

ESG RESEARCH

# ESG

PRIVATE CREDIT 2024 ANNUAL REPORT

*Prepared by*  
**Private Credit ESG Research**



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## FOREWORD

**Investment management in Private Credit at PGIM is about the long term.**

For close to a century, we have been a trusted partner for institutional investors seeking access to global private credit markets. We've built a disciplined investment approach designed to create long-term value across market cycles. And we believe the integration of economically material ESG factors into this investment approach is essential to a successful long-term strategy.

As a PRI signatory<sup>1</sup>, we are committed to responsible investing practices, including reporting back on our ESG implementation to key stakeholders. We view ESG as an investment tool, which can be used to serve a range of purposes such as managing investment risk, identifying investment opportunities, and helping clients invest in line with their preferences.

In 2024, we enhanced our proprietary ESG risk scoring framework with the introduction of a Blended Score metric and corresponding Aggregate Risk rating that we believe provide helpful insights to an investment's overall level of credit material ESG risk. Additionally, recognizing the advantages of industry-tailored ESG analysis tools, this year we introduced a mapping framework of SASB industry issues to our own ESG Factors as a supplemental resource for investment teams to reference during ESG analysis. 2024 also brought the introduction of certain Private Credit strategies that meet the requirements for SFDR Article 8, demonstrating our ability to provide investment solutions based on specific client objectives.

In June 2025, PGIM announced changes to its organizational structure, including the combination of public fixed income and private credit under Public and Private Fixed Income, representing c.\$1Tn in total AUM. This report focuses on activities undertaken within Private Credit over the course of 2024, prior to this organizational change.



**MATT DOUGLASS**

Senior Managing Director &  
Head of Private Credit, PGIM

1. PGIM Private Capital is a signatory to the Principles for Responsible Investment (PRI) under PGIM Private Alternatives



SECTION I

# ABOUT

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# ABOUT

## PRIVATE CREDIT AT PGIM

PGIM is the investment management business of Prudential Financial, Inc. (PFI)<sup>2</sup> and is one of the largest asset managers globally, with \$1.4 trillion of AUM. As PGIM's Private Credit Platform, we invest globally across alternatives and private fixed income. Our long-term investment strategy, in combination with our global origination network, offers diverse deal flow opportunities to investors, while building local relationships with prospective and existing issuers.

**204**

Investment Professionals

**\$14.9 Bn**

Capital invested in 200+ companies in 2024

**\$106.6 Bn**

Assets Under Management

### GLOBAL ORIGINATION NETWORK

Our network of 15 offices<sup>3</sup> around the globe provide direct market access and local insights, allowing us to identify strong opportunities and build lasting relationships.

### DEMONSTRATED HISTORY OF GROWTH

We have a proven track record of steady growth in assets under management, driven by our focus on consistency and our long-term view.

### CONSERVATIVE CREDIT STANCE

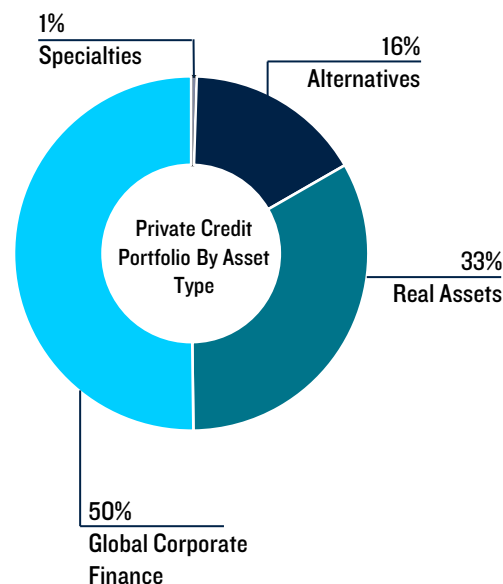
Our disciplined approach to risk, with a strong focus on fundamental credit analysis and strategies that seek to provide downside protection, helps us remain steady through changing market cycles.

### RESPONSIBLE INVESTING

We prioritize transparency, strong partnerships and a long-term mindset – seeking alignment with investors, industries and the broader communities we serve.

### DIRECT ORIGINATION EFFORTS

Our direct origination efforts help us uncover differentiated opportunities with attractive risk-adjusted returns.



Data as of 12/31/24

2. 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.

3. The Mexico City office operates through PGIM Real Estate Mexico S.C. while the Sydney office operates through PGIM (Australia) Pty Ltd.



