

PGIM LIMITED 2025 FCA TCFD DISCLOSURES

ENTITY LEVEL | JUNE 2026

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INTRODUCTION

This report (the “**Report**”) sets out PGIM Limited’s (the “**Firm**” or “**PGIM Limited**”) entity level climate related disclosure required under the Financial Conduct Authority rules on the disclosure of climate related information (the “**FCA Rules**”) and consistent with the Recommendations of the Task Force on Climate-related Financial Disclosures.

This report sets out the TCFD-aligned entity-level disclosures of the Firm (the “**Report**”), in relation to climate-related matters, for the reporting period 1 January 2025 to 31 December 2025 (the “**Reporting Period**”). Quantitative metrics in the Report are calculated as of the last business day of the Reporting Period unless otherwise noted.

This Report relates to the relevant assets that the Firm manages and the portfolio management services provided to its clients.

The Firm has prepared this Report by applying the TCFD Recommendations and Recommended Disclosures to its portfolio management services and activities in respect of relevant portfolios. This Report does not generally apply the TCFD Recommendations and Recommended Disclosures in respect of the Firm and its broader corporate group as a commercial enterprise.

This Report is the Firm’s third TCFD report under the FCA Rules and has been prepared on a best-efforts basis. However, climate reporting in the asset management industry is still in its infancy, and there are significant data challenges and methodological challenges associated with climate reporting. We have included TCFD-aligned disclosures where we believe it is fair, clear and not misleading for us to do so. We have also explained limitations on our ability to disclose, and the steps being taken to address those limitations.

In preparing the Report, the Firm has not directly relied on any third parties. However, where noted, certain quantitative metrics are based on data sourced from third parties. Further, as described in Part 1 (Governance), the Firm is part of a larger organisation and made use of shared resources of that organisation in preparing the Report.

COMPLIANCE STATEMENT

The disclosures in this Report comply with the climate-related disclosure requirements in Chapter 2 of the FCA’s ESG Sourcebook.



Daniel Malooly

Director

PART 1: GOVERNANCE

This Part of the Report discloses the Firm's governance around climate-related risks and opportunities.

(a) The Board's oversight of climate-related risks and opportunities

PGIM Limited is a UK based private limited company and is authorised and regulated by the UK's Financial Conduct Authority. The Firm is managed by its Board of Directors, comprised of executive and non-executive directors (the "Board"). PGIM Limited is part of "PGIM" which is the global asset management business of Prudential Financial, Inc.¹, ("PFI"), a publicly-listed company (NYSE Ticker: PRU) headquartered in the State of New Jersey, U.S.A. PGIM is headquartered in Newark, New Jersey, U.S.A. and operates in the United States through PGIM, Inc., an investment adviser registered with the United States Securities and Exchange Commission. PGIM provides investment management and advisory services to institutional investors across public and private markets through its various global affiliates and businesses. As described below, a portion of PGIM's UK and EU business operates within PGIM Limited.

PGIM Limited has two primary groups: (i) PGIM Credit; and (ii) PGIM Global Wealth Group (formerly PGIM Investments).

PGIM Credit is the public and private fixed income investment group within PGIM. PGIM Credit consists of two investment sub-groups, **PGIM Fixed Income** (a manager of public and private fixed income investments) and **PGIM Private Credit** (a manager of private fixed income investments). PGIM Fixed Income operates its United Kingdom business within PGIM Limited.

PGIM Global Wealth Group's primary service is the offering to intermediaries of the affiliated PGIM investment management capabilities and the distribution of PGIM funds.

This Report relates to the investment management services provided by PGIM Fixed Income in the UK, including relevant portfolios managed directly by PGIM Limited as well those where PGIM Limited is a sub-investment manager (such in-scope portfolios referred to as the "Portfolios"). **References to the Firm's beliefs, opinions, processes and approach generally refer to those applied in PGIM Fixed Income's UK operations, except where specified otherwise.**

The Board is ultimately responsible for governance and oversight of the activities of PGIM Limited and has written Terms of Reference which specify the matters for which the Board is directly responsible. In accordance with the Board's Terms of Reference, the Board has delegated certain management functions to its Risk, Nomination and Remuneration Committees. The Board has delegated the review and monitoring of climate-related risks and opportunities to the Risk Committee and it also has a designated board member who is responsible for the oversight of the Firm's climate-related matters. The Risk Committee is required to report and update the Board at least annually on ESG matters impacting the Firm including on climate-related issues.

