, as well as limitations on an issuer's overall carbon intensity.

Where assessed as economically significant, Fixed Income will endeavour to raise concerns over an issuer's climate impacts if it engages with that issuer, noting how those concerns impact their credit assessment and ESG Impact Ratings, and, where applicable and appropriate, how these could limit Fixed Income's demand for the issuer's bonds.

Fixed Income actively engages with its clients to understand their views and preferences regarding climate change and we are committed to helping them with decarbonisation targets and working in partnership to develop decarbonisation solutions for their portfolios, which reflect their specific return expectations, risk appetite and timeframes. This may include measuring and reporting on the carbon intensity or footprint of portfolios, as well as setting absolute or relative targets for clients' portfolios.

Fixed Income has also developed a tool to measure issuers' temperature alignment more holistically, taking into account current and historical emissions and intensity, targets and forward-looking expectations, and an evaluation of the credibility of issuers' decarbonisation efforts. Drawing on multiple data sources and incorporating qualitative analysis where necessary, the outputs are available for use by Fixed Income clients who seek to apply a temperature alignment approach, such as NZIF 2.0, to their portfolios.[33]

TEMPERATURE ALIGNMENT TOOL: AN INNOVATION IN EVALUATING CLIMATE ALIGNMENT

As many of Fixed Income's clients seek to understand the extent to which their portfolios are aligned with global decarbonisation goals, Fixed Income has developed a proprietary Temperature Alignment Tool. This tool seeks to navigate the complexities of low-carbon transition and supports a more nuanced and grounded approach to assess the ambition and credibility of corporate issuers' alignment with several key temperature rise levels, subject to data availability.

Temperature alignment is an estimate of a company's climate impact described in terms of degrees Celsius (or similar) and is derived by comparing projections of the company's future cumulative emissions to its emissions "budget" under different temperature scenarios according to various sector-specific decarbonisation pathways. Rather than looking only at the year in which issuers target net zero, temperature alignment also considers the speed at which issuers progress towards those targets, which is equally crucial, and which must be evaluated relative to industry-specific trajectories needed for given temperature rise levels.

The tool brings together multiple data points – both forward-looking and backward-looking—pulled from multiple data sources to assess issuers' targets and performance on emissions reductions, to present a more accurate reflection of how a company's climate actions align with various temperature scenarios. In addition, higher-intensity issuers in both Investment Grade and High Yield undergo an additional manual review to capture critical considerations that are not well reflected in data and/or for which data is not widely available across all issuers.

The tool groups issuers into four primary categories:

1.5°C Aligned	2°C Aligned	2.6°C (NDCs) Trajectory	- Not Aligned

Fixed Income has also developed a methodology to combine the proprietary temperature alignment assessment with third-party data to map to the NZIF 2.0 categories.

The output of Fixed Income's Temperature Alignment Tool is geared towards understanding whether issuers will be contributing to limiting global warming to 1.5°C or 2°C of warming (versus pre-industrial levels), or whether their net zero targets are more symbolic in nature.

33 The Net Zero Investment Framework ('the NZIF'), is a widely used resource by investors to develop their individual net zero strategies and transition plans. In 2024, it was updated and published as 'NZIF 2.0'. It is available here: https://www.parisalignedassetowners.org/media/2024/06/PAII_NZIF-2.0_240624_Final.pdf. Accessed July 2025.

PRIVATE CREDIT

In the Private Credit team, we strive to provide investment solutions based on specified client objectives and guidelines, always prioritising their best financial interests. We seek to understand clients' investment objectives, parameters, risk/return expectations, time horizons, as well as any specific ESG preferences.

In addition to Private Credit's ESG risk analysis framework, certain Private Credit strategies meet the requirements for SFDR Article 8. These specific strategies may utilise:

- Screening capabilities built according to certain client mandates to exclude investments in pre-defined industries, such as tobacco and controversial weapons, and
- Tools that seek to estimate the emissions of underlying holdings and measure certain carbon related metrics against an appropriate benchmark target, depending on the strategy.

PUBLIC EQUITIES

JENNISON ASSOCIATES

DEVELOPING THEMATIC STRATEGIES AND BESPOKE SOLUTIONS FOR CLIENTS

In addition to using a proprietary ESG framework to identify economically material risks and opportunities, Jennison Associates has been developing thematic strategies and bespoke solutions for clients with targeted ESG preferences. Jennison's deep fundamental research allows the team to identify attractive investment opportunities that align with certain mega-trends or themes. Areas of focus for thematic investment strategies include companies that align with certain UN Sustainable Development Goals as well as those that enable decarbonisation.

Thematic Focus: Avoided Emissions - A Critical Insight for Facilitating Low-Carbon Transition

Jennison's approach to finding opportunity in the global transition to a low-carbon economy brings a long-term perspective to understanding carbon emissions and focuses on Scope 4 emissions, known as avoided emissions. Unlike traditional decarbonisation approaches that focus on operational emissions (Scopes 1-3), Jennison's approach, which is grounded in the conviction that the low-carbon transition will be a multi-decade process, includes a consideration of the avoided emissions (Scope 4) in its analysis, which can provide crucial but often overlooked insights to the global transition to a low-carbon economy.

WHY SCOPE 4 MATTERS: It is Easy to Cut Portfolio Emissions but Hard to Cut Real World Emissions [34]

Scopes 1, 2 and 3, set by the Greenhouse Gas Protocol, are the accounting standards used by most companies and governmental bodies to measure and report their direct and indirect carbon emissions. Scope 4 (known as avoided emissions) is a relatively new metric that seeks to measure emission reductions that occur outside a product's life cycle or value chain, but as a result of the use of that product. Jennison believes that the investment opportunity related to the transition to a lower-carbon global economy demands a focus that goes far beyond measuring Scopes 1, 2 and 3 but requires a holistic approach that recognises the myriad changes required across industries.

As we examine the global transition to a low carbon economy, we can use Scope 4 to identify investment opportunities because avoided emissions act as an indicator of market demand for decarbonisation solutions. To do so, Jennison employ a meticulous methodology that considers the spatial and temporal nuances that impact Scope 4 accounting. To illustrate this, a solar panel deployed in India avoids more GHG emissions than the same panel deployed in Iceland, where the grid is among the cleanest in the world. For this reason, we must tailor the emissions reference scenario (or counterfactual) assumption to the particular conditions of each company's decarbonisation solution to capture Scope 4 in a given place and time. For energy producers, this means calculating the emissions associated with their energy production, identifying the average emissions intensities of the grids to which their energy flows at the time of generation, and taking the difference to find the emissions avoided by the company's activity. The more granular the counterfactual data, the more accurate the Scope 4 number.

Calculating Scope 4 allows to quantify the emissions-reducing impact of a company or product and reveals the diversity of industries that comprise the decarbonisation economy. While some emissions-centric investment strategies are limited to new technological solutions like renewables and EVs, our incorporation of Scope 4 analysis allows us to gain insight into the wide variety of companies facilitating global decarbonisation and to invest behind these solutions which are often overlooked.

34 For more information, please see Jennison Associates paper: https://www.pgim.com/ucits/white-paper/fueling-future-broaden-your-decarbonisation-scope. Accessed July 2025.

SCOPE 4: Methodology for Power Producers

CALCULATE COMPANY EMISSION	Company-specific generation emissions are calculated by multiplying company reported generation totals per source by the appropriate EPA or EIA emissions factors to find the emissions associated with generating electricity from each source. The total emissions from each source are added together.
SOURCE REGIONAL or NATIONAL GRIDS	The Emissions & Generation Resource Integrated Database (eGRID), a comprehensive source of data from EPA's Clean Air Power Sector Programmes on the environmental characteristics of almost all electric power generated in the United States provides additional contextual data on emissions, emission rates, generation, heat input, resource mix, and many other attributes.
COUNTERFACTUAL ASSUMPTION	The "counterfactual" is found by multiplying the total generation of a given company in a given year by the emissions factor most closely representative of the market into which the company's energy is sold.
CALCULATE SCOPE 4 ESTIMATES	The company emissions figure is subtracted from the counterfactual emissions figure to find Scope 4 – the emissions avoided by using the company's generation fleet instead of the grid average fleet.

Thematic Focus: UN Sustainable Development Goals

As an example of thematic focus, Jennison offers a strategy that targets innovative growth companies that are addressing pressing global challenges as identified by specific UN Sustainable Development Goals. Key areas of focus include Good Health & Well-Being; Inclusive Growth; and Environmental Sustainability. Jennison's rigorous fundamental research focuses on a select group of companies with businesses known for their innovation and disruption, driving structural shifts within their industries. Jennison actively seeks companies with defensible models and significant barriers to entry, supported by secular demand trends and superior product offerings. To be considered for the portfolio, a minimum percentage of a company's business activities — revenue, EBITDA, capital expenditure and or an operational metric — must be aligned to one of the selected SDGs.

The strategy focuses on a select group of SDGs that we consider the most compelling investment opportunities, informed by three pillars of innovation that can change the world.

1. Good Health & Wellbeing

We seek advances in medicine and healthcare products that transform treatments and enhance clinical outcomes, ultimately improving the quality and longevity of life.

- Advances in medicine and lifestyle: Improving quality and logevity of life.
- Healthcare innovation: Companies delivering transformative treatments

2. Inclusive Growth

We invest in innovators that empower individuals and communities, improving global living standards. This includes technological advancements that boost productivity, connectivity, and financial inclusion, as well as human capital evaluation through investments in companies dedicated to workforce education, skills advancement, and community development.

- Elevation: Companies creating meaningful jobs with fair conditions.
- Technological Progress: Firms enhancing connectivity and access to digital services.

3. Environmental Sustainability

We focus on transformative companies that facilitate the energy transition by innovating energy production, consumption, and efficiencies. Additionally, we invest in companies rethinking the production and use of goods to promote sustainable consumption.

- Low-carbon transition: Transforming energy production and consumption.
- Sustainable consumption: Rethinking how goods are made and used.
- Energy efficiency: Innovations in buildings, processes, and data centers.

QUANTITATIVE EQUITIES

EVALUATING SUSTAINABILITY BEHAVIOURS AND IMPACT ON ENVIRONMENT AND SOCIETY

For ESG-focused strategies, our quant team's investment approach allows them to broaden their analysis of material risk issues and encompass additional sustainability attributes of a company that may not be deemed of immediate material importance.

Environment	Social	Governance
Environmental metrics can reveal a company's exposure to different types of risks, such as climate and regulatory. They can also help identify areas where a company may have a competitive advantage in efficiency or sustainability of its business. Quantitative Solutions include a wide variety of data to assess environmental performance, including carbon emissions, water usage, biodiversity impacts, and efficiency metrics.	Social metrics are some of the most diverse in the ESG space, revealing a broad range of material risks and sustainability behaviours. Metrics span areas including customer satisfaction, product recalls, employee health and safety, data security and privacy, diversity and inclusion, and supply chain responsibility. Industry-specific materiality focus is especially important here.	Strong governance is a foundational element of robust company operations that supports effectiveness of the business and limits risk exposures for long-term business results. Good governance can also help support and improve performance in environmental and social areas. Key metrics include board diversity and independence, as well as voting and compensation policies. Quantitative Solutions views governance as broadly applicable across industries

Companies managed in a sustainable manner can be identified by gaining a broader understanding of their internal operations and behaviours. While these insights could prove additive to performance and/or reduce risk in the longer run, they can also help ensure that portfolios:

- Meet the growing ESG demand of clients and key stakeholders.
- Mitigate headline and reputational risks by avoiding controversial holdings.
- Align with clients mission, values, principles and beliefs.
- Anticipate and meet regulatory requirements for strategies making sustainability claims.

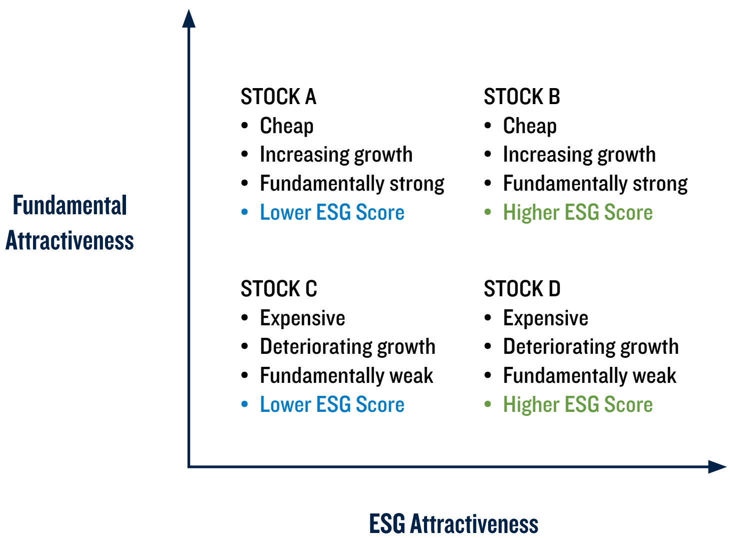
THE IMPORTANCE OF ALPHA IN ESG-FOCUSED PORTFOLIOS

A primary objective of our quantitative equity ESG portfolio construction process is building a portfolio that promotes exposure to companies with stronger sustainability management attributes. The focus is on companies with strong sustainability scores, high quality, appealing valuations, and promising growth prospects. In doing so, the approach ensures that targeted companies possessing sustainability attributes are also relatively more attractive investments based on their fundamental quantitative factors.

The ESG portfolio construction process for quantitative equity is grounded in the understanding that:

- Not all companies scoring high on ESG are attractive investments.
- Considering additional performance drivers helps identify opportunities where the benefits of ESG are mispriced, where ESG translates into growth, and where ESG quality aligns with fundamental quality.

Building on internally developed sustainability scores, the quant equities team works with investors to further promote specific sustainability attributes (e.g., carbon emissions, water usage) within portfolios. Leveraging proprietary optimisation and portfolio construction approaches, the team runs



various scenarios to analyse the relationship between different levels of improvement in a sustainability feature (e.g., 20%, 50% and 70% reduction in portfolio carbon emissions relative to the benchmark) and the portfolio's active risk and return. This approach ensures that separate account portfolios are optimally aligned with clients' investment objectives. The quant team's careful integration of ESG insights can provide meaningful improvement in ESG exposures while avoiding many of the worst ESG offenders.