SECTION 2

# GOVERNANCE

# 02





# ESG GOVERNANCE

Our ESG objectives are set and governed by our internal ESG Committee, which is comprised of senior Private Credit leaders from all major parts of our business:



**Matt Douglass**  
Senior Managing Director &  
Head of Private Credit



**Stephen Collins**  
Executive Managing Director  
& Chief Credit Officer<sup>4</sup>



**Michael Campion**  
Managing Director and  
Portfolio Manager



**Jeffrey Dickson**  
Executive Managing Director  
& Head of Alternatives



**Marie Fioramonti**  
Executive Managing Director &  
Head of Global Corporate Finance



**Tolgar Sirvanci**  
Managing Director &  
Senior Credit Officer



**Brian Thomas**  
Executive Managing Director  
& Head of Real Assets



## ESG Committee Responsibilities

- Top governance and decision-making body for ESG
- Steers PGIM's Private Credit ESG strategy and approach
- Makes decisions on material ESG business matters, including ESG strategy on new products
- Approves ESG Policy and other external materials
- Meet at least quarterly, with interim meetings held as needed
- Regularly review ESG checklist ratings of portfolio, including high risk ratings and historical rating trends

## 2024 ESG Committee Key Projects

- Established Blended Score and Aggregate Risk Rating proprietary metrics, which build on our existing ESG risk framework
- Review and approve Sustainable Finance Disclosure Regulation (SFDR) Article 8 strategies for certain direct lending and mezzanine strategies
- Various members cross-served on the PGIM Private Alternatives Sustainability Council to oversee projects done in collaboration with PGIM Real Estate<sup>5</sup> and Montana Capital Partners

ESG Committee Members as of June 2025.

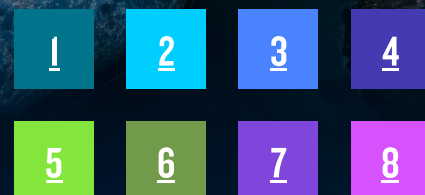
4. ESG Committee Chair. 5. In June 2025, PGIM announced organizational changes, streamlining its operating model. References to PGIM Private Alternatives and PGIM Real Estate in 2024 are noted as such because these activities occurred before this organizational change was announced.



SECTION 3

# APPROACH

# 03





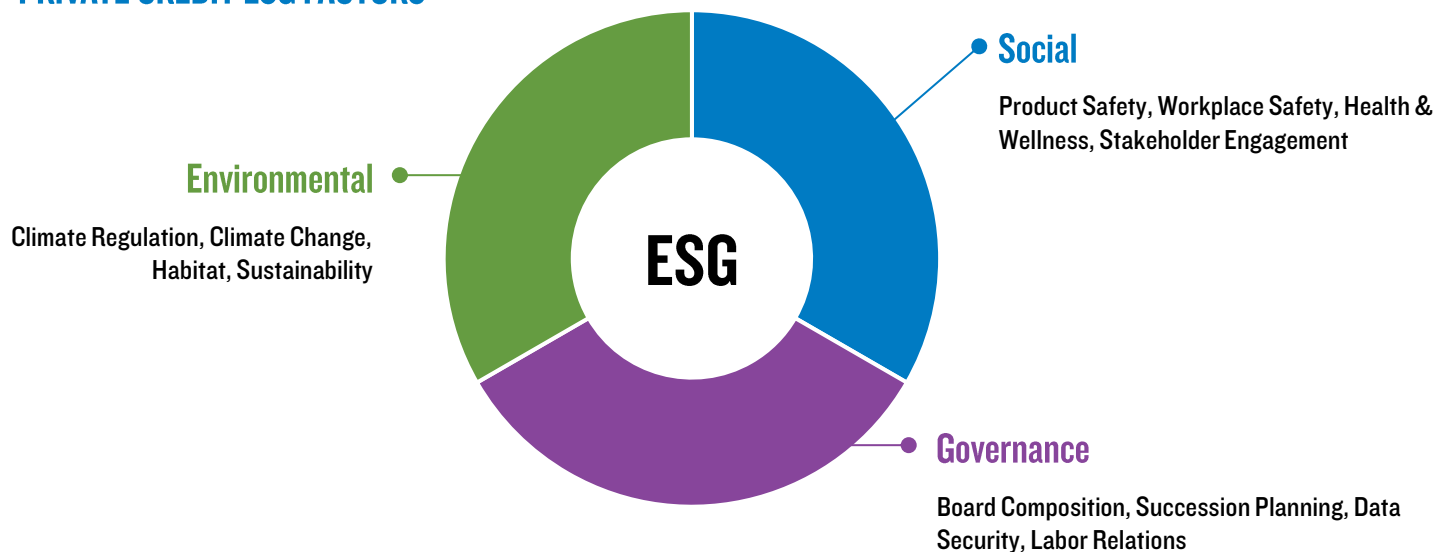
# ESG

## OUR APPROACH

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

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

### PRIVATE CREDIT ESG FACTORS



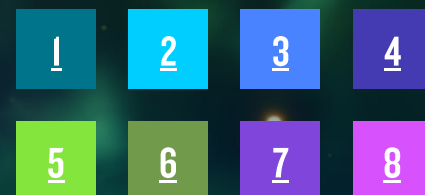
For private credit investments, we will consider material ESG risks in investment analysis to the extent relevant to the soundness of the investment. ESG risks are analyzed and tracked both at the time of investment, as well as throughout the holding period as an explicit part of the portfolio monitoring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