(b) Management's role in assessing and managing climate-related risks and opportunities

As a global business, PGIM operates in numerous legal entities around the world, including PGIM Limited in the UK. As part of PGIM's group infrastructure, PGIM Credit's UK operations within PGIM Limited benefit from and also participate in the wider support functions available from within PGIM. In that respect, PGIM Limited has representatives on PGIM Credit's sustainable investment policy committee (the "**SI Policy Committee**"), which steers and guides PGIM Credit's overall sustainable investment strategy and also acts as the top global governance and decision-making body for PGIM Credit on sustainable investment and climate related topics. As of the start of 2026, members of the SI Policy Committee included the Head of PGIM Credit, as well as the PGIM Credit group's Co-Heads of Sustainable Investment, its Head of Credit Research, one of its Co-CIOs, its Chief Business Officer, its Chief Credit Officer for Private Credit, its Head of European Investment Grade Corporate Bond Team, its Head of Emerging Markets Debt Team, as well as the President and CEO of PGIM Japan and PGIM's Head of Benelux and Nordics. At least one of the SI Committee members was also a director for PGIM Limited during the Reporting Period. The SI Policy Committee is supported by a sustainable investment research sub-committee (the "**SI Research Sub-Committee**") and a private credit sustainable investment sub-committee (the "**Private Credit SI Sub-Committee**") and together with the SI Policy Committee and SI Research Sub-Committee, the "**SI Committees**"). The SI Committees may be supported by focused working groups that are formed and meet as needed for specific purposes. The Research Sub-Committee makes decisions on matters related to ESG integration in credit analysis, Impact Ratings, Temperature Alignment, and other frameworks and tools related to ESG and sustainability assessments used in PGIM Credit's investment process, while the Private Credit SI Sub-Committee addresses ESG and

¹ 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.

sustainability issues directly related to the PGIM Private Credit subgroup. This is the main structure at PGIM Credit through which management oversees climate-related investment considerations, although the remit of the SI Committees is not limited to climate-related responsibilities and its perspective is mainly at a high-level.

PART 2: STRATEGY

This Part of the Report discloses the actual and potential impacts of climate-related risks and opportunities on the Firm’s businesses, strategy, and financial planning in respect of the Portfolios where such information is material.

(a) Climate-related risks and opportunities of the Firm’s investment strategies

This sub-section of the Report sets out the Firm’s assessment of the climate-related risks and opportunities to which the Portfolios are exposed, over the short, medium and long-term.

PGIM Fixed Income, as a sub-investment group of PGIM Credit, is an active manager specialising in fundamental, bottom-up research. PGIM Fixed Income’s credit analysts and economists have responsibility for assessing the risk profiles of the issuers in their coverage. PGIM Fixed Income’s approach to managing climate-related risks and opportunities in the Portfolios leverages these core competencies.

Definition of time horizons:

For these purposes, the Firm aligns the relevant time horizons for climate-related risks and opportunities in line with the time horizons applicable when assessing investment risks and opportunities in general. These are approximately as follows:

- **short term:** 0-2 years
- **medium term:** 3-5 years
- **long term:** 5+ years

These time horizons take into consideration the typical investment forecasting horizons of the Portfolios’ assets. Although climate-related issues often manifest themselves over the medium and longer terms, experience has shown that it is difficult or impossible to make accurate, decision-useful predictions about the evolution of most investments’ risk profiles over longer time horizons due to the innumerable intervening events that may render such predictions incorrect, as well as the actions the Firm, issuers and other investors may take to adapt to new circumstances. Financial forecasts therefore lose predictive power with each additional year the time horizon extends. This is not to say the Firm does not consider longer-term structural trends, only that longer-term forecasts may have less utility in making investment decisions or assessing the resilience of its strategy.

Climate risks and opportunities and their potential financial impacts:

The Firm believes that climate risks and opportunities can impact investment performance, and therefore aims to integrate these factors into the credit analysis – which is then incorporated into our relative value assessment - across all of our credit strategies. However, in keeping with its core competency of active, fundamental research, the Firm believes that it can best assess climate-related risks and opportunities at the issuer level rather than at the portfolio level, especially given the weaknesses it perceives in “top down” climate risk models.

The Firm also evaluates issuers’ credit profiles from a holistic perspective, rather than separating them into thematic components – climate or otherwise – as we believe all aspects of an issuer’s credit profile must be taken into account in totality when making an investment decision. 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 can be arbitrary. 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 the above and the need to have one overarching assessment of an issuer’s risk profile as well as the fact that we cannot always identify a clear boundary around which factors should be considered climate risks/opportunities, we did not systematically tag the Portfolios’ aggregate exposure to specific climate risks and opportunities in the Reporting Period.