SDGS: A LIQUID MARKET APPROACH TO IDENTIFYING IMPACTFUL INVESTMENTS [35]

The quant equities team leverages its quantitative research and modelling to discern the impact companies have on the environment and society by evaluating whether insights about a company's products/services are in alignment with the UN Sustainable Development Goals (SDGs).

The team uses SDGs as a clear and transparent framework to help identify and define products and services that positively impact the environment and society.

Contributing to the progress on SDGs is not only important for the environment and society but can also be financially valuable to a company. Changing consumer preferences and demand, which have driven companies to provide more impactful and responsible products and services, have also led asset owners to increasingly search for investments that intersect upside returns and sustainability. This shifting demand trend is a secular growth opportunity for companies that not only underscores how contributing to the progress on SDGs is important for society but can also benefit a company's performance through the generation of new cash flow streams. Given the importance, prominence, and magnitude of the problems that a firm's products and services can be used to solve, there is potential for meaningful cash flow growth over time. Until recently, it was a burden for investors to identify companies that made a positive impact and were also attractive from an investment perspective. However, by using carefully chosen and constructed factors (or fundamental attributes), the team can assess performance potential while focusing on overall sustainability impact.

SDG

Focuses on external impact of how a company's products and services are used. Identifies secular growth opportunities stemming from sustainability trends.

ESG

Focuses on consequences from internal operations of a company. Identifies risks arising from these activities that can impact financial performance.

The quant equities team uses the UN SDGs as a framework to help identify companies with products that positively impact the world and its citizens. It combines this information with analysis from its proprietary ESG risk model, focusing on operational processes and activities that could have harmful consequences for the environment and society. Using this double-barrelled insight, the team is able to better identify companies that best align with an investor's sustainability objectives. Similar to the process of building an ESG-focused strategy, the portfolio construction objective for SDG-focused portfolios primarily emphasises exposure to companies with alignment to SDGs, as well as those with strong ESG and fundamental attributes, while balancing risk considerations. Achieving the trade-off between risk and sustainability requires advanced portfolio engineering. The team's sophisticated portfolio construction methods build SDG-focused portfolios that span a frontier of portfolio outcomes. The team provides solutions that vary in both the level of active risk and the degree of portfolio alignment with SDGs. Such frontiers provide valuable insights to help investors determine which solution best aligns with their objectives.

Asset owners have diverse perspectives on which areas of sustainability to prioritise. The ability to customise which SDGs a portfolio targets (and therefore what impact is achieved) is critical, along with considerations such as geographic regions, market capitalisation, and the target index. The team can develop multiple customised approaches, providing investors with options that can be attractive alternatives to a standard core equity allocation.

35 For more information, please see PGIM Quant paper: https://www.pgim.com/campaigncountry/en/institutional/insights/asset-class/equity/sustainable-development-goals-liquid-market-approach-to-impact-investing. Accessed July 2025.

INCORPORATING EXCLUSIONS AND CLIENT DIRECTED CONSTRAINTS

The quant equities team is dedicated to helping clients and investors find solutions that align their investment strategies with their values, guidelines, and beliefs. By leveraging proprietary scores, customised client guidelines and constraints, or a combination of both—as directed by fund documents or client agreements—portfolios can be tailored to meet the specific and unique needs of each client.

Certain clients and investors prefer to avoid investing in companies engaged in certain economic activities, such as the production of weapons, alcohol, tobacco, or carbon-related energy, or those that violate specific international conduct standards (such as UNGC). To meet these requirements and preferences, the team employs a range of screens and exclusions based on client-specific criteria. Additionally, the team has developed its own exclusion policy, which draws on both internal and external sources, and is applied to its UCITS funds. The implementation of negative exclusionary screens is overseen by the team's independent compliance unit, ensuring adherence to client requirements and investment guidelines.

CASE STUDY:

A LARGE EUROPEAN PENSION PLAN SOUGHT TO CREATE A CUSTOMISED PORTFOLIO SOLUTION THAT MET ITS RISK AND RETURN GOALS WHILE ACHIEVING OVERALL PORTFOLIO SUSTAINABILITY OBJECTIVES

ESG factors:
SDG

Objective:
The pension plan required a mandate that provided exposure to its select Sustainable Development Goals (SDGs) while replicating the risk/return characteristics of the MSCI World Index.

Action: Taking into account the often-conflicting objectives of portfolio sustainability and risk exposure, our quantitative equity team proposed a series of customised portfolios that would match the pension plan's risk budget with its sustainability goals by targeting four specific SDG's that can help gain exposure to climate transition opportunities.

Outcome: To best match the goals of balancing portfolio risk while achieving sustainability, the quantitative equity team devised multiple portfolio construction solutions that:

1. Would reach the pension plan's stated risk and return goals.
2. Leveraged vast amounts of data across all names in the investment universe to address and manage market risks and identify investment opportunities.
3. Met the threshold requirements for the percentage of holdings and portfolio active weights that aligned with the SDG themes.
4. Provided the flexibility to find the mix between the above two objectives that best suits the plan.
5. Achieved these results by employing a systematic approach that yielded consistent exposures through time and exposures that are highly transparent.

REAL ESTATE

The Real Estate team recognises its global scale and footprint as an opportunity to drive positive environmental and social impact. It collaborates closely with clients to align their portfolios with chosen environmental or social objectives, investment strategies, time horizons, risk appetites, budgets, and financial return expectations. The examples below highlight a selection of activities where our Real Estate team has sought to help clients meet their own ESG/Sustainability-related objectives across debt and equity investments.

REAL ESTATE DEBT: ACCESSIBLE AND AFFORDABLE HOUSING [36]

PGIM's Real Estate team is the 10th largest U.S affordable multifamily real estate lender and has more than 20 years of experience as a select lender with FHA, Fannie Mae, and Freddie Mac, financing the acquisition, refinancing, new construction or substantial rehabilitation of affordable multifamily, senior housing and healthcare facilities.[37] Rental housing in the United States, which accounts for over one-third of all housing, is currently unaffordable for more than 20 million households.[38] The underlying cause of declining affordability is demand for housing that has outstripped net new supply, particularly over the past 15 years. This presents an opportunity for private investors to help, by investing in regulated affordable rental units and by providing new market-rate rental housing.

PGIM's Real Estate team takes an active role across industry organisations to drive the future of affordable lending including:

- Fannie Mae DUS Advisory Council and Mission-Driven Sub-committee
- Freddie Mac Optigo Advisory Council
- Sustaining National Housing & Rehabilitation Association (NH&RA) Member
- Mortgage Bankers Association (MBA) FHA Committee and Affordable Rental Housing Advisory Council
- Regional Mortgagee Advisory Committee Positions
- Multifamily Impact Council
- Urban Land Institute (ULI) Public/Private Partnership Council

CASE STUDY:

AFFORDABLE HOUSING IN PGIM REAL ESTATE AGENCY LENDING [39]

With over 20 years of experience working with Fannie Mae, Freddie Mac, and the Federal Housing Administration, PGIM Real Estate has deep multifamily, affordable housing and healthcare expertise. Each of these agencies offers different multifamily green financing programmes for qualifying properties based on energy and water savings requirements via green improvements or green building certifications. Real Estate recently provided a Federal Housing Administration loan for the substantial rehabilitation of Northgate 1 Apartments, an affordable multifamily housing property.

Located in Camden, New Jersey, Northgate 1 Apartments features 321 affordable housing units, of which 310 are project-based Section 8 with a new 20-year contract. The rehabilitation plans include substantial in-unit and common area upgrades, as well as a redesign of the building's exterior, improved accessibility, and significant systems replacements.

36 For more information, please PGIM Real Estate's website: https://www.pgim.com/real-estate/affordable-housing. Accessed July 2025.

37 PGIM Real Estate is the tenth largest Affordable multifamily real estate lender (out of 129 firms surveyed) in terms of production based on the 2023 Mortgage Bankers Association Annual U.S. Origination Rankings published in 3/24. This ranking represents originations production volume from 1/1/23 - 12/31/23. Participation in the ranking is voluntary and no compensation is required to participate in the ranking.

38 For more information, please see PGIM Real Estate's website: https://www.pgim.com/campaigncountry/en/institutional/insights/asset-class/real-estate/addressing-housing-affordability-two-opportunities. Accessed July 2025.

39 Due to the length of time required for data collection from real estate assets, 2024 data was unavailable at the time of reporting.

REAL ESTATE EQUITY

In Real Estate equity, the team uses efficiency targets aligned with U.S. Department of Energy's performance goals as a measure of improved building portfolio efficiency. Aiming for efficiency targets helps companies reduce both operational costs and their environmental footprints, enhance resilience, take advantage of new energy-saving technologies, expand networks and collaborations, and share strategies and results annually.

NET ZERO STRATEGY

In May 2021, PGIM's Real Estate team committed to the goal of Net Zero by 2050 across landlord-controlled operational carbon emissions (Scope 1 & 2). This commitment is aligned with the Urban Land Institute's (ULI's) Greenprint Net Zero by 2050 Goal.[40]

Real Estate regards its net zero commitment as an integral component of its fiduciary obligations to deliver long-term value to clients. Focusing on energy efficiency as a first step to decarbonisation minimises overall energy demand, reduces operating costs and increases net operating income (a critical metric in building valuation).

In 2024, Greenprint evolved its Goal to offer three optional tracks to which Greenprint member companies can align. The tracks follow the World Green Building Council's approach to net zero and provide different options for the types of spaces and carbon in buildings to be included within the goal boundaries.

ULI's Net Zero by 2050 Goal

Track 1	Track 2	Track 3
Landlord Spaces, Operational Carbon	Whole Building, Operational Carbon	Whole Building, Life Cycle Carbon

Equivalent to ULI's original Net Zero Carbon Operations by 2050 Goal, Real Estate's commitment aligns to Track 1. Aligners to this track will pursue net zero operational carbon by 2050 in spaces under landlord operational control.

This track includes:

- Operational Carbon (Scope 1 and 2 emissions)
- Landlord Spaces

To achieve their 2050 target, Real Estate has developed a variety of asset- and portfolio-level decarbonisation strategies. The strategies vary by region (i.e., United States., Europe, Asia Pacific, Latin America) and are viewed through the lens of the "avoid, reduce, replace and offset" hierarchy as detailed below and include strategies to measure and verify carbon, energy efficiency and conservation and increase building electrification and the use of renewable energy, as well as increased stakeholder engagement:

Avoid	Reduce	Replace	Offset
Avoid carbon-intensive activities and create low-to-no-carbon asset strategies	Improve energy efficiency to the extent technologically and economically feasible	Replace high-carbon energy sources (e.g., natural gas) with low-carbon energy sources (e.g., solar, wind)	Offset residual emissions that cannot be eliminated by the aforementioned actions

In 2024, Real Estate introduced a new SaaS sustainability platform for all equity assets under management. This platform is now linked to existing tools such as smart energy software and Energy Star® Portfolio Manager and automatically collects electricity, gas and water meter data. With more granular and reliable data, Real Estate is able to calculate Scope 1, 2 and 3 emissions more accurately.

The platform's advanced data analytics have allowed more detailed analysis of energy consumption patterns across the investment portfolio, making it easier to identify inefficiencies and areas for improvement. In the second year of using the platform, Real Estate plan to activate the Investment Plan module of the platform, which will allow monitoring of the impact of planned capital expenditures on Paris-compliant 1.5-degree climate pathways.

The energy and greenhouse gas data for Real Estate's GRESB-reporting funds, in any given calendar year, is third party assured in May or June of the following year. GRESB-reporting funds make up a significant quantity of the assets under management for Real Estate's equity business and in scope of the net zero commitment

40 For more information on the Greenprint ULI Net Zero by 2050 Goal, please see the ULI website: https://americas.uli.org/research/centers-initiatives/uli-randall-lewis-center-for-sustainability%20in-%20real-estate/membership/uli-greenprint-goals. Accessed July 2025.

GRESB FUND ASSESSMENT [41]

GRESB is an independent rating agency that assesses the performance of select portfolios and benchmarks them against peer group funds. PGIM Real Estate submitted 28 total funds/properties for GRESB evaluation in 2024, of which 24 were submitted for Management and Performance; 12 were also submitted for Management and Development; and 2 funds were submitted for Management only. The GRESB ratings published in October 2024 represented $69.7 billion assets under management (AUM) for the 2023 calendar year and was submitted for assessment in June 2024.

Agricultural Financing

In 2024, 100% of owned agriculture acres audited by Leading Harvest were successfully certified by the Leading Harvest Standard.[42]

LEADING HARVEST

Agriculture: Equity

Real Estate's agriculture equity team has developed internal tools for evaluating sustainability both at acquisition and for tracking progress through ongoing asset management. The sustainability acquisition checklist includes key analysis of climate risk from third-party climate reports, as well as groundwater sustainability programs within the states where we actively invest. The sustainability checklist gathers information on different sustainability factors, including soil quality, water efficiency and quality, the use of renewable energy and waste management practices. The checklist is dynamic and carries into ongoing management use, with expansion for measuring and tracking energy, chemical input, water use, and quantifying other management practices. In addition, the team has developed a process to evaluate threatened, at risk and endangered species for each property, which serves as a reference and informational tool for internal use as well as for farm managers and on-site property managers.

Agriculture: Debt

Real Estate's sustainability team collaborated with the Agriculture Debt team to create a proprietary Agriculture Loan Assessment for all new agriculture loans. The scoring tool was built on the same architecture as the Sustainability Loan Assessment, and assesses key risk related to agriculture industry standards. The assessment evaluates property-level physical climate risk, environmental risk factors (water, waste regulation and management, soil, decarbonisation), and scores a set of governance-related questions for loan sponsors. The assessment was designed in line with Leading Harvest® agricultural standards, and synthesises information from standard agriculture loan diligence, including a borrower questionnaire, environmental questionnaire, and a property condition consultant questionnaire. The assessment was rolled out in the first quarter of 2024.

