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PGIM
FIXED INCOME

Environmental, Social and Governance (ESG)

Investment Policy Statement

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ESG Policy Statement

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I. Overview: PGIM Fixed Income ESG Philosophy and Approach

PGIM Fixed Income is a global asset manager primarily focused on public fixed income investments. Our mission is to provide consistent superior risk-adjusted returns and excellent service to our clients, and to generate value for our stakeholders. Our culture is that of a safe and inclusive environment centered around mutual respect, trust in each other, collegiality, teamwork, meritocracy, intellectual honesty, transparency, and an unwavering commitment to our clients.

This 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.

In summary:

- We define responsible investment as a strategy and practice to incorporate ESG factors in investment analysis and investment decisions.
- We believe that ESG factors impact the performance of investment portfolios, and we have integrated them into our investment analysis and decision-making processes across all of our strategies.
- We assess ESG factors for all issuers that we cover, across all asset classes.
- We believe that analysing credit-material ESG factors leads to higher risk adjusted excess returns and is fully aligned with our fiduciary duty.
- 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 and risk assessment as part of credit analysis, and have developed ESG Impact Ratings (as later defined) as a proprietary tool to help our clients invest in line with their ESG/sustainability preferences.
- Our fundamental credit ratings incorporate analysis of credit material risks and opportunities arising from ESG factors and reflect our overall fundamental credit view of the issuer.
- Our ESG Impact Ratings assess negative and positive impacts of the issuers on the environment and society. These ESG Impact Ratings are an added layer of ESG analysis on top of the ESG risk integration we conduct for investments we make.
- We also strongly believe in providing clients with an explicit choice of whether and how to express their policies, views and beliefs through their investments.
- We are committed to understanding and implementing the sustainability preferences of our clients, regardless of whether these preferences are deemed credit-material.
- We see issuer engagement as an important tool in our investment process insofar as it helps us to gain a more holistic understanding of the issuers, from both fundamental and ESG impact perspective, and allows us to communicate our views to issuers. We believe that this, in turn, helps us achieve better investment and, where applicable, ESG outcomes for our clients and investors.
- As a signatory to the Principles of Responsible Investment (the "**PRI**"), we are committed to adopt and implement the PRI. We recognize that applying the Principles of the UN Global Compact ("**UNGC**"), the OECD Guidelines for Multinational Enterprises (the "**OECD Guidelines**"), including guidance on Responsible Business Conduct for Institutional Investors, and being guided by the UN Sustainable Development Goals may better align investors with broader objectives of society.

As a global business, we endeavor to implement this policy with respect to each of our accounts to the extent permissible under the applicable laws and regulations of each market in which we operate and in accordance with our agreements with clients.

II. Integration of ESG Factors into the Investment Process

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.

Our approach to integrating ESG into our investment process therefore views ESG risk/opportunity from the perspective that certain events or conditions related to ESG factors might cause a material negative or positive impact on the financial/economic value of investments. These credit-material ESG factors are incorporated into the management of all client 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 or obtained from third-party ESG research providers or alternative data sources (e.g., NGO analyses, governmental and inter-governmental studies, etc.). The 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 in turn a key factor in our relative value assessments, and our portfolio managers will consider material ESG risks and opportunities when assessing the overall relative attractiveness of potential investments. Equally, ESG factors that are considered to be materially positive will also be reflected in our fundamental analysis and considered in relative value assessments. Although our views are often informed by quantitative metrics, our ultimate decision on how ESG issues should influence our investment decisions is largely qualitative, as with other types of risks and opportunities.

The quality of **governance** can be an important investment consideration and it is incumbent on our analysts to assess governance structures and practices at the issuers we consider for investment as part of the credit research process. Our governance analysis is asset class and sector specific and may include the following issues: alignment of interests between management, controlling shareholders and other providers of capital; related party transactions; board quality, effectiveness and oversight; management incentives; audit and accounting issues; quality of risk management; business ethics and conduct issues (e.g., bribery and corruption; anti-competitive practices; and advertising/sales practices); and supply chain sustainability practices.