Processes used to determine materiality of impact:

It is the responsibility of the Firm’s credit analysts and economists (“**analysts**”) to assess the risk profiles of the issuers in their coverage and to assign each issuer a proprietary fundamental credit rating. In doing so, it is their responsibility to include any climate-related risks or opportunities that they feel are likely to be financially material, aligned with the time frame that they are considering for their fundamental credit rating. Analysts rely mainly on their knowledge of the industries and regions in which they specialise to conduct these assessments. Where relevant, they may also review more specific information related to climate 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.). Analysts may further supplement this information through engagement with the issuer. They are also sometimes assisted by PGIM Credit's dedicated Sustainable Investment Team. Analysts are required to discuss the most material ESG-related financial risks and opportunities they have assessed (including those related to climate, if applicable) in the credit write ups documenting the internal credit rating for issuers in their coverage universe², however they were not required to systematically "tag" specific climate risks.

Analysts are also required to assign proprietary Impact Ratings to issuers in their coverage universe³. These ratings are 'normative' in that they focus on the most material impacts of issuers on the environment and society, agnostic of such impacts' financial materiality. As a result, they are largely out of scope for this report, which is focused on financially material risks and opportunities. However, the SI Committees have approved frameworks for assigning these Impact Ratings that includes guidance on the impacts that tend to be the most material for each industry. In considering such impacts and assigning Impact Ratings, analysts can also sometimes gain useful insights into related risks/opportunities, including those around climate change where this is a material impact. More information on PGIM Credit's Impact Ratings can be found on its website [here](#).

(b) Impact of climate-related risks and opportunities on the Firm's investment strategies

This sub-section of the Report sets out a summary of the impact of climate-related risks and opportunities on the Firm's investment strategies in respect of the Portfolios.

Climate risks and opportunities are factored into the Firm's investment management processes for the Portfolios through the integration of climate risks into the credit analysis process for the Portfolios as described under Section 2(b). As this is part of the standard credit process, it is applicable to all credit Portfolios. As a result of climate risks being integrated into the Firm's overall credit analysis process, and as noted above, the time horizons for assessing climate-related investment risks and opportunities are aligned with the time horizons for credit assessments more generally. At their discretion, certain analysts may sometimes run scenarios in their financial models that incorporate one or more of the analyst's most material climate-related considerations, but this is not a systematic requirement.

To the extent climate-related risks and/or opportunities for an issuer do appear likely to be financially material to the relevant analyst, this will be balanced against the issuer's other risks and opportunities, and any mitigating factors as part of a holistic risk assessment of the issuer. Although a climate-related risk or opportunity may appear material in isolation, it may not be as significant when incorporated into an assessment of an issuer's overall risk profile, and therefore may not be considered financially material for that particular issuer. Or an issuer may be materially exposed to climate risks (opportunities), but still have a favourable (unfavourable) overall risk profile due to other factors.

While the Firm aims to capture relevant climate-related risks and opportunities in its issuer-level assessments, the Firm does not believe that currently-available top-down assessments of how its Portfolios might be affected by a transition to a low-carbon economy are sufficiently useful for investment decision making. As a result, the Firm does not currently assess how its Portfolios might be affected by a transition to a low-carbon economy through top down assessments, save where there is an explicit agreement with a client to manage a relevant Portfolio(s) using such top down models. In such a case, the Firm may disclose how the relevant Portfolio might be affected by a transition to a low-carbon economy in the product-specific disclosures for that Portfolio.

It is also important to note that managing risk effectively is not the same as avoiding all risk. The Firm's objective is to understand the risks it faces and choose positions which, in the Firm's view, have the most favourable risk-return profiles. In that regard, analysts' fundamental credit ratings are considered by the Firm's portfolio managers in their relative value assessments, which take into account investments' risks and opportunities, as well as their pricing. Issuers with material climate risks/opportunities can still present good/bad relative value if investors are/are not well compensated for these risks/opportunities. Therefore, from a purely financial perspective, the presence of material climate risks would not necessarily preclude investment in an issuer (and material climate opportunities may not be sufficient to make an investment more attractive).

