



PUBLIC TRANSPARENCY REPORT **2025**

PGIM Fixed Income

Generated 24-11-2025

About this report

PRI reporting is the largest global reporting project on responsible investment.

It was developed with investors, for investors. PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders. This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2025 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Legal Context

PRI recognises that the laws and regulations to which signatories are subject differ by jurisdiction. We do not seek or require any signatory to take an action that is not in compliance with applicable laws. All signatory responses should therefore be understood to be subject to and informed by the legal and regulatory context in which the signatory operates.

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2025 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

ESG Philosophy and Approach

- We believe that ESG factors can impact investment performance, and we therefore integrate relevant, credit-material factors into credit analysis – which is then incorporated into our relative value assessment - across all of our credit strategies.
- For an effective relative value process, we believe credit risk cannot be disaggregated into individual components and must be assessed holistically. Our credit ratings incorporate analysis of credit-material risks and opportunities arising from ESG factors, alongside other credit risk factors, to reflect our overall fundamental credit view of the issuer. This is done for all credit strategies that we manage and is consistent with our fiduciary obligations.
- Separately, we have observed that an issuer's ESG impact on the environment and society does not always create material credit risks for that issuer, even when those ESG impacts are significant. Our proprietary ESG Impact Ratings assess negative and positive impacts of issuers on the environment and society – irrespective of credit materiality – and determine their eligibility for investment by our ESG strategies. We offer clients the choice (but not the obligation) to apply this additional “impact” lens to their portfolios, where permitted under applicable law and regulation.
- We believe our 100+ fundamental research analysts, economists and ESG specialists are well placed to analyse an issuer's ESG characteristics, and as such we conduct our own ESG research as part of credit analysis. We have also developed ESG Impact Ratings as a proprietary tool to help our clients invest in line with their ESG/sustainability preferences.
- We see issuer engagement as an important tool in our investment process insofar as it helps us gain a more holistic understanding of the issuers, from both the fundamental credit and ESG impact perspectives. We believe that this, in turn, helps us achieve better investment and, where applicable, ESG outcomes for our clients and investors. As a result, our analysts are encouraged to initiate discussions with issuers should an ESG issue surface during the research process, provided that in all cases, they engage only where this would be consistent with our fiduciary duty to all clients. We disclose our ESG Impact Ratings to issuers when requested, as we see that these ratings and other ESG tools and analysis provide tangible feedback to issuers.
- As a signatory to the Principles of Responsible Investment (PRI) since February 2015, we are committed to implementing the PRI.
- PGIM Fixed Income has been a signatory to the UK Stewardship Code since 2022. We believe that the 12 Principles laid out by the UK Stewardship Code set a high standard for responsible stewardship, and we seek to disclose the relevant information necessary to maintain our signatory status on an annual basis.

Integrating ESG and stewardship into our investment process and culture is essential to our mission of pursuing consistent, superior risk-adjusted returns and providing excellent service to our clients and value for our stakeholders. As one of the world's largest active fixed income managers, we manage assets across a wide range of products and vehicles, and our ESG philosophy remains consistent throughout: We believe in providing clients with options with respect to how to express their policies, views and beliefs in their investments. Therefore, in addition to our traditional strategies that integrate credit-material ESG factors within our credit research and relative value analysis in pursuit of superior risk-adjusted returns, where clients ask us to do so, we are also able to manage strategies that seek to have more positive impacts on the environment and/or society, and/or offer customisation to achieve individual risk-return and impact objectives. While many of our clients ask us to focus on purely pecuniary investment considerations, a growing number of our clients demand a robust approach to ESG and stewardship to enable them to fulfil their ESG obligations and aspirations and we believe we have the expertise, tools and integrity of process to help them realize these investment goals.

Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policymakers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

Major Updates in 2024

Research: Manual Review of High Climate Impact Issuers' Temperature Alignment After developing our proprietary cloud-based Temperature Alignment Tool in 2023, in 2024 we augmented our process for evaluating companies' temperature alignment assessments for a subset of issuers that we assessed as having high climate impact. This enhanced due diligence focused on a relatively small number of issuers that have outsized high emissions intensities (e.g. cement, electric utilities) or have significant indirect emissions generated through the use of their products or supply chains. The process had a particular focus on the quality of the issuers' decarbonisation strategy and capital allocation. These are factors that are not well-captured by data vendors, but that are critical to assessing the credibility of a company's climate efforts. For context, in 2024 the contribution of the top 10% of issuers by carbon intensity within the Bloomberg Global Agg Corporate index accounted for over 80% of the index's weighted average carbon intensity (WACI).

ESG Thematic Research Priorities Given our attention to ESG integration and our desire to support our clients in their financial and, where relevant, environmental and/or social objectives, in 2024 we identified a selection of sector-wide ESG thematic research priorities that focus on systemic issues we deem material from a financial and/or impact perspective. Our objective is to understand how issuers are addressing these issues, identify existing commercially viable best practices, and, where appropriate, relay such best practices to others in the industry who are yet to adopt them through constructive, long-term engagement that is consistent with our fiduciary duty.

Technology & Resources: ESG Compliance Module To further embed ESG training into daily workflows, in 2024 we rolled out ESG-focused questions in our web-based training platform through which employees are required to respond to a number of daily compliance training question. The ESG questions added to the platform are designed to reinforce ESG knowledge among credit analysts, economists, and portfolio managers along with the majority of PGIM Fixed Income staff, ensuring consistent understanding of our ESG processes and principles.

Onboarded ESG Data Vendors We expanded our use of third-party ESG data vendors in 2024, and onboarded FinDox, to improve ESG data coverage, particularly for leveraged finance and private credit, enabling more comprehensive monitoring of ESG factors across fixed income asset classes, and SDI-AOP to address UN Sustainability Development Goals (SDG) alignment.

Reporting: TCFD Reporting The UK Financial Conduct Authority (FCA)'s roll-out of its Sustainability Disclosure Regulation (SDR) and Anti-Greenwashing Rule, as well as required TCFD reporting for asset managers, led us to publish our first TCFD report for our UK entity in June 2024. Historically, PGIM Fixed Income was a formal supporter of the Taskforce for Climate-Related Disclosures (TCFD) framework, which established the standard for climate-related disclosures, and included certain TCFD metrics in our ESG Annual Report.

Product Development: ESMA Names Rule In response to the European Securities and Markets Authority (ESMA)'s final report and guidelines on funds' names using ESG or sustainability-related terms, we assessed our existing in-scope products against the new regulation. As a result, we decided to apply the Paris-Aligned Benchmark baseline exclusions and other ESMA requirements in order to retain 'ESG' in the name of some of our products, while in others we removed ESG from the product names while keeping them categorised as Article 8 under the SFDR.

Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

We regularly look to improve our processes, frameworks and research insights, not only to adapt to the rapidly evolving ESG landscape and regional regulations but, more importantly, to better serve our clients regardless of their ESG sensitivities and objectives. In the short-term, we are focusing on building enhancements to our ESG frameworks, the aim of which is to better balance the need for consistency in the process across asset classes and sectors, with the need for nuanced bottom-up research assessments that capture idiosyncratic issues. Additionally, we expect that these enhancements will allow us to be more transparent with our clients and provide more insightful reporting capabilities in the future. Through regular dialogue, we are also working with our clients to build new products that serve their ESG and financial objectives. Whether on climate, the UN Sustainable Development Goals, or other topics that emerge, we are constantly looking to partner with our clients and ensure we provide timely solutions to their needs.

Advancing ESG Credit Research In 2025, we will continue our work to enhance our ESG Impact framework for corporate issuers, focusing on refining our approach to ensure greater comparability and consistency. Our ESG Research team will also increase its focus on producing decision-useful research on material ESG factors with the goal of providing ESG insights that directly inform credit risk assessment and portfolio construction. These are long-term projects which we expect will continue over several years.

Deepening ESG Integration Across Investment Teams In 2024, we assigned named ESG liaisons on each portfolio management desk and named ESG specialists to partner with individual desks. Given the rapid evolution of ESG and the heightened need for nuance, we believe that this continued partnership will enhance the dialogue between ESG specialists and Portfolio Managers, enabling us to have more robust oversight of our ESG client's objectives and ensure deeper integration of ESG research, engagement, and portfolio management decisions.

Enhancing ESG Reporting Capabilities Recognising the increasing demand for robust ESG reporting, we are working toward a more comprehensive and consistent ESG reporting package that consolidates existing reporting outputs and introduces new ones. Work will focus on delivering reporting that meets both global regulatory expectations and specific client needs.

Engagement with Industry Organisations In 2024, we joined the Partnership for Carbon Accounting Financials and in the first half of 2025, we joined the Access to Medicine Foundation, Partnership for Biodiversity Accounting Financials, and the Emerging Markets Investor Alliance. We also continue to work with industry groups such as the Methane Abatement Finance Taskforce to help develop appropriate guidance and standards alongside our industry peers. On an annual basis, we carefully review the ESG initiatives in which we participate to ensure we play an active role in organisations that we believe will benefit our investment process, and to which we are able to make a positive contribution. We intend to continue our active participation in industry groups in 2025 and beyond.

While the industry continues to adapt to new regulations, new data, and emerging issues, which we will continue to navigate across our organisation, our long-term objective remains unchanged. Ultimately, our long-term goal is to offer thoughtful ESG integration and solutions that are aligned with clients' individual ESG impact and performance objectives, with the substance to deliver real results.

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

John Vibert

Position

Head of Public and Private Fixed Income

Organisation's Name

PGIM Fixed Income

● A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

○ B

OTHER RESPONSIBLE INVESTMENT REPORTING OBLIGATIONS (ORO)

OTHER RESPONSIBLE INVESTMENT REPORTING OBLIGATIONS

OTHER RESPONSIBLE INVESTMENT REPORTING OBLIGATIONS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ORO 1	CORE	N/A	N/A	PUBLIC	Other Responsible Investment Reporting Obligations	6

During the reporting year, to which international or regional ESG-related legislation(s) and/or regulation(s) did your organisation report?

- ☐ (A) Corporate Sustainability Reporting Directive (CSRD) [European Union]
- ☒ (B) Directive on AIFM (2011/61/EU) [European Union]
- ☒ (C) Enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers (PS21/24) [United Kingdom]
- ☐ (D) EU Taxonomy Regulation [European Union]
- ☐ (E) Improving shareholder engagement and increasing transparency around stewardship (PS19/13) [United Kingdom]
- ☐ (F) IORP II (Directive 2016/2341) [European Union]
- ☐ (G) Law on Energy and Climate (Article 29) [France]
- ☒ (H) MiFID II (2017/565) [European Union]
- ☒ (I) Modern Slavery Act [United Kingdom]
- ☐ (J) PEPP Regulation (2019/1238) [European Union]
- ☐ (K) PRIIPS Regulation (2016/2340 and 2014/286) [European Union]
- ☐ (L) Regulation on the Integration of Sustainability Risks in the Governance of Insurance and Reinsurance Undertakings (2021/1256) [European Union]
- ☒ (M) SFDR Regulation (2019/2088) [European Union]
- ☐ (N) SRD II (Directive 2017/828) [European Union]
- ☐ (O) The Occupational Pension Schemes Regulation on Climate Change Governance and Reporting [United Kingdom]
- ☐ (P) Climate Risk Management (Guideline B-15) [Canada]
- ☐ (Q) Continuous Disclosure Obligations (National Instrument 51-102) [Canada]
- ☐ (R) Disposiciones de Carácter General Aplicables a los Fondos de Inversión y a las Personas que les Prestan Servicios (SIEFORE) [Mexico]
- ☐ (S) Instrucciones para la Integración de Datores ASG en Los Mecanismos de Revelación de Información para FIC (External Circular 005, updated) [Colombia]
- ☐ (T) Provides for the creation, operation, and disclosure of information of investment funds, as well as the provision of services for the funds, and revokes the regulations that specifies (CVM Resolution No. 175) [Brazil]
- ☐ (U) SEC Expansion of the Names Rule [United States of America]
- ☐ (V) SEC Pay Ratio Disclosure Rule [United States of America]
- ☐ (W) ASIC RG65 Section 1013DA Disclosure Guidelines [Australia]
- ☐ (X) Circular to Licensed Corporations: Management and Disclosure of Climate-related Risks by Fund Managers [Hong Kong SAR]
- ☒ (Y) Financial Investment Services and Capital Markets Act (FSCMA) [Republic of Korea]
- ☐ (Z) Financial Instruments and Exchange Act (FIEA) [Japan]
- ☐ (AA) Financial Markets Conduct Act [New Zealand]
- ☐ (AB) Guiding Opinions on Regulating the Asset Management Business of Financial Institutions [China]
- ☒ (AC) Guidelines on Environmental Risk Management for Asset Managers [Singapore]
- ☐ (AD) Guidelines on Sustainable and Responsible Investment Funds [Malaysia]
- ☐ (AE) Modern Slavery Act (2018) [Australia]

- ☐ (AF) Stewardship Code for all Mutual Funds and All Categories of AIFs [India]
- ☐ (AG) ADGM Sustainable Finance Regulatory Framework [United Arab Emirates]
- ☐ (AH) JSE Limited Listings Requirements [South Africa]
- ☐ (AI) Other
- ☐ (AJ) Other
- ☐ (AK) Other
- ☐ (AL) Other
- ☐ (AM) Other
- ☐ (AN) Not applicable; our organisation did not report to any ESG-related legislation and/or regulation during the reporting year.

