



PUBLIC TRANSPARENCY REPORT

2024

PGIM Fixed Income

Generated 25-11-2024

About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

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

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2024 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

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

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

Disclaimers

Legal Context

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

Responsible investment definitions

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

Data accuracy

This document presents information reported directly by signatories in the 2024 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented. The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

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

Section 1. Our commitment

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

ESG Philosophy and Approach

- We believe that ESG factors can impact investment performance, and we therefore integrate financially material ESG factors into the credit analysis processes used across all of our strategies.
- For an effective relative value process, we believe credit risk cannot be disaggregated into individual components and must be assessed holistically. Our credit ratings incorporate analysis of credit-material risks and opportunities arising from ESG factors, alongside other risk factors, to reflect our overall fundamental credit view of the issuer. This is done for all credit strategies that we manage and is consistent with our fiduciary obligations.
- Separately, we have observed that an issuer's ESG impact on the environment and society does not always create material credit risks for that issuer, even when those ESG impacts are significant. Our proprietary ESG Impact Ratings assess negative and positive impacts of issuers on the environment and society – whether or not they are credit-material – and determine their eligibility for investment by our ESG strategies. We offer clients the choice (but not the obligation) to apply this additional "impact" lens to their portfolios.
- 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. We have also developed ESG Impact Ratings as a proprietary tool to help our clients invest in line with their ESG/sustainability preferences.

- We engage with issuers to communicate our views on fundamental and ESG issues. We aim for such engagements to be constructive and offer issuers insights into our concerns and information on industry best practices, as well as how their ESG efforts may be perceived in the market and the potential effect this could have on future market demand for their bonds. We disclose our ESG Impact Ratings to issuers, when requested, as we see that these ratings and other ESG tools and analysis provide tangible feedback to issuers.
- As a signatory to the Principles of Responsible Investment (PRI) since February 2015, we are committed to implementing the PRI.
- PGIM Fixed Income has been a signatory to the UK Stewardship Code since 2022. We believe that the 12 Principles laid out by the UK Stewardship Code set a high standard for responsible stewardship, and we seek to disclose the relevant information necessary to maintain our signatory status on an annual basis.

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

Section 2. Annual overview

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

Major Updates in 2023

Research:

Sovereign ESG Impact Framework

In 2023, the ESG and Economics Research teams significantly enhanced our Sovereign ESG Impact Ratings framework to better assess the impact of sovereign issuers. These enhancements included –

- greater transparency into the drivers of our assessments, seeking to ensure that poor performance doesn't get averaged out using a standard weighted-average scoring methodology
- including more qualitative insights to supplement quantitative data gaps and provide outlooks
- accounting for and overcoming ingrained income bias.

The result leads us to a more nuanced and deeper understanding of which countries have more positive incremental impacts, which can lead to better impact results for clients seeking such outcomes, and also allow us to better customise portfolios to meet our clients' objectives. For more information and detail on these enhancements and concepts, please see our Sovereign ESG Impact Ratings Framework white paper.

ESG Engagement Policy

Although we have been engaging with issuers for years, we officially formalised our approach to engagement in 2023 to ensure that all of our stakeholders can familiarise themselves with how we prioritise our engagements, the topics we engage on, and how we escalate our engagements. You can find our ESG Engagement Policy on our website.

Corporate Issuer Emissions Estimates

In 2023, the ESG Research team developed a methodology for estimating companies' carbon emissions intensity to help address gaps in third-party data providers' coverage. These estimations can be applied to developed markets corporate issuers on both tCO₂e / \$M revenues and tCO₂e / \$M EVIC bases. Estimates are derived using a sample of issuers operating within the same industry and primary region of operation with a slightly conservative bias. The estimates are maintained by the ESG Research team and updated each year. All climate emissions estimation models are subject to significant uncertainty.

Technology & Resources:

Temperature Alignment Tool

In 2022, the ESG Research team designed a proprietary methodology for assessing our view of the climate impact of corporate issuers. In 2023, our attention turned to developing an in-house cloud-based tool operationalising our approach. Drawing datapoints from NGO and third-party data providers, the Temperature Alignment Tool implements our proprietary Temperature Alignment methodology to efficiently formulate and categorise our view of the climate impact of issuers. The Temperature Alignment Tool also includes features which provide our research teams with the ability to incorporate qualitative insights and override inaccuracies linked to vendor data. Integrated into our internal portfolio management and reporting systems, the Temperature Alignment Tool enables interested clients to obtain insights into the climate impact of their portfolios and build or adapt their strategies to support issuers with credible transition plans.

ESG Research Team

ESG continues to evolve and we continue to require new skillsets among our team. This is why the ESG Research team decided to participate in the PGIM Fixed Income Portfolio Analysis Group rotational programme in 2023. This rotational programme is designed for employees in the Portfolio Analysis Group, most having recently graduated from university bachelor programmes, to gain exposure to various portfolio management and investment-related sectors over the course of three 12-month rotations, with ESG being one of those 12-month stations. This has brought a Portfolio Analysis Group resource directly onto the ESG Research team to help build out ESG portfolio analysis and specialised reporting capabilities.