SECTION 4

# INTEGRATION

# 04





# ESG INTEGRATION

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



## ESG Engagement

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




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

For private credit investments, the lack of standardized ESG data available from many of the borrowers poses significant challenges. While our private credit investment teams access a variety of data sources as part of their comprehensive investment processes, we predominantly rely on internal research and assessment for ESG analysis. Recognizing the advantages of industry-tailored ESG analysis tools, in 2024, we introduced a mapping framework of SASB General Issue Categories to our Private Credit ESG Factors as an additional resource for investment teams to reference when analyzing an investment's ESG risk. As disclosure standards and ESG reporting evolve, our investment teams will strive to incorporate the most relevant ESG data available and materially relevant to respective investments.



# PRIVATE CREDIT ESG CHECKLIST FACTORS

The ESG Checklist is a proprietary risk analysis tool. The checklist includes guiding questions to help investment teams contemplate underlying risks in the context of our investments. Guiding ESG Checklist questions are intended to help investment teams consider relevant potential risks associated with each E, S and G factor. However, they are not meant to be exhaustive, and relevant ESG risks outside of the guiding questions may be considered in our analysis.

	<b>Climate Regulation</b>	Would long-term changes in the regulatory environment or social preferences with respect to climate change or clean air and water pose a risk to the issuer or require them to substantially alter their business practices? Possible long-term changes to consider include emissions reductions requirements, carbon taxation, renewable power mandates, additional disclosure requirements, or consumer preferences.
	<b>Climate Change</b>	Would long-term changes in the climate itself pose a risk to the issuer or require them to substantially alter their business practices? Rising sea levels, changing weather patterns, or increasing risk related to natural disasters should be considered.
	<b>Habitat</b>	Is there significant risk that the issuer faces negative financial or reputational consequences as a result of direct or indirect ecological damage? Examples would include deforestation, damage or reduction of habitat for endangered species, damage or pollution to air or water quality, chemical spills, or poor waste management.
	<b>Sustainability</b>	Is there significant risk that the issuer is not able to sustain its current method of operations over the long-term because, on a net basis, they are depleting natural resources on which they rely? This question is most relevant to the agricultural and natural resource sectors.
	<b>Product Safety</b>	Is there significant risk that the issuer faces negative financial or reputational consequences as a result of a product safety issue? Have other companies in the industry experienced significant financial or reputation damage as a result of product safety issues?
	<b>Workplace Safety</b>	Is there significant risk that the issuer faces negative financial or reputational consequences as a result of a workplace safety issue? Have other issuers in the industry experienced significant financial or reputation damage as a result of workplace safety issues?
	<b>Health &amp; Wellness</b>	Would long-term changes in the regulatory environment or consumer preferences with respect to human health and wellness pose a risk to the issuer or require them to substantially alter their business practices?
	<b>Stakeholder Engagement</b>	Does the company have a history of difficult relationships with any key stakeholder groups, such as customers, suppliers, owners, employees, and the communities in which it operates?
	<b>Board Composition</b>	Does the issuer face long-term risk arising from the makeup of its board of directors (or equivalent governing body)? Examples would include risk of a board comprised of insufficiently experienced individuals or individuals lacking sufficiently diverse perspectives, or risk arising from insufficient mechanisms to replace ineffective board members or attract new and capable board members.
	<b>Succession Planning</b>	Does issuer face long-term risk arising from a lack of adequate succession planning?
	<b>Data Security</b>	Is there significant risk that the issuer faces negative financial or reputation consequences as a result of data security or privacy issue? Have other issuers in the industry experienced significant financial or reputational damage as a result of data security or privacy issues?
	<b>Labor Relations</b>	Is there significant risk that the issuer faces negative financial or reputation consequences as a result of its relationships with its employees? Have other issuers in the industry experienced significant financial or reputational damage as a result of labor issues or employee grievances?