41 Participation is voluntary and administration fees are paid by PGIM Real Estate's various funds for their submission. For more information, please see the GRESB website: www.gresb.com/nl-en/.

42 Leading Harvest is a nonprofit organisation at the vanguard of advancing sustainable agriculture, utilising assurance programs comprised of standards, audit procedures, training, education, and reporting.

ACTIVE STEWARDSHIP

At PGIM, we define active stewardship as engagement and proxy voting (as applicable) activities aimed at preserving and enhancing the value of investments we make on behalf of our clients. We believe that active stewardship is integral to positive investment outcomes and promoting a well-functioning financial system. Therefore, PGIM views active stewardship as a fundamental part of the investment process across asset classes.

When done well, the interactions, discussion and debate we have with the companies we invest in, our borrowers, and our tenants allow us to learn from each other. Stewardship builds relationships that deepen our understanding of long-term business fundamentals, including how ESG risks, opportunities and impacts relate to broader strategic objectives of investees. For example, company engagements can help our investment teams understand companies' abilities and willingness to deal with issues that they consider material today or in the future. This includes a focus on emerging risks to ensure investee companies are well-positioned for changing policies and regulatory environments, societal trends, and consumer preferences. Engagement also lets us share perspectives on key issues of relevance to our investments including why we believe it is in the economic interests of investee companies to address the material risks, opportunities or impacts identified in our investment analysis. These may include environmental, social and governance issues amongst other economically material issues. Effective stewardship is time and labour intensive and PGIM dedicates resources and expertise to engagement and voting activities, implementing stewardship activities in ways that are most appropriate to their respective asset class.

ENGAGEMENT ACROSS PGIM

Engagement is an important aspect of active stewardship. PGIM defines engagement as a purposeful interaction aimed at preserving and enhancing the value of our investments. The engagement approaches and preferred channels of engagement employed by our investment teams differ depending on asset class and context, but will include, to varying degrees:

- Identifying topics for proactive dialogue on matters including strategy, financial and sustainability performance, risk, capital structure, relevant and material social and environmental issues and corporate governance.
- Constructive dialogue with boards and management of investee companies/corporate borrowers on a range of relevant issues including economically material or client-directed ESG-related matters, as appropriate.
- Interactions with stakeholders, for example with tenants, partners, and borrowers for real estate investments.
- Engagement with capital markets teams at investment banks, industry groups or trade associations.
- Communication with clients and investors.
- Co-operation and dialogue with policymakers and regulators.
- Engagement with vendors, particularly around data and quality of service issues.
- Collaborative engagements via industry groups, where appropriate and permissible.

PROXY VOTING

Proxy voting is an important tool for active equity investors and a key aspect of stewardship. PGIM's equity managers[43] use voting powers delegated to us by our clients and investors to support our investment theses. Where clients delegate proxy voting rights to us, we exercise voting rights in the best interests of our clients and to preserve and enhance the value of their investment portfolio. This includes a focus on emerging risks to ensure issuers are well-positioned for changing policies and regulatory environments, societal trends, and consumer preferences.

43 In 2024, PGIM's equity managers are Jennison Associates, PGIM Quantitative Solutions and Global Real Estate Securities (GRES) (PGIM Real Estate's listed equity manager.)

Proxies are voted in accordance with each PGIM equity manager's respective proxy voting policies,[44] and the merits of individual proposals. We use third-party providers for consolidated views of the resolutions, synthesis of companies' proxy voting statements and analysis of the proposals, as well as for the recording and delivery of votes. We do not outsource our judgement to third-party providers.

When voting on shareholder proposals, PGIM equity managers are guided solely by whether, in our opinion, the implementation of the shareholder proposal is in our clients' economic interests, which depends on many industry, geography, and company-specific factors. Our equity managers are not guided by any perceived benefits of the proposal that are extraneous to the company's performance (unless otherwise explicitly directed by the client or product objective), or by the identity of the proponent or their motivation.

All proposals relating to ESG/Sustainability-related topics are viewed through the lens of whether and how they could impact shareholder value. These assessments are mostly qualitative and will differ from company to company (even within the same sector) based on company-specific circumstances. For investment products that seek to follow certain religious values or sustainability objectives, PGIM businesses may adopt custom guidelines that are aligned with the objectives of a particular investment product.

Proxy voting records for our fundamental equities and our quantitative equities investments are publicly available on our websites.[45] Examples of engagement and proxy voting (as applicable) activities across PGIM's main asset classes are described below.

44 Should conflicts of interests arise in the proxy voting process, PGIM Quantitative Solutions' policy is to allow Glass Lewis to vote on their behalf to avoid conflicts of interest.

45 Jennison Associates' aggregate annual Proxy Voting Record is available on the Jennison website: https://www.jennison.com/about-us/proxy-voting. Accessed July 2025. PGIM Quantitative Solutions' Proxy Voting Record is available on the PGIM Quant website: https://www.pgimquantitativesolutions.com/Stewardship Accessed July 2025.

PUBLIC EQUITIES

JENNISON ASSOCIATES

COMPANY ENGAGEMENT

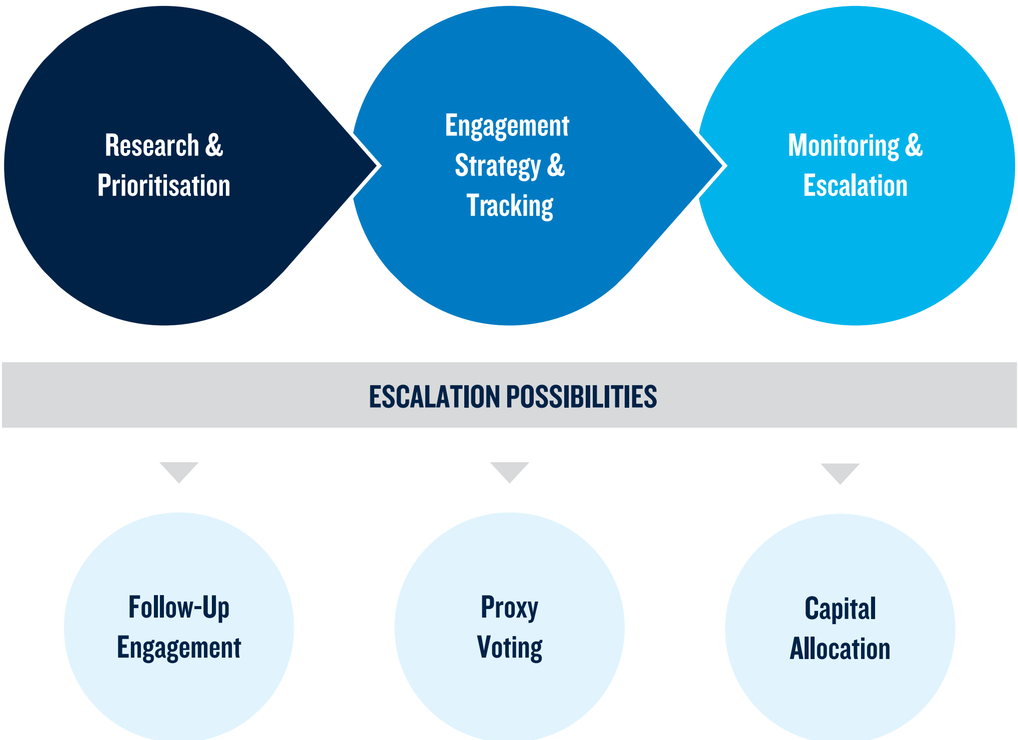
Jennison believes that stewardship is an important part of the investment process designed to fulfil fiduciary duty to clients and sets out its approach to stewardship in its RESPONSIBLE INVESTMENT, STEWARDSHIP, and PROXY POLICIES.[46] With over 50 years of investment management and fundamental research experience, Jennison has access to a wide array of company management teams, which allows direct engagement with issuers, building strong relationships and maintaining regular dialogue.

Jennison takes a targeted approach to engagement whereby equity investment professionals identify companies for engagement based on select material issues that could affect the fundamental analysis of the company. Dedicated sustainability and proxy voting professionals collaborate with industry analysts to provide insights on potential ESG-focused engagement topics material to the company that would be additive to their investment research.

Jennison engages with company management teams in a variety of ways, including written communications to company management, in-person and virtual meetings, conference calls, and industry conferences. Jennison's investment professionals meet with many companies over the course of each year as part of their ongoing due diligence process. Typically, the parties involved in these engagements can include the company's executive leadership, general counsel, chief sustainability officer, investor relations officer, and other subject matter experts. From Jennison, participants may include investment and sustainability analysts, portfolio managers, and proxy voting team members.

Engagement helps Jennison to further understand opportunities and risks, which at times may lead to adjusting growth and valuation expectations and ultimately inform investment decisions. An initial engagement with a company on a specific topic may lead to subsequent conversations to evaluate incremental change, including progress on company-stated goals or disclosure efforts. In addition, where warranted, engagement can aim to encourage companies to improve transparency and disclosure as well as to consider other perspectives when making business decisions. Investment and sustainability teams monitor investee companies on an ongoing basis to continually inform their investment approach and may utilise an internal system to improve the monitoring and management of interactions with portfolio companies.

If engagements do not fulfil the intended objectives described above, investment teams may use a number of escalation routes, including privately expressing their views to the company, scheduling follow-up engagement meetings, expressing views via proxy voting, or making changes in capital allocation.



46 See Appendix III for links to the policies.

CASE STUDIES

RETAIL & FASHION COMPANY

Topics:
Supply chain management; Labour practices

Objective: Jennison reached out to discuss supply chain management and ethical sourcing. The company has faced past controversies surrounding supply chain transparency and labour practices. Engagement focused on addressing concerns with suppliers beyond Tier 1, confirming that any previous issues had been resolved, and understanding the company's approach to ethical sourcing amidst ongoing global human rights concerns.

Action & Outcome:

- Through engagement, the company affirmed its dedication to responsible sourcing by conducting an extensive number of supplier audits, thereby demonstrating their proactive approach to monitoring compliance with ethical and sustainability standards. The company adheres to recognised industry standards and has developed internal sustainability protocols to enhance supply chain accountability.
- Jennison recommended that publishing a sub-supplier list would further enhance its process. The company made a commitment to releasing such a list in the future, marking a positive step toward greater transparency.

Following the engagement, Jennison's confidence in the company's supply chain management was strengthened, allowing for an update to its rating to reflect a stable outlook.

SEMICONDUCTOR COMPANY

Topics:
Materials Sourcing; Product & Lifecycle Design; Supply Chain Management

Objective: Jennison met with a semiconductor company to collect additional information to evaluate the company's risk exposures, with an emphasis on social topics. In its most recent round of sustainability reporting, the company listed a nonconformant critical materials source. We sought to confirm that the company was taking action to resolve the nonconformance or remove the source altogether.

Action & Outcome:

- The company confirmed that there were controls in place for 1) responsible minerals sourcing and 2) social product risk management related to chemicals. For minerals sourcing, the company confirmed it was working to remove the nonconformant smelter from its supply chain.
- Following the engagement, Jennison's confidence in the company's critical minerals risk management increased, and along with improvements in trends for social risk management (e.g. employee health and safety indicators), this drove an upgrade to our Social pillar rating. We maintained our Environment and Governance pillar ratings.

We will continue to monitor future disclosures for potential expansion of environmental considerations in the product design process. This could prompt a future upgrade of the Environmental pillar.

PROXY VOTING

Jennison believes that proxy voting is a powerful means of engagement. We have a Proxy Voting Policy that sets out our approach to proxy voting decisions and an oversight mechanism that aligns with our focus on sustainable long-term growth. We have adopted proxy voting guidelines in respect of certain recurring ballot issues, which are maintained by our proxy team in partnership with investment and sustainability teams and are implemented by a reputable third-party proxy voting service provider.[47] In voting proxies, we are guided by fiduciary duty and seek to maximise shareholder value for our clients over the long-term as determined by our portfolio managers and analysts.

Our investment professionals carefully evaluate issues on shareholder meeting ballots as these can vary significantly among companies depending on their operational circumstances, industry practices and geographic footprint. The proxy voting due diligence, including with respect to shareholder proposals, takes into account the factors that could affect the economic value of the investment, high standards of corporate governance and transparency, company-specific circumstances as well as the long-term interests of our clients, and, where appropriate, client-directed values and preferences. Our Sustainability Team partners with the investment teams to enhance the analysis of economically material ESG factors and provides proxy voting research and recommendations with respect to sustainability-related ballot issues. In certain circumstances, an investment professional may conclude that clients with differing stated investment objectives should vote in different ways, or that it is in the best interests of some or all clients to abstain from voting.

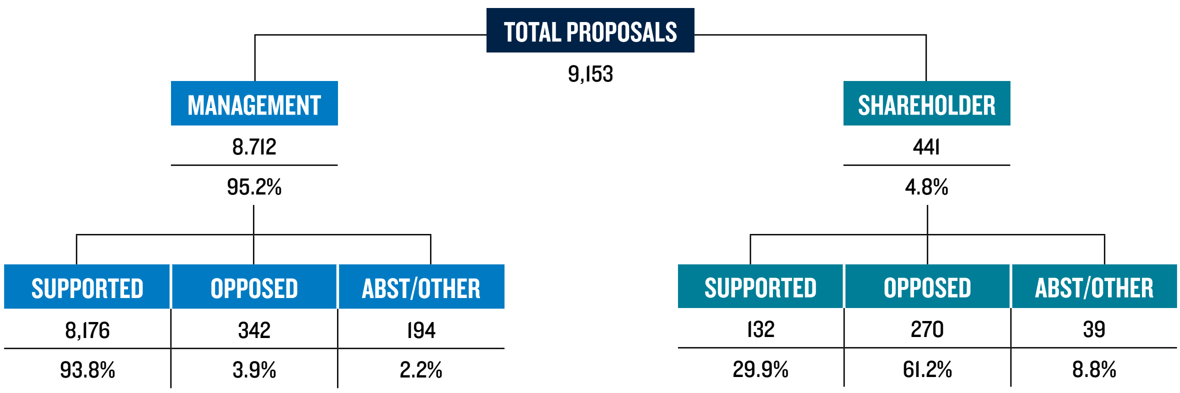
We implement custom proxy voting guidelines as directed by some clients, and adopt custom guidelines aligned with the religious values or sustainability objectives pursued by certain strategies and portfolios. All custom guidelines for Jennison investment products are reviewed by Jennison's Proxy Committee.