Additional context to your response(s): (Voluntary)

Our ultimate parent company reports under the SEC Pay Disclosure Rule, and an affiliate of PGIM Fixed Income, PGIM Investments, produces documents required under PRIIPS for in-scope PGIM Fixed Income branded products.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ORO 2	CORE	N/A	N/A	PUBLIC	Other Responsible Investment Reporting Obligations	6

During the reporting year, to which voluntary responsible investment/ESG frameworks did your organisation report?

- ☐ (A) Asset Owners Stewardship Code [Australia]
- ☐ (B) Código Brasileiro de Stewardship [Brazil]
- ☐ (C) New Zealand Stewardship Code
- ☒ (D) Principles for Responsible Institutional Investors (Stewardship Code) [Japan]
- ☒ (E) Stewardship Code [United Kingdom]
- ☐ (F) Stewardship Framework for Institutional Investors [United States of America]
- ☐ (G) CFA Institute ESG Disclosure Standards for Investment Products [Global]
- ☐ (H) Guidelines on Funds' Names using ESG or Sustainability-related Terms [European Union]
- ☐ (I) Luxflag ESG Label [Luxembourg]
- ☐ (J) RIAA Responsible Investment Certification Program [Australia]
- ☐ (K) SRI Label [France]
- ☐ (L) ANBIMA Code of Regulation and Best Practices of Investment Funds [Brazil]
- ☐ (M) Code for Institutional Investors 2022 [Malaysia]
- ☐ (N) Code for Responsible Investing in South Africa (CRISA 2) [South Africa]
- ☐ (O) Corporate Governance Guidelines [Canada]
- ☒ (P) Defined Contribution Code of Practice [United Kingdom]
- ☐ (Q) European Association for Investors in Non-Listed Real Estate Vehicles (INREV) Guidelines [Global]
- ☐ (R) Global ESG Benchmark for Real Assets (GRESB) [Global]
- ☐ (S) Global Impact Investing Network (GIIN) Impact Reporting and Investment Standards (IRIS+) [Global]
- ☐ (T) OECD Guidelines for MNEs - Responsible Business Conduct for Institutional Investors [Global]
- ☐ (U) UN Guiding Principles (UNGP) on Business and Human Rights [Global]
- ☐ (V) Net Zero Asset Managers (NZAM) Initiative [Global]
- ☐ (W) Net-Zero Asset Owner Alliance (NZAOA) [Global]
- ☒ (X) Recommendations of the Taskforce for Climate-related Financial Disclosure (TCFD) [Global]
- ☐ (Y) The Net Zero Investment Framework (NZIF) 2.0 [Global]
- ☐ (Z) Recommendations of the Taskforce for Nature-related Financial Disclosure (TNFD) [Global]
- ☐ (AA) Global Reporting Initiative (GRI) Standards [Global]
- ☐ (AB) IFC Performance Standard [Global]
- ☐ (AC) International Sustainability Standards Board (ISSB) Standards [Global]
- ☐ (AD) Sustainability Accounting Standards Board (SASB) Standards [Global]
- ☐ (AE) Other
- ☐ (AF) Other
- ☐ (AG) Other

- ☐ (AH) Other
- ☐ (AI) Other
- (AJ) Not applicable; our organisation did not report to any voluntary responsible investment/ESG frameworks during the reporting year.

ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	12	2024

SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

- ☐ (A) Yes
- ☒ (B) No

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries not part of row (B), and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 836,193,209,907.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 814,046,026.00

ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	0%	0%
(B) Fixed income	>75%	0%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	>0-10%	0%
(J) Off-balance sheet	0%	0%

(I) Other - (1) Percentage of Internally managed AUM - Specify:

Other consists of cash, derivatives and money markets

Additional context to your response(s): (Voluntary)

Our strategy, as a fixed income asset manager managing our clients' assets, is focused on investing in fixed income asset classes rather than shares. It is possible that circumstances may occasionally arise which may result in our clients holding listed shares or where we believe it is in the best interests of our clients to hold investments in listed shares, but we consider that such cases will be exceptional. For example, we may invest our clients' assets in bonds issued by a company which later experiences financial distress, at which point the bonds may be capable of being converted into shares as part of a restructuring process and we may choose this option if it is in the best interests of our clients. Depending upon the relevant circumstances at the time, we may decide that the best approach is to continue to hold those shares rather than immediately selling them. However, the amount is such that it rounds to zero (0) % of AUM. PGIM Fixed Income manages a similarly small amount in hedge fund strategies.

ASSET BREAKDOWN: INTERNALLY MANAGED FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 FI	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed fixed income	GENERAL

Provide a further breakdown of your internally managed fixed income AUM.

(A) Passive – SSA 0%

(B) Passive – corporate 0%

(C) Active – SSA >10-50%

(D) Active – corporate >50-75%

(E) Securitised >10-50%

(F) Private debt 0%

GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

AUM in Emerging Markets and Developing Economies

(B) Fixed income – SSA (2) >0 to 10%

(C) Fixed income – corporate (2) >0 to 10%

(D) Fixed income – securitised (1) 0%

STEWARDSHIP

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

	(3) Fixed income - active	(11) Other
(A) Yes, through internal staff	☒	☐
(B) Yes, through service providers	☐	☐
(C) Yes, through external managers	☐	☐
(D) We do not conduct stewardship	☐	☒

Additional context to your response(s): (Voluntary)

Assets in 'Other' consist of cash, derivatives and money markets. Stewardship is not applicable for these assets.

STEWARDSHIP NOT CONDUCTED

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 10	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship not conducted	2

Describe why your organisation does not currently conduct stewardship and/or (proxy) voting.

Stewardship, excluding (proxy) voting
(K) Other

Assets in 'Other' consist of cash, derivatives and money markets. Stewardship is not applicable for these assets.

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors, to some extent, into your investment decisions?

	(1) Yes, we incorporate ESG factors into our investment decisions	(2) No, we do not incorporate ESG factors into our investment decisions
(E) Fixed income - SSA	☒	☐
(F) Fixed income - corporate	☒	☐
(G) Fixed income - securitised	☒	☐
(V) Other: Other consists of cash, derivatives and money markets	☐	☒

Additional context to your response(s): (Voluntary)

Assets in 'Other' consist of cash, derivatives and money markets. ESG factors are not relevant to these assets.

ESG NOT INCORPORATED

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16	CORE	OO 11, OO 12–14	N/A	PUBLIC	ESG not incorporated	1

Describe why your organisation does not currently incorporate ESG factors into your investment decisions and/or in the selection, appointment and/or monitoring of external investment managers.

Internally managed
(O) Other

Assets in 'Other' consist of cash, derivatives and money markets. ESG factors are not relevant to these assets.

ESG STRATEGIES

FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 FI	CORE	OO 5.3 FI, OO 11	Multiple, see guidance	PUBLIC	Fixed income	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active fixed income?

	(1) Fixed income - SSA	(2) Fixed income - corporate	(3) Fixed income - securitised
(A) Screening alone	0%	0%	0%
(B) Thematic alone	0%	0%	0%
(C) Integration alone	>10-50%	>50-75%	>50-75%
(D) Screening and integration	>50-75%	>10-50%	>10-50%
(E) Thematic and integration	0%	0%	0%
(F) Screening and thematic	0%	0%	0%
(G) All three approaches combined	0%	0%	0%
(H) None	0%	0%	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 FI	CORE	OO 17 FI	N/A	PUBLIC	Fixed income	1

What type of screening does your organisation use for your internally managed active fixed income where a screening approach is applied?

	(1) Fixed income - SSA	(2) Fixed income - corporate	(3) Fixed income - securitised
(A) Positive/best-in-class screening only	0%	0%	0%
(B) Negative screening only	>75%	>75%	>75%
(C) A combination of screening approaches	>0-10%	>0-10%	0%

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

☒ **(A) Yes, we market products and/or funds as ESG and/or sustainable**

Provide the percentage of total AUM that your ESG and/or sustainability-marketed products or funds represent:

>0-10%

- ☐ (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- ☐ (C) Not applicable; we do not offer products or funds

Additional context to your response(s): (Voluntary)

The above percentage refers to the percentage of AUM in PGIM branded commingled products and separately managed client accounts with ESG-related terms in their name and / or that are classified as Article 8 under SFDR.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.1	CORE	OO 18	OO 18.2	PUBLIC	Labelling and marketing	1

Do any of your ESG and/or sustainability-marketed products and/or funds hold formal ESG and/or RI certification(s) or label(s) awarded by a third party?

☒ **(A) Yes, our ESG and/or sustainability-marketed products and/or funds hold formal labels or certifications**

Provide the percentage of total AUM that your labelled and/or certified products and/or funds represent:

>75%

- ☐ (B) No, our ESG and/or sustainability-marketed products and/or funds do not hold formal labels or certifications

Additional context to your response(s): (Voluntary)

This response is based on the fact that, as cited in our response to indicator OO 18.2, PGIM Fixed Income as a whole is a signatory to the UK Stewardship Code. Our PGIM Fixed Income branded products do not hold any additional ESG / RI labels or certifications.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.2	CORE	OO 18.1	N/A	PUBLIC	Labelling and marketing	1

Which ESG/RI certifications or labels do you hold?

