PGIM QUANTITATIVE SOLUTIONS

ESG INVESTING POLICY STATEMENT

Overview

PGIM Quantitative Solutions (PGIM Quant) delivers a range of quantitatively developed and managed investment solutions to help our clients achieve a variety of investment objectives.

This policy statement outlines our approach to incorporating environmental, social, and governance (ESG) factors into our quantitative equity solutions. We describe how we address the implications of the risks and opportunities inherent in ESG investing and outline how we fulfill our stewardship responsibilities for the investments we manage for our clients.

ESG Philosophy and Approach

As quantitative investors, we utilize a variety of information and data in our investment process. This holistic approach can identify risks across many dimensions, including company-specific risks and risks that can surface in the economic, business, and regulatory environments. Since ESG factors comprise just one dimension of the overall risk environment, our approach to ESG is therefore an extension of this overall risk analysis. Specifically, it further identifies material risk arising from companies' interactions with their customers, suppliers, employees etc., that could exert potential influence on companies' financial outcomes.

Our approach has the flexibility and depth to allow us to further broaden our analysis of material issues to encompass a wider set of sustainability concerns and more strongly reflect sector/country impacts on companies' sustainability behaviors. We can extend our analysis to focus on the impact companies have on the environment and society by leveraging a novel approach to quantify company alignment with the Sustainable Development Goals (SDGs) to gauge the impact a company's product/services are having on the world.

The combined outcome is that we can assess the consequences of a company's internal activities and also the external impacts of its products and services. Importantly, our quantitative investment style allows us to develop these insights across all companies within our investment universe allowing us to adopt a truly global approach to sustainable investing.

Underpinning our capability is deep research. The incorporation of (1) material risks, (2) sustainability considerations, or (3) impact insights into client portfolios is preceded by extensive research and testing before incorporation into a client solution. We have a thorough understanding of how these features interact with and contribute to risk and returns outcomes for our clients before any investment actions are taken. Furthermore, when these features are integrated into client portfolios, our portfolio engineering results in outcomes that produce intentional, consistent, and transparent exposures. Our quantitative expertise also allows us to further customize investment solutions around sustainability features, universe, risk level, and expected return. Giving clients options and a voice in articulating their investment values, guidelines, and beliefs is at the core of our process.

Beyond portfolio investment activities, we firmly believe in the importance of effective stewardship and engagement as a mechanism to proactively address companies' material risks or egregious sustainability behaviors. Additionally, as quantitative investors managing highly diversified portfolio across global universes, we view "market-level" engagement with policy makers and regulators as well as collaboration with industry organizations to promote improved disclosure of information that could enhance outcomes for client portfolios as critical to our ESG investment process.

Integration of Material Risks Into the Investment Process

When assessing investments, we evaluate multiple dimensions of return drivers and sources of potential risk. We draw on a multitude of data and information sources to comprehensively assess the return and risk prospects of a company.

One dimension of focus is around unexpected shocks to the financial performance of a company. We believe a holistic analysis of a company that captures its interactions with customers, suppliers, employees, and environment (i.e., resource utilization) can provide more direct insights into the opportunities and material risks facing a company.

To conduct our analysis, we leverage the materiality framework that underpins SASB standards. Through consultation with investors, companies, and industry experts the standards comprise a comprehensive set of material risks and opportunities that are specific to each industry.

We use this framework as a starting point for our analysis. We find that ESG data are one of many valuable sources to gain insights into the material issues necessary for our investment analysis. Because of the broad scope of insights, and their granular nature, we find it best to utilize multiple data sources to help limit blind spots in our analysis.

Through our research process we have evaluated several thousand data points that span various aspects of a company's operations. From this we have curated meaningful metrics to help us quantify the opportunities and material risks relevant to a company in a given industry.

Our research has helped us overcome challenges associated with different types of data and metrics. Our quantitative approaches allow us to synthesize this data into a score for each company. In the development of this proprietary score, we have been careful to remove outside biases that could inflate or deflate the apparent risks and opportunities facing a company. Doing so improves the value of these insights within our stock selection and risk management processes.

