

PGIM ESG INVESTMENT POLICY STATEMENT

July 2024

PGIM's Policy Statement outlines the common environmental, social and governance ("ESG") investing philosophy of PGIM's investment management businesses.¹ It has been developed to help clients understand PGIM's views and general approach with respect to the incorporation of ESG factors, including risks, opportunities and impacts into our investment process and investment strategies. This Policy Statement sets out our approach to active stewardship, including engagement and proxy voting; climate, including how we support clients with specific decarbonization goals; as well as the governance, oversight and transparency of our ESG activities.

About PGIM²

PGIM is the global asset management business of Prudential Financial, Inc. ("PFI").³

Our multi-affiliate model allows us to deliver specialized expertise across key asset classes with a focused investment approach. This gives our clients a diversified suite of investment strategies and solutions with global depth and scale across public and private asset classes, including fixed income, equities, real estate, private credit, and other alternatives.

Our cross-affiliate ESG network comprises of over 30 dedicated ESG specialists and is supported by PGIM's central ESG strategy team.

PGIM's Approach to ESG

At PGIM, our ESG philosophy and approach is client-centric. It is aligned with our investment beliefs and strategy, our fiduciary responsibilities and our mission to broaden our investment capabilities whilst seeking to deliver attractive risk-adjusted returns for our clients.

We believe that certain material ESG factors can affect the value of the assets we invest in on behalf of our clients. As part of our investment process, PGIM investment management businesses evaluate financially material risks in their investments, including, where appropriate, financially-material risks posed by ESG factors.

¹ The investment management businesses at PGIM that this policy applies to include PGIM Fixed Income, PGIM Real Estate, PGIM Private Capital, Jennison Associates, PGIM Quantitative Solutions, and Montana Capital Partners. Each PGIM investment management business may also have their own separate ESG policy (and other relevant documents). For more information see www.pgim.com/esg.

² For more information, visit www.pgim.com.

³ 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. The views expressed herein are not necessarily the views of PFI.

As a fiduciary, PGIM invests client assets in accordance with the agreed mandate, or as disclosed within product offering documents. Therefore, for clients whose investment objectives focus solely on risk/return optimization, PGIM would only consider financially material ESG factors consistent with our fiduciary responsibilities.

However, when clients' investment objectives go beyond risk/return optimization to include certain values, sustainability preferences and environmental and/or social goals, PGIM strives to support them in achieving these objectives by developing and employing ESG-focused tools and expanding our product offering.

We strongly believe in providing clients and investors with choices for how they would like their assets to be invested and with capabilities and solutions for investing in line with their preferences and goals, including those related to sustainability.

Our Culture

We believe a culture of responsible leadership and commitment to ethical business practice is essential to our ability to deliver value for our investors, borrowers and other stakeholders, and our success in attracting and developing the best talent.

We are committed to creating a low-ego investment culture centered around a team-based, long-term oriented investment approach, and a safe and inclusive environment grounded in mutual respect, teamwork, meritocracy, intellectual honesty, transparency and an unwavering commitment to our clients. Our policies and procedures,⁴ including our Code of Conduct, underpin and reinforce our commitment to integrity and maintaining the highest ethical standards.

ESG Philosophy and Implementation Approach

ESG Philosophy

PGIM's ESG philosophy is based on our view that:

- Analyzing investment risks and opportunities arising from financially material ESG factors leads to better long-term investment outcomes. As such, ESG integration is a fundamental component of generating attractive risk-adjusted returns.
- The transition to environmental and social sustainability can provide attractive investment opportunities.
- Active stewardship is integral to influencing investment outcomes and promoting a well-functioning financial system.
- Strong ESG capabilities and expertise are essential to meet the needs of clients whose investment objectives go beyond risk/return optimization to include environmental and/or social goals.

We therefore view ESG as an investment tool, which can be used to serve different purposes, from managing investment risk and identifying investment opportunities to helping clients invest in line with their values, views and preferences or achieve positive real-world impact.

Implementation Approach

Under the aegis of PGIM's ESG philosophy, our multi-manager model allows each investment management business to develop a tailored approach to ESG implementation and customized ESG solutions uniquely suited to their respective asset classes.