ESG Training

In an effort to disseminate ESG knowledge effectively throughout the firm, the ESG Research team introduced ESG training sessions to different stakeholders across the organisation, including our 100+ credit analysts globally, who conduct ESG research and apply ESG frameworks to their individual issuers, as well as to our Client Advisory Group, who are on the frontlines of representing our ESG capabilities to our clients and prospects. In most cases, these training sessions are hosted by the ESG Research team and take place at least quarterly. In them, the ESG Research team provides updates and training on new ESG tools and frameworks, as well as regular refreshers on those that are already in place, and training on specific topics as needed. The sessions are structured to be interactive and offer participants the opportunity to raise questions with the ESG Research team and suggest topics for future trainings.

Section 3. Next steps

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

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

It should come as no surprise that another short to medium term priority for ESG also involves reviewing and adapting to regulatory developments. More specifically, some regulatory areas where we are focusing our attention include the following:

- the European Commission with respect to any developments to SFDR;
- the European Securities and Markets Authority's (ESMA) ESG-labelling rules and final guidelines;
- the UK Financial Conduct Authority's (FCA) roll-out of its Sustainability Disclosure Regulation (SDR) and Anti-Greenwashing Rule, as well as required TCFD reporting for asset managers, which will require us to publish our first TCFD report in June 2024; and
- the U.S. Securities and Exchange Commission's (SEC) adoption of Enhancements to Prevent Misleading or Deceptive Investment Fund Names Rule, as well as the expected release of its Rule to Enhance and Standardise Climate-Related Disclosures for Investors

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

Section 4. Endorsement

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

Name

John Vibert

Position

President and Chief Executive Officer

Organisation's Name

PGIM Fixed Income

A

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

B

ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

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

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

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	12	2023

SUBSIDIARY INFORMATION

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

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

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

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

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 794,357,833,268.00

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

US\$ 0.00

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

US\$ 0.00

ASSET BREAKDOWN

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

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

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

ASSET BREAKDOWN: INTERNALLY MANAGED FIXED INCOME

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

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

(A) Passive – SSA 0%

(B) Passive – corporate 0%

(C) Active – SSA >10-50%

(D) Active – corporate >50-75%

(E) Securitised >10-50%

(F) Private debt 0%

GEOGRAPHICAL BREAKDOWN

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

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

AUM in Emerging Markets and Developing Economies

(B) Fixed income – SSA (2) >0 to 10%

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

(D) Fixed income – securitised (1) 0%

STEWARDSHIP

STEWARDSHIP

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

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

(3) Fixed income - active

(A) Yes, through internal staff	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

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

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

	(1) Yes, we incorporate ESG factors into our investment decisions	(2) No, we do not incorporate ESG factors into our investment decisions
(E) Fixed income - SSA	<input checked="" type="radio"/>	<input type="radio"/>
(F) Fixed income - corporate	<input checked="" type="radio"/>	<input type="radio"/>
(G) Fixed income - securitised	<input checked="" type="radio"/>	<input type="radio"/>

ESG STRATEGIES

FIXED INCOME

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

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

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

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

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

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

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

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

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

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

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

>0-10%

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

Additional information: (Voluntary)

The above percentage refers to the percentage of AUM in PGIM branded commingled products with “ESG” in their name together with separately managed client accounts and PGIM branded commingled products that are classified as Article 8 under SFDR. Roughly 2% of AUM in PGIM branded commingled products have “ESG” in their name and/or are classified as Article 8 under SFDR. It should be noted that commingled products represent a minority of the firm’s overall AUM.

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

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

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

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

>75%

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

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

Which ESG/RI certifications or labels do you hold?

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

- (AE) People's Bank of China green bond guidelines
- (AF) RIAA (Australia)
- (AG) Towards Sustainability label (Belgium)
- (AH) Other

SUMMARY OF REPORTING REQUIREMENTS

SUMMARY OF REPORTING REQUIREMENTS

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

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

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

SUBMISSION INFORMATION

REPORT DISCLOSURE

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

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

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

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

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

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

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

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

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

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

Specify:

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

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

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

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

(A) Overall approach to responsible investment

Add link:

<https://www.pgim.com/fixed-income/environmental-social-governance>

(B) Guidelines on environmental factors

Add link:

<https://www.pgim.com/fixed-income/environmental-social-governance>

(C) Guidelines on social factors

Add link:

<https://www.pgim.com/fixed-income/environmental-social-governance>

(D) Guidelines on governance factors

Add link:

<https://www.pgim.com/fixed-income/environmental-social-governance>

(E) Guidelines on sustainability outcomes

Add link:

<https://www.pgim.com/fixed-income/environmental-social-governance>

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

Add link:

<https://www.pgim.com/fixed-income/environmental-social-governance>

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

Add link:

<https://www.pgim.com/fixed-income/environmental-social-governance>

(H) Specific guidelines on other systematic sustainability issues

Add link:

<https://www.pgim.com/fixed-income/environmental-social-governance>

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

Add link:

<https://www.pgim.com/fixed-income/environmental-social-governance>

(J) Guidelines on exclusions

Add link:

<https://www.pgim.com/fixed-income/environmental-social-governance>

(L) Stewardship: Guidelines on engagement with investees

Add link:

<https://www.pgim.com/fixed-income/environmental-social-governance>

(M) Stewardship: Guidelines on overall political engagement

Add link:

<https://www.pgim.com/fixed-income/environmental-social-governance>

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

Add link:

<https://www.pgim.com/fixed-income/environmental-social-governance>

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

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

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

(A) Yes

Elaborate:

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

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

In our ESG Investment Policy Statement, we define “ESG risk” and “ESG opportunity” as an environmental, social or governance event or condition that, if it occurs, could cause a material negative or positive impact on the financial/economic value of an investment. Together, we consider such ESG risks and opportunities to be “credit-material ESG factors.” Because we define credit-material ESG factors purely as those we believe have a reasonable potential to materially affect the value of specific investments, and distinct from the consideration of ESG impacts, those factors are incorporated into the credit analysis processes used across all of our client portfolios.

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

- o (B) No

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

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

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

RESPONSIBLE INVESTMENT POLICY COVERAGE

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

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

Combined AUM coverage of all policy elements

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

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

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

AUM coverage

(A) Specific guidelines on climate change

(1) for all of our AUM

(B) Specific guidelines on human rights

(1) for all of our AUM

(C) Specific guidelines on other systematic sustainability issues

(1) for all of our AUM

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

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

(B) Fixed income

(1) Percentage of AUM covered

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

(11) 100%

GOVERNANCE

ROLES AND RESPONSIBILITIES

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

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

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

Specify:

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

- (C) Investment committee, or equivalent**

Specify:

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

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

Specify department:

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

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

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

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

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

(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input checked="" type="checkbox"/>
(C) Guidelines on sustainability outcomes	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input checked="" type="checkbox"/>
(F) Specific guidelines on other systematic sustainability issues	<input checked="" type="checkbox"/>
(G) Guidelines tailored to the specific asset class(es) we hold	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input checked="" type="checkbox"/>
(K) Stewardship: Guidelines on overall political engagement	<input checked="" type="checkbox"/>
(L) Stewardship: Guidelines on engagement with other key stakeholders	<input checked="" type="checkbox"/>

(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)

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

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

- (A) Yes
- (B) No

Explain why:

PGIM Fixed Income is a business within PGIM which is the asset management business of Prudential Financial, Inc. (Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom, or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom). As a business within a business, it would be challenging to create such a governance structure to cover overall political engagement across multiple business levels and including all “third parties” associated with each one. However, PGIM Fixed Income does contribute to the approach taken at the parent level via its participation on the PGIM ESG Council, which includes representatives from all PGIM businesses. Note as well that this is separate from our engagement with sovereign issuers as an investor in their bonds, which is covered separately under our engagement policy.

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

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

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

- (A) Internal role(s)

Specify:

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

- (B) External investment managers, service providers, or other external partners or suppliers
- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

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

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

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

Explain why: (Voluntary)

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

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

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

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

(A) Specific competence in climate change mitigation and adaptation	<input checked="" type="checkbox"/>
(B) Specific competence in investors' responsibility to respect human rights	<input type="checkbox"/>
(C) Specific competence in other systematic sustainability issues	<input checked="" type="checkbox"/>
(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies	<input type="radio"/>

EXTERNAL REPORTING AND DISCLOSURES

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

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

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

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

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

- (A) Yes, including all governance-related recommended disclosures
 - (B) Yes, including all strategy-related recommended disclosures
 - (C) Yes, including all risk management-related recommended disclosures
 - (D) Yes, including all applicable metrics and targets-related recommended disclosures
 - (E) None of the above
- Add link(s):

<https://www.pgim.com/fixed-income/annual-report/esg-annual-report>

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

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

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

Link to example of public disclosures

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

(B) Disclosures against the European Union's Taxonomy

Link to example of public disclosures

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

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

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

Specify:

UK Stewardship Code

Link to example of public disclosures

<https://www.pgim.com/fixed-income/annual-report/esg-annual-report>

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

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

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

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

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

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

Add link(s):

<https://www.pgim.com/fixed-income/annual-report/esg-annual-report>

https://cdn.pfcdn.com/cms1/pgim-fixed-income/sites/default/files/2024-07%20Engagement%20Policy%202024%20update_Final.pdf

(B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

(C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

STRATEGY

CAPITAL ALLOCATION

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

Which elements do your organisation-level exclusions cover?

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) **Other elements**
Specify:
 - Legally required exclusions (e.g. those required by domestic/international law, bans, treaties or embargoes)
- (F) Not applicable; our organisation does not have any organisation-level exclusions

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

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

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

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

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

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

(2) Fixed income

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

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

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

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

Our ESG engagement efforts are rooted in our fiduciary duty towards our clients. As such, our ESG engagements focus on issuers where we believe that an engagement will be additive to our investment process. The objective of our engagements will be specific to each issuer and focused on issues that are material to the issuer from an ESG credit risk/opportunities and/or ESG impact perspective.

A core tenet of our engagement philosophy is that we should not pursue engagements that are likely to harm the value of our clients' positions in the issuer. While we cannot know with certainty what the effect of an engagement will be in advance, we prioritise engagements and objectives that our analysts believe (based on their knowledge of the issuer and its industry) will preserve or improve the value of our positions in the issuer and avoid those that they believe will conflict with this intention.