- ☐ (A) Commodity type label (e.g. BCI)
- ☐ (B) GRESB
- ☐ (C) Austrian Ecolabel (UZ49)
- ☐ (D) B Corporation
- ☐ (E) BREEAM
- ☐ (F) CBI Climate Bonds Standard
- ☐ (G) DDV-Nachhaltigkeitskodex-ESG-Strategie
- ☐ (H) DDV-Nachhaltigkeitskodex-ESG-Impact
- ☐ (I) EU Ecolabel
- ☐ (J) EU Green Bond Standard
- ☐ (K) Febelfin label (Belgium)
- ☐ (L) Finansol
- ☐ (M) FNG-Siegel Ecolabel (Germany, Austria and Switzerland)
- ☐ (N) Greenfin label (France)
- ☐ (O) Grüner Pfandbrief
- ☐ (P) ICMA Green Bond Principles
- ☐ (Q) ICMA Social Bonds Principles
- ☐ (R) ICMA Sustainability Bonds Principles
- ☐ (S) ICMA Sustainability-linked Bonds Principles
- ☐ (T) Kein Verstoß gegen Atomwaffensperrvertrag
- ☐ (U) Le label ISR (French government SRI label)
- ☐ (V) Luxflag Climate Finance
- ☐ (W) Luxflag Environment
- ☐ (X) Luxflag ESG
- ☐ (Y) Luxflag Green Bond
- ☐ (Z) Luxflag Microfinance
- ☐ (AA) Luxflag Sustainable Insurance Products
- ☒ **(AB) National stewardship code**

Specify:

UK Stewardship Code

- ☐ (AC) Nordic Swan Ecolabel
- ☐ (AD) Other SRI label based on EUROSIF SRI Transparency Code (e.g. Novethic)
- ☐ (AE) People's Bank of China green bond guidelines
- ☐ (AF) RIAA (Australia)
- ☐ (AG) Towards Sustainability label (Belgium)
- ☐ (AH) Other

SUMMARY OF REPORTING REQUIREMENTS

SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	☒	☐	☐
Confidence Building Measures	☒	☐	☐
(E) Fixed income – SSA	☒	☐	☐
(F) Fixed income – corporate	☒	☐	☐
(G) Fixed income – securitised	☒	☐	☐

SUBMISSION INFORMATION

REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- ☐ (A) Publish as absolute numbers
- ☒ (B) Publish as ranges

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- ☒ (A) Overall approach to responsible investment
- ☒ (B) Guidelines on environmental factors
- ☒ (C) Guidelines on social factors
- ☒ (D) Guidelines on governance factors
- ☒ (E) Guidelines on sustainability outcomes
- ☒ (F) Guidelines tailored to the specific asset class(es) we hold
- ☒ (G) Guidelines on exclusions
- ☐ (H) Guidelines on managing conflicts of interest related to responsible investment
- ☒ (I) Stewardship: Guidelines on engagement with investees
- ☒ (J) Stewardship: Guidelines on overall political engagement
- ☒ (K) Stewardship: Guidelines on engagement with other key stakeholders
- ☐ (M) Other responsible investment elements not listed here
 - ☐ (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Additional context to your response(s): (Voluntary)

It should be noted, that as a fixed income manager, we receive only a small number of proxies per year. We do not include guidelines around these in our responsible investment policy as they are so immaterial in terms of number; however, we do have a proxy voting policy that governs our process in the rare occasion that we do need to vote and it describes how PGIM Fixed Income handles conflicts of interest in the voting process. More information can be found in PGIM Fixed Income's Form ADV Part 2A: https://insights.pgim.com/fi/pdf/adv/PGIM_Fixed_Income_Form_ADV_Part_2A.pdf

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- ☒ (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- ☒ (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- ☒ (C) Specific guidelines on other systematic sustainability issues

Specify:

Our ESG Investment Policy Statement sets out guidelines for assigning ESG Impact Ratings to issuers or issues. We strive to understand the impacts our investments have on the environment and society. This is generally achieved by assessing investments against negative and positive ESG impacts relevant to the industry, issuer and/or issue. This ESG impact assessment is distinct from our assessment of the risks that ESG events could directly create for the financial/economic value of a specific issuer, and are designed specifically to consider impacts issuers generate that tend to be more systematic in nature.

- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

Which elements of your formal responsible investment policy(ies) are publicly available?

☒ (A) Overall approach to responsible investment

Add link:

<https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Fixed%20Income%20-%20ESG%20Policy%20Statement%20-%20Jan%202025%20-%20Final.pdf>

☒ (B) Guidelines on environmental factors

Add link:

<https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Fixed%20Income%20-%20ESG%20Policy%20Statement%20-%20Jan%202025%20-%20Final.pdf>

☒ (C) Guidelines on social factors

Add link:

<https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Fixed%20Income%20-%20ESG%20Policy%20Statement%20-%20Jan%202025%20-%20Final.pdf>

☒ (D) Guidelines on governance factors

Add link:

<https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Fixed%20Income%20-%20ESG%20Policy%20Statement%20-%20Jan%202025%20-%20Final.pdf>

☒ (E) Guidelines on sustainability outcomes

Add link:

<https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Fixed%20Income%20-%20ESG%20Policy%20Statement%20-%20Jan%202025%20-%20Final.pdf>

☒ (F) Specific guidelines on climate change (may be part of guidelines on environmental factors)

Add link:

<https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Fixed%20Income%20-%20ESG%20Policy%20Statement%20-%20Jan%202025%20-%20Final.pdf>

☒ (G) Specific guidelines on human rights (may be part of guidelines on social factors)

Add link:

<https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Fixed%20Income%20-%20ESG%20Policy%20Statement%20-%20Jan%202025%20-%20Final.pdf>

☒ (H) Specific guidelines on other systematic sustainability issues

Add link:

<https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Fixed%20Income%20-%20ESG%20Policy%20Statement%20-%20Jan%202025%20-%20Final.pdf>

☒ **(I) Guidelines tailored to the specific asset class(es) we hold**

Add link:

<https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Fixed%20Income%20-%20ESG%20Policy%20Statement%20-%20Jan%202025%20-%20Final.pdf>

☒ **(J) Guidelines on exclusions**

Add link:

<https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Fixed%20Income%20-%20ESG%20Policy%20Statement%20-%20Jan%202025%20-%20Final.pdf>

☒ **(L) Stewardship: Guidelines on engagement with investees**

Add link:

https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/2025-05%20Engagement%20Policy%202025%20update_Final.pdf

☒ **(M) Stewardship: Guidelines on overall political engagement**

Add link:

https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/2025-05%20Engagement%20Policy%202025%20update_Final.pdf

☒ **(N) Stewardship: Guidelines on engagement with other key stakeholders**

Add link:

https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/2025-05%20Engagement%20Policy%202025%20update_Final.pdf

- ☐ (Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?

- ☒ **(A) Yes**

Elaborate:

Our ESG Investment Policy Statement sets forth our views and general approach with respect to the incorporation of environmental, social and governance (“ESG”) factors, risks/opportunities and impacts into our investment process.

For an effective relative value process, we believe credit risk cannot be disaggregated into individual components and must be assessed holistically. Our credit ratings incorporate analysis of credit-material risks and opportunities arising from ESG factors, alongside other credit risk factors, to reflect our overall fundamental view of the issuer. This is done for all credit strategies that we manage and is consistent with our fiduciary duties.

In our ESG Investment Policy Statement, we define “ESG risk” and “ESG opportunity” as an environmental, social or governance event or condition that, if it occurs, could cause a material negative or positive impact on the financial/economic value of an investment.

Together, we consider such ESG risks and opportunities to be “credit-material ESG factors.” Because we define credit-material ESG factors purely as those we believe have a reasonable potential to materially affect the value of specific investments, and distinct from the consideration of ESG impacts, those factors are incorporated into our evaluation of issuers’ credit profiles in the management of all credit portfolios.

Integrating ESG and stewardship into our investment process and culture is essential to our mission of pursuing consistent, superior risk-adjusted returns and providing excellent service to our clients and value for our stakeholders. As one of the world’s largest active fixed income managers, we manage assets across a wide range of products and vehicles, and our ESG philosophy remains consistent throughout: We believe in providing clients with options with respect to how to express their policies, views and beliefs in their investments. Therefore, in addition to our traditional strategies that integrate credit-material ESG factors within our credit research and relative value analysis in pursuit of superior risk-adjusted returns, where clients ask us to do so, we are also able to manage strategies that seek to have more positive impacts on the environment and/or society, and/or offer customisation to achieve individual risk-return and impact objectives. While many of our clients ask us to focus on purely pecuniary investment considerations, a growing number of our clients demand a robust approach to ESG and stewardship to enable them to fulfil their ESG obligations and aspirations and we believe we have the expertise, tools and integrity of process to help them realize these investment goals.

- (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Which elements are covered in your organisation’s policy(ies) or guidelines on stewardship?

- ☒ (A) Overall stewardship objectives
- ☐ (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- ☒ (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- ☒ (D) How different stewardship tools and activities are used across the organisation
- ☒ (E) Approach to escalation in stewardship
- ☒ (F) Approach to collaboration in stewardship
- ☐ (G) Conflicts of interest related to stewardship
- ☒ (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- ☐ (I) Other
- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment						
(B) Guidelines on environmental factors					(7) 100%	
(C) Guidelines on social factors						
(D) Guidelines on governance factors						

Additional context to your response(s): (Voluntary)

PGIM Fixed Income's ESG Investment Policy Statement applies across all our assets under management and sets out how ESG factors are considered in our fundamental analysis of issuers, as reflected in our proprietary credit ratings and ESG Impact Ratings. However, it should be noted that a very small minority of our investment strategies do not rely on our fundamental analysis / proprietary credit ratings in their management.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

AUM coverage

(A) Specific guidelines on climate change				(1) for all of our AUM	
(B) Specific guidelines on human rights				(1) for all of our AUM	
(C) Specific guidelines on other systematic sustainability issues				(1) for all of our AUM	

Additional context to your response(s): (Voluntary)

PGIM Fixed Income's ESG Investment Policy Statement applies across all our assets under management and sets out how ESG factors are considered in our fundamental analysis of issuers, as reflected in our proprietary credit ratings and ESG Impact Ratings. However, it should be noted that a very small minority of our investment strategies do not rely on our fundamental analysis / proprietary credit ratings in their management.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

☒ **(B) Fixed income**

(1) Percentage of AUM covered

- ☐ (1) >0% to 10%
- ☐ (2) >10% to 20%
- ☐ (3) >20% to 30%
- ☐ (4) >30% to 40%
- ☐ (5) >40% to 50%
- ☐ (6) >50% to 60%
- ☐ (7) >60% to 70%
- ☐ (8) >70% to 80%
- ☐ (9) >80% to 90%
- ☐ (10) >90% to <100%

☒ **(11) 100%**

Additional context to your response(s): (Voluntary)

PGIM Fixed Income's ESG Engagement Policy is set at the firm level, and applies to all issuers within our coverage universe, regardless of the strategy(ies) that hold them.

GOVERNANCE

ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

- ☐ (A) Board members, trustees, or equivalent
- ☒ **(B) Senior executive-level staff, or equivalent**

Specify:

The ESG Policy Committee serves as the top governance and decision-making body for ESG and climate-related topics, steers PGIM Fixed Income's ESG strategy and approach, makes decisions on material ESG business matters, and approves ESG-related policies. Comprising senior leaders and decision-maker who are able to make decisions, communicate these decisions to their teams, and oversee implementation, it is chaired by John Vibert, Head of Public and Private Fixed Income.

☒ **(C) Investment committee, or equivalent**

Specify:

The ESG Ratings Sub-Committee (Chair: Head of Global Credit Res) approves ESG Ratings frameworks; makes decisions on matters related to ESG integration, including climate, in credit analysis and ESG Impact Ratings; and provides guidance and oversight to analysts. Comprising senior representatives of research teams across Investment Grade, High Yield, Emerging Market, Municipals, Securitised Products, Macroeconomic, and ESG from our Newark, London and Tokyo offices to promote diversity of thought.

☒ **(D) Head of department, or equivalent**

Specify department:

The Co-heads of ESG Research, John Ploeg and Armelle de Vienne, manage the ESG Research team, and the Head of Global Credit Research, Brian Barnhurst, oversees the ESG Research team overall. As noted above, other heads of departments and research sit on the above committees.

- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

(2) Senior executive-level staff, investment committee, head of department, or equivalent

(A) Overall approach to responsible investment	☒
(B) Guidelines on environmental, social and/or governance factors	☒
(C) Guidelines on sustainability outcomes	☒
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	☒
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	☒
(F) Specific guidelines on other systematic sustainability issues	☒

(G) Guidelines tailored to the specific asset class(es) we hold	☒
(H) Guidelines on exclusions	☒
(J) Stewardship: Guidelines on engagement with investees	☒
(K) Stewardship: Guidelines on overall political engagement	☒
(L) Stewardship: Guidelines on engagement with other key stakeholders	☒
(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)	☐

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

☐ (A) Yes

☒ (B) No

Explain why:

PGIM Fixed Income is a business within PGIM which is the asset management business of Prudential Financial, Inc. (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). As a business within a business, it would be challenging to create such a governance structure to cover overall political engagement across multiple business levels and including all “third parties” associated with each one. However, PGIM Fixed Income does contribute to the approach taken at the parent level via its participation on the PGIM ESG Council, which includes representatives from all PGIM businesses. Note as well that this is separate from our engagement with sovereign issuers as an investor in their bonds, which is covered separately under our engagement policy.