Purpose	Implementation
<p>Integration of financially material ESG Factors into Investment Process:</p> <ul style="list-style-type: none"> • Using ESG analysis to manage investment risk and identify attractive investment opportunities 	<ul style="list-style-type: none"> • Embedded in the core investment process, with financially material ESG factors incorporated into data collection, investment analysis and due diligence. • Approach varies by business/ asset class and may involve fundamental and quantitative research, real estate, private equity and debt teams who are supported by ESG teams. • Reflects unique features of respective asset classes, investment platforms and investment processes.
<p>ESG/Sustainability Solutions for our Clients:</p> <ul style="list-style-type: none"> • Using an ESG lens to invest in line with clients' values, environmental and/or social preferences, or real-world impact objectives 	<ul style="list-style-type: none"> • Applied where appropriate at the investment strategy, mandate or product level to help clients achieve their pre-defined ESG/ sustainability goals or impact objectives. • Client driven and implemented by investment and ESG teams using a range of capabilities and tools (e.g., screening, analytical frameworks, research and assessment methodologies, investment products, etc.). • Reflects unique features of respective asset classes, investment platforms and investment processes.

⁴ See Appendix: Policies and Procedures.

Integration of ESG Factors into Investment Process

Our priority as a fiduciary is safeguarding the best interests of our clients. This means that to the extent that we identify ESG factors that represent financially material risks or potential commercial opportunities for companies and assets we invest in, our investment teams will consider these factors as part of their investment analysis and decision-making as appropriate to achieving their risk/return objectives.

We believe in a tailored approach to ESG by asset class, and encourage tailored analytical frameworks, assessment tools and implementation approaches suited to each asset class. Each PGIM investment management business considers ESG factors in accordance with both their individual investment criteria and client investment guidelines. Thus, ESG research and integration processes will differ among PGIM investment management businesses, reflecting the unique characteristics of the respective asset classes, investment platforms and investment processes. Identified financially material ESG risks/opportunities will impact our investment processes in different ways depending on the particular ESG factor as well as asset class, investment strategy, and idiosyncratic risks and issues of each investment. Not all of our strategies consider ESG risks to be relevant and, as a result, some do not apply ESG risk analysis as part of their investment process.

As applicable and material to any given investment, some examples of the ESG factors that may be incorporated into our investment analysis include the following:⁵

Environmental	Social	Governance
Climate change and GHG (Greenhouse Gas) emissions	Occupational health and safety	<ul style="list-style-type: none"> Alignment of interests between management, controlling shareholders and/or other providers of capital
Pollution of air, water or land	Process safety	<ul style="list-style-type: none"> Related party transactions
Biodiversity	Product safety and quality	<ul style="list-style-type: none"> Board quality, effectiveness and oversight
Energy management and efficiency	Privacy and data security	<ul style="list-style-type: none"> Management incentives
Generation and management of hazardous and non-hazardous waste	Labour relations and/or human capital management	<ul style="list-style-type: none"> Audit and accounting issues
Water consumption/ withdrawal	Human rights	<ul style="list-style-type: none"> Quality of risk management
	Rights of local communities/ indigenous populations	<ul style="list-style-type: none"> Business ethics and conduct issues

Analysis of Climate-related Risks and Opportunities

PGIM sees climate change as a major macro factor and as today's reality.⁶ As climate-related risks get reflected in market prices over time, investors must understand and manage these risks in their portfolios. Climate change could also present opportunities for active alpha generation as products and markets evolve to meet changing policies and consumer preferences. PGIM believes that navigating the risks of a changing climate and developing the nimbleness and foresight to seize opportunities, requires long-term perspective and robust investment analysis.

Each PGIM investment management business's strategy to understanding and managing climate-related investment factors varies based on their asset class and investment approach and generally may include:

- Identifying material, physical and transition climate risks in relation to our investments;
- Conducting investment-level analysis and, where needed, engaging with relevant stakeholders to assess the extent of an investment's vulnerability to climate risks and measures taken to mitigate such risks;
- Identifying investment opportunities related to the reduction of carbon emissions and facilitating the transition to a low-carbon economy, as well as building resilience to changing climate across different sectors and geographies; and

⁵ PGIM investment management businesses' ESG frameworks may incorporate different ESG factors. The examples of ESG factors in this document are used for illustration purposes and may not apply to all PGIM investment management businesses.

⁶ <https://www.pgim.com/megatrends/climate-change>

- Integrating available climate data in client reporting processes.

Being active investment managers, PGIM investment management businesses consider both short-term and, where appropriate, long-term risks for our investment strategies.