Our engagements are focussed on issuers of debt and include listed and unlisted companies as well as securitised products, municipals, and sovereigns.

As one of the world's largest fixed income managers, investing in several thousand issuers across most industries and asset classes, our engagements with issuers are prioritised on the basis of factors such as the materiality of the ESG topic(s) on the issuer, our relative value view of the issuer, and how receptive we view the issuer to be to engagement.

Additionally, we may consider other factors that aid in our prioritisation, such as specific themes, controversies, specific events including change to regulation, M&A, or other issues that may arise.

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

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

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

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

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

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

At PGIM Fixed Income we believe in constructive engagement with policymakers and regulators, as well as industry collaboration to help establish best-in-class industry standards. To maximise our impact, we are a member of several trade associations and industry initiatives and are committed to providing feedback to the industry that we believe can positively impact PGIM Fixed Income, our clients, or our investments. To that end, we are active participants of the following working groups:

Structured Finance Association – Structured Finance Disclosure Framework Working Group (Co-Chair), CMBS Working Group (Co-Chair), Auto ABS Working Group (Active Participant), ESG Task Force Steering Committee (Active Participant)

Center for Real Estate Finance Council – Sustainability Steering Committee (Active Participant), Transparency Subcommittee (Active Participant)

European Leveraged Finance Association – ESG Committee (Active Participant)

Principles for Responsible Investment – Securitised Products Advisory Committee (Active Participant)

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

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

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

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

Select from the list:

- 1
- 4
- 5

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

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

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

Select from the list:

- 3
- 4
- 5

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

Select from the list:

- 2
- 4
- 5

(F) We do not use any of these channels

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

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

As an active, bottom-up, fixed income asset manager, PGIM Fixed Income views ESG engagement as an important tool in our investment process. Through constructive and ongoing dialogue with issuers, we believe that ESG engagements can enable us to achieve better investment and, where applicable, ESG outcomes for our clients.

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

We believe constructive dialogue should be informative and meaningful for both parties. This means that while dialogue will often entail our analysts probing management on the relevant, material ESG issues and assessing the issuer’s plans to address them, we also believe in sharing information such as pointing 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. Where applicable, we discuss the implications these considerations may have for their funding costs and future market demand for any new issuance of bonds.

To enable this constructive ESG dialogue, we encourage close collaboration between our team of fundamental research analysts, economists and ESG specialists throughout the engagement process. Such collaboration allows for knowledge sharing between teams and enables us to think holistically of the ESG objectives and risk-return implications of an engagement. Given that we see ESG engagements as a part of our investment process, we see great value in this collaboration across teams.

As we believe that engagements should be highly relevant to our investment process and also provide valuable insights to the issuers we engage with, our approach to engagements emphasizes quality over quantity. This means that our focus is on fewer but more substantive engagements, where the objective is centered on one or two in-depth questions or recommendations.

Through in-depth and nuanced discussions on our ESG concerns, we may make issuers aware of how our concerns factor into our investment decision, gain a better understanding of what the issuer is doing to address our concerns, and discuss industry best practices. Such dialogues are likely to enrich our investment analysis while at the same time 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 rate them on ESG impacts, while also providing the rationale and factors behind the ratings.

Once a meaningful engagement has taken place, an assessment of the engagement is recorded internally. These recordings facilitate monitoring of our ESG-related interactions with issuers, provide helpful insights to our investment process and are used to inform clients of our ESG engagement efforts. We

then track the issuer’s progress on the ESG issues we raise and reflect this in our ESG Impact Ratings (which are used to determine eligibility for our ESG portfolios) and fundamental credit ratings (where ESG risks are integrated), both of which must be updated at least annually, or more frequently as events warrant.

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

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

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

We believe that by asking informed questions, raising our concerns and sharing industry best practice, we can positively influence issuer ESG practices over the long-term. While we find that it is usually difficult to attribute changes made by an issuer to a single investor or engagement, we believe that issuers hearing the same concerns from multiple investors on the same ESG points can lead to change and contribute to long-term value creation. As a result, we believe that it is our responsibility to contribute to such dialogue, even if we may not be able to claim full credit for the outcomes.

STEWARDSHIP: ESCALATION

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

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

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

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

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

- (A) SSA - Approach to escalation

When an issuer is not addressing its most material ESG concerns, regardless of whether we determine this through engagement or our research, we believe that the most effective method of escalation is to reduce our holdings of the issuer's debt with the expectation that this will, over time, impact the issuer's cost of capital.

Investors in SSA debt do not have equity ownership rights, and so there is no option to use proxy voting, which is one of the primary escalation mechanisms available to investors in corporate equity. As a leading fixed income asset manager, we do, however, still have effective mechanisms available to us. Unlike equity, debt matures, requiring SSA issuers to raise new debt regularly. As a result, our decision to invest in an issuer can affect its cost of capital in a way an equity investor cannot. To this end, our divestment in the secondary market may contribute to widening an issuer's market spreads, which in turn can also impact the future cost of capital, when the issuer comes back to market with a new issue. Even if we do not currently hold an issuer, our views, as one of the largest global active fixed income managers, can be impactful if the issuer intends to issue future debt. On the back of these considerations, we see our decision to buy, divest or not invest as our most effective instrument of escalation, especially if it is done in combination with direct feedback to the issuer regarding our investment decision.