☐ (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

☒ **(A) Internal role(s)**

Specify:

As described in PGS11, the ESG Policy Committee acts as the top ESG governance body, whereas the ESG Ratings Sub-Committee oversees assessment frameworks and tools. The ESG Research team provides additional supervision and support to ensure effective implementation of the approach, but it is ultimately the responsibility of credit analysts and economists to perform the required ESG assessments at the issuer level, and of portfolio managers to implement ESG considerations in investment decisions.

☐ (B) External investment managers, service providers, or other external partners or suppliers

☐ (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

☐ (A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

☒ **(B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)**

Explain why: (Voluntary)

Incentive compensation for investment professionals, including the annual cash bonus, the long-term equity grant and grants under our long-term incentive plans, is primarily based on such person's contribution to our goal of providing investment performance to clients consistent with portfolio objectives (including ESG objectives), guidelines, risk parameters, and our compliance, risk management and other policies, as well as market-based data such as compensation trends and levels of overall compensation for similar positions in the asset management industry. Given our belief that ESG factors can impact financial performance and relative value, we believe our investment professionals' compensation inherently reflects their ability to appropriately incorporate these views into their credit assessments and portfolio construction. In addition, an investment professional's qualitative contributions to the organisation and its commercial success are considered in determining incentive compensation.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 15	PLUS	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

What responsible investment competencies do you regularly include in the training of senior-level body(ies) or role(s) in your organisation?

(2) Senior executive-level staff, investment committee, head of department or equivalent

(A) Specific competence in climate change mitigation and adaptation	☒
(B) Specific competence in investors' responsibility to respect human rights	☐
(C) Specific competence in other systematic sustainability issues	☒
(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies	☐

EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- ☒ (A) Any changes in policies related to responsible investment
- ☒ (B) Any changes in governance or oversight related to responsible investment
- ☒ (C) Stewardship-related commitments
- ☐ (D) Progress towards stewardship-related commitments
- ☒ (E) Climate-related commitments
- ☐ (F) Progress towards climate-related commitments
- ☒ (G) Human rights-related commitments
- ☐ (H) Progress towards human rights-related commitments
- ☒ (I) Commitments to other systematic sustainability issues
- ☐ (J) Progress towards commitments on other systematic sustainability issues
- ☐ (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- ☒ (A) Yes, including governance-related recommended disclosures
- ☒ (B) Yes, including strategy-related recommended disclosures
- ☒ (C) Yes, including risk management-related recommended disclosures
- ☒ (D) Yes, including applicable metrics and targets-related recommended disclosures
- ☐ (E) None of the above

Add link(s):

https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Limited%202023%20FCA%20TCFD%20Disclosures_Entity%20Level_FINAL.pdf

Additional context to your response(s): (Voluntary)

The UK Financial Conduct Authority's (FCA) roll-out of its Sustainability Disclosure Regulation (SDR) and Anti-Greenwashing Rule, as well as required TCFD reporting for asset managers, led us to publish our first TCFD report for our UK entity in June 2024. Historically, PGIM Fixed Income was a formal supporter of the Taskforce for Climate-Related Disclosures (TCFD) framework, which established the standard for climate-related disclosures, and included certain TCFD metrics in our ESG Annual Report.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 18	PLUS	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?

- ☒ (A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)

Link to example of public disclosures

<https://www.pgim.com/ucits/getpidoc?file=856F5B32A7D6D7B985258133005369E1>

- ☒ (B) Disclosures against the European Union's Taxonomy

Link to example of public disclosures

<https://www.pgim.com/ucits/getpidoc?file=856F5B32A7D6D7B985258133005369E1>

- ☐ (C) Disclosures against the CFA's ESG Disclosures Standard

- ☒ (D) Disclosures against other international standards, frameworks or regulations

Specify:

UK Stewardship Code

Link to example of public disclosures

https://media.frc.org.uk/documents/2023_What_We_Do_ESG_Annual_Report_Final.3_LR.pdf

- ☐ (E) Disclosures against other international standards, frameworks or regulations

- ☐ (F) Disclosures against other international standards, frameworks or regulations
- ☐ (G) Disclosures against other international standards, frameworks or regulations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

☒ (A) Yes, we publicly disclosed all of our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

Add link(s):

https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/2023_What%20We%20Do_ESG%20Annual%20Report_Final.3_LR.pdf
https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/2023_Who%20We%20Are_ESG%20At%20PGIM%20Fixed%20Income_Final.3.pdf
https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/2024-07%20Engagement%20Policy%202024%20update_Final.pdf

- ☐ (B) Yes, we publicly disclosed some of our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- ☐ (C) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- ☐ (D) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

Additional context to your response(s): (Voluntary)

We disclose PGIM Fixed Income's memberships in initiatives directly related to ESG topics in our ESG Engagement Policy.

STRATEGY

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

- ☐ (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- ☐ (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- ☐ (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- ☐ (D) Exclusions based on our organisation's climate change commitments
- ☒ (E) Other elements

Specify:

Legally required exclusions (e.g. those required by domestic/international law, bans, treaties or embargoes)

- ☐ (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

- ☐ (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
- ☐ (B) We incorporate climate change–related risks and opportunities into our assessment of expected asset class risks and returns
- ☐ (C) We incorporate human rights–related risks and opportunities into our assessment of expected asset class risks and returns
- ☐ (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
- ☐ (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- ☒ (F) Not applicable; we do not have a strategic asset allocation process

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

(2) Fixed income

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.

☐

(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.

☒

Additional context to your response(s): (Voluntary)

Our ESG engagements are rooted in our fiduciary duty towards our clients. As such, they focus on topics and issuers where we believe that engagement will add value to our investment process, and where we believe they will preserve or improve the value of our positions in the issuer. We further believe in mutually beneficial and insightful dialogue, internal collaboration between credit research analysts, economists, portfolio managers, and the ESG Team, and prioritising the quality of engagements over quantity. We do not employ third parties to conduct engagements.

Most of our engagements are driven by bottom-up issuer research and idiosyncratic issues relevant and material to issuers. The primary focus of such engagements is on ESG investment risks, impacts and/or issuer specific events, as appropriate. These engagements help inform our assessment of the credit quality, and where relevant, the ESG Impact Rating of the issuer.

However, we have been increasingly conducting ESG thematic research-driven engagements. While these engagements are still customised to each issuer's specific circumstances, they are specifically targeted and organised to align with our ESG thematic research priorities. Within the scope of these engagements, we seek to engage with issuers excelling in the ESG thematic research priority areas to learn how they have overcome challenges and instituted commercially viable best practices. Additionally, we also seek to engage with other issuers in the same industry to share our findings and understand what obstacles they are facing in adopting such best practices. By engaging with both issuers that excel and issuers that are late adopters, we believe we can play an enabling role for the wider adoption of such commercially viable best practices.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?

Our engagement efforts are rooted in our fiduciary duty towards our clients. As such, our engagements focus on issuers where we believe that an engagement will be additive to our investment process. The objective of our engagements will be 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. A core tenet of our engagement philosophy is that we should not pursue engagements that are likely to harm the value of our clients' positions in the issuer. While we cannot know with certainty what the effect of an engagement will be in advance, we prioritise engagements and objectives that our analysts believe (based on their knowledge of the issuer and its industry) will preserve or improve the value of our positions in the issuer and avoid those that they believe will conflict with this intention. Our engagements are focussed on issuers of debt and include listed and unlisted companies as well as securitised products, municipals, and sovereigns.

We prioritise our efforts on engagements that we believe will add the most value to our investment process. This generally means prioritising engagements with issuers where:

- we have identified a material issue that is impacting or could impact the issuer;
- we find the issuer to be attractive from a relative value perspective; or
- we believe the issuer is likely to be receptive to engagement. However, as an active manager we may engage with other issuers as circumstances warrant.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Elaborate on your organisation's default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

Given that our engagement activities are directly linked to our investment research and investment decisions, our strong preference is for one-on-one direct engagements, as this allows us to represent our own viewpoint and enables us to speak candidly when highlighting our ESG concerns to company management, policymakers, arranging banks, sponsors, NGOs or any other stakeholder. We do not employ third parties to conduct engagements.

While the majority of our engagements with issuers are done bilaterally, collaboration across the industry is another important aspect of good stewardship. The pooling of resources by investors through collaborative initiatives enables the sharing of a breadth of insights and expertise on ESG-related topics, as well as the sharing of best practices around the world. It enables investors to focus on areas of consistency, and can add weight and emphasis to the issues of common concern while enhancing the likelihood of catalysing a positive, value-enhancing change in the market. Many ESG industry initiatives exist worldwide, often with broad remits. On an annual basis, each of PGIM and PGIM Fixed Income carefully reviews the ESG initiatives in which it participates to ensure we play an active role in organisations that we believe will benefit our investment process, and to which we are able to make a positive contribution. We are also careful to join initiatives only if we believe they closely align with the principles of this engagement policy, including (among other things) a focus on quality over quantity and constructive dialogue based on thoughtful research. Examples of our current memberships in collaborative initiatives related to ESG topics is below:

Directly as PGIM Fixed Income

- Signatory to the UN Principles for Responsible Investment (UN PRI) (Securitised Products Advisory Committee)
- Signatory to the Financial Reporting Council's UK Stewardship Code
- Partnership for Carbon Accounting Financials (PCAF)
- Partnership for Biodiversity Accounting Financials (PBAF)
- Climate Bonds Initiative
- Center for Real Estate Finance Council (CREFC) (Sustainability Steering Committee, Transparency Subcommittee)
- European Leveraged Finance Association (ELFA) (ESG Committee)
- Structured Finance Association (SFA) (Auto ABS Working Group, CMBS Working Group, ESG Task Force Steering Committee, Structured Finance Disclosure Framework Working Group)

- Signatory to Access to Medicine Foundation
- Emerging Markets Investor Alliance (EMIA)
- The FAIRR Initiative (FAIRR)
- Loan Syndications and Trading Association (LSTA)
- Association for Financial Markets in Europe (AFME)
- Loan Market Association (LMA)

Indirectly via PGIM

- The Council of Institutional Investors (CII)
- International Corporate Governance Council (ICGN)
- The Institutional Investors Group on Climate Change (IIGCC)
- International Financial Reporting Standards (IFRS) Sustainability Alliance
- Research Funding Partner of Transition Pathway Initiative (TPI)

The above lists are as of May 2025.

As part of these efforts, we very actively participate in calls and working groups that help set the strategic direction of these organisations, provide feedback to regulators and policymakers, organise stakeholder sessions, and establish industry standards around data disclosures. This work is considered a key mandate for the ESG Research team.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Rank the channels that are most important for your organisation in achieving its stewardship objectives.

☒ **(A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff**

Select from the list:

- ☒ 1
- ☐ 4
- ☐ 5

☐ (B) External investment managers, third-party operators and/or external property managers, if applicable

☐ (C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers

☒ **(D) Informal or unstructured collaborations with investors or other entities**

Select from the list:

- ☒ 3
- ☐ 4
- ☐ 5

☒ **(E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar**

Select from the list:

- ☒ 2
- ☐ 4
- ☐ 5

☐ (F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How are your organisation's stewardship activities linked to your investment decision making, and vice versa?

As an active, bottom-up, fixed income asset manager, PGIM Fixed Income views active stewardship as a fundamental part of our investment process. Through constructive and ongoing dialogue with issuers, we believe that ESG engagements can enable us to achieve better investment outcomes and, where applicable, positive environmental and/or societal outcomes for our clients.

Given that our engagement activities are directly linked to our investment research and decisions, our strong preference is for one-on-one direct engagements as this allows us to represent our own viewpoint and enables us to speak candidly when highlighting our ESG concerns to company management, policymakers, arranging banks, sponsors, NGOs or any other stakeholder. We do not employ third parties to conduct engagements.

To facilitate constructive discussions and leverage PGIM Fixed Income's robust research capabilities, our engagement approach is fundamentally bottom-up. We will engage when an analyst identifies what they consider to be a material issue, they believe could benefit from communication with the issuer. The engagement aims to offer valuable insights into the issuer's capability and readiness to address the issue, as well as inform our investment perspective of the issuer. Such material issues could either be issues that we have identified through research or be specific event-driven. We believe that engagements should be dialogues that are informative and meaningful to both parties. This means, that while dialogue will often entail our analysts probing management on relevant, material ESG issues and assessing an issuer's plans to address them, we also believe in sharing – where practical – how the information from our dialogue is used in investment decision making, and how this may vary across strategies due to clients' differing sensitivities to risks and impacts.