An outcome of our deep research has been that we can assign a materiality-risk score even in the absence of direct data disclosed by a company. This allows us to develop insights across all securities within our global investment universe. We explicitly manage the active exposure of our portfolios against these material risks.

Material risk insights are just one input into our investment process. These insights are carefully balanced with valuation, growth, and quality attributes of a company along with risk exposures (e.g., sector, country, size) to construct a portfolio that seeks to reliably deliver the performance expected by our clients. While our material risk scores encapsulate a large amount of data, the scores are highly transparent. We can easily illustrate the material issues for each company and showcase the underlying data that drive the assessment of risks for that company.

With ongoing gains in the amount of data disclosed by companies, and new approaches to gaining visibility and insights into companies' interactions via various alternative data sources (which can be much timelier than company-disclosed insights), we see this as a promising area of research going forward.

Evaluating Sustainability Behaviors and Impact on the Environment and Society

A primary objective of our ESG portfolio construction process is building a portfolio that promotes exposure to companies with more effective sustainability management attributes. Our emphasis is on companies that score highly on sustainability attributes and are also of higher quality and have attractive valuations and growth prospects. In doing so we ensure that we are targeting companies with sustainability attributes and that are also relatively more attractive investments based on the aforementioned qualitative data.

We build on our material event risk factors to include additional sustainability attributes of a company that may not strictly be deemed of immediate material importance. Our goal is to identify companies managed in a sustainable manner by gaining a broader understanding of a firm's internal operations and behaviors. While these insights could prove additive to performance and/or reduce risk in the longer run, these insights can also help ensure that portfolios:

- Align with public sentiment/meet growing ESG demand of clients and key stakeholders
- Mitigate headline and reputational risks by avoiding controversial holdings
- Align with mission, values, principles, and beliefs
- Anticipate and meet regulatory requirements

Our approach is to score a company across all curated sustainability attributes within our data library. We are careful in the measurement and combination of each attribute and expand beyond a strict materiality-based approach to ensure effective evaluation of key sustainability attributes across all stocks. This means that sustainability attributes such as climate and water usage, along with other issues that can be viewed as systemic, such as human rights, are evaluated across all companies. That said, we weigh attributes differently in each industry. We believe sustainability attributes can vary across sectors/industries and countries. Accordingly, we allow these sector/industry and country effects to influence our sustainability assessments of a company.

We can also quantify the impact that a company's product or service has on the environment or society as a complement to our sustainability modeling. These insights help us identify those companies that contribute most meaningfully to sustainable development, the building of a more sustainable economy and society, and the prosperous outcomes for people and the planet. We believe the ability to identify companies with products and services that have a beneficial impact on the environment and society could also help investors to take part in longer-term secular growth opportunities.

To determine impact assessments for each company, we leverage the services of a third-party vendor that has developed a distinctive, systematic process for completing this analysis. The vendor links the products and services with sustainable development goals by means of a machine learning process that evaluates a significant body of evidence. This process allows for the determination of each company's revenue alignments with SDGs. This alignment with SDGs is used as a proxy for impact. The overall process and outputs are intuitive and transparent and the systematic and evidence-based approach aligns with PGIM Quant's investment philosophy and style.

Similar to the process of building a sustainability-focused strategy, the portfolio construction objective for impact portfolios primarily promotes exposure to higher 'impact' companies. We integrate our sustainability scores to help identify companies that have a positive impact on the world and are also managed in a sustainable manner (e.g., avoid electric vehicle companies that have poor governance, workplace safety etc.). We seek to ensure those targeted companies are relatively more attractive investments as a result of their higher quality and attractive valuations and growth prospects.

When building portfolios with a sustainability or impact focus, we recognize that investors can vary in their investment beliefs and objectives (e.g., risk budget, funding situation, investment horizon). As such, we can draw on our deep quantitative expertise to customize client portfolios by balancing the sustainability/impact exposure with return and risk outcomes. Impact scores are particularly appealing because they permit more granular insights at the individual SDG level. Certain investors seek exposure to specific SDGs for thematic purposes. We can build thematic portfolios that can serve as overlays to existing equity investments or as a standalone allocation.