The primary example of this is with respect to our ESG Impact Ratings. Investments in our ESG strategies are informed and guided by our ESG Impact Ratings. Our research analysts and economists assign issuers under their coverage an ESG Impact Rating, which assesses the issuer's impact on the environment and society. Should our analysts conclude that the issuer isn't adequately addressing its most material impacts or making progress the way it was expected to, the analyst would generally downgrade the ESG Impact Rating. These downgrades are meaningful because, depending on the resulting ESG Impact Rating, it can trigger us to reduce or even exit the position in our ESG strategies. It should be noted, though, that even if we divest an issuer, we may continue to engage with them as they continue to issue new debt.

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

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

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

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

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

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

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

Describe:

At the PGIM level, we also engaged, indirectly, with policy makers via trade associations of which PGIM is an active contributor. These include the UK Investment Association, ICI and SIFMA, and other global trade associations.

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

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

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

Add link(s):

<https://www.esma.europa.eu/press-news/consultations/joint-consultation-review-sfdr-delegated-regulation#responses>

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

STEWARDSHIP: EXAMPLES

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

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

(A) Example 1:

Title of stewardship activity:

Investment Grade U.S. International Hotel and Leisure Company engagement

(1) Led by

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

(2) Primary focus of stewardship activity

- (1) Environmental factors**
- (2) Social factors**
- (3) Governance factors

(3) Asset class(es)

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

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

Objective: The issuer has been subject to multiple data breaches in the past several years, most notably one in which hackers encrypted and removed a significant number of guest records from the issuer's IT systems. We engaged with the issuer to gain greater insight into its current data security framework and also took the opportunity to discuss its environmental commitments including progress against current targets and future endeavours.

Outcome: Data security is a systematic industry concern and this issuer has shown that it is taking steps in the right direction to safeguard its infrastructure and protect against future cyber incidents. We learned that it is making ongoing investments into maintaining its data privacy infrastructure and implemented privacy procedures, including phishing simulation exercises and mandatory training on information security and protection for employees that handle guest payment information. On Environmental topics, while the issuer does not own the hotel assets for the vast majority of rooms in its system, it has taken an active approach to educating, developing and implementing sustainability standards for its franchisees and managed hotel base. We were impressed by the granular detail the issuer's Sustainability & Supplier Diversity leader provided during our meeting, the issuer's prioritisation of responsible sourcing through reviewing and working with its supplier base, as well as by its SBTi submission application, which further supports its credibility around sustainability. After gaining a deeper understanding of the issuer's sustainability strategy, we reflected on our ESG Impact Rating and awarded it a five point uplift.

(B) Example 2:

Title of stewardship activity:

State-owned petroleum company engagement

(1) Led by

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

(2) Primary focus of stewardship activity

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

(3) Asset class(es)

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

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

Objective: Over the last few years, this company has considerably improved its focus on ESG and made advances on its decarbonisation plan. When we engaged in 2022, the issuer told us about its ESG initiatives and targets. We engaged again this year to determine what, if any, progress the issuer has made against these targets, and learn about any new ESG initiatives it may have implemented.

Outcome: Last time we spoke with the issuer, it had yet to disclose any methane reduction targets (methane emissions constitute 4% of its total emissions). During this engagement, we learned that it now has targets in place, and aims to reduce methane emissions by 50% by 2025, mainly by closing gas leaks in its operations. The issuer also confirmed that it still plans to achieve net zero Scope 1 and 2 carbon emissions by 2050, along with a 50% reduction in Scope 1-3 emissions (vs 2019). Scope 3 emissions make up roughly 90% of the company's total emissions, and the issuer noted that there are no realistic medium-term options to reduce them. It told us that, as a result, it is exploring carbon offsets. The issuer still has a lot of progress to make, especially in terms of Scope 3 emissions, as the path forward on achieving a reduction is still unclear. However, it continues to remain an ESG leader amongst Emerging Market peers, and that is reflected in our ESG Impact Rating. We will monitor the issuer's Scope 3 emissions reduction plan as it develops.

(C) Example 3:

Title of stewardship activity:

European residential health services provider engagement

(1) Led by

- **(1) Internally led**
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
 - (1) Environmental factors
 - (2) Social factors**
 - (3) Governance factors
- (3) Asset class(es)
 - (1) Listed equity
 - (2) Fixed income**
 - (3) Private equity
 - (4) Real estate
 - (5) Infrastructure
 - (6) Hedge funds
 - (7) Forestry
 - (8) Farmland
 - (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Objective: This issuer operates in a difficult care segment which makes good practices around labour management and patient safety particularly important. A few years ago, an undercover documentary alleging poor conditions and lack of staff training at one of the issuer's facilities aired and, since then, it has been subject to negative press headlines. We have engaged several times since the reports surfaced and engaged again to voice our concerns and dig into the actions being taken to address the safety issues.