Jennison's proxy voting committee comprises members of Legal, Compliance, Operational Risk, and Operations. It meets at least quarterly, and has the following responsibilities to review:

- potential material conflicts including deciding whether a material conflict is present and needs to be addressed according to Jennison's policies and procedures
- any proposed amendments to the guidelines in consultation with the investment professionals
- application of the proxy voting policies and procedures annually for accuracy and effectiveness, including the recommendation and adoption of any necessary changes
- guideline overrides by the investment professionals
- quarterly voting metrics and analysis published by the Proxy Voting Team
- the accuracy of the application of custom guidelines
- ESG-related voting matters including Sustainability Team's recommendations and equity analysts' voting decisions
- the performance of the proxy voting vendor.

Jennison Associates Proxy Voting Record [48]

For the 12 months ended December 31, 2024, Jennison voted on 9,153 proposals of which 8,712 were initiated by management and 441 by shareholders. Among the management proposals, we supported management 93.8% of the time.



47 See Jennison Proxy Voting Policy for all details of Client Directed and Jennison Custom Voting Guidelines. https://www.jennison.com/campaigncountry/en/institutional/sustainability/proxy-voting-policy Accessed July 2025.

48 Jennison Associates' aggregate annual Proxy Voting Record is available on the Jennison website: https://www.jennison.com/campaigncountry/en/institutional/sustainability/proxy-voting-policy. Accessed July 2025.

CASE STUDIES:

EXAMPLES OF ESG-RELATED SHAREHOLDER RESOLUTIONS SUPPORTED AND OPPOSED

VOTE FOR: SHAREHOLDER PROPOSAL REGARDING REPORT ON USE OF AI

Hardware company with global presence

Context:
The rapidly evolving nature of AI technology creates a need for robust governance oversight, particularly with regards to risks stemming from regulatory compliance, data governance, and transparency & accountability.

Shareholder Proposal:
Report on Use of Artificial Intelligence

This proposal requests that the Company prepare a transparency report on its use of AI in business operations and that it discloses any relevant ethical guidelines that have been adopted.

Voting Rationale: While there are existing guidelines and practices that broadly address the use of AI, they do not specifically identify the potential risks raised by the proponent. Given the lack of disclosure, especially regarding AI's potential adverse effects on labour-related issues and the spread of misinformation, there are concerns regarding shareholders' ability to properly evaluate the associated risks or the actions the company is potentially taking to mitigate those risks. Improved transparency surrounding the use of AI within its business operations and the disclosure of an ethical guideline specifically related to AI would allow shareholders to more fully understand this evolving issue and incorporate these considerations into their investment decisions. Furthermore, we believe that the requested reporting would not be overly burdensome on the company.

Outcome: This proposal did not pass, and we will monitor the company's progress in this area. While its efforts in AI are still nascent, they will likely ramp significantly in coming years, across the company's suite of hardware and software products. As these efforts gain momentum, more disclosure is warranted around the benefits and drawbacks of these initiatives.

VOTE AGAINST: SHAREHOLDER PROPOSAL REGARDING DISCLOSURE ON CAGE FREE EGG PRODUCTION

Large international fast-food chain

Context:
Shareholders see an increasing business need for companies that process/use eggs or egg-based products to set and achieve cage-free sourcing targets.

Shareholder Proposal:
Approve Request on Cage Free Egg Progress Disclosure

Voting Rationale: We do not necessarily believe that this proposal will tackle material unmanaged risk for the company; as such, it may not be the best use of company resources at this time. We agree that moving to cage-free egg sourcing globally is best practice for the company but given that it has already set and achieved progress towards 100% in key markets like the US, Australia and Canada, we do not see an urgent business reason to set cage-free goals for other regions. Given the Board/management's track record on disclosing progress and setting goals related to egg sourcing, we do not believe additional effort towards time-bound target-setting is required and therefore recommend AGAINST.

Outcome: This proposal did not pass. We will continue to monitor the company's disclosures around regional targets and other efforts, e.g., participation in industry associations; investments in cage-free technology, particularly in relation to future proxy proposals.

QUANTITATIVE EQUITIES

COMPANY ENGAGEMENT

PGIM's quant equities team has set out its approach to fulfilling its stewardship responsibilities to enhance investment outcomes for its clients in its STEWARDSHIP POLICY.[49] The team strongly values effective stewardship and engagement as key mechanisms for proactively addressing companies' material risks or unsustainable practices.

For ESG-specific mandates, including sustainability-focused or impact-focused strategies, the quant equities team may extend its engagement efforts to identify egregious violations of international norms. The team believes in proactively encouraging companies to address material risks that they face and/or adopt best practices that have been shown to increase shareholder value.

Engagement Process

First Meeting	Debriefing	In Between	Follow-up Meetings
Develop understanding of risks. Create awareness of Materials ESG Issues	Define change objective and share suggested actions	Check in on progress, potentially revise suggested actions	Evaluate progress and discuss emerging issues

Tracking Results

Response	Progress	Positive/Negative

Engagements are conducted by our quantitative equity investment professionals directly or by a third-party engagement service provider, under the oversight and coordination of the team's Director of Stewardship. To maximise the breadth of companies that can be targeted, our investment professionals also participate in collaborative engagements, which are particularly important given the highly diversified client portfolios. To determine which engagements to support, the full opportunity set of engagements led by a third-party provider is reviewed. These are then aligned with current portfolio holdings to target outcomes most relevant to those sought by clients. Engagements that are initially identified by the third-party provider are typically based on material risks that could impact the company's financial performance. For those engagements that overlap with current portfolio holdings, our investment professionals participate in calls with company management that are organised by the third party. Through these interactions, our quant equities team seeks to learn about and support the provision of 1) information to help understand any action that has been taken to address the material risk; 2) information about possible future actions to address the material risk; and 3) enhanced disclosure of additional data to improve the business's investment decision-making process.

Successful engagements can identify new information or additional data that can improve the assessment of a company's material risks. This may result in increased exposure to the company within the portfolios managed by PGIM. Conversely, unsuccessful engagements may confirm that material risks remain elevated, potentially leading to lower or no exposure to the company in client portfolios.

For ESG-focused strategies, the team seeks to engage with companies whose conduct violates international norms, using a combination of internal processes and third-party screens to identify violations of standards. In instances where violations are identified, the team seeks to engage with the company to uncover additional information about the violations and determine necessary steps to mitigate future occurrences of such conduct. Unsatisfactory outcomes from these engagements can lead to exclusion from client-specific portfolios.[50]

49 See Appendix III

50 For more information on engagement activities, please see the most recent reports here: https://www.pgimquantitativesolutions.com/Stewardship. Accessed July 2025.

CASE STUDY:

RETAIL ENERGY & POWER GENERATION COMPANY

Context:
In 2024, PGIM's quantitative equity team, in partnership with its engagement service provider, engaged with a leading US integrated retail energy and power generation company identified as having material risks.

Topics:
The material risks were related to operations, emissions, effluents and waste, and product governance.

Objective: The team engaged to discuss the need for enhanced disclosure to provide investors with greater insight into the material ESG risks. Key areas of focus included progress towards effluent and non-GHG emissions management, decarbonisation targets, and climate transition strategy.

Action: During the engagement call, the discussion highlighted several positive developments achieved by the company, including enhanced disclosures on Scope 1 and 2 GHG emissions, stakeholder relations, emergency response, and spill management. The team was encouraged by the company's consistent improvements in disclosure practices and its evolving climate transition strategy. The open and constructive nature of the engagement also allowed for a deeper understanding of the company's challenges, particularly in developing its climate transition strategy. Areas identified for improvement included increased transparency around capital allocation strategy - specifically, the percentage of total Capex dedicated to financing their low-carbon transition - and detailed information on projects or initiatives supporting GHG emission reduction targets and the long-term net zero goal.

Outcome: While this engagement remains active, the team is encouraged by the progress made and will continue to engage until meaningful change objectives are achieved.

PROXY VOTING

Our quant team's Proxy Voting Overview sets out its approach to vote proxies in the best long-term economic interests of its clients. The team has developed and adopted detailed, customised voting guidelines to address certain recurring shareholder meeting proposals.

The voting guidelines are not intended to limit the analysis of individual issues at specific companies or dictate how the quant equities team will vote in every instance, but to express the team's general views on corporate governance and other important matters that arise during shareholder meetings. The guidelines are applied with discretion, taking into consideration the range of issues and facts specific to individual companies and individual ballot items. As the guidelines are not absolute, context matters and may drive different outcomes for different companies. For example, when performing manual evaluation of a ballot item relating to executive compensation, different factors will be considered, such as stock performance, financial position, and compensation practices of the issuer relative to its peers, change in control, tax gross-up and clawback policies of the issuer, pay inequality and other corporate practices. With respect to contested meetings, which will always be voted on a case-by-case basis, research provided by the quant team's proxy adviser will be considered along with other sources of information available in the marketplace, to understand the issues on both sides of the contest and determine the business's view. With respect to mergers and acquisitions, consideration will be given to whether a fairness opinion regarding valuation has been obtained.

With respect to non-US holdings, additional restrictions in some countries will be taken into account that might impair the business's ability to trade those securities or have other potentially adverse economic consequences. Further, the business may be unable to vote proxies in countries where clients or their custodians do not have the ability to cast votes due to lack of documentation, operational capacity, or otherwise. The business generally votes non-US securities on a best-effort basis when it is determined that voting is in the best economic interest of the business's clients. In addition, when voting on ballots for companies in global markets, various market-specific nuances will be considered, along with applicable regional rules and practices, including codes of conduct and other guides.

Our quant team's Proxy Voting Committee includes representatives from the team's Investment, Operations, Compliance, Risk and Legal teams. This committee is responsible for updating and interpreting the proxy voting policy, identifying conflicts of interest, and periodically assessing the effectiveness of the policy and procedures. To support its efforts, the team also uses the services of a third-party proxy voting adviser. The Proxy Voting Committee oversees the proxy adviser's services by reviewing management reports and performing periodic reviews of the proxy adviser.

The quant equities team believes that strong stewardship leads to improved management of social and environmental issues, and considers shareholder proposals in this area carefully, with a focus on financial materiality.

When voting proxies, the team's analysis of various shareholder proposals related to ESG issues provides an opportunity to vote for those that the team believes will help reduce material risk factors, as well as lead to better disclosures of industry-specific and systemic risks. The team seeks to actively monitor developments in the proxy voting arena based on a historical analysis of proxy issues and a continuing review of new proposals and legislative changes. The policy and guidelines are reviewed annually and updated as needed to address new developments.

PGIM Quant Proxy Voting Record [51]

TOTAL PROPOSALS
74,539

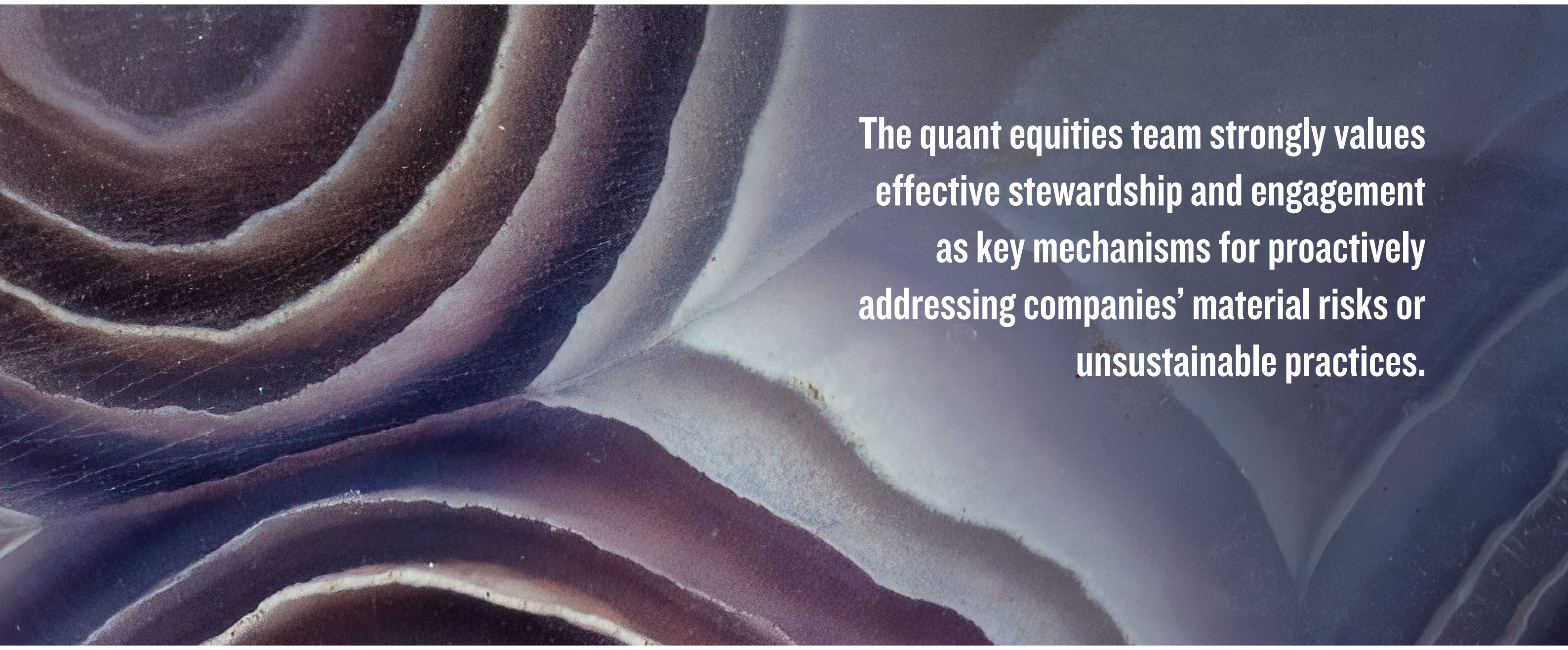
MANAGEMENT	SHAREHOLDER
73,440	1,099
98.5%	1.5%

Management

SUPPORTED	OPPOSED	ABST/OTHER
63,745	6,303	4,079
86.8%	7.6%	5.6%

Shareholder

SUPPORTED	OPPOSED	ABST/OTHER
345	687	67
31.4%	62.5%	6.1%



The quant equities team strongly values effective stewardship and engagement as key mechanisms for proactively addressing companies' material risks or unsustainable practices.