# PRIVATE CREDIT ESG CHECKLIST RISK SCORE SCALE

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

0	<b>No Risk. Not a relevant consideration</b> This may also include extremely remote, inconsequential or implausible risk
1	<b>Low Risk. Either low probability or low impact. Not a significant credit consideration</b> The risk is likely not included in investment consideration
2	<b>Moderate Risk. An issue analyzed, but likely not a key investment risk</b> Could be a key risk but is considered unlikely or manageable
3	<b>High Risk. Likely a key investment risk</b> Key risk is more likely or difficult to manage. Often correlates with lower credit quality
4	<b>Severe Risk. Critical credit issue. Impacts credit quality or valuation of the asset</b> Unlikely that a new transaction would have a severe risk. Most likely to manifest over time and most often appear in conjunction with credit downgrades or other credit issues

While our framework considers 12 ESG factors using the scale above, our investment teams are responsible for identifying and analyzing all material ESG risks and considerations that may apply to individual investments or strategies. Investment teams also have the opportunity to discuss other relevant ESG considerations formally in our authorization process.



# ESG CHECKLIST EXAMPLE

## ESG RISK ANALYSIS CASE STUDY

Chemical/Industrial Manufacturer

### ESG Factor Guiding Question



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

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

### ESG Risk Rating (0-4)

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

### ESG Risk Commentary<sup>6</sup>



Environmental risk potential for chemical companies can be high due to the amount of waste and pollution generated on an annual basis compared to other industries. Many of the Company's products and by-products can be toxic and polluting, making the Company subject to environmental risks and litigation.

However, we are comforted by the Company's long-term clean record and commitment to sustainability, especially in regard to its waste management, greenhouse gas emissions, water usage, renewable energy usage, and disposal of plastics.

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

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

6. ESG risk commentary details are edited to maintain the Company's confidentiality.



# BLENDED SCORE & AGGREGATE RISK RATING

## ESG BLENDED SCORE

While the risk materiality of the 12 ESG factors are each assessed independently, we formulaically calculate a single Blended Score for each issuer. The ESG Blended Score is formulaically calculated on each investment's ESG Checklist as an average of the squared individual 12 factor ratings. This methodology results in the largest weights being attributed to the riskiest – or on our 0-4 scale, the highest rated – ESG risk factors.

## ESG AGGREGATE RISK RATING

Like the Blended Score, our proprietary ESG Aggregate Risk Rating strives to capture overall ESG risk for each investment. The Aggregate Risk designations are correlated to Blended Score and Max Factor Rating thresholds, and are distilled to a simple qualitative Low, Mid or High-risk scale:

LOW AGGREGATE	MID AGGREGATE	HIGH AGGREGATE
Blended score < 1.0	Blended score $\geq 1.0$ and < 1.75 or Any single 3-High Factor Rating	Blended score $\geq 1.75$ or Any single 4-Severe Factor Rating

The ESG Aggregate Risk Rating serves as additional ESG risk insight intended to demonstrate the level of an issuer's overall ESG risk. ESG risk forms part of the overall risk management and risk assessment processes, and are one of many risks which may, depending on the specific investment opportunity, be relevant to a determination of overall risk.

## ESG BLENDED SCORE AND AGGREGATE RISK EXAMPLE <sup>7</sup>

Climate Regulation	Climate Change	Habitat	Sustainability	Product Safety	Workplace Safety	Health & Wellness	Stakeholder Engagement	Board Composition	Succession Planning	Data Security	Labor Relations
0	2	1	1	0	1	0	0	1	0	1	0
<div> <div>Blended score is calculated as the average of the 12 squared ESG factor ratings</div> <div> <b>.75</b>  <b>BLENDED SCORE</b>            = <b>LOW</b> AGGREGATE RISK         </div> <div>           &lt; 1 Blended Score and Max Rating of 2-            Moderate corresponds to <b>LOW</b>  <b>AGGREGATE RISK</b> </div> </div>											

7. Illustrative example, not intended to be representative of any issuer or portfolio.



SECTION 5

# HELPING CLIENTS MEET THEIR OWN ESG/SUSTAINABILITY- RELATED OBJECTIVES

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# HELPING CLIENTS MEET THEIR OWN ESG/SUSTAINABILITY-RELATED OBJECTIVES

PGIM strives to provide Private Credit investment solutions based on specified client objectives and guidelines, prioritizing their best financial interests. We seek to understand clients' investment objectives, parameters, risk/return expectations, time horizons, as well as any specific ESG preferences.

## DIRECT LENDING ESG CAPABILITIES

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

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

### WACI BENCHMARKING<sup>8</sup>

Certain Direct Lending strategies commit to estimating scope 1 and 2 emissions using a third-party specialist service provider. These strategies will calculate a weighted average carbon intensity ('WACI') and commit to measure such WACI against a target benchmark's WACI.

**Scope 1** refers to all direct emissions from sources that are owned or controlled by the organization. This category includes emissions from activities such as combustion of fossil fuels in company-owned vehicles, boilers, or other equipment.