Outcome: The issuer has historically relied heavily on agency staff and also suffered high staff turnover rates. We have raised this as a prime concern, given that lack of skilled labour is likely to have a negative impact on patient care and safety. During the engagement, management told us that it has implemented initiatives aimed at improving labour conditions and staff turnover, including a real living wage for staff and career development opportunities. Over the course of two meetings, we learned about the systems that have been implemented to address patient safety and heard how the issuer treads the line between maintaining patient safety whilst also ensuring that patients are not overly restricted. We continue to see the issuer as lagging its peers on labour practices and patient safety, but it was able show how its efforts have begun to pay off in terms of a declining proportion of agency staff, increased staff retention, and improved site quality ratings. On the back of the engagement, we increased the issuer's ESG Impact Rating, albeit from a low base. We will watch for further improvements in patient safety and labour management before we consider upgrading the issuer further.

(D) Example 4:
Title of stewardship activity:

Agency RMBS engagement

- (1) Led by
 - **(1) Internally led**
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
 - (1) Environmental factors
 - (2) Social factors**
 - (3) Governance factors
- (3) Asset class(es)
 - (1) Listed equity
 - (2) Fixed income**
 - (3) Private equity
 - (4) Real estate
 - (5) Infrastructure
 - (6) Hedge funds
 - (7) Forestry
 - (8) Farmland
 - (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

Objective: Earlier in the year, we responded to a Request for Information (RFI) from the U.S. federal agency responsible for regulating the two U.S. housing-focused Government Sponsored Entities (GSE) and provided feedback on a new social bond framework. We suggested that the social bonds be structured so any additional money that the GSEs receive from higher pay-ups is directly allocated towards improving housing affordability, housing stability and environmental outcomes for individual borrowers, and stressed the need for transparency so investors can assess the bonds' impact. On the back of our RFI response, we met with the issuer to provide additional feedback on its updated social bond and social index reporting framework.

Outcome: The issuer listened to investor feedback that the social index was not granular enough and made valuable updates to address the issue. We also noted that it incorporated much of our RFI response feedback, citing investor input as the driving force behind key aspects of the framework. Overall, the framework presented during our meeting was a step in the right direction, and it was positive to see the increase in transparency. Once the framework's public proposal is released, we intend to provide additional feedback.

(E) Example 5:

Title of stewardship activity:

EU Commission Consultation on the implementation of SFDR consultation

(1) Led by

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

(2) Primary focus of stewardship activity

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

(3) Asset class(es)

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

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

Summary: In September 2023, the EU Commission published two consultation papers on the implementation of SFDR since it took effect in 2021, with the objective of identifying possible shortcomings in the regulation and exploring options to improve the framework. PGIM responded to the second of these, a targeted consultation aimed at industry bodies and firms that are familiar with the framework. As PGIM Fixed Income manages a number of products that are in-scope for SFDR and changes to disclosure requirements would potentially impact these products, we took the opportunity to contribute to PGIM's written response, taking a very active role in this process.

CLIMATE CHANGE

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

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

- (A) Yes, within our standard planning horizon

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

We consider climate change and associated investment risk to be an important factor that should be incorporated in our credit assessment, especially where we deem the issuer's exposure to climate risk to be high. Consideration of climate risks and opportunities is part of our approach 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 aim to take account of "physical" risks (for example, the impact of severe climate events leading to business disruption or losses for its investment positions) as well as "transition" risks, which pertain to the risk to investments as the world's economies decarbonise, in each case to the extent we believe they are likely to be material to the overall credit rating. In addition, we view climate risk as both a "standalone" risk, and also a "cross-cutting" risk, which manifests through many other established principal risk types (such as operational risks, credit risks, litigation risks, reputational risks, etc.).

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

- Incorporating climate risk assessment in fundamental analysis. Where they believe these risks to be material, our analysts evaluate an issuer's exposure to climate related risks by considering their exposure to climate regulations, consumer demands, technological risks/opportunities, and/or whether their key assets are located in areas exposed to increased physical climate risks. They also may consider the issuer's management and plans to reduce their climate risk exposures going forward. This is in keeping with our general focus on fundamental, bottom up analysis, which we feel is core to our ability to add value.
- Focusing on sectors with high direct exposures to the physical and transition risks of climate change, including those particularly exposed to supplying or consuming fossil fuels (e.g., energy, mining, utilities, transportation), industrials (e.g., producing or using products like steel, cement and aluminium), as well as the agricultural sector, our research involves (where relevant):
 - Monitoring regulatory developments and analysing potential impact on issuers
 - Incorporating the risk of an increase in carbon prices or lower demand for fossil fuels
 - Identifying issuers with a credible strategy for transitioning towards lower-carbon business models
 - Exploring indirect climate risk vulnerabilities (e.g. physical and transition risks in supply chains)

(B) Yes, beyond our standard planning horizon

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

Climate change and GHG emissions are a significant factor in our ESG impact assessment and ESG Impact Ratings. 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
- (D) Yes, using other scenarios
- (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

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

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

- (A) Yes, we have a process to identify and assess climate-related risks
 - (1) Describe your process

PGIM Fixed Income believes that climate risks and opportunities can impact investment performance, and therefore aims to integrate these factors into the credit analysis processes used across all of our credit strategies. However, in keeping with its core competency of active, fundamental research, PGIM Fixed Income believes that climate-related risks and opportunities are best assessed at the issuer level rather than at the portfolio level, especially given the weaknesses of climate risk models.