The **environmental and social** factors considered during our research assessment, including ESG risks which may cause a material negative impact on the value of potential investments should those risks occur, will vary depending on the asset class, the industry and/or individual issuer. These include, but are not limited to, the following:

(a) **Environmental risks** may include climate change (both from a transition and physical risk perspective); pollution of air, water and land; harm to biodiversity through changes in land use, deforestation and ecosystem damage; energy inefficiency; generation and poor management of hazardous and non-hazardous waste; and high water consumption/withdrawal needs, especially in water stressed areas.

(b) **Social risks** may include poor occupational health and safety and process safety; poor product safety and quality; privacy and data security weaknesses; poor labour relations and/or human capital management, including diversity and inclusion; breaches of employee rights/labour rights; human rights violations; child labour/forced labour; and infringements of rights of local communities/ indigenous populations.

An important focus of our sovereign research is on macroeconomic stability and debt sustainability. ESG issues feature prominently in this analysis and, in particular, the sovereign credit ratings process.

In addition to a fundamental macroeconomic score that captures pertinent macroeconomic strengths and vulnerabilities, our sovereign ratings framework is also based upon a comprehensive assessment of qualitative aspects that guide policy making. These aspects include institutional strengths and weaknesses, and potential governance issues, as well as social and environmental issues that could affect relevant macroeconomic variables. Nevertheless, while we carefully consider the relevant ESG issues, we believe these factors should always be considered within a broader macroeconomic context.

In line with our bottom up, fundamental credit approach, we view issuers' credit profiles from a holistic perspective, rather than separating them into distinct components that must then be reconciled. Therefore, we do not evaluate issuers' ESG risks and opportunities in isolation, but instead integrate them directly into our fundamental credit ratings, and thus into our relative value assessments. So, while our portfolio managers are provided with information on ESG risks and opportunities and take ESG factors into account when making an investment decision, ESG risk would not by itself prevent PGIM Fixed Income from making any investment. Instead, ESG risk/opportunity forms part of our overall assessment of an issuer's credit risk, and thus of our assessment of its relative value. Generally, a higher potential return or credit spread would be required for issuers with credit material ESG risks. We do not apply any absolute risk limits or risk appetite thresholds which relate exclusively to ESG risk as a separate category of risk.

III. ESG Impact Assessment and Ratings

We strive to understand the impacts our investments have on the environment and society. This is 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 risk that ESG events could impact the financial/economic value of our clients' investments.

After conducting this assessment, our investment analysts seek to assign an ESG rating on a 100-point scale in 5-point increments, with 0 as the lowest and 100 as the highest ESG rating ("**ESG Impact Rating**"), to an issuer or issue. In assigning an ESG Impact Rating, investment analysts review information which may be provided by the issuer or obtained from third-party ESG research providers and may also consider information from alternative data sources (e.g., NGO analyses, governmental and inter-governmental studies, etc.). This third party research may, among other things, be used to screen our investable universe for specified economic activities and controversies (including violations of the UNGC principles); provide information regarding ongoing litigation; review performance data for a large number of environmental, social and governance key performance indicators; or otherwise analyse various ESG issues and risks. In certain instances, it may not be possible or practical to obtain and/or analyse the information needed to assess and rate each investment and where this is the case our analysts may either make reasonable assumptions in order to rate the particular investments based on, for example, information relating to the particular industry of an underlying issuer and/or issue or identify the investment as unrated.

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

Climate and Environmental Sustainability Indicators	Negative/Adverse Impacts	Positive Impacts
Energy use/performance; Greenhouse gas (GHG) emissions	High greenhouse gas emissions; high carbon footprint or carbon intensity; consumption of energy from non-renewable sources	Sustainable sourcing of energy; use of or revenues from renewable energy; practices that improve energy efficiency; R&D in energy efficient products
Waste Management/ Hazardous Materials; Pollution	Generation of and poor management of hazardous and non-hazardous waste; plastic pollution; packaging waste; use of hazardous materials in products	Reducing use of non-recyclable packaging and plastics; remediation of existing contaminants; lifecycle management of products; new technologies reducing environmental impact
Water consumption and pollution; Air pollution; Ecosystems	Destruction of natural habitats and biodiversity loss; ecosystem damage;	Water efficiency solutions; strong chain of custody in supply chains;