Exclusions and Client-Directed Constraints

PGIM Quant is dedicated to helping clients and investors find solutions that align their investment strategies with their values, guidelines, and beliefs. We combine our sustainability and impact scores, customized client guidelines and constraints, or a combination of both, as directed by fund documents or client agreements to structure and manage portfolios tailored to the specific and unique needs of clients.

We understand that many clients and investors prefer not to invest in companies involved in certain economic activities (such as production of weapons, alcohol, tobacco, or carbon-related energy) or that violate specific international conduct standards (such as UNGC). To meet these requirements and preferences, we consider a range of screens and exclusions based on specific criteria requested by our clients. We may create these screens internally and/or rely on third-party screens. In addition, our clients may provide a list of stocks to exclude. Such exclusions further help us target and avoid companies that contribute the most harm toward systemic sustainability issues such as climate, water usage, and human rights. PGIM Quant's independent compliance unit oversees the implementation of negative exclusionary screens in our investment process.

Furthermore, we adhere to the laws and regulations of the markets in which we operate and will execute any necessary exclusions as required by applicable laws and regulations. PGIM Quant does not invest in entities identified on the list of Specially Designated Nationals and Blocked Persons, published by the Office of Foreign Asset Control of the US Department of Treasury (the "OFAC List"). We follow the Discipline and Sanction Guidelines against identified foreign countries, terrorism sponsoring organizations, international narcotics traffickers, and foreign kingpin significant narcotics traffickers of our ultimate parent, Prudential Financial, Inc. (PFI)[1]. OFAC acts under Presidential wartime and national emergency powers, and has authority granted by specific legislation, to impose controls on transactions and freeze foreign assets under US jurisdiction.

[1] PFI 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.

Stewardship and Engagement

PGIM Quant aims to fulfill its stewardship responsibilities to further improve outcomes for the portfolios we manage for our clients. Stewardship is leveraged to address sustainability attributes such as climate, water usage, human rights, and other systemic sustainability issues, which are a focus of our stewardship objectives across various engagement approaches.

Engagement

We believe it is possible to proactively encourage companies to address material risks that they face and/or that do not align with best practices that have been shown to increase shareholder value. For ESG-specific mandates, we may extend our engagement practices to identify egregious violations of international norms.

To achieve this, PGIM Quant participates in collaborative engagements to maximize the breadth of companies that can be targeted. This is important given the highly diversified client portfolios we manage. To assess the engagements that we aim to support, we identify the complete opportunity set of engagements being led by a third party. We overlay these active engagements on current portfolio holdings to identify which engagements are relevant to the outcomes sought by our clients. Engagements that are initially identified by the third-party provider are done so based on material risks that could impact the company's financial outcome. For those engagements that overlap with current portfolio holdings, we participate in calls with company management that are organized by the third party. Through these interactions with companies, we seek to learn about and support the provision of: 1) information to help understand any action that has been taken to address the material risk; 2) information about possible future actions to address the material risk; 3) encouraging and enhancing disclosure of additional data to improve our investment decision-making process.

Successful engagements can identify new information or more data that can improve the assessment of material risks for a company. This may lead to increased company exposure in the portfolios that we manage. Unsuccessful engagements will lead to the determination that material risks remain elevated and can result in lower or no company exposure in client portfolios.

To further escalate material risk matters, we can use our proxy voting to vote against management in certain circumstances, including those where management continues to demonstrate an inability to correct those issue(s) we view as deficient.

In partnership with our third-party engagement service provider, our engagement results are available in the Stewardship section of our website.

For sustainability-focused and impact strategies that we manage, we will seek to further engage with companies whose conduct violates international norms. We use internal processes and third-party screens to identify such violations of standards. In instances when violations are identified, PGIM Quant will initiate engagements with the company that seek to uncover additional information about the violations and determine steps that must be taken to mitigate the occurrence of such conduct in the future. Unsatisfactory outcomes from these engagements can lead to exclusion from portfolios.

Engagements are conducted by our investment professionals directly or by a third-party engagement service provider. As part of the firm's conflict of interest policies and procedures, we require employees to disclose household relationships with our clients, business partners, and trading counterparties where there may be the appearance of or an actual conflict of interest.