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

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

Identification of sustainability risks

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

Assessment of sustainability risks

As part of the credit research process, PGIM Fixed Income analysts review information related to ESG factors, which may be provided by the issuer, obtained from third-party ESG research providers or alternative data sources (e.g., NGO analyses, governmental and inter-governmental studies, etc.). PGIM Fixed Income analysts may supplement this information through engagement with the issuer. To the extent an ESG factor is considered by the analyst to have a material or a potentially material adverse impact on the financial value of the issuer, our analysts will incorporate such risks into their fundamental credit ratings. Fundamental credit ratings are 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. 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.

With respect to climate change, analysts consider climate change and associated investment risk to be an important factor that should be incorporated in our credit assessment, especially where they deem the issuer's exposure to climate risk to be high.

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

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

- Focusing on sectors with high direct exposures to the physical and transition risks of climate change, including those particularly exposed to supplying or consuming fossil fuels (e.g., energy, mining, utilities, transportation), industrials (e.g., producing or using products like steel, cement and aluminium), as well as the agricultural sector, our research involves (where relevant):

Monitoring regulatory developments and analysing potential impact on issuers

- o Incorporating the risk of an increase in carbon prices or lower demand for fossil fuels
- o Identifying issuers with a credible strategy for transitioning towards lower-carbon business models
- o Exploring indirect climate risk vulnerabilities (e.g., physical and transition risks in supply chains)

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

PGIM Fixed Income views issuers' credit profiles from a holistic perspective, rather than separating them into thematic components – climate or otherwise – that would then need to be reconciled into a single risk view anyway when making an investment decision. Additionally, we believe that viewing thematic risks in isolation can present a view that is very different from the overall risk assessment as some risks can cancel each other out and others can compound on one another. Therefore, we do not evaluate issuers' climate risks and opportunities in isolation, but instead integrate them directly into our fundamental credit ratings, and thus into our relative value assessments. In addition, there is often not a clear demarcation of what could be a 'climate risk/opportunity' versus a 'traditional risk/opportunity.' In many cases, these heavily overlap, so any boundary around what is a 'climate risk/opportunity' instead of any other type of risk/opportunity is arbitrary, sometimes to a large extent. For example, an automaker's EV strategy would be evaluated as part of the broader business assessment, rather than as a standalone climate assessment. Given we ultimately need one, overarching assessment of an issuer's risk profile, and because we do not choose to draw an arbitrary boundary around certain factors as 'climate risks/opportunities' that are distinct from more general risks/opportunities, we do not systematically tag the Portfolios' aggregate exposure to specific climate risks and opportunities.

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

(1) Describe your process

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

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

PGIM Fixed Income has:

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

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

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

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

- (A) Exposure to physical risk
- (B) Exposure to transition risk
- (C) Internal carbon price
- (D) Total carbon emissions**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - **(3) Metric or variable used and disclosed, including methodology**
 - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
 - <https://www.pgim.com/fixed-income/annual-report/esg-annual-report>
- (E) Weighted average carbon intensity**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - **(3) Metric or variable used and disclosed, including methodology**
 - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
 - <https://www.pgim.com/fixed-income/annual-report/esg-annual-report>
- (F) Avoided emissions
- (G) Implied Temperature Rise (ITR)
- (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
- (I) Proportion of assets or other business activities aligned with climate-related opportunities
- (J) Other metrics or variables
- (K) Our organisation did not use or publicly disclose any climate risk metrics or variables affecting our investments during the reporting year

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

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

(A) Scope 1 emissions

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

o (1) Metric disclosed

● (2) Metric and methodology disclosed

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

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

(B) Scope 2 emissions

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

o (1) Metric disclosed

● (2) Metric and methodology disclosed

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

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

(C) Scope 3 emissions (including financed emissions)

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

o (1) Metric disclosed

● (2) Metric and methodology disclosed

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

<https://www.pgim.com/fixed-income/annual-report/esg-annual-report>

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

SUSTAINABILITY OUTCOMES

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

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

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

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

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

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

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The UNFCCC Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)
Specify:
SASB
- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)
Specify:

The above frameworks have been considered in developing our ESG Impact Ratings methodology, as identifying key negative and positive impacts at the GICs sub-industry level.

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

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

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

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

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

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

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

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

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

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

HUMAN RIGHTS

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

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

- (A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes
- (B) We assessed whether individuals at risk or already affected might be at heightened risk of harm
- (C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts
- (D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities

Specify:

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

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

Explain how these activities were conducted:

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

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

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

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

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

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

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

(A) Corporate disclosures

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

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

(B) Media reports

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

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

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

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

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

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

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

Please see our response to (C), above.

(E) Data provider scores or benchmarks

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

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

(F) Human rights violation alerts

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

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

(G) Sell-side research

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

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

(H) Investor networks or other investors

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

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

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

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

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

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

Explain why:

N/A

FIXED INCOME (FI)

OVERALL APPROACH

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your fixed income assets?