PGIM's investment management businesses support the efforts to increase transparency on climate-related risks and opportunities across their respective asset classes.

ESG / Sustainability Solutions for Our Clients

PGIM provides investment solutions based on specified client objectives and guidelines and in furtherance of their best financial interests. A growing number of our clients consider sustainability-related issues such as climate change, biodiversity or social stability as part of their legal purpose, mission and stakeholder/beneficiary interests and see ESG-focused strategies as an opportunity to achieve positive environmental and social outcomes while generating financial returns. As with all our clients, we seek to understand their investment objectives, investment parameters, risk/return expectations, time horizon and ESG preferences.

PGIM investment management businesses have the expertise, tools and products to help clients achieve their ESG objectives and desired sustainability outcomes. Where particular capabilities do not exist, this is explained to clients with agreement on an appropriate approach before providing services. Our investment approach varies and may utilize:

- Screening capabilities to identify issues that matter to specific clients;
- Analytical frameworks, research and assessment methodologies focused on environmental/ social impacts of investments; and
- Where appropriate for a particular client, investment strategies aimed at promoting environmental and/or social sustainability.

Approach to Exclusions and Restricted Lists

PGIM does not employ firm-wide exclusions or restricted lists for ESG purposes. We believe that any restrictions of the investable universe should reflect clients' investment and sustainability preferences, as well as the investment and sustainability objectives of our ESG-focused investment products.

In an effort to give clients options in their approach to ESG investing, the PGIM investment management businesses are able to implement negative screens and exclusions which are built according to specific, client-determined criteria. Such exclusionary screens can be built using specialist third-party screening providers or by excluding investments detailed in "restricted lists" provided by the client.

In addition to exclusions and constraints in our separate account mandates, PGIM investment management businesses employ certain ESG-related constraints across ESG-focused commingled products. For certain ESG-focused commingled public equity and debt products, this typically includes limits on UNGC⁷ violators, tobacco production, manufacturing of controversial weapons, and thermal coal extraction and generation, among other product-specific limitations.

PGIM investment management businesses review exclusions and thresholds that we have set for our ESG-focused commingled strategies to ensure they remain appropriate and reflective of investors' expectations as reflected in the applicable disclosure documentation.

Facilitating Our Clients' Climate and Low-Carbon Transition Goals

PGIM actively engages with our clients to understand their investment views and preferences with regard to climate change. Many major governments around the world have adopted mid-century net-zero emissions reduction targets. In addition, many clients are adopting targets and transition plans in line with their priorities and/or relevant statutory obligations.

We recognize that varying fiduciary, regulatory and/or legal obligations will influence how clients approach the low-carbon transition, but as a steward of our clients' assets, our role is to help those clients who have decarbonization or net zero alignment targets to meet their goals in their investment portfolio. Accordingly, we are committed to working in partnership with clients who have such goals to develop decarbonization solutions for their portfolios, while reflecting their return expectations, risk appetite and timeframes.

We are clear and transparent regarding the attainability of ESG objectives within the desired risk and return parameters, and tailor our approach to investment performance requirements.

Addressing Environmental and Social Impacts of Our Clients' Investments

We recognize that adverse impacts that are not being priced in today may become a significant cost to our investees/borrowers over time due to evolving legislation, policy and regulations, better understanding of the associated risks, and changes in consumer behavior or societal expectations and norms. Equally, we are cognizant that positive impacts on the planet and people may be a source of a competitive

⁷ United Nations Global Compact.

⁸ PGIM Fixed Income, PGIM Real Estate, Jennison Associates, PGIM Quantitative Solutions.

advantage for a company or asset. This double materiality perspective is important to us, and we strongly believe in the early identification of issues that are likely to develop into financially material risks or opportunities for our investments.

Further to the above, certain PGIM investment management businesses⁸ undertake additional dedicated analysis of environmental and social impacts arising from their investments, consistent with the objectives of ESG-focused investment strategies. The purpose of this analysis is to incorporate assessments of investments' impact on the environment and society into portfolio construction and deliver for clients with sustainability objectives alongside financial return goals.

PGIM investment management businesses work to ensure that clients' sustainability goals and policies are incorporated into investment mandates and are consistent with the services we are able to provide, including any binding requirements (e.g., implementation of exclusionary policies) and investment due diligence expectations.