	high water consumption; water pollution; dust and other particle emissions; noise pollution	environmental rehabilitation strategies; land conservation areas and protected endangered species habitat; carbon sequestration
Social Sustainability Indicators	**Negative/Adverse Impacts**	**Positive Impacts**
Human rights; Employee rights/ labour rights; Health & Safety; Community Relations	Modern slavery or forced labour; child labour; irresponsible labour practices; discriminatory exclusion (e.g., against low-income communities or underprivileged segments of society); infringement of rights of local/indigenous communities; poor occupational health and safety	Robust worker training programs; robust worker health & safety policies and controls; local and indigenous community relations; product safety measures; provision of affordable services to underprivileged/ underserved segments of society
Business Conduct	Bribery and corruption; anti-competitive practices; financing of crime, terrorism and other illegal activities; fraud, insider trading and profiteering from access to trade secrets; tax avoidance or abetting tax avoidance	Robust audit and transparency practices; training and human capital development practices; encouraging workforce diversity; protection of privacy and security of customer and personal data

While certain corporate governance considerations (such as, for example, ownership structures or board effectiveness) are not considered to directly affect an issuer's and/or issue's impacts on the environment and society, they are an important part of the overall evaluation of an investment opportunity and are considered by the investment analysts as part of the credit research and the initial evaluation of an investment. They also can play an important role in assessing the credibility of an issuer's efforts to reduce its negative impacts and/or enhance its positive impacts. These potential indirect effects on environmental and social impacts are also evaluated under our ESG Impact Ratings framework.

Our ESG Committee (the "**PGIM Fixed Income ESG Committee**") provides detailed guidance to the analysts on the environmental and social impacts of issuers and/or issues for 150+ GICS[1] sub-industries. The PGIM Fixed Income ESG Committee also provides a detailed governance guidance covering major governance factors and relevance for credit risk analysis and ESG Impact Ratings. Analysts rate issuers and/or issues based on the severity of the negative sustainability impacts and the issuers' efforts to reduce and minimise negative, as well as enhance positive impacts. Although often informed by quantitative metrics, these ratings ultimately reflect the qualitative judgement of our credit analysts regarding sustainability impacts.

An ESG Impact Rating between 40-100 requires that the economic activities, products/services and practices of an issuer (or financed by an issue):

(i) are inherently positive for either environment or society; and

(ii) associated key negative impacts are being reduced and/or minimised.

An ESG Impact Rating below 40 generally means that the economic activities, products/services, and practices of an issuer (or financed by an issue):

(i) are inherently positive for either environment or society, but there are only limited efforts to reduce associated key negative impacts; or

[1] Global Industry Classification Standard

(ii) come with significant environmental or social costs and there are no credible efforts to minimize these negative impacts; or

(iii) have such significant negative impacts to environment or society that they cannot be outweighed by any other potential positive contributions

The ESG impact assessment generally applies to all asset classes.

An assignment of a high ESG Impact Rating is generally based on the credibility and ambition of an issuer's strategy to reduce negative environmental and social impacts, and their actual achievements at the time of our analysis. Accordingly, the extent and quality of efforts by issuers to reduce their negative impacts, and to enhance their positive impacts will serve as a differentiator yielding higher ESG Impact Ratings.

Sovereign ESG Impact Ratings have been developed by our Global Economics team, using a quantitative approach with a qualitative overlay to determine a final ESG Impact Rating.

ESG Impact Ratings for structured products are generally based on those of the associated issuer/sponsor and/or the industry guidance most relevant to the underlying collateral. This may be further adjusted for certain factors specific to the transaction.