That said, the Firm manages certain Portfolios that expressly incorporate climate-related terms in their guidelines as directed by the clients invested in those Portfolios. These are primarily normative objectives, rather than financial objectives, and so are not designed specifically to manage climate risks and opportunities. For instance, accounts may exclude issuers involved in activities such as coal or oil sands, regardless of those issuers' relative values. The Firm may also have Portfolios with guidelines targeting reductions⁴ in carbon footprint (or similar), even if this restricts them from purchasing issuers with

² Credit write ups are only required for issuers where we have a meaningful exposure across PGIM Fixed Income's assets under management.

³ The coverage universe for Impact Ratings includes nearly all issuers where we hold a position, except for those where our position size across the group is de minimis and certain tax-exempt munis, provided these are not held in accounts that utilize the Impact Ratings. Certain new issuers may also temporarily not have an Impact Rating assigned in our systems due to timing constraints.

⁴ Including relative reductions against a benchmark or index.

attractive relative value. The Firm developed dedicated Impact Ratings and a standalone Temperature Alignment Tool for clients that wish to pursue normative objectives such as these. However, given the Firm does not generally use these tools to manage risks, they are considered out of scope for this report. More information can be found on PGIM Fixed Income investment sub-group's [ESG website](#).

As described in Part 3 (Risk Management), it is not straightforward to define what is a “climate risk (or opportunity)” versus a “standard business risk (or opportunity)” for a given position. Any decision around where to set this boundary will ultimately be at least somewhat subjective. Further, as explained above, we believe it is critical to assess investment risks and opportunities holistically in our investment process, rather than managing individual components of risk and opportunity in isolation. Therefore, we believe it would be complex and potentially misleading to attempt to systematically attribute impact of climate risks and opportunities on financial performance and financial position. As a result, we do not perform this attribution. Nonetheless, we recognise the need to assess the risks stemming from climate change and appreciate that some clients wish to go further in aligning their portfolios with decarbonisation objectives that go beyond strictly financial considerations. We have, therefore, developed processes and tools to address these client demands. However, again, it is not straightforward to determine how much of our business is based specifically on these factors, and therefore we have not calculated such an attribution.

(c) Resilience of the Firm’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

This sub-section of the Report summarises the resilience of the investment strategies for the Portfolios to climate-related risks and opportunities, taking into account different climate-related scenarios.

The Firm does not currently conduct climate scenario analysis as a regular part of its investment or risk management process. This is because the Firm believes that climate-related risks and opportunities are best assessed at the issuer level rather than at the portfolio level. The Firm sees weaknesses in existing top-down climate models, which do not always reflect the credit analysts’ more granular bottom-up views regarding issuers’ exposures to climate risks and do not provide portfolio managers with sufficient decision-useful information. Nonetheless, the Firm considers climate change and associated policy and regulatory responses to be important risk factors that should be incorporated into its credit assessment and fundamental credit ratings, especially where the issuer’s exposure to climate risk is deemed high. As part of this, analysts consider climate scenarios where they believe risks could be material. Where scenarios are considered, these vary by sector, region, and sometimes issuer to reflect the most likely channel(s) through which climate risks may arise.

The Firm does have access to third-party data that provides it with Climate Value at Risk metrics and which allows the Firm to provide that information to its clients on demand. However, given the Firm’s view that this metric often does not sufficiently reflect credit analysts’ bottom-up fundamental assessment, the Firm does not offer it as part of its standard reporting.

It should also be noted that in assessing climate risks and opportunities as part of its credit analysis, the Firm puts more emphasis on the most plausible scenarios. Unfortunately, current policies and pledges globally are generally not considered by experts to be aligned with 2C or below scenarios. Most expert estimates expect warming closer to 2.5-3C based on current or stated policies. Therefore, we feel it is important to consider less ambitious transition scenarios as well, and treat these as our base case assumptions.

The Firm keeps these decisions under periodic review. If, in the future, the Firm starts to systematically use scenario analysis, then this will be reflected in future TCFD reports.

Transition plans:

The Firm is incorporated in the UK and operates in the UK. The Firm notes that the UK Government committed in June 2019 to a 100% reduction of greenhouse gas emissions by 2050 compared with 1990 levels. This is referred to as the net zero target. The Government stated that net zero means “*any emissions would be balanced by schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage*”.