51 Quantitative Solutions' Proxy Voting Record is available here: https://www.pgimquantitativesolutions.com/Stewardship Accessed July 2025.

CASE STUDIES:

EXAMPLES OF ESG-RELATED SHAREHOLDER RESOLUTIONS SUPPORTED AND OPPOSED

VOTE FOR: SHAREHOLDER PROPOSAL REGARDING JUST TRANSITION DISCLOSURE FOR A LEADING ONLINE RETAILER AND TECHNOLOGY FIRM

Shareholder Proposal: The shareholder proposal requested that the Company's Board of Directors issue a report addressing the impact of the Company's climate change strategy on relevant stakeholders, including but not limited to, employees, supply chain workers and communities in which it operates. The proposal was consistent with the "Just Transition" guidelines of the International Labour Organisation (ILO) and indicators of the World Benchmarking Alliance. PGIM's quantitative equity team reviewed the available proxy research, which included detailed information on the Proponent's and Board's perspectives, SASB materiality and peer review.

Voting Rationale: In reviewing the research, it was evident that the Company had committed to achieving net zero carbon emissions by 2040, a goal requiring significant transformations across its vast transportation and logistical networks, which would inevitably bring changes to the Company's workforce needs. The company actively invests in its communities and openly supports a Just Clean Transition. Additionally, the company encourages its employees to learn new skills, offering Upskilling and Career Choice programmes to its US-based employees, committing more than $1.2 billion to such programmes. Despite these efforts, the Company has not addressed how its climate-focused technological solutions, such as its investments in electric and autonomous vehicles, may affect jobs and communities, especially along its supply chains and transportation networks.

Outcome: PGIM's quant equities team voted FOR the proposal, determining that the cost of enhancing disclosure seemed reasonable compared to the potential material risk of reputational, regulatory and legal risks that the company could face, and the increased transparency would ultimately benefit the shareholder.

VOTE AGAINST: SHAREHOLDER PROPOSAL REGARDING JUST TRANSITION DISCLOSURE FOR AN INTEGRATED OIL AND GAS COMPANY THAT EXPLORES FOR, PRODUCES AND REFINES OIL WORLDWIDE

Shareholder Proposal: The shareholder proposal to the Board of Directors requested that the Company create a social impact report regarding the consequences of facility closures or energy transition on workers and communities, as well as potential alternatives that can be developed to help mitigate these impacts.

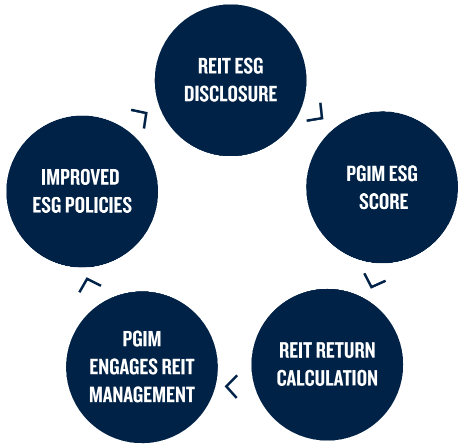
Voting Rationale: PGIM's quant equities team reviewed the available proxy research, which included detailed information on the Proponent's and Board's perspectives, SASB materiality and peer review. In reviewing the research, it was evident that the Company, in its most recent sustainability report, disclosed that it chairs the Just Transition Task Force within Ipieca, the global oil and natural gas association for advancing environmental and social performance across the energy transition. In addition, the Company's Investing in People Report outlined its workforce management approach, including goals enabling employees to reach their full potential, among others. The Company also detailed its approach to local economic development and its long-term, strategic approach to developing human, social and economic capacity with lasting results for people, communities and businesses in countries where it operates. Further, the Company's Advancing Climate Solutions Progress Report addressed the protection of assets, the community and the environment.

Outcome: The quant equities team recommended voting AGAINST the proposal, concluding that the Company's various public reports sufficiently outline its considerations for a Just Transition. Given the numerous disclosures on this topic, and updated Just Transition reporting which specifies (i) the Company's approach, which is informed by the ILO; and (ii) the Company's management and application, including its employees and its communities, the team determined that adoption of this proposal would not meaningfully enhance shareholders' understanding of the Company's approach to this issue.

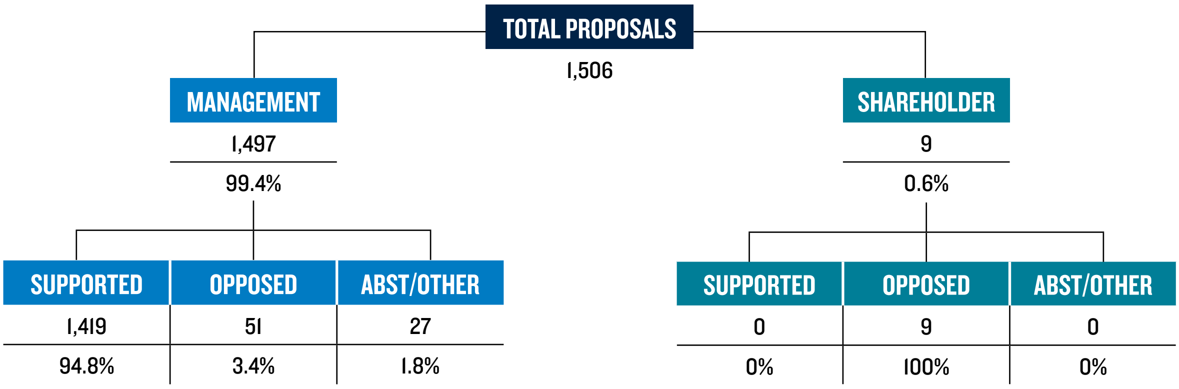
GLOBAL REAL ESTATE SECURITIES

As shareholders, Global Real Estate Securities (GRES) wield influence over ESG-related decisions for its REITs. As illustrated in the graphic, ESG considerations and ESG engagement are integrated components of the investment process and have a direct impact on the justified premium/discount to NAV assigned to every REIT under coverage, based on a number of factors, including a proprietary ESG score and a management score.

As part of the ESG engagement process, GRES meets with senior management of a REIT each year to discuss ESG scores, priorities and progress. REITs that elect to improve their ESG focus may see a corresponding increase in projected returns and may become eligible for additional investment from GRES strategies.



GRES Proxy Voting Record [52]



CASE STUDIES:

EXAMPLE OF ESG-RELATED VOTE

VOTE AGAINST: MANAGEMENT PROPOSAL FROM A LARGE-CAP DATA CENTRE REIT TO ADD A PROVISION TO SHIELD CERTAIN OFFICERS FROM PERSONAL LIABILITY FOR BREACHES OF THE DUTY OF CARE IN DIRECT SHAREHOLDER ACTIONS

Management Proposal: the issuer proposed adding a provision to exculpate certain officers from personal liability for breaches of the duty of care in direct shareholder claims, following a change in legislation in its state of incorporation. The Company cited the need to attract and retain top executive talent and reduce the burden of frivolous lawsuits and rising insurance costs.

Voting Rationale: The Global Real Estate Securities (GRES) team reviewed the management proposal alongside their ESG and proxy voting policies and determined that supporting this proposal was not in line with their stated policies or in the best interests of shareholders. The GRES team concluded the Company could still attract top talent without undermining officer accountability or weakening shareholder protections.

Outcome: While the board's intent may be to align with evolving legal standards and reduce litigation risk, the proposal raised concerns about weakening officer accountability, and the GRES team voted against the proposal. In the absence of compelling justification, voting against the amendment upholds shareholder protections and reinforces a commitment to strong corporate governance.

52 Source: PGIM's GRES Team

FIXED INCOME AND PRIVATE CREDIT

FIXED INCOME

ENGAGEMENT APPROACH AND ACTIVITIES

The Fixed Income team views active stewardship as a fundamental part of its investment process, which, through constructive and ongoing dialogue with issuers, can enable the team to achieve better investment outcomes and, where applicable, positive environmental and/or societal outcomes for clients. Engagements are focused on issuers of debt and include listed and unlisted companies, as well as securitised products, municipals, and sovereigns. The emphasis Fixed Income places on stewardship is formally recognised by the UK Financial Reporting Council (FRC) via their status as a signatory to the UK Stewardship Code.[53]

INVESTMENT-DRIVEN ENGAGEMENT OUTCOMES

The engagement efforts are rooted in the fiduciary duty towards clients, and a core tenet of the team's engagement philosophy is that it should not pursue engagements that are likely to harm the value of clients' positions in the issuer. The objective of the engagements is specific to each issuer and focused on issues that the relevant analyst considers to be material to the issuer from an ESG credit risk/opportunities and/or ESG impact perspective.

Fixed Income prioritises its efforts on engagements it believes will add the most value to its investment process. This generally means prioritising engagements with issuers where they:

- have identified a material issue that is impacting or could impact the issuer
- find the issuer to be attractive from a relative value perspective; or
- believe the issuer is likely to be receptive to engagement.

However, as an active investor, Fixed Income may engage with other issuers as circumstances warrant.

Given that the engagement activities are directly linked to investment research and decisions, a strong preference is for one-on-one direct engagements, as this allows Fixed Income to represent its own viewpoint and enables it to speak candidly when highlighting its concerns to company management, policymakers, arranging banks, sponsors, NGOs, or any other stakeholder. No third parties are employed to conduct engagements. The team encourages close collaboration between its fundamental research analysts, economists and ESG specialists throughout the engagement process. Such collaboration allows for knowledge sharing and enables team members to think holistically about the ESG objectives and risk-return implications of an engagement. Summaries and assessments of the engagements are recorded internally and facilitate monitoring of ESG-related interactions with issuers, providing helpful insights to the investment process. The insights from the engagements are reflected in ESG Impact Ratings and/or fundamental credit ratings (where ESG risks are integrated), as appropriate, both of which must be updated at least annually, or more frequently as events warrant.

ESCALATION

Fixed Income believes its most effective escalation tool is its decision to reduce holdings or refrain from investing in the issuer's debt in the accounts where this would be in line with a client's guidelines and as permitted by law, especially when combined with feedback to the issuer about the investment decision. Given that fixed income investments generally lack equity ownership rights, Fixed Income cannot use proxy voting as a key escalation tool. However, as a leading fixed income asset manager, it has other mechanisms at its disposal. Unlike equity, debt has maturity dates, requiring issuers to frequently raise new debt. Even if Fixed Income does not hold an issuer, their insights can still impact future debt issuance. Considering these factors, Fixed Income's decision to buy, divest or refrain from investing in relevant accounts can be useful escalation tools, particularly when accompanied by direct communication to the issuer about their investment reasoning.

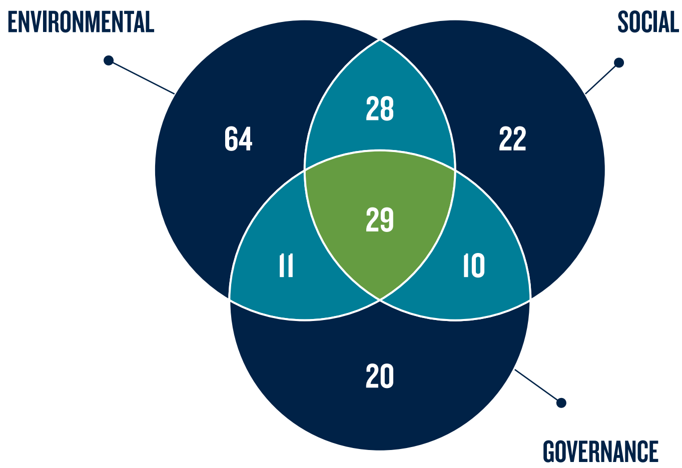
TRANSACTION STRUCTURES AND DOCUMENTATION PACKAGES: The terms and conditions of indentures, contracts, prospectus supplements and related transaction documents are an important part of Fixed Income's asset management responsibilities relating to securitisations. In the new issue context, depending upon the sector and specific investment opportunity, credit analysts may negotiate transaction terms with issuers and sponsors to improve credit protections and governance on behalf of their clients. Fixed Income may also request enhanced reporting packages and actively negotiate transparency provisions if it considers the proposed or existing reporting to be deficient for monitoring requirements.

53 See Appendix III for PGIM Fixed Income's UK Stewardship Code Report.

ENGAGEMENT STATISTICS

Total Issuer ESG Engagements	184
Total Issuers Engaged	166

Issuer ESG Engagements by Category	Total
Environmental	64
Social	22
Governance	20
Environmental and Social	28
Environmental and Governance	11
Social and Governance	10
Environmental, Social, and Governance	29



CASE STUDIES:

INFORMATION AND ANALYTICS COMPANY

Topics:
Data privacy and security

Objective:
To delve into the practices that led to a class action data privacy lawsuit against the company and voice our opinion that issuers like this company have heightened responsibilities around data privacy and cybersecurity.