The ESG Impact Rating for currency and derivative contracts referencing a single investment will reflect the ESG Impact Rating of that investment (e.g., a U.S. treasury future or U.S. interest rate swap would get the same ESG Impact Rating as the corresponding U.S. treasury). Similarly, a single name sovereign or corporate credit default swap would get the same ESG Impact Rating as the corresponding sovereign or corporate issuer that it references.

For currency and derivative contracts (such as a Euro or High Yield CDX contract) that reference multiple underlying investments, the analysts will assign an ESG Impact Rating to the contract that is based on the average ESG Impact Rating for the underlying constituents within that contract for which we have assigned an ESG Impact Rating.

IV. ESG Screening and Client Driven Constraints/ Exclusions

PGIM Fixed Income is committed to providing clients and investors with strategies and solutions that help them express their policies, views, and beliefs through their investments. These portfolios may be managed using our proprietary ESG Impact Ratings (as described above), client-specified guidelines and constraints or a combination thereof. These non-economic considerations would be reflected in the applicable fund documents or client agreement. Certain portfolios that utilize our ESG Impact Ratings will permit investment in a specified percentage of assets for which we have not assigned an ESG Impact Rating.

We recognise that many of our clients and investors do not wish their investments to be associated with issuers engaging in certain economic activities (e.g., related to weapons, alcohol, tobacco, thermal coal, etc.) or violating certain specified standards of conduct based on international norms (e.g., UNGC, OECD Guidelines, etc.). To meet our clients' needs we implement a range of negative screens and exclusions according to specific exclusion criteria requested by our clients. For certain clients, we use specialist third-party screening providers to implement such exclusionary screens. For other clients, we exclude investments contained on detailed "restricted lists" provided by the applicable client.
As an illustrative example, exclusions may be based on violation of UNGC Principles or involvement in the production of nuclear and controversial weapons, tobacco, thermal coal, gambling, oil sands, Arctic oil, etc.

In addition, we comply with laws and regulations in markets where we conduct our business activities and will implement all exclusions required by applicable laws and regulations.

V. Climate Risk and Stewardship

We consider climate change and associated investment risk to be an important factor that should be incorporated in our credit assessment, especially where the issuer's exposure to climate risk is deemed high. Consideration of climate risks and opportunities is part of our approach of 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 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 addition, we treat 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 climate-related risk 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. Our analysts evaluate an issuer's exposure to climate related risks by considering their GHG footprint and intensity and, where applicable, the physical location of key assets. They also consider the issuer's targets and plans for reducing their climate risk exposures and impacts. 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 aluminum), as well as the agricultural sector. Our research involves:
    - Monitoring regulatory developments and analysing potential impact on issuers
    - Incorporating the risk of an increase in carbon prices or lower demand for fossil fuels
    - Identifying sub-industries and issuers with higher mid-term resilience and long-term adaptation capacity
    - 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)
- Identifying issuers with lower carbon risk exposures, but similar yields as peers that would potentially be less affected when the market starts to demand more compensation for greater exposure to carbon risk.
- For issuers with larger carbon risk exposures, requiring what we consider to be sufficient spread premium for the risk of bearing carbon costs or future stranded assets costs (e.g., due to potential regulatory action). We evaluate the magnitude of a spread premium based on an issuer's current business model, the effectiveness and feasibility of its future operational goals, and management's commitment to and delivery against these goals.
- For sovereigns, analysing climate risk exposure and mitigation/adaptation capacity of individual countries to consider the potential impact of the future repricing of sovereign debt around climate risk.
- For securitized assets, understanding climate risk associated with underlying assets/asset pools, as well as the extent to which investors are exposed to/shielded from physical and/or transition risks through the deal structure.
- Considering the timeframe over which climate risks are likely to materialise, while also recognising that the expectation of future climate risks may also impact asset valuations well before they have fully unfolded.

- Identifying and monitoring sectors and issuers that we believe are likely to be beneficiaries of and/or contribute to a low-carbon transition.

Furthermore, climate change and GHG emissions are a significant factor in our ESG impact assessment and ESG Impact Ratings. Although these 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. That in turn may lead to the issuer being excluded from portfolios that include criteria based on our ESG Impact Ratings.