Proxy Voting

As a responsible investor and fiduciary, PGIM Quant's policy is to vote proxies in the best long-term economic interests of our clients (the appreciation in value of the investment over time). Our Proxy Voting Overview is available here: https://www.pgimquantitativesolutions.com/proxy-voting

PGIM Quant's voting guidelines reflect our general philosophy on corporate governance matters, material risks, and our approach to other issues that may commonly arise when voting ballots on the various securities held in client accounts. The views reflected in our guidelines are consistent with the approaches we take when analyzing companies for inclusion in portfolios. These guidelines are not intended to limit the analysis of individual issues at specific companies, nor do they indicate how we will vote in every instance. Rather, they express our views about corporate governance, material risks, and other issues generally, and provide insight into how we typically approach issues that often appear on corporate ballots. They are applied with discretion, taking into consideration the range of issues and facts specific to the company and the individual ballot items. Because the guidelines are not absolute, context matters and may drive different outcomes for different companies.

From time to time, ballot issues arise that are not addressed by our policy or circumstances may suggest a vote not in accordance with our established guidelines. In these cases, our voting decisions are made on a case-by-case basis taking into consideration the potential economic impact of the proposal.

We seek to actively monitor developments in the proxy voting arena based on a historical analysis of proxy issues and a continuing review of new proposals and legislative changes. Our policies and guidelines are reviewed annually and are updated as needed to address new developments.

PGIM Quant directs the proxy vendor, upon receipt of proxies, to vote in a manner consistent with our established proxy voting guidelines (assuming timely receipt of proxy materials from issuers and custodians). Our proxy vendor also makes available analyses of ballot issues and voting recommendations. Our voting guidelines include instructions to vote certain ballot issues consistent with recommendations made by the vendor. In these cases, we periodically assess the consistency of our view along with that of the vendor and retain ultimate responsibility for the voting decision.

In general, we provide disclosure of our proxy voting policy, guidelines, and procedures to those clients who authorize us to vote proxies, generally at the time that we negotiate our investment management agreement. Any client may obtain a copy of these items, as well as the proxy voting records for that client's securities, by contacting the client service representative responsible for the client's account. We also make our Proxy Voting Results publicly available in the Stewardship section of our website.

Industry Collaboration

Our key stewardship objectives are consistent with the commitment PGIM Quant made when becoming a signatory to the United Nations-supported Principles of Responsible Investment (PRI) in 2015. We are focused on promoting ESG investment principles within the investment industry, and in particular on improving the quality, quantity, and consistency of the data disclosed. In 2017 PGIM Quant became a member of the International Sustainability Accounting Standards Board Investor Advisory Group (IIAG), formerly known as the Sustainability Accounting Standards Board (SASB) Investor Advisory Group. Through our participation on the IIAG and our International Financial Reporting Standard (IFRS) Sustainability Alliance membership, we encourage companies to disclose information on their carbon emissions and other ESG-related factors. In 2018, PGIM Quant began supporting the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and in 2021 we began supporting the Paris Agreement. In 2023, we became a Carbon Disclosure Project (CDP) signatory, which allows us to participate in collective engagements focused on climate disclosure.

PGIM Quant participates in various educational and collaborative events with other stewardship and governance organizations. We are members of the Council of Institutional Investors (CII) and also work with the Investor Network on Climate Risk (INCR)/CERES and the Institutional Investors Group on Climate Change (IIGCC) through memberships held by PGIM, the global investment management business of PFI, as well as through memberships held directly by PFI, our ultimate parent. In addition to industry collaborations, PGIM Quant works in concert with PFI and PGIM to select and respond to relevant public policy engagements.

As a member of additional responsible investment forums and symposiums, we engage with collaborative organizations about the need for greater availability of ESG data and consistency in the industry, and advocate for that change to be implemented through consistent ESG policies. Our parent company PGIM, Inc. is a member of the Securities Industry and Financial Markets Association (SIFMA) and the Investment Adviser Institute (IAA). PGIM's membership in such trade associations may be publicly disclosed by these organizations on their websites, marketing materials, or at their industry conferences.

Organizational Structure and Resources

PGIM Quant's ESG Executive Council is comprised of the firm's senior executives who oversee all of our ESG investing and stewardship efforts. The Council meets on a quarterly basis to advise on and oversee our ESG investment policies, set our ESG strategic priorities and initiatives, and shape our ESG research agenda.