**Scope 2** refers to all indirect emissions from the generation of purchased electricity, heating, and cooling consumed by the organization. Scope 2 emissions arise from activities that are not directly owned or controlled by the organization but are related to its energy consumption.

**Scope 3** (not included in WACI Benchmarking Strategy) refers to all indirect emissions from activities that occur outside the organization's own operations but are related to the organization's activities. Scope 3 emissions include emissions from the entire value chain, such as those from the supply chain, transportation of goods, employee commuting, business travel, and waste disposal.

### ESG DUE DILIGENCE QUESTIONNAIRE

One tool utilized across the Direct Lending platform is our proprietary ESG Borrower Due Diligence Questionnaire.

The questionnaire covers 21 questions on various environmental, social, and governance topics inspired by other ESG templates used in the market, along with ESG assessment and reporting needs in mind. As an ESG diligence and engagement tool, the responses collected can:

- Help teams gain an initial understanding of the issuer's ESG practices early in the investment process;
- Prompt further opportunities for ESG discussions, especially if a key issue or opportunity is identified;
- Serve as an additional resource to help complete our ESG Checklist risk rating assessment;
- Contribute to the collection of portfolio level ESG data metrics.
- For certain strategies, contribute to informational undertaking that may be used in SFDR Article 8 annual reporting

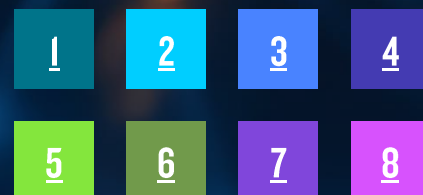
8. Scopes 1-3 definitions Source: <https://www.persefoni.com/blog/scope-1-2-3-emissions>. Accessed September 2025



SECTION 6

# ENGAGEMENT

# 06





# ESG ENGAGEMENT

Regular engagement with companies in our investment portfolios is a critical part of our investment process. Our approach to ESG engagement is aligned with our relationship-forward mentality. PGIM's Private Credit investment teams manage their relationships from initial investment review through the end of the holding period, and as a result, ESG engagements may occur at any point of the investment process.

Our investment teams may engage with issuers and prospects to identify and discuss risks, practices, or opportunities related to ESG. Our ESG engagements most often involve diligence around ESG risks, as we strive to deepen our understanding of business fundamentals and ESG issues that may pose downside credit risk.

To the extent ESG factors have a material adverse impact on the creditworthiness of the issuer, investment teams may engage in various ways such as declining to participate in an investment, including sustainability-related transaction structuring, requesting ESG reporting, identifying opportunities for ESG improvement, or sharing of best practices.

For portfolio companies in which PGIM has identified significant ESG risks, we strive to prioritize discussions directly with company management. A core element of PGIM's Private Credit ESG approach is the focus on relevant credit risks, thus ESG engagements are prioritized where a material ESG risk is identified.