Furthermore, our proprietary ESG Impact Ratings can offer additional tangibility and context across our engagements. These ratings are assigned to all issuers in our standard coverage universe and assess negative and positive impacts of issuers on the environment and society. They are therefore used to determine an issuer's eligibility in many of our ESG strategies. As such, they can be helpful in engagements, as they allow our analysts to discuss with issuers how we rate them on ESG impacts for the subset of our accounts that include an impact lens, while also providing the rationale and factors behind the ratings.

Irrespective of the topic or rationale for our engagement, our approach to engagement emphasizes quality over quantity. This means that our focus is on fewer but more substantive engagements, where the objective is centred on one or two in-depth questions or recommendations. This also means that we encourage close collaboration between our team of fundamental research analysts, economists and ESG specialists throughout the engagement process. Such collaboration allows for knowledge sharing between teams and enables us to think holistically about the ESG objectives and risk-return implications of an engagement. Given that we see engagements as a part of our investment process, we see great value in this collaboration across teams.

Once a meaningful engagement has taken place, a summary and assessment of the engagement is recorded in an internal cloud-based tool, which can be accessed by portfolio managers, credit analysts and other authorised users within PGIM Fixed Income. These write-ups facilitate monitoring of our ESG-related interactions with issuers, provide helpful insights to our investment process and are used to inform clients of our engagement efforts. The insight from the engagements are reflected in our ESG Impact Ratings (which are used to determine eligibility for our ESG portfolios) and/or fundamental credit ratings (where ESG risks are integrated), both of which must be updated at least annually, or more frequently as events warrant.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 28	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

If relevant, provide any further details on your organisation's overall stewardship strategy.

Our approach to engagement is rooted in constructive dialogue with our issuers, internal collaboration between fundamental research analysts, economists and ESG specialists, and quality engagements over quantity.

While our engagements are inherently bottom-up, we may also organise certain engagements around thematic research priorities, which we deem to be material across one or more sectors from either a credit or an impact perspective. To inform our views on these thematic priorities, we may engage with issuers excelling in these areas to learn how they have overcome challenges and instituted best practices. In turn, we may also engage with issuers in the same industry to share some of these findings.

STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 37	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship: Escalation	2

For your corporate fixed income assets, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

- ☐ (A) Joining or broadening an existing collaborative engagement or creating a new one
- ☐ (B) Publicly engaging the entity, e.g. signing an open letter
- ☒ (C) **Not investing**
- ☒ (D) **Reducing exposure to the investee entity**
- ☒ (E) **Divesting**
- ☐ (F) Litigation
- ☐ (G) Other
- ☐ (H) In the past three years, we did not use any of the above escalation measures for our corporate fixed income assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 38	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship: Escalation	2

Describe your approach to escalation for your SSA and/or private debt fixed income assets.

(A) SSA - Approach to escalation

We believe our most effective escalation tool is our decision to reduce holdings or refrain from investing in the issuer's debt in accounts where this would be in line with a client's guidelines and as permitted by law, especially when combined with direct feedback to the issuer about our investment decision.

Where we learn through engagement that the issuer is not addressing issues that affect our assessment of its credit profile or outlook, it may alter our perception of the issuer's relative value. As such, if we feel the added risk is not adequately compensated for, our escalation might involve reducing holdings across various strategies.

Separately, if we lose confidence that the issuer is addressing its most significant ESG impacts (which are not always credit-material), the escalation action will typically be reflected by a downgrading of the ESG Impact Rating. Such downgrades are significant, as they can lead to reducing or exiting positions in ESG strategies with explicit ESG Impact Rating rules.

Investors in SSA debt do not have equity ownership rights, and so there is no option to use proxy voting – a key escalation tool for corporate equity holders. However, as a leading fixed income asset manager, we have effective mechanisms at our disposal. Unlike equity, debt has maturity dates, requiring SSA issuers to frequently raise new debt. Even if we don't currently hold an issuer, our insights can still impact future debt issuances. Considering these factors, our decisions to buy, divest, or refrain from investing in relevant accounts can be a useful escalation tool, particularly when accompanied by direct communication to the issuer about our investment reasoning.

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- ☒ **(A) Yes, we engaged with policy makers directly**
- ☐ (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- ☒ **(C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI**
 - (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- ☐ (A) We participated in 'sign-on' letters
- ☒ (B) **We responded to policy consultations**
- ☐ (C) We provided technical input via government- or regulator-backed working groups
- ☒ (D) **We engaged policy makers on our own initiative**

Describe:

As a large, global asset manager, PGIM Fixed Income is affected by regulation in many jurisdictions, both where this applies to issuers and investors. As we do with all public policy matters that impact our business and our clients, we actively engage with policymakers, either directly or via collaboration with other PGIM businesses at the PGIM level (and, at times, via our trade association partners). We also engage with policymakers on proposals that may negatively impact our investments to make sure they understand the implications of their actions on both the economy and our investors.

- ☒ (E) **Other methods**

Describe:

As a large, global asset manager, PGIM Fixed Income is affected by regulation in many jurisdictions, both where this applies to issuers and investors. As we do with all public policy matters that impact our business and our clients, we actively engage with policymakers, either directly or via collaboration with other PGIM businesses at the PGIM level (and, at times, via our trade association partners). We also engage with policymakers on proposals that may negatively impact our investments to make sure they understand the implications of their actions on both the economy and our investors.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

- ☐ (A) We publicly disclosed all our policy positions
- ☒ (B) **We publicly disclosed details of our engagements with policy makers**

Add link(s):

<https://www.pgim.com/ie/en/institutional>

- ☐ (C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:

Title of stewardship activity:

Investment Grade U.S. Consumer Credit Reporting Agency engagement

(1) Led by

- ☒ (1) Internally led
- ☐ (2) External service provider led
- ☐ (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- ☐ (1) Environmental factors
- ☒ (2) Social factors
- ☐ (3) Governance factors

(3) Asset class(es)

- ☐ (1) Listed equity
- ☒ (2) Fixed income
- ☐ (3) Private equity
- ☐ (4) Real estate
- ☐ (5) Infrastructure
- ☐ (6) Hedge funds
- ☐ (7) Forestry
- ☐ (8) Farmland
- ☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Objective: The issuer holds a large dataset of sensitive and personal information, so data security is highly material to both its ESG impact and credit profile. Security breaches may lead to fines, reputational risk and/or loss of business. We engaged to question the issuer on how it has adapted its practices after suffering a major security breach that exposed significant customer information and led to a large settlement with regulators. We dug into the company's practices and processes, asking for details on its approach to cybersecurity, third-party reviews of its security systems, staff training and board commitment. We also communicated our view that that issuers such as this one have heightened responsibilities to implement best practices around data privacy and cybersecurity. Outcome: We learned that, since the breach, the issuer has made major changes to its cybersecurity practices, which have gone hand-in-hand with its technology transition to the cloud. It has spent heavily on this transition, which the company believes has helped improve data security, allowing for a more comprehensive view of potential threats. Compared to peers, we view the issuer as best in class, given its approach to strong security practices across every level and area of the company. It provided us with clear answers to our questions around its data safeguarding and highlighted best in class practices. In this context, we upgraded the issuer's ESG Impact Rating.

(B) Example 2:

Title of stewardship activity:

South American Retailer engagement

(1) Led by

- ☒ (1) Internally led
- ☐ (2) External service provider led
- ☐ (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- ☒ (1) Environmental factors
- ☒ (2) Social factors
- ☐ (3) Governance factors
- (3) Asset class(es)
 - ☐ (1) Listed equity
 - ☒ (2) Fixed income
 - ☐ (3) Private equity
 - ☐ (4) Real estate
 - ☐ (5) Infrastructure
 - ☐ (6) Hedge funds
 - ☐ (7) Forestry
 - ☐ (8) Farmland
 - ☐ (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Objective: We view initiatives that serve not only an ESG impact objective but also a long-term profitability objective as being more likely to be upheld and expanded upon over time. While the issuer's annual Sustainability Reports set out its integrated ESG approach, we wanted to delve into the specific initiatives and question management on how well these initiatives are integrated with the general business model. Outcome: Management was open about how they see ESG impacting the business strategy and gave the impression that ESG initiatives were also measurably reflective of the best interests of the company over the medium to long term. They told us that sustainable sourcing initiatives and supplier audits aim to decrease reputational risks by avoiding unfair labour practices and promoting quality control close to the source of raw materials. Goods with sustainable attributes have higher margins due to marketable attributes for increasingly environmentally conscious end consumers and greater vertical integration in the business model to bring the products to market, which allow the company to extract more within the value creation chain. We learned that, although circular economy initiatives are small in scale and currently have modest impact, management hopes that, with enough scale, reuse and recycling initiatives can decrease the total raw materials cost within packaging in a meaningful way. We will look for new disclosures in the 2024 Sustainability Report which, taken along with Scope 1-3 emissions reduction goals, may lead to an ESG Impact Rating upgrade in time.

(C) Example 3:

Title of stewardship activity:

European Specialty Chemicals Producer engagement

- (1) Led by
 - ☒ (1) Internally led
 - ☐ (2) External service provider led
 - ☐ (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
 - ☒ (1) Environmental factors
 - ☒ (2) Social factors
 - ☐ (3) Governance factors
- (3) Asset class(es)
 - ☐ (1) Listed equity
 - ☒ (2) Fixed income
 - ☐ (3) Private equity
 - ☐ (4) Real estate
 - ☐ (5) Infrastructure
 - ☐ (6) Hedge funds
 - ☐ (7) Forestry
 - ☐ (8) Farmland
 - ☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Objective: After learning that it had suffered an acid leak at one of its plants, we engaged with the issuer's senior management to question them on the cause of the leak, the impact of the environment and the measures the company is taking to prevent similar incidents occurring. Outcome: In response to our questioning, the company told us that the leak caused no injuries to employees or members of the public, there was no contamination of soil or water, and the pollution level beyond the perimeter of the facility never breached regulatory thresholds. Management claimed that the leak was quickly identified and stopped, and that while a gas cloud did form and was carried into the neighbouring metropolitan area, it posed no danger to anyone. We also dug into the cause of the leak and were told that it was due to technical material fault in an element of a pump provided by a supplier, and that investigations are ongoing with respect to the part and its condition as it was only recently installed and passed all relevant regulatory checks. Given the company's prompt and transparent response, and the lack of any substantive environmental impact, we have not downgraded its ESG Impact Rating.

(D) Example 4:

Title of stewardship activity:

U.S. Flexible Packaging Manufacturer engagement

(1) Led by

- ☒ (1) Internally led
- ☐ (2) External service provider led
- ☐ (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- ☒ (1) Environmental factors
- ☐ (2) Social factors
- ☐ (3) Governance factors

(3) Asset class(es)

- ☐ (1) Listed equity
- ☒ (2) Fixed income
- ☐ (3) Private equity
- ☐ (4) Real estate
- ☐ (5) Infrastructure
- ☐ (6) Hedge funds
- ☐ (7) Forestry
- ☐ (8) Farmland
- ☐ (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Objective: The company is relatively new to its sustainability journey: it published its first sustainability report two years ago and still has only general targets and disclosures. Therefore, we engaged to assess how seriously the firm is pursuing these initiatives and how much further it plans to concretise targets. We focused the discussion on climate change targets and the circular economy. Outcome: The company informed us that it committed to developing a Science-Based Targets initiative (SBTi) target and is working on understanding its Scope 3 footprint and identifying key levers to reduce emissions. While this as a positive development, it noteworthy that the company appears to have committed to disclosing an SBTi aligned target without having first determined the viability of achieving an ambitious target. Thus, we are cautiously optimistic about its future execution. On Circular Economy, some of the company's terminology can be vague. For example, when it says that 50% of its products are "recyclable", it means that they have at least "some recyclable attributes". Since some jurisdictions have clear definitions of "recyclable", the company may need to adjust the disclosures. The firm identifies larger public brands as the main demand driver for its eco/sustainable products, as they recognise the market demand for them. Although sustainability is clearly a core component of the business, driving opportunities and posing potential risks if ignored, we are not yet ready to upgrade our ESG Impact Rating as it is still in the early stages of formulating and articulating the sustainability strategy.