Working in concert with the Executive Council to set and execute ESG strategic initiatives is a deep team of professionals with representation from Investments, Distribution, Governance, and Strategy and Product Development. This working group holds quarterly ESG Governance Meetings to deliver updates on ESG methodology, research agenda ideation, investment stewardship, sustainability reporting requirements, product ideation, market research, data sources, ESG language review, and product implementation.

Social Responsibility at PGIM Quantitative Solutions

PGIM Quant is committed to social and corporate responsibility. We prioritize an equitable workplace, one that is welcoming of new ideas. We embrace employee, client, and community differences through initiatives that support, inform, develop, and increase cultural awareness and sensitivity. Through these efforts, we honor the power of people.

Firmwide, we strongly believe that talent comes in every color, gender, origin, religion, sexual orientation, and physical capability imaginable. We actively seek out employees, vendors, and business associates from a deep and diverse pool of accomplished professionals eager to build on PGIM Quant's respected name in the financial services industry. From a business perspective, we strive to ensure that our solutions actively reflect the diversity of our changing world.

Our ESG investment policy is consistent with the values we ascribe to in our own firm, where high ethical standards, robust risk management, and a diverse and stable team-based culture have long been vital to our success. These policies complement the longstanding history of our ultimate parent, PFI, as a social-purpose company and its ongoing commitment to building long-term value through sustainability. PFI operates a $1 billion[2] impact investing portfolio. With most of its businesses (including PGIM Quant) headquartered in downtown Newark, New Jersey, the company is a neighbor and leader working assiduously to make a positive impact on the world around us.

To that end, we participate in a variety of corporate outreach programs and include social criteria that our traders may take into consideration to support Minority and Women-owned Business Enterprises (MWBE) and in our firm-wide Best Execution and Counterparty Approval policies.

PGIM Quant leads diversity efforts at the company through multiple channels and heritage groups, such as Allies@PGIMQuant, Women@PGIMQuant, BlackLeadershipForum@PGIMQuant, and Latinx@PGIMQuant. Employees are further supported by PFI's voluntary Business Resource Groups (BRGs), based on race/ethnicity, differing abilities, gender, national origin, or sexual orientation.

Reporting

We believe in the importance of transparency and communication with our clients, investors, and other stakeholders. We strive to provide clients with relevant and timely ESG reports tailored to their needs and portfolios. Information about ESG investing at PGIM Quant, proxy voting guidelines, as well as further details on inclusion and diversity can be found in the ESG section of our website: https://www.pgimquantitativesolutions.com/esg. Our TCFD disclosures are represented in PFI's annual TCFD Disclosure report, which can be found at https://s1.q4cdn.com/379746662/files/sustainability_reports/2022/2022_Prudential_TCFD.pdf

ESG Reporting by Prudential and PGIM can be found here:

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

https://www.pgim.com/2022-esg-investing-report

[2] As of 12/31/2022.

Notes to Disclosure

For professional investors only. All investments involve risk, including the possible loss of capital.

PGIM Quantitative Solutions LLC (PGIM Quantitative Solutions or PGIM Quant) is an SEC-registered investment adviser and a wholly-owned subsidiary of PGIM, Inc. (PGIM) the principal asset management business of Prudential Financial, Inc. (PFI) of the United States of America. Registration with the SEC does not imply a certain level of skill or training. PFI of the United States is not affiliated in any manner with Prudential plc, which is headquartered in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.

These materials are not intended as either investment advice or an offer or solicitation with respect to the purchase or sale of any security.

These materials are for informational or educational purposes. In providing these materials, PGIM Quant is not acting as your fiduciary. These materials do not take into account individual client circumstances, objectives or needs. No determination has been made regarding the suitability of any securities, financial instruments or strategies for particular clients or prospects. These materials do not purport to provide any legal, tax or accounting advice.

PGIM Quant's ESG processes, rankings and factors may change over time, and differ across PGIM affiliates. ESG investing is qualitative and subjective by nature; there is no guarantee that the criteria used or judgment exercised by PGIM Quant will reflect the beliefs or values of any investor. Information regarding ESG practices is obtained through third-party reporting, which may not be accurate or complete, and PGIM Quant depends on this information to evaluate a company's commitment to, or implementation of, ESG practices. ESG norms differ by region. There is no assurance that PGIM Quant's ESG investing techniques will be successful.