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



SECTION 6

# STATISTICS AND CASE STUDIES

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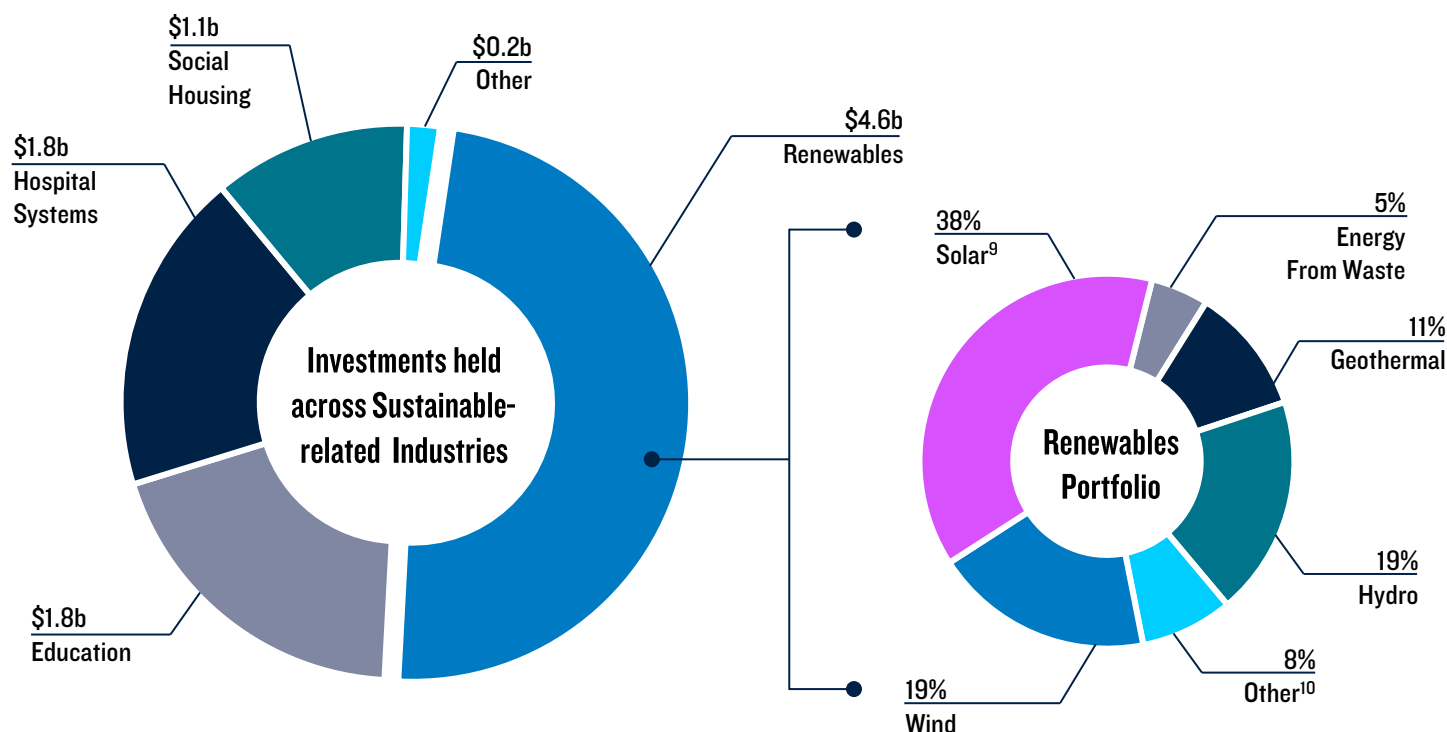
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## STATISTICS & CASE STUDIES

PGIM's Private Credit team invests across a wide variety of industries, asset classes, and geographies. Our long history in investing in renewable energy, hospital systems, education and social infrastructure sectors – among others – has been underpinned by thoughtful consideration. At the end of 2024, our market value held across sustainable and social infrastructure-related industries stood at \$9.5 billion:



Source: PGIM's Private Credit Market value as-of 12/31/24. Categories are determined by PGIM based on business type.

Source: PGIM. Percentages based on market value of renewable power investments as-of 12/31/24. Categories are determined by PGIM Private Capital based on renewable type.

9. Solar includes Solar and Solar with Storage assets

10. Other includes biomass and assets with multiple renewable types

PGIM's integrated ESG approach within Private Credit is applied throughout all of our strategies and as a relationship-based, long-term lender, we strive to leverage the power of our resources to help our partners achieve their ESG objectives. For example, we have the ability to accommodate companies seeking to issue ESG labeled issuance like green bonds or sustainability-linked bonds.

Many of our portfolio companies are integrating environmental, social, and sustainability considerations into their own operations and strategies, which are documented in the case studies that follow.





## CASE STUDIES

# ENGAGEMENT ON WILDFIRE PREPAREDNESS AND BUSINESS IMPACT NORTH AMERICAN LUMBER PRODUCER PORTFOLIO COMPANY

## BACKGROUND

As a large forest products and mill operating company, operations are reliant on a natural resource – local forestry<sup>11</sup>. As such, responsible management of ESG factors like sustainability (use and management of natural resources) and climate change (changing weather patterns and increasing risk of natural disasters) are fundamental to their business. In 2023, wildfire activity was elevated in certain regions of operation, threatening Company sawmills and surrounding forests. The Private Credit investment team first engaged the Company's management team on which protective steps it had taken to adequately position its assets amidst the increasingly wildfire prone environment. From an environmental risk perspective, the management team discussed facility investments made to better manage near-by vegetation and fortify exterior surfaces. The management team also noted that given the employee base around their mills includes local communities, they also had a responsibility to extend support to employees impacted by the fires.

## FOLLOW UP & OUTCOME

Throughout 2024, PGIMs Private Credit investment team continued to engage directly with the Company for more detailed information on the wildfire's impact on the affected sawmill and surrounding forestry, including availability of economic fiber around the mill, which can affect the mill's utilization rates. The investment team continues to monitor the Company's financial and economic risks associated with the impact of wildfires – as well as potential risks and mitigants relevant for future wildfires – via ESG risk scoring and documentation in our ESG Checklist risk assessment.