(E) Example 5:

Title of stewardship activity:

Feedback on industry group response to the EU's SFDR consultation

(1) Led by

- ☒ (1) Internally led
- ☐ (2) External service provider led
- ☐ (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- ☐ (1) Environmental factors

- ☐ (2) Social factors
- ☒ (3) **Governance factors**
- (3) Asset class(es)
- ☐ (1) Listed equity
- ☒ (2) **Fixed income**
- ☐ (3) Private equity
- ☐ (4) Real estate
- ☐ (5) Infrastructure
- ☐ (6) Hedge funds
- ☐ (7) Forestry
- ☐ (8) Farmland
- ☐ (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Summary: We worked with the ESG team at the PGIM-level to develop specific proposals in response to the EU's consultation on SFDR in order to feed these to the European Fund and Asset Management Association (EFAMA), an industry group of which we are a member that was working on its own response. We wanted to make sure that our views were shared with EFAMA, as it is an important representative of the financial services industry and others. In its feedback, PGIM Fixed Income and PGIM supported the idea of an explicit product categorisation regime under a revised SFDR, alongside a more streamlined disclosure regime. In addition to explaining our rationale for this, we offered specific examples of the types of categories we would recommend, including detailed criteria and objectives for each, as well as examples of what streamlined disclosure templates could look like. This was to make our proposals clearer and more actionable. We feel this made a meaningful contribution to the discussions at EFAMA and the EU.

CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

Has your organisation identified climate-related risks and opportunities affecting your investments?

☒ (A) **Yes, within our standard planning horizon**

Specify the risks and opportunities identified and your relevant standard planning horizon:

We consider climate change and associated investment risk to be an important factor that should be incorporated in our credit assessment, especially where we deem the issuer's exposure to climate risk to be high. Consideration of climate risks and opportunities is part of our approach in integrating credit material ESG factors into credit analysis and investment decision-making and is consistent with our fiduciary duty to our clients and investors. The impact that issuers have on climate change via GHG emissions generated by operations, products or value chain is also a significant consideration under our ESG Impact Rating framework.

In measuring climate risks, we aim to take account of "physical" risks (for example, the impact of severe climate events leading to business disruption or losses for its investment positions) as well as "transition" risks, which pertain to the risk to investments as the world's economies decarbonise, in each case to the extent we believe they are likely to be material to the overall credit rating. In addition, we view climate risk as both a "standalone" risk, and also a "cross-cutting" risk, which manifests through many other established principal risk types (such as operational risks, credit risks, litigation risks, reputational risks, etc.).

We seek to identify, understand and manage the impact of likely climate-related risks on our investments. This is achieved by a combination of approaches as applicable to different asset classes, including:

- Incorporating climate risk assessment in fundamental analysis. Where they believe these risks to be material, our analysts may evaluate an issuer's exposure to climate related risks by considering their exposure to climate regulations, consumer demands, technological risks/opportunities, and/or whether their key assets are located in areas exposed to increased physical climate risks. They also may consider the issuer's management and plans to reduce their climate risk exposures going forward. This is in keeping with our general focus on fundamental, bottom-up analysis, which we feel is core to our ability to add value.

- Focusing on sectors with high direct exposures to the physical and transition risks of climate change, including those particularly exposed to supplying or consuming fossil fuels (e.g., energy, mining, utilities, transportation), industrials (e.g., producing or using products like steel, cement and aluminium), as well as the agricultural sector, our research involves (where relevant):
- Monitoring regulatory developments and analysing potential impact on issuers
- Incorporating the risk of an increase in carbon prices or lower demand for fossil fuels and higher-emissions products
- Identifying issuers with a credible strategy for transitioning towards lower-carbon business models
- Exploring indirect climate risk vulnerabilities (e.g. physical and transition risks in supply chains)

☒ **(B) Yes, beyond our standard planning horizon**

Specify the risks and opportunities identified and your relevant standard planning horizon:

Climate change and GHG emissions are a significant factor in our ESG impact assessment and ESG Impact Ratings, and the specific focus of our proprietary Temperature Alignment Tool. The latter focuses specifically on how well companies are decarbonization, and involved qualitative assessments by ESG analysts for the most intensive issuers in our coverage. And although the former ratings do not focus solely on climate, climate considerations play a large role in analysts' assessments in GHG emissions-intensive sectors where negative climate impacts are material. Where an issuer has significant, negative climate impacts arising from Scope 1, 2 or 3 emissions and is not taking credible measures to materially reduce that impact, this would weigh heavily on its ESG Impact Rating. These assessments may in turn lead to issuers being excluded from portfolios that include criteria based directly or indirectly on climate factors.

Although the ESG Impact Ratings and Temperature Alignment Tool focus on longer-term impacts, they also result in our analysts monitoring issuers' performance on ESG/transition factors that could evolve into credit risks or become a long-term opportunity or contribute to market technical for the issuer in future. To be clear, not all long-term impacts caused by an issuer will turn into risks/opportunities for that issuer, and our ESG Impact Ratings and Temperature Alignment Tool are not designed to evaluate risk. Nonetheless, the requirement that long-term impacts be evaluated can indirectly improve our long-term risk assessments. This helps to guide our relative value analysis when it comes to security selection and portfolio construction, which weighs up fundamental factors (including ESG) and valuations. In this regard, our analysts consider not only the end ratings, but also the data underpinning them, again combined with their insights into the issuers they cover.

There are many ways that ESG impacts could translate into risks and opportunities. For example, the effectiveness of a country's response to climate change could alter potential growth – an important consideration for debt sustainability – by driving technological improvement or shifting consumer preferences. Conversely, failure to address climate change might necessitate resource allocation towards handling physical and transition risks. Investor perceptions may also be influenced by a country's willingness to meet global environmental standards, which could alter capital flows needed to finance projects and service debt burdens. In this context, relevant components within our ratings framework could include Climate & Energy, Air Pollution, and Air Quality.

- (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

☒ **(A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities**

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

PGIM Fixed Income believes that climate risks and opportunities can impact investment performance, and therefore aims to integrate these factors into credit analysis – which is then incorporated into our relative value assessment - across all of our credit strategies. However, in keeping with its core competency of active, fundamental research, PGIM Fixed Income believes that it can best assess climate-related risks and opportunities at the issuer level rather than at the portfolio level, especially given the weaknesses of climate risk models. For further details on the integration of climate-related risks and opportunities in our credit analysis processes, please see our response to PGS 44.

We are also working with many of our institutional clients on decarbonisation strategies for their portfolios. Furthermore, GHG emissions and climate impact are a significant factor in our ESG impact assessment and ratings, and certain of our ESG funds / mandates have exclusions on the worst carbon intensive activities such as thermal coal extraction, thermal coal power generation and tar sands, as well as a limitations on a company's overall carbon intensity.

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

Which sectors are covered by your organisation's strategy addressing high-emitting sectors?

- ☐ (A) Coal
- ☐ (B) Gas
- ☐ (C) Oil
- ☐ (D) Utilities
- ☐ (E) Cement
- ☐ (F) Steel
- ☐ (G) Aviation
- ☐ (H) Heavy duty road
- ☐ (I) Light duty road
- ☐ (J) Shipping
- ☐ (K) Aluminium
- ☐ (L) Agriculture, forestry, fishery
- ☐ (M) Chemicals
- ☐ (N) Construction and buildings
- ☐ (O) Textile and leather
- ☐ (P) Water
- ☐ (Q) Other

● (R) We do not have a strategy addressing high-emitting sectors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

- ☐ (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- ☐ (B) Yes, using the One Earth Climate Model scenario
- ☐ (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
- ☐ (D) Yes, using other scenarios

● (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Additional context to your response(s): (Voluntary)

While PGIM Fixed Income may run certain climate scenario analyses for specific accounts where appropriate, it does not currently conduct climate scenario analysis as a regular part of its investment or risk management process. This is because we believe that climate-related risks and opportunities are best assessed at the issuer level rather than at the portfolio level. We see weaknesses in existing top-down climate models, which do not always reflect the credit analysts' more granular bottom-up views regarding issuers' exposures to climate risks and do not provide portfolio managers with decision useful information. Nonetheless, PGIM Fixed Income considers climate change and associated policy and regulatory responses to be important risk factors that should be incorporated into our credit assessment and fundamental credit ratings, especially where the issuer's exposure to climate risk is deemed high. As part of this, analysts consider climate scenarios where they believe risks could be material. Where scenarios are considered, these vary by sector, region, and sometimes issuer to reflect the most likely channel(s) through which climate risks may arise.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

☒ **(A) Yes, we have a process to identify and assess climate-related risks**

(1) Describe your process

PGIM Fixed Income believes that climate risks and opportunities can impact investment performance, and therefore aims to integrate these factors into credit analysis – which is then incorporated into our relative value assessment - across all of our credit strategies. However, in keeping with its core competency of active, fundamental research, PGIM Fixed Income believes that it can best assess climate-related risks and opportunities at the issuer level rather than at the portfolio level, especially given the weaknesses of climate risk models.

PGIM Fixed Income has implemented processes to identify and assess sustainability / ESG risks, which includes climate-related risks as a key category of sustainability risks in practice.

However, PGIM Fixed Income has not implemented any bespoke processes specifically related to climate risks alone.

Identification of sustainability risks PGIM Fixed Income's process to identify sustainability risks is from a bottom-up fundamental research perspective. Credit analysts and economists are primarily responsible for identifying any climate-related risks that they believe are likely to be material for the issuers in their coverage universe. These analysts are considered experts on their industries and their issuers, and so we believe they are typically best placed to make such an evaluation. However, they are sometimes supported by additional research or guidance from the Firm's ESG research team.

Assessment of sustainability risks As part of the credit research process, PGIM Fixed Income 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.). PGIM Fixed Income analysts may supplement this information through engagement with the issuer. To the extent an ESG factor is considered by the analyst to have a material or a potentially material adverse impact on the financial value of the issuer, our analysts will incorporate such risks into their fundamental credit ratings. Fundamental credit ratings are a key factor in our relative value assessments and the primary means through which our portfolio managers will consider material sustainability risks when assessing the overall relative attractiveness of potential investments. Although our views are often informed by quantitative metrics, our ultimate decision on how ESG considerations should influence our investment decisions is largely qualitative, as with other types of idiosyncratic risks and opportunities.

With respect to climate change, analysts consider climate change and associated investment risk to be an important factor that should be incorporated in our credit assessment, especially where they deem the issuer's exposure to climate risk to be high. We seek to identify, understand and manage the impact of likely climate-related risks on our investments. This is achieved by a combination of approaches as applicable to different asset classes, including:

- Incorporating climate risk assessment in fundamental analysis. Where they believe these risks to be material, our analysts may evaluate an issuer's exposure to climate related risks by considering their exposure to climate regulations, consumer demands, technological risks/opportunities, and/or whether their key assets are located in areas exposed to increased physical climate risks. They also may consider the issuer's management and plans to reduce their climate risk exposures going forward. This is in keeping with our general focus on fundamental, bottom up analysis, which we feel is core to our ability to add value.

- Focusing on sectors with high direct exposures to the physical and transition risks of climate change, including those particularly exposed to supplying or consuming fossil fuels (e.g., energy, mining, utilities, transportation), industrials (e.g., producing or using products like steel, cement and aluminium), as well as the agricultural sector, our research involves (where relevant):
 - o Incorporating the risk of an increase in carbon prices or lower demand for fossil fuels and higher-emissions products
 - o Identifying issuers with a credible strategy for transitioning towards lower-carbon business models
 - o Exploring indirect climate risk vulnerabilities (e.g., physical and transition risks in supply chains)
 - o Monitoring regulatory developments and analysing potential impact on issuers

(2) Describe how this process is integrated into your overall risk management

PGIM Fixed Income evaluates issuers' credit profiles from a holistic perspective, rather than separating them into thematic components – climate or otherwise – as we believe all aspects of an issuer's credit profile must be taken into account in totality when making an investment decision. We believe that viewing thematic risks in isolation can present a view that is very different from the overall risk assessment, as some risks can cancel each other out and others can compound on one another. Therefore, we do not evaluate issuers' climate risks and opportunities in isolation, but instead integrate them directly into our fundamental credit ratings, and thus into our relative value assessments. In addition, there is often not a clear demarcation of what could be a 'climate risk/opportunity' versus a 'traditional risk/opportunity.' In many cases, these heavily overlap, so any boundary around what is a 'climate risk/opportunity' instead of any other type of risk/opportunity can be arbitrary. For example, an automaker's EV strategy would be evaluated as part of the broader business assessment, rather than as a standalone climate assessment.