Action & Outcome:

- The company could not comment on active litigation. As the lawsuit related to wrongful use of data, we instead challenged them on how they acquired data and how they mitigated against its wrongful use.
- The company explained that they purchased data for a specific purpose but faced challenges with 'bad actors' misusing data. Instead, they tried to mitigate the risk by auditing customers and ensuring that products underwent a full compliance programme.
- We highlighted that we saw cyber security as a prime ESG consideration for the company and questioned them on how they protected data. The company acknowledged that cybersecurity was a principal risk but provided no concrete KPIs or methods to evaluate the quality of the processes they had in place.
- Although we challenged the company on the topic using different angles, the answers were very vague and reflective of the way the sector handles this topic.
- The issuer's products often have significant positive impact as they are used to protect against fraud, digital ID checks and help customers make credit checks. To be able to provide these products, the company holds highly sensitive information, and its safeguarding is key.
- We emphasised that we would like to see improved disclosure going forward and requested more detail. They acknowledged our request but gave no commitment.
- While the engagement did offer some insight, we were largely left disappointed with the information we received and the response to our enquiries.
- We see no need to change the current credit rating or ESG Impact Rating.

CASE STUDIES (CONT.):

EMERGING MARKET COUNTRY

Topics:
Energy use & efficiency | GHG emissions & climate change

Objective:
Following a recent engagement, we engaged again to understand how the country plans to achieve its green climate transition targets.

Action & Outcome:

- We asked how the country is combining its need for energy security with its climate target goals. We learned that the strategy was to substitute and reduce demand for imported oil and gas through increased use of geothermal power, further electrification, and increased renewables capacity. Nuclear would also remain an important part of the electricity mix. The government was also looking at improving energy performance for existing housing stock and new builds, with new regulation approved in late 2023.
- Road transportation is a significant GHG emitter for the country, but it has very low EV penetration, so we asked if there were plans to roll out infrastructure to encourage an increase in EVs. An Energy Ministry official told us that a subsidy programme for corporates to purchase EVs would be rolled out at the beginning of 2024 along with a dedicated programme to roll out EV charging infrastructure in the countryside.
- We were pleased to see an Energy Ministry official at the meeting – in our last engagement, we specifically requested that someone from the relevant ministries be present in ESG meetings in order to facilitate a meaningful conversation on ESG topics.
- In our next engagement, we will reiterate our request for more details on the overall energy transition strategy. This includes how ongoing investment, expenditure, and the country's green bond framework and issuance support this strategy.

WHOLESALE AUTO PARTS DISTRIBUTOR

Topics:
GHG emissions & climate change

Objective:
To follow-up on previous engagements where we have voiced our discontent with the company's lack of disclosed Scope 1 & 2 emissions numbers

Action & Outcome:

- This is the third time in three years that Scope 1 & 2 emissions numbers have been requested.
- In previous instances, the company merely said that it was 'working' on collecting this data.
- This time, although it did not have any data to share immediately, management told us they had just hired a full-time ESG specialist and their ambition was to disclose emissions data and, in time, to articulate a decarbonisation strategy.
- Given its lack of disclosure, we assign the company a bottom-of-the-range ESG Impact Rating.
- We will continue to ask management for updates regarding timelines for delivery of emissions disclosures on quarterly earnings calls.
- We anticipate that our prompting will lead to forthcoming disclosures.
- Depending on what these disclosures eventually are, we may upgrade the ESG Impact Rating.

PRIVATE CREDIT

ENGAGEMENT ACTIVITIES

Regular engagement with companies in Private Credit investment portfolios is a critical part of the team's investment process. Our private credit team has had the good fortune of maintaining continuous investment relationships with many businesses, extending over several decades, and the partnerships with the companies in which they invest provide deep insights.

Private Credit's approach to ESG engagement is aligned with the team's relationship-forward mentality. Private Credit investment teams manage their relationships from initial investment review through the end of the holding period, and as a result, ESG engagements may occur at any point in the investment process. For portfolio companies with identified significant economic ESG risks, the team strives to prioritise discussions directly with company management. ESG engagements most often involve diligence around ESG risks, as investment teams strive to deepen their understanding of business fundamentals and ESG issues that may pose downside credit risk.

As a primarily debt investor, the intended outcome of engagement is often to gather more information about the identified risk and discuss mitigants if they exist, with the goal of better informing investment teams in their analysis. The timescale of the engagement period will vary according to the ESG issue and the specific issuer.

CASE STUDY:

ENGAGEMENT ON WILDFIRE PREPAREDNESS AND BUSINESS IMPACT

Background: As a forest products and mill operating company, operations are reliant on a natural resource – local forestry.[54] As such, responsible management of ESG Factors like sustainability (use and management of natural resources) and climate change (changing weather patterns and increasing risk of natural disasters) is fundamental to their business. In 2023, wildfire activity was elevated in certain regions of operation, threatening the company's sawmills and surrounding forests. The private credit investment team first engaged the company's management team on which protective steps it had taken to adequately position its assets amidst the increasingly wildfire-prone environment. From an environmental risk perspective, the management team discussed facility investments made to manage nearby vegetation and fortify exterior surfaces. Management also noted that, given the employee base around their mills includes local communities, they also had a responsibility to extend support to employees impacted by the fires.

Follow up and Outcome: Throughout 2024, the private credit investment team continued to engage directly with the company for more detailed information on the wildfire's impact on the affected sawmill and surrounding forestry, including availability of economic fibre around the mill, which can affect the mill's utilisation rates. The private credit investment team continues to monitor the company's financial and economic risks associated with the impact of wildfires – as well as potential risks and mitigants relevant for future wildfires – via ESG risk scoring and documentation in our ESG Checklist risk assessment.

ESG RISK FACTORS COVERED DURING ENGAGEMENT:

Climate Change	Sustainability	Stakeholder Engagement
Preparedness, prevention and response to wildfires	Ability to sustain mill operations based on availability of natural resources (local forestry and economic fibre)	Management of relationships with employees and local communities

The case studies shown herein are provided for informational purposes only, solely as an illustration of PGIM Private Capital's ESG research evaluation and engagement capabilities. The examples are not inclusive of all potential ESG issues and engagements, and are not intended to represent a specific portfolio's performance or characteristics. The Private Capital Team's ESG processes may yield different results than other investment managers, including its affiliates. ESG factors and ratings may change over time. This information should not be construed as investment advice.

54 100% of the forested land managed by the Company is certified to the Sustainable Forestry Initiative® (SFI) standard (as per Company's 2023 Sustainability Report).

REAL ESTATE

The Real Estate team places a high emphasis on stewardship, which is formally recognised by the UK Financial Reporting Council (FRC) via its status as a signatory to the UK Stewardship Code.[55] Real Estate's approach to stewardship is integral to its goal of delivering enhanced risk-adjusted returns for its investors and to becoming a landlord and lender of choice, and we believe that engaging to improve sustainability practices of an asset and/or supporting borrowers in their transition toward sustainability helps create long-term value for all stakeholders.

STEWARDSHIP IN REAL ESTATE EQUITY

On the equity side, where Real Estate invests directly in the real estate assets, the stewardship objectives are primarily set at the time of initial investment, or in the annual asset-level work plan process and are executed and monitored on an ongoing basis. These stewardship activities may include, amongst others, objectives to improve sustainability performance, tenant well-being, or improve the community in which we are invested.

CASE STUDIES:

USING THE ACQUISITION DUE DILIGENCE PROCESS TO IDENTIFY, BENCHMARK AND UNDERWRITE SUSTAINABILITY IMPROVEMENTS

PORTFOLIO OF LOGISTICS ASSETS

Background: In 2023, a portfolio of logistics assets in southern Italy was acquired for a PGIM Real Estate' equity strategy. Enhancements were identified during the acquisition through due diligence across the property services. The installation of low or zero-carbon technologies was identified to contribute to improved Energy Performance Certificate (EPC) ratings of B and also support the carbon intensity targets set out by the 1.5°C decarbonisation pathways developed by CRREM.

Action & Outcome: Based on the life cycle of the majority of building services, electrification works were recommended for the assets in 2025/6. Photovoltaics (up to 514kWp) were also proposed on a similar timeline. The capex was estimated at €2.9million, which has been budgeted into the property strategy and approved by the European Investment Committee. Our comprehensive due diligence ensured the underwriting of capex at the point of acquisition. This future-proofs the assets in terms of climate mitigation and transition risk and positions the portfolio of assets towards net zero. A BREEAM In Use gap analysis and roadmap to achieve a rating of Very Good was also completed during due diligence. The roadmap will provide a framework to determine and drive additional sustainable improvements, beyond climate mitigation, in the operational performance of the asset during ownership. Green leases were also negotiated and held with the tenant.

CONTINENTAL EUROPEAN LOGISTICS ASSET

Background: In 2023, a logistics asset on the outskirts of Paris was acquired for a PGIM Real Estate equity strategy. Enhancements were identified during acquisition through due diligence across the property services and building fabric. Energy efficiency upgrades to the property services and repairs/insulation to the roofs were identified to contribute to a 40% reduction in energy consumption in line with the requirements of the Décret Tertiaire by 2030.[56]

Action & Outcome: Based on the life cycle of the building services, replacement of the existing A/C and unit heaters with more energy-efficient systems and the provision of a building management automation control system were recommended for 2024/2025. These upgraded works alone were identified to contribute to improved EPC ratings of B. The potential for the provision of photovoltaics was recommended to be completed on a similar 2024/2025 timeline. Based on the option of a lease break for the logistics assets, upgrades to the roofs were recommended to be delayed to 2029. The capex for the upgrades to the property services and building fabric was estimated at €3.5m with an additional €0.17 million allocated for the provision of electric vehicle chargers, all of which has been budgeted into the property strategy and approved by the European Investment Committee. A BREEAM In-Use gap analysis and roadmap to achieve a rating of Very Good was also completed during due diligence. The roadmap will provide a framework to determine and drive additional sustainable improvements, beyond climate mitigation, in the operational performance of the asset during ownership. Green leases were also negotiated and held with the tenant.

55 See Appendix III for PGIM Real Estate UK Stewardship Code Report.

56 For more information, please see the Décret Tertiaire, Décret n° 2019-771 du 23 juillet 2019 relatif aux obligations d'actions de réduction de la consommation d'énergie finale dans des bâtiments à usage tertiaire - Légifrance. Accessed July 2025.

ENGAGING WITH TENANTS

Optimising the energy performance of buildings while ensuring the health, safety and well-being of its occupants is central to the tenant engagement strategy for PGIM's real estate investments. Engagement varies across properties/regions but will focus on the following key activities:

- **REDUCE COMMON AREA CHARGES FOR TENANTS:** To better manage energy prices and reduce common-area costs, PGIM's Real Estate teams have implemented efficiency projects and power procurement strategies when feasible, thereby reducing the total costs of occupancy.
- **RAISE STAKEHOLDER AWARENESS:** Recognising that tenants drive resource use at buildings, Real Estate and many of its property managers provide education and tenant guides to encourage efficient resource use and reduce energy footprints.
- **TENANT SATISFACTION SURVEYS:** To ensure they meet or exceed tenants' expectations, every two years important tenant topics are evaluated, such as property management, leasing, maintenance, property features and general tenant satisfaction. The goal of the assessments is to gauge tenant satisfaction throughout Real Estate's portfolio, with views to improving performance, increasing retention, maximising portfolio value, and achieving operational excellence.
- **ANNUAL PROPERTY MANAGER SURVEYS:** The global annual GRESB Property Manager Survey evaluates (1) how property managers collect and report sustainability data, (2) trends and opportunities related to tenant and community engagement, (3) health and well-being initiatives and (4) exposure to extreme weather events.
- **SUSTAINABILITY ATTRIBUTES SURVEY:** Real Estate's own Sustainability Attributes Survey queries property managers regarding 60 sustainability attribute indicators, including such categories as lighting, roof efficiency, water efficiency, energy efficiency, waste management, transportation and refrigerants. The results provide a snapshot of global, regional, and fund-level sustainability performance from which key recommendations in each category can be made.

ESCALATION of stewardship activities in Real Estate for equity investments can take several forms, including:

- Escalating issues with service providers: Property managers play a key role in the management of sustainability issues at the asset level and the Property Management Agreements, which include SLAs and KPIs that allow the team to benchmark property manager performance against Real Estate's applicable sustainability and stewardship objectives and escalate sustainability issues should they be identified. Other forms of escalation with property managers and other service providers include collaboration, senior management engagement, and terminating the service provider.
- Modification of asset-level work plans: As described below, asset managers develop a strategic plan for each asset that includes specific ESG objectives based on the original underwriting assumptions and the goals of the portfolio. These annual reviews provide an opportunity for progress measurement, as well as escalation of engagement when progress in meeting objectives is behind target.

CASE STUDY:

A FOCUS ON WELL-BEING: TENANT ENGAGEMENT IN AFFORDABLE HOUSING STRATEGIES IN UK

Project: As part of the ongoing initiative for tenant engagement across its affordable housing strategies, one of PGIM Real Estate's property managers has planned and carried out a variety of tenant events. Throughout 2023[39] several events were held both virtually and in person across operational sites managed by Wise Living.

These included:

- A Valentine's Day Promotion
- Over 500 Easter gifts delivered to residents
- A celebration of the Coronation of King Charles III
- Pizza evenings held across various locations with over 365 free pizzas served
- Halloween competition encouraging the sharing of Halloween inspired artwork
- Great neighbour awards

Outcomes: Feedback and engagement statistics have been collated to improve the future calendar of events and allow management to roll out more targeted events that tenants enjoy. Looking forward, 2025 is expected to see an improvement in communication through the dedicated resident portal and events are planned to be rolled out across all 27 operational sites. The resident portal is designed to facilitate a more streamlined feedback process and provide more effective engagement statistics.