For further details on the UK government’s net zero target, please refer to: <https://commonslibrary.parliament.uk/research-briefings/cdp-2023-0124/>

The Firm has not integrated an explicit commitment to the net zero target in its management of any portfolios. This is because expert analysis from the UN, IPCC, IEA, Climate Action Tracker, and various other academics, institutions and NGOs all conclude that 1.5C and 2C outcomes are currently very unlikely. For instance, according to the 2025 Indicators of Global Climate Change report, the remaining 1.5C CO2 budget (50% probability) will be depleted by 2028 at current rates, while the 2025 UNEP Emissions Gap Report stated that there are essentially no scenarios where 1.5C is not at least temporarily overshoot. The IEA reached similar conclusions and the COP30 cover decision was the first to acknowledge that overshoot is inevitable by resolving to pursue efforts to limit such overshoot. Meanwhile, emissions continue to rise – global CO2 emissions are estimated to have increased 1.1% in 2025 – and the above experts project that only modest

reductions would be achieved under current policies and official pledges; there remains a significant gap between official pledges and policies and what is needed to limit warming to even 2C. If correct, this would make aligning portfolios with 1.5-2C scenarios challenging and could significantly limit the investible, resulting in lower returns and/or greater risk for investors seeking to do so. Therefore, the Firm would require the explicit agreement of its clients to integrate the UK Government's net zero target into the management of Portfolios, and at the date of this Report, it has not received any such instructions for most of the Portfolios.

PART 3: RISK MANAGEMENT

This Part of the Report discloses how the Firm identifies, assesses, and manages climate-related risks.

(a) The Firm's processes for identifying and assessing climate-related risks

This sub-section of the Report summarises the Firm's processes for **identifying** and **assessing** climate-related risks. (For reference, the material climate-related risks that have been identified in practice by the Firm are summarised in sub-section 2(a) of this Report).

The Firm 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, the Firm did not systematically implement any evaluations of climate risks in isolation during the Reporting Period.

Identification of sustainability risks

The Firm's process to **identify** sustainability risks is from a bottom-up fundamental research perspective. Analysts 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 also supported by additional research or guidance from PGIM Credit's Sustainable Investment Team.

Assessment of sustainability risks

As part of the credit research process, the Firm's 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.). 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, analysts incorporate such risks into their fundamental credit ratings. Fundamental credit ratings are a key factor in relative value assessments and the primary means through which portfolio managers consider material sustainability risks when assessing the overall relative attractiveness of potential investments. Although our views are often informed by quantitative metrics, the ultimate decision on how ESG considerations should influence our investment decisions is largely qualitative, as with other types of idiosyncratic risks and opportunities.

Within their ESG evaluations, climate change and associated investment risk are an important factor that analysts should consider, especially where they deem the issuer's exposure to climate risk to be high. The approach to doing so depends on the asset class, but can include:

- Incorporating climate risk assessment in fundamental analysis. Where they believe these risks to be material, 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. Such research involves (where relevant and possible):
 - Monitoring regulatory developments and analysing potential impact on issuers
 - Incorporating the risk of an increase in carbon prices or lower demand for fossil fuels and higher-emissions products
 - 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)

In line with our bottom up, fundamental credit approach, we view issuers' credit profiles from a holistic perspective, rather than separating them into distinct components that must then be reconciled. Therefore, we do not evaluate issuers' ESG risks 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 an 'ESG risk' versus a 'traditional risk'.

ESG issues that relate directly to the business model, could be considered financially-material and may be considered ‘business risks’, which is why such ESG issues were not evaluated independently from fundamental credit analysis.

(b) Describe the Firm’s processes for managing climate-related risks

This sub-section of the Report summarises the Firm’s processes for managing climate-related risks. (For reference, the material climate-related risks that have been identified in practice by the Firm are summarised in sub-section 2(a) of this Report).

While the Firm’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 the Firm from making any investment. In many cases, an issuer may have higher “climate risk” but lower overall risk (e.g. an issuer that is more exposed to climate risk but is highly rated and lower levered may have less overall risk than one 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.

(c) How processes for identifying, assessing, and managing climate-related risks are integrated into the Firm’s overall risk management

This sub-section of the Report summarises how the Firm’s processes for identifying, assessing and managing climate-related risks (as summarised in sub-sections 3(a) and 3(b) of this Report, above) are integrated into the Firm’s overall risk management processes.

As an FCA-regulated investment manager, the Firm is subject to the FCA Rules in respect of investment risk management processes. Consistent with these requirements, the Firm 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.

The Firm’s sustainability risk management processes (which include climate risks), as summarised in sub-sections 3(a) and 3(b) above, are integrated into the general investment processes summarised above.

PART 4: METRICS AND TARGETS

This Part of the Report discloses the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

(a) Metrics used by the Firm to assess climate-related risks and opportunities in line with its strategy and risk management process

The Firm uses a variety of metrics to assess climate-related risks and opportunities across investments. As noted in previous sections, though, our primary measure of risk is our fundamental credit ratings, which incorporate climate-related risks where analysts believe these to be material. Other, more specific metrics may vary depending on the asset class, industry and/or business model. These specific metrics are not included in this entity-level report, but in some cases may be included in individual product-level reports that are made available to the Firm’s clients on request.