Given the above and the need to have one overarching assessment of an issuer's risk profile as well as the fact that we cannot always identify a clear boundary around which factors should be considered climate risks/opportunities, we do not systematically tag the Portfolios' aggregate exposure to specific climate risks and opportunities.

☒ (B) Yes, we have a process to manage climate-related risks

(1) Describe your process

While PGIM Fixed Income's investment professionals are provided with information on credit material climate risks and are encouraged to take these risks into account when making an investment decision, credit-material climate risk would not by itself prevent PGIM Fixed Income from making any investment. In many cases, an issuer may have higher "climate risk" but lower overall risk (e.g. an issuer that is more exposed to climate risk but is highly rated and lower levered may have less overall risk than one with a weak balance sheet but less direct climate exposure). Our objective is to manage overall risk, not individual categories of risk. Further, as a fixed income investor, our mandate is not to avoid all risk, but rather to take calculated risks that are attractive from a relative value perspective. Thus, as stated, we do not apply any absolute risk limits or risk appetite thresholds which relate exclusively to climate risk as a separate category of risk. Instead, credit-material climate risk forms part of the overall research process, and is one of many risks which may, depending on the specific investment opportunity, be relevant to a determination of risk. Effectively, we manage climate-related risks by incorporating them into our overall fundamental credit ratings, which then allows us to integrate them into our standard relative value and risk management processes, which we feel are the best way to holistically manage risk.

(2) Describe how this process is integrated into your overall risk management

PGIM Fixed Income has:

- Established and implemented risk management policies and procedures. These identify the risks which relate to the Firm's activities, processes and systems, and set the level of risk tolerated by the Firm;
- Adopted arrangements, processes and mechanisms to manage the risks to which the Firm is exposed, in light of that risk tolerance;
- Implemented monitoring processes, in respect of risk exposure and risk tolerance; and
- Established a permanent Risk Management function, which is responsible for the implementation of the policies and procedures noted above, and for reporting to senior management on risk matters.

- o (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and publicly disclose?

- ☐ (A) Exposure to physical risk
- ☐ (B) Exposure to transition risk
- ☐ (C) Internal carbon price
- ☒ **(D) Total carbon emissions**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - ☐ (1) Metric or variable used
 - ☐ (2) Metric or variable used and disclosed
 - ☒ **(3) Metric or variable used and disclosed, including methodology**
 - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Limited%202023%20FCA%20TCFD%20Disclosures_Entity%20Level_FINAL.pdf
- ☒ **(E) Weighted average carbon intensity**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - ☐ (1) Metric or variable used
 - ☐ (2) Metric or variable used and disclosed
 - ☒ **(3) Metric or variable used and disclosed, including methodology**
 - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Limited%202023%20FCA%20TCFD%20Disclosures_Entity%20Level_FINAL.pdf
- ☐ (F) Avoided emissions
- ☐ (G) Implied Temperature Rise (ITR)
- ☐ (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
- ☐ (I) Proportion of assets or other business activities aligned with climate-related opportunities
- ☐ (J) Other metrics or variables
 - ☐ (K) Our organisation did not use or publicly disclose any climate risk metrics or variables affecting our investments during the reporting year

Additional context to your response(s): (Voluntary)

Please note that these disclosures apply solely to accounts managed by our UK entity.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation publicly disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

- ☒ **(A) Scope 1 emissions**
 - (1) Indicate whether this metric was disclosed, including the methodology
 - ☐ (1) Metric disclosed
 - ☒ **(2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.prudentialesg.com/sustainability/default.aspx>

☒ **(B) Scope 2 emissions**

(1) Indicate whether this metric was disclosed, including the methodology

○ (1) Metric disclosed

● **(2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.prudentialesg.com/sustainability/default.aspx>

☒ **(C) Scope 3 emissions (including financed emissions)**

(1) Indicate whether this metric was disclosed, including the methodology

○ (1) Metric disclosed

● **(2) Metric and methodology disclosed**

(2) Provide links to the disclosed metric and methodology, as applicable

https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/PGIM%20Limited%202023%20FCA%20TCFD%20Disclosures_Entity%20Level_FINAL.pdf

○ (D) Our organisation did not publicly disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

● **(A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities**

○ (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

☒ **(A) The UN Sustainable Development Goals (SDGs) and targets**

☒ **(B) The UNFCCC Paris Agreement**

☒ **(C) The UN Guiding Principles on Business and Human Rights (UNGPs)**

☒ **(D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors**

☒ **(E) The EU Taxonomy**

☐ (F) Other relevant taxonomies

☐ (G) The International Bill of Human Rights

☐ (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions

☐ (I) The Convention on Biological Diversity

☒ **(J) Other international framework(s)**

Specify:

SASB SBTi TPI

☐ (K) Other regional framework(s)

☒ (L) Other sectoral/issue-specific framework(s)

Specify:

The above frameworks have been considered in developing the methodology for our ESG Impact Ratings (in identifying key negative and positive impacts at the GICs sub-industry level), Temperature Alignment Tool (in assessing decarbonisation pathways), and SFDR Good Governance assessments (in assessing controversies that indicate potential governance issues).

- ☐ (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

- ☒ (A) Identify sustainability outcomes that are closely linked to our core investment activities
- ☒ (B) Consult with key clients and/or beneficiaries to align with their priorities
- ☒ (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- ☒ (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- ☐ (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- ☐ (F) Understand the geographical relevance of specific sustainability outcome objectives
- ☐ (G) Other method
- ☐ (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

- ☒ (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- ☐ (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Additional context to your response(s): (Voluntary)

It should be noted that we are only able to do so where agreed to with clients and/or in products where disclosed in offering documents.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?

- ☐ (A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons
- ☐ (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
- ☒ (C) We have been requested to do so by our clients and/or beneficiaries
- ☒ (D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes
- ☐ (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
- ☐ (F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)
- ☐ (G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right
- ☐ (H) Other

HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49	PLUS	PGS 47	PGS 49.1	PUBLIC	Human rights	1, 2

During the reporting year, what steps did your organisation take to identify and take action on the actual and potential negative outcomes for people connected to your investment activities?

- ☐ (A) We assessed the country level context of our potential and/or existing investments to understand how this could connect our organisation to negative human rights outcomes
- ☐ (B) We assessed the sector context of our potential and/or existing investments to understand how this could connect our organisation to negative human rights outcomes
- ☐ (C) We assessed the human rights performance of our potential and/or existing investments to understand how this could connect our organisation to negative human rights outcomes
- ☐ (D) We monitored severe and emerging human rights controversies to understand how this could connect our organisation to negative human rights outcomes
- ☒ (E) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities

Specify:

Our ESG Impact Ratings address the impacts our investments have on the environment and society, including potentially negative outcomes for people.

PGIM sponsored funds implementing an ESG strategy, and certain other accounts with ESG related investment guidelines prohibit investments in issuers with ESG Impact Ratings below a certain threshold, and some accounts (including PGIM sponsored funds implementing an ESG strategy) also prohibit investing in issuers that violate the UNGC Principles.

Explain how these activities were conducted:

In assigning an ESG Impact Rating, the environmental and social topics, characteristics and indicators considered by our investment analysts vary depending on the asset class, industry and/or individual issuer but generally may include, but are not limited to:

Human Rights: Responsible treatment of vulnerable workers and populations (Relations with indigenous communities; Assets located in contested/tribal lands; UNGC violations; Policies to eliminate child/slave labour, including (where material) with respect to supply chains; Modern slavery or forced labour; Exposure to controversial weapons)

Labour Management: Strong worker health and safety management (Occupational health & safety performance, including accident and fatality rates; Policies and controls to prevent accidents; Presence of worker training programs); Fair wages and working conditions (Total compensation of median compensated employee; Executive compensation; Percent of employees not earning a living wage; Violations of minimum wage laws; Non-compensation benefits offered; UNGC violations; Modern slavery or forced labour; discriminatory practices)

Quality of Products and Services: Safe products and services (Product recalls; Effective content moderation; Product safety record; Data breaches and data privacy & security practices); Non-discriminatory pricing and sales practices (Unfair pricing practices; Misleading marketing and sales practices; Financial inclusion/exclusion; Responsible lending practices)

- (F) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.2	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, what information sources did your organisation use to identify the actual and potential negative outcomes for people connected to its investment activities?

☒ **(A) Corporate disclosures**

Provide further detail on how your organisation used these information sources:

Our credit analysts regularly assess ESG factors, including those related to human rights, using company sustainability reports, annual reports, presentations and other materials, these are the primary sources for filling ESG monitors and reports and the starting point for analysis.

☒ **(B) Media reports**

Provide further detail on how your organisation used these information sources:

Our analysts track news on covered companies daily and discuss credit and ESG relevant items with portfolio managers in the daily morning meeting.

☒ **(C) Reports and other information from NGOs and human rights institutions**

Provide further detail on how your organisation used these information sources:

Our analysts use sector relevant NGO and multilateral institution reports as well as activist analysis to inform our ESG views and help provide information on areas where company disclosure is insufficient.

☐ **(D) Country reports, for example, by multilateral institutions, e.g. OECD, World Bank**

☒ **(E) Data provider scores or benchmarks**

Provide further detail on how your organisation used these information sources:

Analysts may follow ESG scores from multiple ESG data providers, including MSCI, ISS, Clarity AI and others, and may use them to inform their analysis. They may also consider more specific scores such as green bond assessments. These are helpful in reaching our own scores, although there are significant differences in methodology.

☒ **(F) Human rights violation alerts**

Provide further detail on how your organisation used these information sources:

We use monitoring services such as MSCI and ISS to alert us to human rights violations by covered companies. In addition, our analysts cover their issuers closely (as described in (B)), and so often learn about such violations in their ongoing research.

☒ **(G) Sell-side research**

Provide further detail on how your organisation used these information sources:

We receive large amounts of sell-side research and have regular contact with sell-side analysts which helps us test and verify our analysis

☒ **(H) Investor networks or other investors**

Provide further detail on how your organisation used these information sources:

PGIM Fixed Income analysts will occasionally attend investor roundtables and similar events on sustainability, these are useful in understanding different perspectives on issues and issuers. We use these events as opportunities to argue PGIM Fixed Income's position and influence industry consensus

- ☐ (I) Information provided directly by affected stakeholders or their representatives
- ☐ (J) Social media analysis
- ☐ (K) Other

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 50	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?

- ☐ (A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities
- ☐ (B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities
- ☒ (C) No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year

Explain why:

N/A

FIXED INCOME (FI)

OVERALL APPROACH

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
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FI 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1
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Does your organisation have a formal investment process to identify and incorporate material ESG factors across your fixed income assets?

	(1) SSA	(2) Corporate	(3) Securitised
(A) Yes, our investment process incorporates material governance factors	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, our investment process incorporates material environmental and social factors	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) Yes, our investment process incorporates material ESG factors depending on different investment time horizons	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(D) No, we do not have a formal process; our investment professionals identify material ESG factors at their discretion	○	○	○
(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors	○	○	○

Additional context to your response(s): (Voluntary)

We define “ESG risk” and “ESG opportunity” as an environmental, social or governance event or condition that, if it occurs, could cause a material negative or positive impact on the financial/economic value of an investment. Together, we consider such ESG risks and opportunities to be “credit-material ESG factors”. Because we define credit-material ESG factors purely as those we believe have a reasonable potential to materially affect the value of specific investments, and distinct from the consideration of ESG impacts, those factors are incorporated into our evaluation of issuers’ credit profiles in the management of all credit portfolios. As part of the credit research process, PGIM Fixed Income 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.). PGIM Fixed Income analysts may supplement this information through engagement with the issuer. To the extent an ESG factor is considered by the analyst to have a material or a potentially material adverse impact on the financial value of the issuer, our analysts will incorporate such risks into their fundamental credit ratings. Fundamental credit ratings are a key factor in our relative value assessments and the primary means through which our portfolio managers consider material sustainability risks when assessing the overall relative attractiveness of potential investments. Equally, ESG factors considered to be materially positive will also be reflected in our fundamental analysis and therefore considered in relative value assessments. Although our views are often informed by quantitative metrics, our ultimate assessment on how ESG considerations should influence our investment decisions is largely qualitative, as with other types of idiosyncratic risks and opportunities.