In order to meet demand from clients that have an interest in sustainability-focused investment strategies, PGIM investment management businesses have been active in developing investment products and solutions that help direct capital to companies and assets that are considered to be either more positive for the environment and society or that offer solutions to major environmental and social challenges.

Active Stewardship

PGIM defines active stewardship as engagement and proxy voting (as applicable) activities aimed at preserving and enhancing the value of investments we make on behalf of our clients. We also believe that active stewardship is integral to positive investment outcomes and promoting a well-functioning financial system. PGIM investment management businesses view active stewardship as a fundamental part of their investment process.

Engagement

Certain PGIM investment management businesses use engagement as part of their investment process across asset classes as and when appropriate. Our ESG engagement efforts are rooted in our fiduciary duty to our clients. As such, our ESG engagements focus on issuers and assets where we believe it will be additive to our investment process. Our engagement approaches and channels vary according to asset class and respective investment process, and may include constructive dialogue with:

- Boards and management of investee companies/corporate borrowers;
- Capital markets teams, industry groups, trade associations;
- Clients and investors;
- Policymakers and regulators;
- Service providers; and
- For PGIM Real Estate, interactions with tenants, partners and borrowers.

PGIM investment management businesses aim to build constructive trust-based relationships with investees and other stakeholders that are valuable for both sides, as they allow for early discussions of emerging risks, including ESG-related risks; better understanding of respective positions on strategic priorities or value-enhancing commercial opportunities; or changes in regulatory environment, government policies or consumer preferences.

Our engagements with issuers of equity and debt in our investment portfolios focus on assessing their ability and willingness to deal with risks and issues we consider financially material today or in the future, and to provide disclosures that would be helpful in our analysis and due diligence. We may also engage management of portfolio companies on significant negative and positive impacts of their economic activities in order to facilitate our internal analysis and investment decision-making.

PGIM investment management businesses may participate in collaborative initiatives selectively via industry groups and trade associations for which they are a member. PGIM is open to the opportunity to participate in a collaborative engagement with other investors on financially material topics for our clients and in those instances where such engagement would be in furtherance of PGIM's fiduciary duty and would not be anti-competitive.

Proxy Voting

PGIM's equity managers⁹ use voting powers delegated to us by our clients and investors to support our investment thesis. Separate account clients can exercise their voting rights directly; however, such rights are typically delegated to us pursuant to the investment management agreement. Where clients delegate proxy voting rights to us, we exercise voting rights in their best interests to protect and aim to increase the value of their investment portfolio. This includes a focus on emerging risks to ensure issuers are well-positioned for changing policy and regulatory environments, societal trends and consumer preferences.

⁹ PGIM's equity managers are Jennison Associates, PGIM Quantitative Solutions and PGIM Real Estate's equity business.

Proxies are voted in accordance with each PGIM equity manager's respective proxy voting policies and the merits of individual proposals. We use third-party providers for consolidated views of the resolutions, synthesis of companies' proxy voting statements and analysis of the proposals, as well as for the recording and delivery of votes. We do not outsource our judgment to third-party providers.

With regard to shareholder proposals, PGIM equity managers are guided by their custom guidelines relating to whether the implementation of shareholder proposals will be positive for the company and supportive of our investment case. Our equity managers are not guided by the identity of the proponent or their motivation. PGIM equity managers will generally vote on such proposals considering the merits from an investment perspective and in the context of public statements, commitments and the idiosyncratic risks and issues of each company.

Securities Lending and Proxy Voting

PGIM's equity managers do not engage in securities lending directly; however, certain clients do maintain a securities lending program. The PGIM equity managers are unable to vote proxies on securities that are out on loan, unless such securities are recalled prior to the record date. The PGIM equity managers seek to recall loaned securities when in line with fiduciary responsibilities and in accordance with the equity manager's proxy voting process.

Public Policy Engagement

PGIM believes in constructive engagement with policymakers and regulators. PGIM businesses participate in a number of trade associations and industry initiatives and are committed to providing feedback to policy consultations or technical input into regulatory processes that materially impact our business, our clients or our investments.

We are also committed to working with policymakers and regulators when appropriate to promote effective and well-designed financial market regulation and we collaborate with our peers through industry associations and investor initiatives to share and develop best practice to help our clients achieve their goals.