Remuneration policies:

The Firm does not incorporate climate metrics into the Firm’s remuneration policies for its personnel.

Internal carbon pricing:

The Firm does not use internal carbon prices at the entity level.

Alignment with a “well below 2 degrees” scenario:

At present, investment teams are not systematically measuring the extent to which Portfolios are aligned with a “well below 2 degrees” scenario; however, the Firm has developed a proprietary Temperature Alignment Tool in order to understand the extent to which investment grade and high yield issuers are credibly aligned with different temperature scenarios, the results of which are shared the product-level reports on demand.

(b) Greenhouse gas (GHG) emissions data

In this sub-section of the Report, we disclose certain climate-related data as of the final business day of 2025 (the “Calculation Date”). The specific data points in this section are recommended by the TCFD and required under the FCA Rules. However, the Firm believes that aggregated emissions data at the portfolio-level is not usually an effective measure of a portfolio’s climate-related risks and opportunities. As noted elsewhere in the Report, we feel that such risks and opportunities are best assessed at the issuer-level, which allows to them to take into account the unique circumstances of each issuer.

This data is provided on an aggregated basis across all of the Portfolios. The data points below relate to the emissions of the investments held by the Portfolios (and not, for the avoidance of doubt, to the Firm itself). Note that the TCFD metrics are designed specifically for corporate issuers, however the Portfolios also hold positions in asset classes such as sovereigns, municipals, structured products, and other non-corporate asset classes. We have included TCFD metrics for corporate issuers and, although not specified in the TCFD recommendations, we have also included some commonly used metrics for sovereign issuers. However, we have not included metrics for other asset classes representing the remainder of the Portfolios as we feel there are not robust methodologies for calculating emissions in these asset classes. In many cases, there is no commonly-used methodology at all, and in others, only very rough proxies that we feel are not informative and potentially misleading due to their high degree of imprecision.

CORPORATE ISSUERS – CURRENT VALUES

NOTE: All metrics in the section below only apply to corporate issuers. Values are scaled to the size of the corporate sleeve of the Portfolios, which comprises 51.4% of the total AUM in the Portfolios.

	Weighted Average Carbon Intensity (tCO ₂ e / USD 1M sales)	% Reported	% Estimated	% Missing
Scope 1	308	72.7%	15.6%	11.7%
Scope 2	35	71.1%	17.3%	11.7%
Scope 3	915	0.0%	88.7%	11.3%
Scope 1 & 2	346	70.0%	17.2%	12.8%
Scope 1 & 2 with PGIM Estimates*	331	70.0%	25.1%	5.0%
Scope 1-3	1,256	0.0%	88.5%	11.5%

	Carbon Footprint (tCO2e per USD 1M Invested)	% Reported	% Estimated	% Missing
Scope 1	117	72.2%	15.1%	12.7%
Scope 2	13	70.9%	16.3%	12.7%
Scope 3	491	0.0%	84.7%	15.3%
Scope 1 & 2	130	69.6%	17.7%	14.2%
Scope 1 & 2 with PGIM Estimates*	128	69.6%	25.6%	4.8%
Scope 1-3	611	0.0%	84.7%	15.3%

	Absolute GHG Emissions (tCO2e attributed)*	% Reported	% Estimated	% Missing
Scope 1	27,140,614	72.2%	15.1%	12.7%
Scope 2	3,125,415	70.9%	16.3%	12.7%
Scope 3	110,981,794	0.0%	84.7%	15.3%
Scope 1 & 2	30,266,337	69.6%	17.7%	14.2%
Scope 1 & 2 with PGIM Estimates*	32,398,884	69.6%	25.6%	4.8%
Scope 1-3	138,079,958	0.0%	84.7%	15.3%

	Carbon Intensity (tCO2e attributed / USD 1M sales attributed)	% Reported	% Estimated	% Missing
Scope 1	260	72.0%	15.1%	12.8%
Scope 2	30	70.8%	16.4%	12.8%
Scope 3	1,073	0.0%	86.9%	13.1%
Scope 1 & 2	296	69.5%	16.3%	14.2%
Scope 1-3	1,397	0.0%	87.0%	13.0%

	Exposure to Fossil Fuels (% of MV)	% Missing
Vendor-Based	22.0%	14.6%
Industry-Based	19.5%	3.3%