In addition to managing credit portfolios which rely on our fundamental credit ratings, PGIM Fixed Income manages a small number of portfolios that do not rely on our fundamental credit ratings in their investment management approach. Such portfolios account for roughly 3% of our total AUM.

MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your fixed income assets?

	(1) SSA	(2) Corporate	(3) Securitised
(A) Yes, we have a formal process that includes scenario analyses			
(B) Yes, we have a formal process, but does it not include scenario analyses	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) We do not have a formal process for our fixed income assets; our investment professionals monitor how ESG trends vary over time at their discretion	○	○	○
(D) We do not monitor and review the implications of changing ESG trends on our fixed income assets	○	○	○

(B) Yes, we have a formal process, but it does not include scenario analyses - Specify: (Voluntary)

As a fundamental bottom-up fixed income investor, we believe that ESG-related risks, opportunities and trends are best assessed at the issuer level rather than at the portfolio level. For example, in a thought leadership piece published in December 2021, our Co-Head of ESG, John Ploeg, explains Three Flawed Assumptions about Climate Risk Models which assume that: 1) the energy transition will be smooth; 2) climate risks can be isolated; and 3) climate risk models are precise.

That being said, we have run some of our strategies through data vendors' Climate Value at Risk (VaR) tools in the past and, upon analysing the results, concluded that the results are oversimplified and unhelpful in decision making for bottom-up, active investors like ourselves. Besides confirming some of the weaknesses laid out in our blog post on climate risk models, it is also evident that these models are backwards looking in the sense that they do not adequately capture an issuer's capacity and willingness to adapt. Additionally, the results inevitably bias certain industries based on whether the concentration of their emissions are in Scope 1, 2 or 3 and don't take a holistic view of the company's situation, targets, and market share into consideration.

In our issuer-level approach to ESG trends, credit-material ESG risks and opportunities are assessed as an integral part of our credit analysis and embedded in our bottom up investment process. We incorporate ESG risk assessments in our investment decisions by incorporating them into our credit ratings and considering them through our relative value frameworks, as we believe these risks can be financially material. As demonstrated above, scenario analyses may form part of our fundamental credit analysis, but the extent to which this incorporates ESG factors can vary.

Additional context to your response(s): (Voluntary)

In addition to assessing credit-material ESG risks and opportunities, we also separately assess issuers' impacts on the environment and society; this is separate from our credit assessment and represented through a distinct ESG Impact Rating that we assign to issuers, which is used to inform portfolio construction where permitted under applicable law and regulation and agreed to with clients and/or in products where this is clearly disclosed in offering documents.

PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

For the majority of your fixed income investments, does your organisation incorporate material ESG factors when assessing their credit quality?

	(1) SSA	(2) Corporate	(3) Securitised
(A) We incorporate material environmental and social factors	☒	☒	☒
(B) We incorporate material governance-related factors	☒	☒	☒
(C) We do not incorporate material ESG factors for the majority of our fixed income investments	☐	☐	☐

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

Does your organisation have a framework that differentiates ESG risks by issuer country, region and/or sector?

	(1) SSA	(2) Corporate	(3) Securitised
(A) Yes, we have a framework that differentiates ESG risks by country and/or region (e.g. local governance and labour practices)	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, we have a framework that differentiates ESG risks by sector	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) No, we do not have a framework that differentiates ESG risks by issuer country, region and/or sector	○	○	○
(D) Not applicable; we are not able to differentiate ESG risks by issuer country, region and/or sector due to the limited universe of our issuers	○	○	○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How do you incorporate significant changes in material ESG factors over time into your fixed income asset valuation process?

	(1) SSA	(2) Corporate
(A) We incorporate it into the forecast of financial metrics or other quantitative assessments	(1) for all of our AUM	(1) for all of our AUM
(B) We make a qualitative assessment of how material ESG factors may evolve	(1) for all of our AUM	(1) for all of our AUM

(C) We do not incorporate significant changes in material ESG factors

○

○

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 7	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

At what level do you incorporate material ESG factors into the risks and/or returns of your securitised products?

● **(A) At both key counterparties' and at the underlying collateral pool's levels**

Explain: (Voluntary)

ESG factors are core to PGIM Fixed Income's evaluation of securitised credit. When we look at securitised products, we consider ESG issues both at the issuer level as well as the collateral in the securitised pool level. Governance is particularly relevant to our credit view, both in terms of the deal's sponsor or originator, as well as the terms of the deal itself. But environmental and social considerations are also important. For instance, environmental hazards and transition risks can have significant impact on the analysis of products backed by real estate. Specific to social considerations, the quality of servicing, as well as the fair treatment of borrowers, are often key components in deals backed by consumer-facing loans.

- (B) At key counterparties' level only
- (C) At the underlying collateral pool's level only

ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 8	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

How do material ESG factors contribute to your security selection, portfolio construction and/or benchmark selection process?

	(1) SSA	(2) Corporate	(3) Securitised
(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Material ESG factors contribute to determining the holding period of individual assets within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(D) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(E) Material ESG factors contribute to our portfolio construction and/or benchmark selection process in other ways	(3) for a minority of our AUM	(3) for a minority of our AUM	(3) for a minority of our AUM
(F) Our security selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors	○	○	○

(E) Material ESG factors contribute to our portfolio construction and/or benchmark selection process in other ways - Specify:

In addition to assessing credit-material ESG risks and opportunities, we also separately assess issuers' impacts on the environment and society; this is separate from our credit assessment and represented through a distinct ESG Impact Rating that we assign to issuers, which is used to inform portfolio construction where permitted under applicable law and regulation and agreed to with clients and/or in products where this is clearly disclosed in offering documents.

Additional context to your response(s): (Voluntary)

We define "ESG risk" and "ESG opportunity" as an environmental, social or governance event or condition that, if it occurs, could cause a material negative or positive impact on the financial/economic value of an investment.

Together, we consider such ESG risks and opportunities to be "credit-material ESG factors". Because we define credit-material ESG factors purely as those we believe have a reasonable potential to materially affect the value of specific investments, and distinct from the consideration of ESG impacts, those factors are incorporated into our evaluation of issuers' credit profiles in the management of all credit portfolios.

As part of the credit research process, PGIM Fixed Income 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.). PGIM Fixed Income analysts may supplement this information through engagement with the issuer. To the extent an ESG factor is considered by the analyst to have a material or a potentially material adverse impact on the financial value of the issuer, our analysts will incorporate such risks into their fundamental credit ratings. Fundamental credit ratings are a key factor in our relative value assessments and the primary means through which our portfolio managers consider material sustainability risks when assessing the overall relative attractiveness of potential investments. Equally, ESG factors considered to be materially positive will also be reflected in our fundamental analysis and therefore considered in relative value assessments. Although our views are often informed by quantitative metrics, our ultimate assessment on how ESG considerations should influence our investment decisions is largely qualitative, as with other types of idiosyncratic risks and opportunities.

In addition to managing credit portfolios which rely on our fundamental credit ratings, PGIM Fixed Income manages a small number of portfolios that do not rely on our fundamental credit ratings in their investment management approach. Such portfolios account for roughly 3% of our total AUM.

POST-INVESTMENT

ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 11	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

How are material ESG factors incorporated into your portfolio risk management process?

	(1) SSA	(2) Corporate	(3) Securitised
(A) Investment committee members, or the equivalent function or group, can veto investment decisions based on ESG considerations	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Companies, sectors, countries and/or currencies are monitored for changes in exposure to material ESG factors and any breaches of risk limits	(2) for a majority of our AUM	(2) for a majority of our AUM	(2) for a majority of our AUM
(C) Overall exposure to specific material ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on the individual issuer or issue sensitivity to these factors	(3) for a minority of our AUM	(3) for a minority of our AUM	(3) for a minority of our AUM
(D) We use another method of incorporating material ESG factors into our portfolio's risk management process	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(E) We do not have a process to incorporate material ESG factors into our portfolio's risk management process	○	○	○

(D) We use another method of incorporating material ESG factors into our portfolio's risk management process - Specify:

The line between ESG risks and other forms of risk is often blurred, and we believe effective credit analysis requires analysis of relevant risks in combination, rather than in isolation.

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. ESG constraints are considered when constructing portfolio risk budgets, which are used in our daily risk surveillance. Guideline constraints for ESG-dedicated accounts and accounts with specific ESG-related restrictions are monitored by our compliance group as part of their daily process.

Additionally, our risk management framework combines monitoring the risk of individual credits and the risk of the overall portfolio. Market Implied Rating curves that drive our risk analytics are recreated each night based on market 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 trades with a spread premium due to ESG or other factors, it would be assigned a lower credit rating in our risk 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 our system.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 12	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your fixed income assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

	(1) SSA	(2) Corporate	(3) Securitised
(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual fixed income holdings	☒	☒	☒
(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for other fixed income holdings exposed to similar risks and/or incidents	☒	☒	☒
(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for our stewardship activities	☒	☒	☒
(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents	☒	☒	☒

(E) We do not have a formal process to identify and incorporate ESG risks and ESG incidents; our investment professionals identify and incorporate ESG risks and ESG incidents at their discretion

○

○

○

(F) We do not have a formal process to identify and incorporate ESG risks and ESG incidents into our risk management process

○

○

○

PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 14	PLUS	OO 5.3 FI, OO 21	N/A	PUBLIC	Performance monitoring	1

Provide an example of how the incorporation of environmental and/or social factors in your fixed income valuation or portfolio construction affected the realised returns of those assets.

Example 1: High Yield – U.S. Midstream Company | Circular Economy Risks Description: A large portion of the company's EBITDA comes from the transportation and disposal of water from oil and gas exploration activities into disposal wells. We also believe the issuer's business model faces fundamental transition risks, as producers continue to recycle more used water back into their operations. We have seen operators who are environmentally conscious improving their water recycling rates from a minimal amount to nearly 100% in the span of only 5-10 years. The operators on the company's dedicated acreage only recycle about 10% of their produced water volumes. Therefore, there is a significant opportunity for operators to increase their water recycling efforts, which poses a threat to the issuer's core business. Assessment: This issuer came to market with a \$700 million term loan and \$2.1 billion of secured bonds to refinance its capital structure. We made the decision to pass on the deal due to the company's elevated leverage from its outstanding Class D preferred shares with a redemption value of roughly \$700 million, as well as significant concerns around the issuer's water disposal business.

Example 2: Emerging Market Corporate – Multinational Mining and Metals company | 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 under 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 expected growing demand towards the low carbon transition as countries shift to more favourable policies which encourage the uptick 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 allows the reclaim 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.

DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 18	CORE	OO 17 FI, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

For all your fixed income assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?

- ☒ (A) We share a list of ESG screens
- ☒ (B) We share any changes in ESG screens
- ☒ (C) We explain any implications of ESG screens, such as any deviation from a benchmark or impact on sector weightings
- ☐ (D) We do not share the above information for all our fixed income assets subject to ESG screens

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

- ☐ (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- ☐ (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- ☐ (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- ☒ (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- ☒ (E) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
- ☐ (F) We did not verify the information submitted in our PRI report this reporting year

INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

- ☐ (A) Board, trustees, or equivalent
- ☒ (B) Senior executive-level staff, investment committee, head of department, or equivalent
 - Sections of PRI report reviewed
 - ☒ (1) the entire report
 - ☐ (2) selected sections of the report
 - ☐ (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year