This material may contain examples of the firm's internal ESG research program 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. Further, the practices stated herein may not reflect all investment strategies.

In the **United Kingdom**, information is issued by PGIM Limited with registered office: Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR. PGIM Limited is authorised and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Firm Reference Number 193418). In the **European Economic Area** ("EEA"), information is issued by PGIM Netherlands B.V. with registered office: Gustav Mahlerlaan 1212, 1081 LA Amsterdam, The Netherlands. PGIM Netherlands B.V. is authorised by the Autoriteit Financiële Markten ("AFM") in the Netherlands (Registration number 15003620) and operating on the basis of a European passport. In certain EEA countries, information is, where permitted, presented by PGIM Limited in reliance of provisions, exemptions or licenses available to PGIM Limited under temporary permission arrangements following the exit of the United Kingdom from the European Union. These materials are issued by PGIM Limited and/or PGIM Netherlands B.V. to persons who are professional clients as defined under the rules of the FCA and/or to persons who are professional clients as defined in the relevant local implementation of Directive 2014/65/EU (MiFID II). PGIM Quantitative Solutions LLC, PGIM Limited and/or PGIM Netherlands B.V. are indirect, wholly-owned subsidiaries of PGIM, Inc. ("PGIM").

In **Canada**, PGIM Quantitative Solutions LLC relies upon the "International Advisor Exemption" pursuant to National Instrument 31-103 in certain provinces of Canada.

In **Australia**, these materials are distributed by PGIM (Australia) Pty Ltd ("PGIM Australia") for the general information of its "wholesale" customers (as defined in the Corporations Act 2001). PGIM Australia is a representative of PGIM Limited, which is exempt from the requirement to hold an Australian Financial Services License under the Australian Corporations Act 2001 in respect of financial services. PGIM Limited is exempt by virtue of its regulation by the Financial Conduct Authority (Reg: 193418) under the laws of the United Kingdom and the application of ASIC Class Order 03/1099. The laws of the United Kingdom differ from Australian laws. PGIM Limited's registered office is Grand Buildings, 1-3 The Strand, Trafalgar Square, London, WC2N 5HR.

In **Singapore**, information is issued by PGIM (Singapore) Pte. Ltd. ("PGIM Singapore"), a regulated entity with the Monetary Authority of Singapore under a Capital Markets Services License to conduct fund management and an exempt financial adviser. This material is issued by PGIM Singapore for the general information of "institutional investors" pursuant to Section 304 of the Securities and Futures Act 2001 of Singapore (the "SFA") and "accredited investors" and other relevant persons in accordance with the conditions specified in Section 305 of the SFA.

In **Hong Kong**, information is provided by PGIM (Hong Kong) Limited, a regulated entity with the Securities & Futures Commission in Hong Kong to professional investors as defined in Section 1 of Part 1 of Schedule 1 of the Securities and Futures Ordinance (Cap.571).

In **Japan**, the investment management capabilities and services described in the attached materials are offered by PGIM Japan Co., Ltd (PGIMJ), a Japanese registered investment adviser (Director-General of the Kanto Local Finance Bureau (FIBO) No. 392). Retention of PGIMJ for the actual provision of such investment advisory services may only be effected pursuant to the terms of an investment management contract executed directly between PGIMJ and the party desiring such services, It is anticipated that PGIMJ would delegate certain investment management services to its US-registered investment advisory affiliate.

In **Korea**, PGIM Quantitative Solutions LLC holds cross-border discretionary investment management and investment advisory licenses under the Korea Financial Investment Services and Capital Markets Act ("FSCMA"), and is registered in such capacities with the Financial Services Commission of Korea. These materials are intended solely for Qualified Professional Investors as defined under the FSCMA and should not be given or shown to any other persons.

PGIM, PGIM Quantitative Solutions, the PGIM Quantitative Solutions logo, and the Rock design are service marks of PFI and its related entities, registered in many jurisdictions worldwide.

PGIM Quant-20230223-247