CORPORATE ISSUERS – HISTORICAL VALUES

Note that the figures below are an aggregate of all relevant Portfolios as they existed in each of the respective reporting periods shown. These aggregate emissions figures are dependent on the number, size, and type of underlying accounts, which can change meaningfully from year to year. Therefore, comparisons across years are not on a like-for-like basis. Investors in individual, in scope Portfolios can request TCFD reports for those specific products. Of particular note, it was determined for the 2025 Report that accounts where the Firm is a sub-investment manager should also be included. This is reflected in the figures shown for 2025 and forward but not in prior years. This alone significantly limits comparability between periods before and after/including 2025, particularly for absolute emissions figures.

	% Change*	2025	2024	2023
Corporate Share of Portfolio MV %	4.7%	51.4%	71.4%	68.2%
Weighted Average Carbon Intensity (tCO2e / USD 1M sales)	% Change*	2025	2024	2023
Scope 1	32.98%	308	231	255
Scope 2	4.38%	35	33	39
Scope 3	8.65%	915	842	1,180
Scope 1 & 2	32.58%	346	261	292
Scope 1 & 2 with PGIM Estimates**	30.21%	331	254	289
Scope 1-3	20.21%	1,256	1,044	1,474

Carbon Footprint (tCO ₂ e per USD 1M Invested)	% Change*	2025	2024	2023
Scope 1	10.56%	117	105	72
Scope 2	-7.00%	13	14	12
Scope 3	-5.11%	491	517	440
Scope 1 & 2	8.72%	130	119	84
Scope 1 & 2 with PGIM Estimates**	9.31%	128	117	85
Scope 1-3	4.71%	611	584	522

Absolute GHG Emissions (tCO ₂ e attributed)*	% Change*	2025	2024	2023
Scope 1	1358.70%	27,140,614	1,860,599	661,880
Scope 2	1132.18%	3,125,415	253,650	109,046
Scope 3	1339.81%	110,981,794	7,708,093	4,052,774
Scope 1 & 2	1327.27%	30,266,337	2,120,571	774,915
Scope 1 & 2 with PGIM Estimates**	1336.34%	32,398,884	2,255,662	936,867
Scope 1-3	1444.74%	138,079,958	8,938,745	4,802,309

Carbon Intensity (tCO ₂ e attributed / USD 1M sales attributed)	% Change*	2025	2024	2023
Scope 1	4.25%	260	249	178
Scope 2	4.72%	30	28	29
Scope 3	-0.91%	1,073	1,082	1,157
Scope 1 & 2	11.25%	296	266	207
Scope 1-3	3.39%	1,397	1,351	1,359

Exposure to Fossil Fuels (% of MV)	% Change*	2025	2024	2023
Vendor-Based	32.15%	22.0%	16.7%	20.2%
Industry-Based	41.79%	19.5%	13.7%	17.0%

Notes:

- Except where noted, the data above is sourced from MSCI and FinDox (note that for 2023 data only, FinDox was not used). Where data is shown as “reported” this is based on MSCI’s or FinDox’s indication that the data has been reported by the relevant issuer. Except in certain cases where noted (see the final note below), where data is shown as “estimated” this is based on MSCI’s estimation models. MSCI and FinDox are widely recognised ESG data vendors, however the Firm makes no further representations or assurances about the quality or accuracy of the data they have provided.
- Data was extracted and compiled as of the Calculation Date (or in the case of historical data, as of the calculation date used for the relevant year, which is typically the last business day of that year unless otherwise noted). However, data for individual issuers underlying the combined figures shown above is as of the most recent date prior to the Calculation Date that MSCI or FinDox (as applicable) had collected data for that issuer or calculated its estimated emissions, as applicable. This varies by issuer, and is generally prior to the Calculation Date.
- For Weighted Average Carbon Intensity, data is available at both the individual scope 1 and 2 levels, and at the scope 1&2 combined level. In cases where both are available, for scope 1&2 metrics, we use the combined-level data. At times there are slight differences between individual scope data and combined scope data (likely due data being as of different dates), so individual scope numbers do not always add to the combined value.
- For scope 1 and/or 2 figures, the data hierarchy used is generally (1) MSCI reported data, (2) FinDox reported data, (3) MSCI estimated data, (4) only in rows where clearly noted, PGIM Fixed Income estimates.
- Scope 3 data is always estimated. When companies report scope 3, it is their estimate. For consistency, we rely on MSCI estimates in all cases.
- Absolute GHG Emissions are calculated by scaling the Carbon Footprint figures based on portfolio size. This may result in very slight differences versus attributing emissions to the portfolio at the issuer level and then summing, but normally this should not be material.
- The vendor-based fossil fuel exposure figures rely on MSCI’s “fossil fuels – any tie” flag. The industry-based fossil fuel exposure figures include any issuer in the electric utility, metals and mining or oil & gas industries (based on Barclays industry classifications), which may include issuers that do not currently have any actual exposure to fossil fuels. Therefore the industry-based figures are usually more conservative. In all cases, data is assumed available if the data vendor rates the issuer (and missing otherwise).