### PGIM's Private Credit ESG Risk Factors covered during engagement:



11. 100% of the forested land managed by the Company is certified to the Sustainable Forestry Initiative® (SFI) standard (as of Company's 2023 Sustainability Report). The case studies shown herein are provided for informational purposes only, solely as an illustration of PGIMs ESG research evaluation and engagement capabilities. The examples are not inclusive of all potential ESG issues and engagements, and are not intended to represent a specific portfolio's performance or characteristics. PGIM's Private Credit ESG processes may yield different results than other investment managers, including its affiliates. ESG factors and ratings may change over time. This information should not be construed as investment advice.



## CASE STUDIES

# RENEWABLE POWER PROJECT: GEOTHERMAL POWER MAMMOTH PACIFIC, LLC

Mammoth Pacific LLC is a wholly owned subsidiary of Ormat Technologies, Inc. (NYSE: ORA), a geothermal developer with over 55 years of experience in the exploration, development, construction, and operation of geothermal facilities.

## AT A GLANCE

Relationship since 2024

Headquarters: Mono County, CA

Transaction details: \$144 million of Senior Secured Notes

With over five decades of experience, Ormat Technologies, Inc. is a leading geothermal company and the only vertically integrated company engaged in geothermal and recovered energy generation (“REG”), with robust plans to accelerate long-term growth in the energy storage market and to establish a leading position in the U.S. energy storage market. The Company owns, operates, designs, manufactures and sells geothermal and REG power plants primarily based on the Ormat Energy Converter – a power generation unit that converts low-, medium- and high-temperature heat into electricity. The Company has engineered, manufactured and constructed power plants, which it currently owns or has installed for utilities and developers worldwide, totaling approximately 3,200 MW of gross capacity.

In June 2024, PGIM provided \$135.1 million of Senior Secured Fixed Rate Notes and \$8.9 million Senior Secured Floating Rate Revolving Notes for Mammoth Pacific LLC, a wholly owned subsidiary of Ormat Technologies, Inc., and owner and operator of a 65 MW (net) portfolio of 4 geothermal power plants located in Mono County, CA.

*“We are excited to continue supporting Ormat Technologies, a leader in geothermal energy development. Our investment reinforces our commitment to geothermal energy through the recapitalization of Ormat’s strategically important Mammoth Pacific complex. With the addition of Mammoth Pacific, our geothermal portfolio of investments in North America totals over half a billion dollars.”*

Ty Bowman, Senior Principal of the Private Credit Power group | PGIM

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## CASE STUDIES

# MULTI-CURRENCY SUSTAINABILITY LINKED SHELF CAP HOLDING SPA

Based in Milan, Italy CAP Holding SpA (“CAP”) is a utility company that manages the integrated water service in the Milan Metropolitan area.

## AT A GLANCE

Relationship since 2023

Headquarters: Milan, Italy

Transaction details: \$260 million sustainability-linked shelf facility, with initial draw of €105mm

CAP Holding is a prominent water utility company in Italy, with a rich history dating back to its origins in 1928 and today serving over 2 million inhabitants. The company has a strong focus on water treatment and circularity, investing in advanced technologies and systems to optimize the water cycle. CAP Holding’s water leakage rate below the national average underpins its commitment to efforts that support resource conservation and minimizing environmental impact.

Dedication to their sustainability goals is reflected in CAP Holding’s comprehensive Sustainability-Linked Financing Framework, which they built to align with the ICMA Sustainability-Linked Bond Principles. The Framework outlines key performance indicators aiming to reduce carbon emissions and improve resource efficiency. Our long term \$260 million sustainability-linked facility supports a company that is not only focused on growth, but also on preserving natural resources and reducing its environmental footprint.

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## SECTION 7

# OUR PEOPLE

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# OUR PEOPLE

PGIM's commitment to our people is rooted in the belief that an inclusive culture that respects and values the differing backgrounds, perspectives, and experiences of our employees is foundational to our success and sustainability. We believe a team with diverse perspectives and experiences, working in an inclusive environment, drives the best outcomes for our clients.

## PGIM CULTURE & INCLUSION STRATEGY

The pillars of PGIM's culture and inclusion strategy are highlighted below. Please see [PGIM's ESG Investing Report](#) for more information on how this strategy is championed by PGIM and implemented across our global business.

### TALENT

**Attract, develop, promote, and retain talent.**

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

### CULTURE

**Create a place where all talent can thrive.**

PGIM strives to enable a culture where all employees feel understood, respected, and valued. We believe in the power of inclusion to generate informed decision-making, encourage non-consensus views, and deliver the best outcomes for our clients.

### INDUSTRY

**Be a recognized agent of change in the drive toward a more equitable asset management industry.**

The asset management industry stands at the intersection of capital, communities, and households. Culture and inclusion are of importance to many of our clients across the globe; PGIM aims to assist our clients in this space by sharing our strategy, taking part in industry research and being transparent in our own culture and inclusion practices.