ESG Governance and Oversight at PGIM

All PGIM investment management businesses have a dedicated ESG governance structure, comprising senior leaders, to guide ESG strategy and oversee its implementation. Each PGIM investment management business is responsible for the governance and execution of its own ESG approach and product capabilities, while the businesses also work together through the PGIM ESG Council.¹⁰ The PGIM ESG Council comprises the ESG leads from each of the investment management businesses, together with representatives from our retail distribution business, PGIM Investments, our institutional client-facing teams and PGIM's central functions, including Legal, Compliance, Risk, Strategy, Marketing, Communications and External Affairs. The PGIM ESG Council is chaired by PGIM's Global Head of ESG.

The Council meets on a regular basis and is supported by PGIM's central ESG strategy team, which plays a key role in shaping and coordinating ESG strategy and approach across PGIM and facilitating cross-PGIM collaboration on ESG-related matters.

Managing Conflicts of Interest

Like other investment managers, we are subject to various conflicts of interest in the ordinary course of our business. We strive to identify potential risks, including conflicts of interest, that are inherent in our business, and we conduct annual conflict of interest reviews. When actual or potential conflicts of interest are identified, we seek to address such conflicts through elimination/disclosure of the conflict, or management of the conflict through the adoption of appropriate policies, procedures or other mitigants.

Industry Collaboration

PGIM seeks to promote a well-functioning financial system and strongly believes that the pooling of resources by participants through industry initiatives enables the sharing of a breadth of insights and expertise on a particular issue as well as the sharing of best practices around the world.

Many ESG industry initiatives exist worldwide, many with broad remits. PGIM has carefully chosen to join those organizations which it believes will enable its investment management businesses to best serve their clients while limiting potential conflicts of interest. Under the aegis of PGIM, various PGIM investment management businesses are members of:

- The Council of Institutional Investors (CII)
- Institutional Investors Group on Climate Change (IIGCC)
- Ceres Investor Network

¹⁰ PGIM ESG Council's role includes guiding our ESG strategy, philosophy and approach, and advising on cross-PGIM ESG priorities, opportunities for collaboration and knowledge sharing, and responses to evolving regulatory, policy and market developments.

¹¹ PGIM Real Estate, PGIM Fixed Income, Jennison Associates, PGIM Quantitative Solutions.

- IFRS (International Financial Reporting Standards) Sustainability Alliance and SASB (Sustainability Accounting Standards Board) Standards

Additionally, certain PGIM investment management businesses collaborate with world-leading organizations, including the UN-supported Principles of Responsible Investment (The PRI).¹¹

Transparency and Disclosure

We will report on how we implement this policy in our annual ESG Investment report.¹² This report highlights the breadth of ESG-related activities within PGIM and also includes disclosures covering areas recommended by TCFD¹³ framework as well as information on the stewardship activities by PGIM's investment management businesses.

PGIM's investment management businesses may also publish their own ESG policies and produce ESG-related disclosures, including UNPRI Transparency reports.

Appendix: Policies and Procedures

As the investment management business of PFI, PGIM is subject to PFI's policies. Included below are the links to selected PFI policies and statements. For more information visit: [Prudential Financial, Inc. - Sustainability \(prudentialesg.com\)](https://www.prudential.com/sustainability)¹⁴

- PFI's Code of Conduct, Making the Right Choices: [MTRC-Brochure \(scene7.com\)](https://www.scene7.com)
- PFI's Anti-Human Trafficking and Anti-Slavery Policy: [HumanTrafficking \(scene7.com\)](https://www.scene7.com)
- Equal Employment Opportunity Policy: [EqualEmployment \(scene7.com\)](https://www.scene7.com)
- Supplier Code of Conduct: [SupplierCodeOfConduct \(scene7.com\)](https://www.scene7.com)

¹² [ESG Investing \(pgim.com\)](https://www.pgim.com).

¹³ Taskforce for Climate-related Financial Disclosures.

¹⁴ 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.

DISCLAIMER

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This material may contain examples of the firm's internal ESG research program and is not intended to represent any particular product's or strategy's performance or how any particular product or strategy will be invested or allocated at any particular time. PGIM's ESG processes, rankings and factors may change over time, and differ across PGIM affiliates. ESG investing is qualitative and subjective by nature; there is no guarantee that the criteria used or judgment exercised by PGIM will reflect the beliefs or values of any investor. There is no assurance that PGIM's ESG investing techniques will be successful.

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