* See the explanation above on the change in scope in 2025 versus prior years.

** Figures in the “Scope 1 & 2 with PGIM Estimates” row are based first on data from MSCI (reported or estimated) and FinDox (reported only). For issuers where this data isn’t available, an estimate is used that is generally based on MSCI data for other issuers in the same industry. These estimates are designed to be conservative (i.e. they are more likely to result in an overestimate of emissions than an underestimate), however they can be highly imprecise. There may be cases where an issuer’s actual emissions are materially different from the PGIM estimate.

SOVEREIGN ISSUERS – CURRENT VALUES

NOTE: All metrics in the section below only apply to sovereign issuers. Values are scaled to the size of the sovereign sleeve of the Portfolios, which comprises 15.9% of the total AUM in the Portfolios.

Average GHG Intensity of GDP (tCO ₂ e / Nominal USD 1M)	Average GHGs Per Capita (tCO ₂ e pc)	% with GHGs Per Capita ≥ 15tCO ₂ e	% Missing GHG Intensity	% Missing GHG Per Capita
429	11.6	49.9%	0.0%	0.0%

SOVEREIGN ISSUERS – HISTORICAL VALUES

As for corporate issuers, the figures below are an aggregate of all relevant Portfolios as they existed in each of the respective reporting periods shown. These aggregate emissions figures are dependent on the number, size, and type of underlying accounts, which can change meaningfully from year to year, and there was a significant expansion of in-scope accounts included in 2025. Therefore, comparisons across years are not on a like-for-like basis. Investors in individual, in scope accounts can request TCFD reports for those individual products.

	% Change*	2025	2024	2023
Sovereigns Share of Portfolio MV %	-27.07%	15.9%	21.7%	23.7%
Average GHG Intensity of GDP (tCO ₂ e / Nominal USD 1M)	-23.96%	429	564	654
Average GHGs Per Capita (tCO ₂ e pc)	19.38%	11.6	10	10
% with GHGs Per Capita ≥ 15tCO ₂ e	103.84%	49.9%	24%	22%

Notes:

- Except where noted, the data above is sourced from MSCI. MSCI is a widely recognised ESG data vendor, however the Firm makes no further representations or assurances about the quality or accuracy of the data provided by MSCI.
- Data was extracted and compiled as of the Calculation Date (or in the case of historical data, as of the calculation date used for the relevant year, which is typically the last business day of that year unless otherwise noted). However, data for individual issuers underlying the combined figures shown above is as of the most recent date prior to the Calculation Date that MSCI had collected data for that issuer or calculated its estimated emissions, as applicable. This varies by issuer, and is generally prior to the Calculation Date.
- GHG Intensity of GDP is generally calculated based on the PCAF methodology. However, they are based on nominal GDP here (not PPP adjusted) and include only territorial emissions.

* See the explanation above on the change in scope in 2025 versus prior years.

(c) Targets used by the Firm to manage climate-related risks and opportunities and performance against targets

This sub-section of the Report summarises targets used by the Firm to manage climate-related risks and opportunities.

A climate-related target is a commitment, which may be imposed by an investment manager or an end client on a managed portfolio, relating to particular climate metrics. In the UK, there is not a regulatory requirement for investment firms to impose climate-related targets and the Firm does not impose such targets on any Portfolio that it manages unless explicitly directed to do so in that Portfolio's investment guidelines.

The Firm manages certain Portfolios which expressly include climate-related targets set by clients in those Portfolios. In some (but not all) cases, such Portfolios include in the investment guidelines for the relevant product or service an express commitment to meet the relevant target.

However, the Firm does not impose climate-related targets on a blanket basis across all Portfolios.

For those Portfolios for which the Firm has *not* integrated an express climate-related target, this is because the Firm would require the express agreement of its clients to implement such target into the management of the relevant Portfolio(s). At the date of this Report, there is no instruction in respect of the climate-related target for many such Portfolios.