In addition to their ESG Impact Rating criteria, certain of our ESG funds / client accounts have exclusions on some of the most carbon intensive activities such as thermal coal extraction, thermal coal power generation and oil production in the Arctic and from tar sands, as well as limitations on an issuer's overall carbon intensity.

Where significant, we also endeavour to raise our concerns over an issuer's climate impacts via engagement, noting how those concerns impact our credit assessment and ESG Impact Ratings, as well as how this could limit our demand for its bonds. Our large size and global coverage of fixed income markets also allow us to provide issuers constructive insights into how such concerns could affect demand for their debt more generally, as well as how they compare to their peers with regards to climate performance, strategy and disclosure.

We strive to ensure that we have adequate access to resources, including staff, data, and analytical tools, to assess, implement and monitor climate-related risks/opportunities and measures. We also dedicate resources to exploring and testing new sources of data, including emerging methodologies to calculate climate value at risk, implied temperature rise, and similar metrics.

We actively engage with our clients to understand their views and preferences with regard to climate change. As a steward of our clients' assets and consistent with the goals of the Paris Agreement, we recognise our role in helping any clients with decarbonisation targets to meet such goals at the portfolio level. Accordingly, we are committed to working in partnership with our clients to develop decarbonisation solutions for their portfolios, while reflecting their bespoke return expectations, risk appetite and timeframes. This may include, among other things, measuring and reporting on the carbon intensity or footprint of certain portfolios, as well as setting absolute or relative targets based on such metrics.

PGIM Fixed Income has publicly supported the Task Force on Climate-Related Financial Disclosures ("**TCFD**") recommendations, which are a set of voluntary, climate-related financial risk disclosures. In our engagements with issuers, we strongly encourage climate related disclosures and reporting aligned with the TCFD principles.

VI. ESG-labelled Investments

We have developed a proprietary framework to evaluate the quality and impact of Green, Social, Sustainability and other ESG-labelled use-of-proceeds bonds. Our framework considers the credibility of the issuer's ESG strategy, and the specific terms of the bond and the potential incremental positive environmental and social impacts related to the issuance in order to assess the overall impact of an ESG-labelled bond. The overall impact assessment may lead to an uplift to the bond's ESG Impact Rating relative to that of its issuer and informs our view on the attractiveness of the bond.

VII. ESG Engagements

Debt investors are a critical stakeholder for corporate and sovereign issuers reliant on debt financing markets. We see issuer engagement as an important tool in our investment process insofar as it helps us to gain a more holistic understanding of the issuers, from both the fundamental 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.

During these discussions, our analysts probe management on the ESG issues we see as material and assess the issuer's plans to address them. We point out to issuers our assessment of credit-material ESG risks as well as the impacts that their policies, practices or products have on the environment and society, and where applicable discuss the implications these may have for their funding costs and future market demand for any new issue bonds.

By discussing our ESG concerns with an issuer, we make them aware of how those concerns factor into our investment decision, while at the same time gaining a better understanding of what the issuer is doing to address them. This can increase focus on ESG at the issuer while at the same time enriching our investment analysis.

Further, given our scale and global coverage, such discussions often provide useful insights to issuers into how they compare to industry peers and how markets perceive their ESG initiatives. Our ESG Impact Ratings offer additional tangibility and context to the conversations, as they allow our analysts to show issuers how we rank them on ESG impacts, while also providing the rationale and factors behind the ratings. As a result, engagement can also positively influence issuer behaviour.

Being one of the largest active fixed income managers in the world, we feel that issuers take our views and concerns seriously and value the insights they gain through dialogue with our analysts and economists. This allows us to engage constructively with management and elevate ESG issues to their attention.

Given our team of over 100 fundamental research analysts, economists and ESG specialists, we are able to engage frequently with issuers in our universe, including not just corporate issuers, but also sovereigns, municipalities, and securitised products.