STEWARDSHIP IN REAL ESTATE DEBT

On the debt side, the Real Estate team's ability to escalate ESG issues and seek change is primarily determined during the initial investment, underwriting, due diligence, and documentation stages, as ESG-related requirements may be imposed through loan covenants, or structured mechanisms. The engagements the team has with borrowers may include:

- Seeking to educate borrowers in the reduction of their portfolio's energy impact and, where relevant, promote sustainable design and construction methods.
- Encouraging borrowers to develop sustainability expertise on topics such as energy ratings and green building certification, as well as to develop their own ESG strategy and industry affiliations.
- Monitoring and enforcing ESG covenants established in the lending documents.
- Reviewing and approving borrower consents.
- Reviewing and approving borrower business plans and plans for efficiency enhancements.

CASE STUDIES:

DEFAULT FOR FAILURE TO ADHERE TO CONDITION OF LOAN PROJECT

Background: Multifamily Residential Complex, California, US

Sustainability Considerations: During standard loan diligence undertaken by the engineering team, it was discovered that the property, located in an active seismic zone, had experienced moderate-to-severe soil erosion on a natural coastal bluff. Standard diligence also includes analysis of a third-party physical risk report, which noted that the asset was at a high risk for earthquakes. After property-level investigation, the engineering team recommended that the borrower promptly commence the preparation of plans and specifications for the construction of caissons (pylons) to mitigate seismic risk. After engaging and reaching agreement with the borrower, language was inserted into the legal documentation requiring the borrower to implement the recommended physical risk mitigation measures within 180 days of loan closing.

Action: Our servicing team revisited the property 6 months after loan closing to ensure mitigation measures were being constructed. It was discovered that the borrower had not commenced the necessary physical risk mitigants. The servicing team issued a non-monetary default notice for failure to address the documented risk.

Outcome: After further engagement with the borrower, an agreement was reached to provide sufficient evidence of mitigation construction. The borrower also agreed to provide quarterly reporting of their slope monitoring programme, including geological reconnaissance and visual documentation for quarter-over-quarter comparisons. These engagement actions improved the safety and security of the collateral property and reduced the downside exit risk of the loan by mitigating known physical risks.

ENGAGEMENT THROUGH INDUSTRY ORGANISATIONS AND INITIATIVES

Engagement across the industry is another important aspect of good stewardship. The pooling of resources by investors through engagement initiatives enables the sharing of a breadth of insights and expertise on ESG/Sustainability-related topics, as well as sharing best practices around the world. It helps investors focus on consistency, amplifies critical issues and increases the chances of driving positive, value-enhancing market change.

Many ESG industry initiatives exist worldwide, many with broad remits. PGIM carefully reviews the ESG initiatives it participates in every year to ensure we play an active role in organisations that we believe will benefit our clients, and to which we are able to make a positive contribution.

PGIM is a member or supporter of:

- The Council of Institutional Investors (CII)
- International Corporate Governance Network (ICGN)
- Institutional Investors Group on Climate Change (IIGCC)
- IFRS (International Financial Reporting Standards) Sustainability Alliance and SASB (Sustainability Accounting Standards Board) Standards
- Additionally, PGIM is a Research Funding Partner of the Transition Pathway Initiative (TPI)

PGIM-LEVEL MEMBERSHIPS

Council of Institutional Investors®
The voice of corporate governance

ICGN
International Corporate Governance Network

IFRS Sustainability Alliance

IIGCC
The Institutional Investors Group on Climate Change

Transition Pathway Initiative

SASB INSIDE

Additionally, throughout 2024, PGIM's investment groups (under their previous names) were members of or engaged with world-leading organisations, including:

PRI Principles for Responsible Investment	In 2024, PGIM Fixed Income, PGIM Quantitative Solutions, Jennison Associates and PGIM Private Alternatives (which included PGIM Real Estate, PGIM Private Capital and Montana Capital Partners) were all signatories to the Principles of Responsible Investment (PRI). The Principles were developed by the investment community and reflect the view that ESG issues can affect the performance of investment portfolios and should be considered by investors to fulfil their fiduciary (or equivalent) duty. The Principles provide a voluntary framework by which investors may incorporate ESG issues into their decision-making and ownership practices.
UK STEWARDSHIP CODE	PGIM Fixed Income and PGIM Real Estate were signatories to the UK Stewardship Code. The Code sets out 12 stewardship principles for those investing money on behalf of UK savers and pensioners, and sets responsible investment and reporting standards for signatories across engagement, client reporting and stewardship. The Financial Reporting Council is responsible for developing and reviewing the text of the Code and assessing if an applying organisation can be considered a signatory to the Code.
CDP	Jennison Associates and PGIM Quantitative Solutions were capital market signatories to CDP, which is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states, and regions to disclose and manage their environmental impacts. This includes disclosure of carbon emissions, as well as impacts on water and biodiversity.
Climate Bonds INITIATIVE	PGIM Fixed Income was a member of the Climate Bonds Initiative, which is an international not-for-profit organisation that aims to educate, inspire, convene, and steer a global collaboration of institutional investors, governments, development banks and industry to shift capital towards low-carbon and resilient investments. It does this through a variety of means, including the provision of a certification scheme for sustainable debt globally, the provision of green bond data and market analysis, as well as technical assistance and taxonomy development.
TCFD	Historically, PGIM has been a formal supporter of the Taskforce for Climate-Related Disclosures (TCFD) framework, which established the standard for climate-related disclosures. Following the incorporation of the TCFD recommendations into the ISSB's Standards, PGIM continues to work to support the collective effort to increase transparency on climate-related risks and opportunities across its respective asset classes.

EXAMPLES OF ACTIVE ENGAGEMENT WITH INDUSTRY BODIES AND INITIATIVES

We are an active and engaged participant in the membership organisations to which we belong. Across PGIM, we actively participate in working groups on a range of topics, including stewardship, climate adaptation and resilience, transition pathways and emerging market ESG investing. Additionally, PGIM is represented on the CII Corporate Governance Advisory Council which provides input on activities that promote effective corporate governance,[57] and we co-chair the Conference Board's Corporate Governance Council.[58]

PGIM also contributes proactively to further the expertise and best practices across asset classes. For example, PGIM Quantitative Solutions was a member of the IFRS Investor Advisory Group. PGIM Real Estate was a signatory/member of several industry bodies, such as AREF, CREFC, INREV, ULI, BPF and RICS, where senior employees are actively involved in many working groups with an aim to share knowledge, establish industry standards, promote best practices in corporate governance and transparency and also ultimately look to influence positive change. PGIM Fixed Income engaged with the Partnership for Carbon Accounting Financials (PCAF)'s Securitizations and Structured Products Working Group as they developed a new methodology for financed emissions for the asset class and actively provided feedback on the draft methodology, both sending written comments and speaking directly with the working group's heads. As a member of the Impact Disclosure Taskforce, PGIM Fixed Income also contributed to the guidance seeking to improve entity-level disclosures and metrics for capturing impact and SDG alignment. Jennison occasionally participates in industry groups with initiatives aimed at improving disclosure or business practices on a market-wide level, in addition to the ESG-related initiatives that PGIM contributes to, including Council for Institutional Investors and the IFRS Value Reporting Foundation.

57 For more information, see the CII website: https://www.cii.org/cgadvisorycouncil. Accessed July 2025.

58 The Conference Board's Councils are invitation-only, peer-led communities of senior corporate governance officers, corporate secretaries, and secretaries to board of directors and institutional investors responsible for corporate governance policies.

ENGAGING WITH POLICY MAKERS AND REGULATORS

PUBLIC POLICY

As a global asset manager, PGIM is reliant upon stable, well-functioning markets to fulfil its role as a responsible allocator of risk and enable its clients to pursue a broad range of investment objectives over various time horizons. As part of its role as a steward of our clients' assets, we see it as our responsibility to contribute to preserving and enhancing the integrity and stability of the market system. We therefore believe it is important that PGIM engages with governments, policymakers and regulators to support effective government policy and regulatory standards that uphold the stability of the financial markets.

We engage on a broad variety of topics in the markets and regions in which we operate and invest. In 2024, our public policy engagement efforts on ESG/Sustainability topics focused on Europe and the UK, given the regulatory agenda in these regions. We undertook direct public policy engagements with European policymakers, regulators, and industry stakeholders to share our thought leadership on the EU sustainable finance agenda. These discussions focused on key regulatory developments and challenges, including the Sustainable Finance Disclosure Regulation (SFDR), decarbonisation and transition finance, the challenges presented by the Paris-Aligned (PAB) and Climate Transition Benchmark (CTB) benchmarks, and the ESMA Guidelines on funds' names using ESG or sustainability-related terms. PGIM also engaged in the U.K. with the Financial Reporting Council (FRC) and contributed to consultations on the proposed revisions to the UK Stewardship Code directly and through our industry associations, including the Investment Association (IA), the International Corporate Governance Network (ICGN) and the Institutional Investors Group on Climate Change (IIGCC).

Our perspective and insights were well-received by policymakers and regulators and have led to in-depth exchanges about the advantages and disadvantages of different approaches to sustainability disclosure, labelling and fund naming regimes.

TRADE ASSOCIATIONS

We see engagement through industry organisations as critical for protecting our clients' interests and enhancing our ability to deliver investment products and solutions that our clients need. In 2024, PGIM actively contributed to the discussions of the various trade associations of which we are members, including the European Fund and Asset Management Association (EFAMA), the Investment Company Institute (ICI), Securities Industry and Financial Markets Association Asset Management Group (SIFMA AMG), the Alternative Investment Management Association (AIMA) and other global trade associations.

ESG THOUGHT LEADERSHIP

For PGIM, as an active, research-led, client focused investor, ESG research and analysis are core to the development of ESG products, methodologies and frameworks across our asset classes. We are keen to share our expertise and research for peer review and regularly publish our research and thought leadership on a breadth of ESG insights and topics. The following highlights a snapshot of insights published in 2024.

GREAT EXPECTATIONS: IS ENGAGEMENT LIVING UP TO ITS PROMISE?

As institutional investors increasingly looked to engagement as a core mechanism for achieving sustainable investment outcomes, we asked the question, How do engagement activities really deliver impactful, positive, real-world outcomes?

This white paper explores how asset managers can undertake engagement activities with authenticity and how clients can navigate the landscape of engagement numbers, promises and real-world aspirations. It seeks to cut through the rhetoric to bring clarity to the true role of engagement.

Read More

STYLES OF RESPONSIBLE INVESTING: ATTRIBUTES AND PERFORMANCE OF DIFFERENT RI FUND VARIETIES

As CIOs are faced with an array of responsible investing (RI) strategies: how do they understand which ones best fit their objectives? This paper uses the RI fund universe to provide CIOs with a roadmap. It looks at ex-ante metrics – how are the portfolios constructed? – and ex-post measures – how have they performed? – to analyse the different styles.

Read More

PGIM POLICY INSIGHTS: IMPROVING THE SFDR

Sustainable finance initiatives, including investor disclosures, play a meaningful role in addressing environmental and social risks. The Sustainable Finance Disclosure Regulation (SFDR) is a key part of the EU's regulatory landscape aimed at enhancing transparency and preventing greenwashing in the financial sector. It requires financial market participants (FMPs) to disclose how they integrate sustainability risks into their investment decisions and the sustainability characteristics of their financial products. PGIM believes there is room to enhance this regulatory framework to better enable investors to develop greater sophistication and investment managers to help finance the real-economy's transition to net zero. PGIM supports the European Commission's efforts to realise the SFDR's full potential and, in this paper, outlines our views on strengthening the regulation

Read More

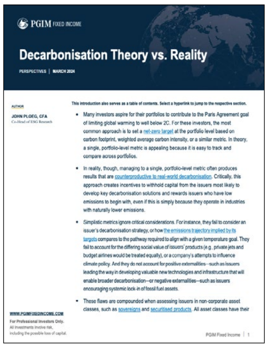
FUELING THE FUTURE

Today we stand at a critical inflection point for the energy system. For decades, the world has wrestled with an energy trilemma in balancing multiple goals: reliability, universal access to affordable energy, and mitigating and avoiding environmental harm. However, the complexity of balancing these competing priorities has dramatically increased in a world facing multiple interlocking crises. To understand the emerging investment opportunities and hidden risks from a global energy system in transition, PGIM's Thematic Research Team drew on the insights of thirty investment professionals across PGIM's fixed income, equity, real estate, and private alternatives managers – as well as leading policymakers, academics, entrepreneurs, private equity, and venture capital investors. This paper lays out the key drivers reshaping the energy system and the resulting trade-offs amidst a prolonged energy transition. These foundational hypotheses and concepts allow the paper to highlight the most attractive investment themes across the energy system, where it also sets out the case for avoiding speculative opportunities that garner much media hype. Finally, the paper lays out an action plan for chief investment officers as they evaluate the impact of the evolving energy system across their portfolios.

Read More

SELECT THOUGHT LEADERSHIP ACROSS ASSET CLASSES

FIXED INCOME & PRIVATE CREDIT


PGIM FIXED INCOME

Decarbonisation Theory vs. Reality

PERSPECTIVES | MARCH 2024

DECARBONISATION THEORY VS. REALITY

Fixed Income's award-winning[59] white paper exploring the complexities of net zero and real-world decarbonisation sets out an alternative approach to help investors seeking to use their portfolios to contribute to the Paris Agreement goal of limiting global warming to well below 2°C.

The most common approach for investors seeking to contribute to worldwide decarbonisation has been to set a net-zero target at the portfolio level based on carbon footprint, weighted average carbon intensity (WACI), or a similar metric. The theory is that a portfolio-level emissions metric that aims to be reduced over time is an effective way to drive real-world decarbonisation. However, the reality is that such portfolio-level metrics often produce results that are counterproductive to real-world decarbonisation.

Read More


PGIM FIXED INCOME

Emerging Markets Unveiled

Uncovering opportunities for impact in Emerging Markets

PERSPECTIVES | SEPTEMBER 2024

UNCOVERING OPPORTUNITIES FOR IMPACT IN EMERGING MARKETS

This white paper explores the challenges facing investors looking to uncover opportunities for impact in emerging markets and highlights the potential of this asset class to generate positive impacts on the environment and society.

Read More

59 Decarbonisation Theory vs. Reality won Savvy Investor's Investment Content Club 2024 Best ESG Thought Leadership Award.