### INVESTING

**Deploy capital to investments that advance equity and social justice, while remaining true to our fiduciary duty.**

Given PGIM's global footprint and expertise, PGIM has the capabilities to work with clients who desire to allocate capital in a way that drives positive socio-economic impact. PGIM's Emerging Manager Portfolio is a \$200 million long-term commitment made over a decade ago to invest in high performing early-stage fund managers in alternatives whose backgrounds and experiences are often underrepresented in the asset management industry.

### COMMUNITY

**Engage our wider community to promote social justice and equality.**

PGIM cares deeply about the global communities in which we operate, so we look to provide meaningful firmwide projects that leave a lasting impact on our world. The Prudential Foundation has donated over \$1.1 billion to nonprofit partners working to create paths to economic mobility for communities in the U.S. and around the world since the Foundation's first grant in 1978.

## OUR PEOPLE

We are proud to participate in initiatives that benefit the people in our business and within the communities in which we operate.

### PARTICIPATION ACROSS PGIM PROGRAMS

#### GIRLS WHO INVEST

We believe attracting the best talent is critical to the long-term sustainability of our industry. PGIM's partnership with Girls Who Invest, a non-profit organization dedicated to increasing the number of women and women in leadership in the investment management industry, is one way (among others) that we support the next generation of investment leaders.

PGIM's Dianna Carr-Coletta, Managing Director - Private Credit, sits on the PGIM Girls Who Invest Advisory Board alongside other PGIM leaders.

#### INCLUSIVE LEADERSHIP DEVELOPMENT PROGRAM

Inclusive Leadership, our multi-year organizational culture change initiative is a global program embedding inclusion into our daily practices. The program recognizes that the path to an inclusive culture is paved with small changes to daily behaviors, leading to better decision-making, which in turn, helps teams and businesses outperform. In 2024, over 100 Private Credit Managers and senior leaders participated in INCLUDE, Year 2 of our Inclusive Leadership program, which focused on equipping leaders with tools to enhance social interactions and foster a sense of autonomy and belonging within their teams.

### IN OUR COMMUNITIES

#### 2024 VOLUNTEERING SPOTLIGHT



Wish for Wheels is a non-profit organization that empowers children, families, and communities, particularly in Title I schools across the United States. The organization's purpose includes:

- Providing bicycles and helmets to 2nd-grade students in Title I schools to promote joy, independence, and exploration.
- Promoting the well-being of children and families by providing bikes to encourage physical activity and create lasting memories.
- Facilitating corporate social responsibility (CSR) and employee engagement through "Build & Give" events, where employees build bikes, boost morale, foster teamwork, and allow companies to contribute to their communities.
- Strengthening communities by bringing together students, families, and corporations/organizations through shared positive experiences and the gift of mobility.

During PGIM's 2024 Associate-Analyst Private Credit Conference held in Minneapolis, Minnesota, 80 PGIM volunteers dedicated time to assembling bicycles purchased by PGIM for donation. Nearly \$16,000 was invested in 71 brand-new bikes, which were donated to a nearby youth center as well as local schoolchildren in need.



# APPENDIX

# LIST OF PFI AND PGIM POLICIES

PFI has instituted various enterprise-level policies and practices<sup>12</sup> with regard to Human Rights, these include:

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

## PGIM AND PRIVATE CREDIT ESG/SUSTAINABILITY INITIATIVES

- Principles for Responsible Investment (PRI)<sup>13</sup>
- Historically formal supporter of Task Force on Climate-related Financial Disclosures (TCFD)<sup>14</sup>
- Council of Institutional Investors (CII)<sup>15</sup>
- Institutional Investors Group on Climate Change (IIGCC)<sup>15</sup>
- IFRS (International Financial Reporting Standards) Sustainability Alliance and SASB (Sustainability Accounting Standards Board) Standards<sup>15</sup>
- International Corporate Governance Network (ICGN)<sup>15</sup>
- Research Funding Partner of Transition Pathway Initiative (TPI)<sup>15</sup>

## INDUSTRY ORGANIZATIONS & INITIATIVES

Signatory of:



12. Find all policies and practices here: <https://www.prudential.com/links/business-integrity>

13. PGIM Private Capital is a signatory to the Principles for Responsible Investment (PRI) under PGIM Private Alternatives

14. Historically, PGIM has been a formal supporter of the Taskforce for Climate-Related Disclosures (TCFD) framework, which established the standard for climate-related disclosures. Following the incorporation of the TCFD recommendations into the ISSB's Standards, PGIM continues to work to support the collective effort to increase transparency on climate-related risks and opportunities across its respective asset classes

15. Member via PGIM



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