Our ESG engagement activities are focused on issuers that have credit material ESG risks, generate significant adverse impacts on the environment or society, or lag their peers in ESG practices. Our engagements are prioritised on the basis of the materiality of ESG factors on financial and/or operational performance, our proprietary ESG Impact Rating of the issuer, the quality of an issuer's ESG disclosures, the exposure to specific ESG factors and events that, in our view, require special attention, as well as the size of our overall exposure to the issuer.

Feedback from these meetings is used to inform our fundamental credit ratings and ESG Impact Ratings. The ESG issues raised, as well as the issuers' response to our comments (where applicable), are then noted in our engagement notes, which are available to portfolio managers.

Given that our engagement activities with issuers are directly linked to our investment research and investment decisions, our strong preference is for direct engagements with issuers to enable us to speak openly and frankly when highlighting our ESG concerns to company management, government officials, arranging banks, etc. We are open to collaboration with other investors in instances where our individual engagement efforts are deemed to have low chances of success in isolation. Our preference is to collaborate via trade associations and other industry initiatives of which PGIM Fixed Income is a member.

As a manager of primarily fixed income investments, we generally do not have ownership rights and, therefore, are not able to use proxy voting, which is considered to be one of the most effective escalation mechanisms available to equity holders. As a bondholder, the engagement escalation mechanisms available to us include: 1) seeking engagement at a more senior level within the issuer (e.g., CEO, Chair or Board members of a corporate issuer); 2) collaborating with industry groups and other institutional investors; and 3) reducing or exiting our investment position, or foregoing an opportunity to participate in a new issue (any decision with respect to investment positions will be taken at a portfolio level). Where our decision to not buy/hold the issuer's bonds is linked to ESG concerns, we will strive to inform the issuer of our decision.

We believe in constructive engagement with policymakers and regulators. We are a member of a number of trade associations and industry initiatives and are committed to providing feedback to policy consultations or technical input into regulatory process that materially impact us or our investments. We also proactively engage financial regulators on ESG-related topics. The selected list of our current memberships and collaborative initiatives related to ESG topics is below:

- Principles for Responsible Investment
- PRI Securitized Products Advisory Committee
- PRI Structured Products Workstream
- Task Force on Climate-Related Financial Disclosures (Formal Supporter)
- European Leveraged Finance Association – ESG Committee
- Investment Company Institute
- UK Investment Association (Stewardship in Fixed Income Working Group)
- The Conference Board (Corporate Governance and Stewardship Council)
- SFA ESG Steering Committee
- CREFC Sustainability SteerCo, and the Transparency Subcommittee
- Association for Financial Markets in Europe
- Loan Market Association

VIII. ESG Governance and Senior Management Responsibility

The PGIM Fixed Income ESG Committee was established in 2014 to act as the internal governing body for directing and overseeing our ESG-related activities and ensuring that our policies are implemented in an aligned and consistent way across the organisation. The ultimate responsibility for our policies and procedures in respect of ESG therefore lies with the PGIM Fixed Income ESG Committee. This includes:

- The development of all policies and procedures that integrate ESG factors into the firm's investment process, both generally and with respect to specific PGIM Fixed Income products.

- Establishing the methodology for our internal ESG Impact Rating framework.

- Overseeing the assignment of ESG Impact Ratings.

- Monitoring ESG-related engagement with issuers.

- Establishing and maintaining guidelines for ESG-related funds managed by PGIM Fixed Income.

- Incorporating and developing our approach to climate risk and stewardship.

The PGIM Fixed Income ESG Committee, which is co-chaired by our head of ESG research and head of investment grade corporate research, is composed of senior investment professionals and executives, including the head of fixed income / chief investment officer, head of credit, head of global macroeconomic research, and senior credit research analysts from our investment grade, emerging markets, leveraged finance, and securitised credit desks, with representation from our Newark, London and Tokyo offices.

IX. ESG Disclosures

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 our clients' needs. The information about ESG investing at PGIM Fixed Income, including our ESG philosophy and approach, policies, references to our adherence to responsible business codes and other documents can be accessed at https://www.pgim.com/fixed-income/environmental-social-governance.

Source(s) of data (unless otherwise noted): PGIM Fixed Income, as of May 2021

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