PUBLIC EQUITIES

FUELING THE FUTURE

This white paper sets out Jennison's approach to capturing the decarbonisation investment opportunity.

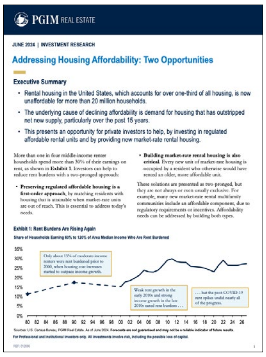
Read More

SUSTAINABLE DEVELOPMENT GOALS: A LIQUID MARKET APPROACH TO IMPACT INVESTING

This white paper explores how investors can uncover companies that make a positive impact and provide a compelling return profile. The research highlights how changing consumer preferences and demand are driving companies to provide more impactful and responsible products and services. Asset owners, in turn, are increasingly seeking investments that intersect upside returns and sustainability. Complex problems require multi-dimensional solutions that not only target companies with alignment to SDGs, but also those with strong ESG and fundamental attributes, while balancing risk considerations. This trade-off between risk and sustainability necessitates a sophisticated data approach and advanced portfolio engineering.

Read More

REAL ESTATE



ADDRESSING HOUSING AFFORDABILITY: TWO OPPORTUNITIES

Rental housing in the United States, which accounts for over one-third of all housing, is now unaffordable for more than 20 million households. The underlying cause of declining affordability is demand for housing that has outstripped net new supply, particularly over the past 15 years. This white paper from PGIM Real Estate suggests this presents an opportunity for private investors to help, by investing in regulated affordable rental units and by providing new market-rate rental housing.

Read More

PODCASTS

FIXED ON ESG PODCAST SERIES

Fixed Income's ESG podcast series, called "Fixed on ESG" explores the latest topics and trends of ESG investing with a rotating line-up of ESG-expert hosts and guests.

Access all episodes here

Episodes from 2024 include:

OVERCOMING BIODIVERSITY DATA CHALLENGES

The vital role of biodiversity across social and economic dependencies has captured the attention of ESG investors. With biodiversity in focus and a surge of new datasets to inform investment considerations, we explore how biodiversity is measured, approaches to investing in nature, how we tackled some of the complexities in biodiversity data when redesigning PGIM Fixed Income's Sovereign ESG Impact Rating framework, and aspirations for the future of biodiversity investing. This episode features special guest Filippo Grassi from Planet Tracker.

Listen Now

DEBT-FOR-NATURE SWAPS: UNLOCKING CAPITAL FOR CONSERVATION

Debt-for-nature swaps have come to the forefront as a unique solution for both environmental conservation and debt alleviation. In this episode of Fixed on ESG, we are joined by The Nature Conservancy, an organisation that has aided in structuring several of these types of instruments. Together, we examine their role in alleviating the post-pandemic debt surge in developing economies, the environmental benefits of these instruments, and challenges for investors in measuring effectiveness.

Listen now

SPEAKING OF ALTERNATIVES

Access all episodes here

... LET'S TALK AFFORDABLE US HOUSING

This conversation with PGIM Real Estate traverses one of the great societal challenges in the US and globally: the affordable housing market. Identifying locations and building quality affordable housing is essential for those attracted to long-term investment returns while fulfilling a vital need for communities and society. This podcast explores the benefits a skilled market analysis can bring to institutional investors.

Listen Now

... LET'S TALK AGRICULTURE

This conversation explores the transforming landscape of agricultural debt and equity, examines the mitigation of climate risk for investors, and explores the balance of labour and mechanisation in agriculture.

It provides the foundational principles at the core of agricultural investing and the challenges and opportunities available in an asset class that institutional investors are increasingly recognising as a long-term income producer with inflation-protected characteristics.

Listen now

OUR PEOPLE

PGIM has a long-held commitment to culture and inclusion, rooted in the belief that an inclusive culture for all—one that respects and values the differing backgrounds, perspectives, and experiences of our employees—is foundational to PGIM's success and sustainability. We believe a team with diverse perspectives and experiences, working in an inclusive environment, drives the best outcomes for our clients. As a leading asset manager with a global footprint, we also leverage our reach to support the communities where we work and invest. Our culture and inclusion strategy is championed by PGIM's investment teams, and permeates each department and team, across every level of talent.

TALENT

Our work as a global asset manager relies on a skilled workforce with diverse perspectives and experiences. We aim to attract, develop, promote, and retain talent, at all levels, while fostering an inclusive culture that respects and values differing backgrounds, perspectives, and experiences. Hiring and retaining a best-in-class workforce is part of how PGIM fulfils its purpose to create value for its clients.

We conduct regular outreach to schools and universities and advertise roles and internships through our careers website and platforms such as LinkedIn and Handshake. We also leverage partnerships with professional organisations to help us reach the best and brightest candidates. To broaden access to apply for our internships, we work with a variety of global and regional talent-sourcing organisations to find top talent to interview, including Disability: IN, Girls Who Invest, Sponsorship for Educational Opportunity (SEO), BLK Capital Management and GAIN UK (Girls Are Investors).

From the moment people join PGIM, we pledge to help them unlock their full potential. Our talent programmes aim to create a productive and inclusive workplace in which all employees have the skills, support, and resources to succeed in their job and are empowered to grow and develop.

CULTURE

PGIM strives to enable a culture where all employees feel understood, respected, and valued. We believe in the power of inclusion to generate informed decision-making, encourage non-consensus views, and deliver the best outcomes for our clients. When our employees feel comfortable being themselves, offering new ideas and sharing their perspectives, this directly contributes to our ability to best serve our clients' needs.

We support this environment by providing our leaders with skills, training and experiential opportunities needed to practice inclusive leadership. In our offices in the Americas, Asia, and Europe, we build community and belonging by lifting and empowering voices of all employees, and we inspire celebration of the wide range of backgrounds in our global network through affinity months and heritage month celebrations. An expansive PFI network of employee-led business resource groups, which are open to all employees, increases visibility and engagement to create a culture of inclusion by offering all employees regular opportunities to recognise and embrace our differences, learn, and connect.

Established in 2019, our Inclusion Council comprises senior leaders who play an active role in listening to our people, overseeing the global culture and inclusion strategy, evaluating the impact of our inclusion efforts, and continually adjusting and evolving our approach to meet employee, client, government, and regulatory expectations. Regional leadership teams, such as the Europe, Middle East, and Africa (EMEA) Diversity, Equity and Inclusion Council and Japan D&I Committee, focus on regional priorities and initiatives. Additionally, we engage senior executives from across PGIM to act as inclusion champions, role-modelling inclusive behaviours and developing the next generation of leaders through coaching, mentoring, and sponsorship.

INDUSTRY

The asset management industry stands at the intersection of capital, communities, and households. We recognise the significant impact of our investment decisions on people and society, which is why diversity of thought is critical to fair and accessible investment solutions. This is also why we participate, and actively engage with our peers and industry associations across the globe, in the effort to create a more inclusive industry.

Culture and inclusion are of importance to many of our clients across the globe; we aim to assist our clients in this space by sharing our strategy, taking part in industry research and being transparent in our own culture and inclusion practices. In addition, PGIM engages through industry associations to respond to regulatory and government requests for comment or information.

We strive to dismantle barriers to entry and empower and develop the next generation of leaders—at PGIM and in the industry. In 2022, to provide students from historically Black colleges and universities (HBCUs) with real-world investing experience, we established a programme to create and maintain the support of student-run investment funds at two leading HBCUs—Florida A&M University and Hampton University—along with support and training, as well as scholarships for HBCU students to increase education affordability. We believe this initiative will help to uplift students and strengthen the development of the best and brightest talent into the industry.

INVESTING

Given PGIM's global footprint and expertise, we have the capabilities to work with clients who desire to allocate capital in a way that drives positive socio-economic impact.

PGIM's Emerging Manager Portfolio is a $200 million long-term commitment made over a decade ago to invest in high-performing early-stage fund managers in alternatives whose backgrounds and experiences are often underrepresented in the asset management industry. These investments focus particularly on those raising capital for first or second funds. By providing intellectual and financial capital, and serving as an advocate for this segment, we seek to break down barriers that prevent teams led by underrepresented fund managers from raising capital. By investing in successful early-stage funds, we gain access to potentially high-quality managers with whom we can scale our investments through other platforms within the PFI General Account.

COMMUNITY

PGIM cares deeply about the global communities in which we operate so we look to provide meaningful firmwide projects that leave a lasting impact on our world. We partner with dozens of community organisations globally, whose work spans education and job readiness, food security and healthcare. Our employees volunteer their time and skills to support these organisations and eligible U.S. employees can earn up to $500 per calendar year in volunteer grants for eligible nonprofits by recording their volunteer hours. Our employee match platform, PruCares, matches U.S. eligible employee donations of up to $5,000 annually to thousands of nonprofit organisations globally. The Prudential Foundation has donated over $1.1 billion to nonprofit partners working to create paths to economic mobility for communities in the U.S. and around the world since the Foundation's first grant in 1978.

We have a multiyear, multifaceted partnership with YouthBuild International, an organisation that prepares and empowers young people to make a positive impact in their community through service and leadership. We drive outcomes through financial contributions and by partnering the skills and expertise of PGIM employees to over 75 projects globally.

PGIM leverages PFI's Inclusive and Sustainable Sourcing programme, which strives to provide opportunity for all suppliers to compete for business. We value the potential and realised benefits that an inclusive and sustainable supplier base provides, including: enhanced innovation and improved efficiency; expanded pool of talent, capabilities and perspectives; access to new customer segments and markets; savings from decreased material, energy and resource costs; strengthened supplier and customer relationships; supports our core values of being worthy of trust, staying customer focused, respecting each other and winning with integrity; stronger communities and ecosystems where we live and work by generating maximum shareholder impact.

APPENDICES

APPENDIX I. TCFD DISCLOSURE INDEX [60]

The following table outlines where recommended climate-related disclosures can be found throughout this report.

Disclosure	Page
Governance	
Describe the Board's oversight of climate-related risks and opportunities	7
Describe management's role in assessing and managing climate-related risks and opportunities.	7, 13–17
Strategy	
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and longer terms	18–19
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	7
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	--
Risk Management	
Describe the organisation's processes for identifying and assessing climate-related risks	18–20, 28, 32
Describe the organisation's processes for managing climate-related risks	18–25, 51
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	27–28, 30–33, 35–38, 43–44, 47, 51–52, 60, 62, 66, 68
Metrics and targets	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk-management process.	7
Disclose Scope 1, Scope 2 and if appropriate, Scope 3 GHG emissions and related risks.	7
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	7, 51

60 PFI publishes a 'Climate-related Risks and Opportunities Summary Report' which aligns to the TCFD framework and is inclusive of PGIM's climate risks. See here: https://www.prudentialesg.com/sustainability/default.aspx. PGIM Limited, part of PGIM, publishes entity-level climate related disclosure here: PGIM Limited 2024 FCA TCFD Disclosures

APPENDIX II: ESG / SUSTAINABILITY INITIATIVES

	PGIM FIXED INCOME	PGIM REAL ESTATE	JENNISON ASSOCIATES	PGIM PRIVATE CAPITAL	PGIM QUANTITATIVE SOLUTIONS
Principles for Responsible Investment (UN PRI) Signatory	Y	Y*	Y	Y*	Y
International Corporate Governance Network (ICGN)	Y	Y	Y	Y	Y
UK Stewardship Code Signatory	Y	Y			
Japanese Stewardship Code			Y		
Council for Institutional Investors*	Y	Y	Y	Y	Y
Institutional Investors Group on Climate Change (IIGCC)*	Y	Y	Y	Y	Y
International Financial Reporting Standards Foundation (IFRS) Sustainability Alliance*	Y	Y	Y	Y	Y
PBAF (Partnership for Biodiversity Accounting Financials)**	Y				
Global Real Estate Sustainability Benchmark (GRESB) participant		Y			
Urban Land Institute's (ULI) Greenprint Net Zero Carbon Operations goal		Y			
Better Buildings Partnership		Y			
Access to Medicines	Y		Y		
CDP			Y		Y
Climate Bond Initiative	Y				
IFRS Sustainability Alliance, Investor Stewardship Group			Y		Y
European Leveraged Finance Association (ELFA) ESG Committee	Y				

APPENDIX II: ESG / SUSTAINABILITY INITIATIVES (CONT.)

	PGIM FIXED INCOME	PGIM REAL ESTATE	JENNISON ASSOCIATES	PGIM PRIVATE CAPITAL	PGIM QUANTITATIVE SOLUTIONS
Emerging Market Investors Alliance (EMIA)***	Y				
The FAIRR Initiative (FAIRR)***	Y				

* PGIM Real Estate, PGIM Private Capital and Montana Capital Partners (mcp) are all signatories to the UN PRI under their umbrella name PGIM Private Alternatives.

** PGIM Fixed Income officially became a member on 1 January 2025.

*** PGIM Fixed Income officially became a member on 11 February 2025.

APPENDIX III: LINKS TO KEY ESG/SUSTAINABILITY POLICIES

PGIM ESG INVESTMENT POLICY

ESG/SUSTAINABILITY REPORTS

SFDR DISCLOSURES

PGIM ESG WEBSITE

ESG INVESTMENT POLICIES

- Fixed Income
- Private Credit
- mcp
- Jennison Associates
- Quantitative Equitiies
- Real Estate

ENGAGEMENT POLICIES

- Fixed Income
- Jennison Associates
- Quantitative Equities

PROXY VOTING POLICIES

- Jennison Associates
- Quantitative Equities

ESG/SUSTAINABILITY REPORTS

- Fixed Income
- Private Credit
- mcp
- Real Estate

PRI TRANSPARENCY REPORTS

- Fixed Income
- Jennison Associates
- Quantitative Equity
- Real Estate

FRC UK STEWARDSHIP CODE REPORTS

- Fixed Income
- Real Estate

JAPANESE STEWARDSHIP CODE

- Jennison Associates

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For inquiries, please contact thought.leadership@pgim.com.

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