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

MONITORING ESG TRENDS

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

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

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

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

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

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

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

PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH

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

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

	(1) SSA	(2) Corporate	(3) Securitised
(A) We incorporate material environmental and social factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We incorporate material governance-related factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We do not incorporate material ESG factors for the majority of our fixed income investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

	(1) SSA	(2) Corporate	(3) Securitised
(A) Yes, we have a framework that differentiates ESG risks by country and/or region (e.g. local governance and labour practices)	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, we have a framework that differentiates ESG risks by sector	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) No, we do not have a framework that differentiates ESG risks by issuer country, region and/or sector	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(D) Not applicable; we are not able to differentiate ESG risks by issuer country, region and/or sector due to the limited universe of our issuers

○ ○ ○

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

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

(1) SSA

(2) Corporate

(A) We incorporate it into the forecast of financial metrics or other quantitative assessments

(1) for all of our AUM

(1) for all of our AUM

(B) We make a qualitative assessment of how material ESG factors may evolve

(1) for all of our AUM

(1) for all of our AUM

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

○

○

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

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

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

Explain: (Voluntary)

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

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

ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

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

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

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

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

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

POST-INVESTMENT

ESG RISK MANAGEMENT

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

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

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

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

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

Relative value decisions, including sizing and hedging are made by portfolio management in coordination with credit research analysts. Credit research analysts are responsible for confirming that relevant ESG risks and opportunities are reflected in their credit analysis and ratings. ESG factors, including climate-related risks and opportunities, are incorporated in the identification and monitoring of individual credit risks.

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

Additionally, our risk management framework combines monitoring the risk of individual credits and the risk of the overall portfolio.

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

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

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

	(1) SSA	(2) Corporate	(3) Securitised
(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual fixed income holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for other fixed income holdings exposed to similar risks and/or incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for our stewardship activities

(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

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

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

PERFORMANCE MONITORING

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

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

Example 1: Leveraged Loans – U.S. Consumer Services Company - Governance Risks

Description: As a provider of personalised wedding services, this issuer's business model generates revenue by collecting fees from photographers, reception venues, florists, and other wedding vendors that choose to advertise on its website. Strong relationships with those vendors are critical to the success of the business. However, the issuer was recently the subject of several complaints that previous vendors filed with consumer protection agencies. The vendors claimed that the company falsely inflated the return on investment (ROI) potential of advertising on its website, and that its contracts were overly complex and intended to trap vendors into long-term, inflexible agreements with unfavourable fee structures.

Assessment: We believed these alleged misleading marketing practices threatened the ability of the company to organically grow its business by attracting future advertisers. As a result, we decided to pass on a recent new deal.

Example 2: High Yield – U.S. Digital Infrastructure Services Provider - Information Security Opportunity

Description: This issuer is a market leader in the long-haul subsea cable space and one of only two vertically integrated players with offered services spanning a project's entire life cycle, from initial engineering, manufacturing and installation to recurring maintenance of completed cable systems. We note that the company's U.S. domicile is critical given many of its customers (i.e., government, internet connectivity providers/ICPs, and telcos) prioritise data security when selecting a service provider. We also note that heightened geopolitical tensions further underscore the importance of information security, especially for the company's government customers. The issuer has a number of secular tailwinds at its back, with rising demand for connectivity, global data usage, and datacentre growth suggesting a strong pipeline of business in the near/medium-term.

Assessment: The issuer's strong operational track record of transmitting highly sensitive data underscores its superior data privacy practices, which are critical to the future success of its business model. This contributed to our decision to participate in a recent new deal.

DISCLOSURE OF ESG SCREENS

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

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

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

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

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

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

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

INTERNAL AUDIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 4	CORE	OO 21, CBM 1	N/A	PUBLIC	Internal audit	6

What responsible investment processes and/or data were audited through your internal audit function?

- (A) Policy, governance and strategy
 - Select from dropdown list:
 - (1) Data internally audited
 - (2) Processes internally audited
 - (3) Processes and data internally audited
- (D) Fixed income
 - Select from dropdown list:
 - (1) Data internally audited
 - (2) Processes internally audited
 - (3) Processes and data internally audited

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 5	PLUS	CBM 1	N/A	PUBLIC	Internal audit	6

Provide details of the internal audit process regarding the information submitted in your PRI report.

PGIM Fixed Income is subject to routine reviews by Prudential Financial Inc.'s* ("PFI"s) Internal Audit department. The extent and frequency of coverage is determined by macro risk assessments performed by the Internal Audit department. In 2023, Internal Audit performed a review of PGIM Fixed Income's compliance with the EU Sustainable Finance Disclosure Regulation (SFDR) with respect to the reclassification of UCITS funds from Article 6 to Article 8. In addition, Internal Audit prepares audit plans which require the approval of the PFI Board of Directors' Audit Committee. Internal Audit uses a risk-based approach in developing its plan. PFI's Internal Audit Department is a professional audit group that conforms to standards set by The Institute of Internal Auditors and benchmarks itself against leading financial services firms. It is subject to periodic independent reviews as well as an ongoing internal quality review process. Each audit includes the evaluation of risks and controls and the development of specialised audit programs to address the areas of greatest risk. Risks are continually monitored, and the audit plan is adjusted as necessary to remain focused on the highest risks within the company. We are unable to disclose specific audit information externally; however, there have been no significant audit results within PGIM Fixed Income.

*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.

INTERNAL REVIEW

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

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

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