

Prudential Dynamic Global Equity Passive Fund

Climate Report as at 31 December 2022

Climate-related Financial Disclosures

This report is designed to help you understand more about the impact this fund has on the climate and will give you the ability to compare a range of climate metrics with other funds. A glossary of terms used in this document can be found here - [TCFD Glossary](#).

The report is based on the recommendations set out in the global standards set by the Task Force on Climate-related Financial Disclosures – (TCFD). The report sets out a range of different climate metrics that can be used to assess climate related risks and opportunities associated with the fund.

We recognise that the investments within the fund could have an impact on climate change and equally, climate change could influence the performance of investments in the fund. To understand the governance, strategy and risk management that Prudential Assurance Company (PAC) has in place to manage the risks and opportunities related to climate change, please refer to the Prudential [Entity TCFD report](#).

The investment strategy of Prudential S3 Dynamic Global Equity Passive is to invest in underlying funds, offered by external fund managers.

The climate metrics are sourced directly from the underlying fund. While we've taken every care in producing this report, Prudential does not guarantee the accuracy, adequacy or completeness of the metrics.

Definition of climate metrics

Financed Carbon Emissions

(FCE): Represent the total financed greenhouse gas (GHG) emissions associated with the fund. The larger the number, the more it is contributing to the effects of climate change. The FCE is directly related to the size of the fund and therefore it is difficult to use to compare across funds.

tCO₂e: Refers to tonnes of carbon dioxide (CO₂) equivalent. There are a number of greenhouse gases which warm the earth with different intensity levels. Rather than providing metrics for each gas they are converted into tCO₂e for reporting.

Scope 1 emissions: Are the direct emissions associated with the business operations eg, a utility company's emissions from combusting fuel.

Scope 2 emissions: Are the indirect emissions associated with the business' heating/power requirements eg, a software company's emissions from buying electricity.

Climate metrics for the Fund investments

Financed Carbon Emissions: tCO₂e



The data coverage ratio for this particular metric is sufficient to be relied upon. Any data gap is likely to be as a result of climate or financial data not being reported for the underlying asset types. Lower data coverage results in reduced reliability for this climate metric.

Carbon Footprint: tCO₂e/£m invested



Data coverage

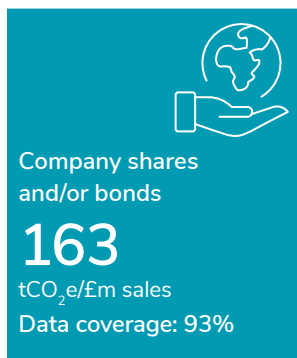
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Carbon Footprint (CF): Refers to financed carbon emissions divided by the fund's market value, expressed in tCO₂e/£m invested. The larger the number, the more it is contributing to the effects of climate change. CF can be used to compare across different funds.

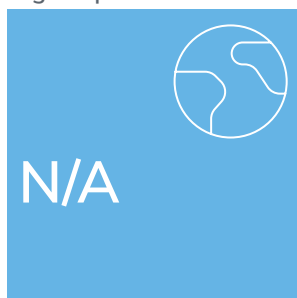
Weighted Average Carbon Intensity (WACI): Is the fund's exposure to carbon-intensive issuers, expressed in tCO₂e/£m sales. The larger the number, the more carbon intensive the investments currently are. WACI allows comparison across different funds.

High impact sectors High impact sectors, such as utilities, construction, real estate, and transportation, are industrial sectors that exert significant influence on global carbon emissions. These sectors are determined based on global industrial sector codes, without taking into account individual company performance. We utilise the Target Setting Protocol (TSP) definition to classify sectors into the high impact categories. For instance, a renewables company and an oil extraction firm would both be categorised as high impact sectors.

WACI: units vary



High impact sectors



Data coverage

The data coverage ratio for this particular metric is sufficient to be relied upon. Any data gap is likely to be as a result of climate or financial data not being reported for the underlying asset types. Lower data coverage results in reduced reliability for this climate metric. The data coverage ratio for this particular metric is sufficient to be relied upon. Any data gap is likely to be as a result of climate or financial data not being reported for the underlying asset types. Lower data coverage results in reduced reliability for this climate metric.

Data coverage

This metric is not provided as the underlying fund managers do not make it available and we do not have reliable proxies. We aim to address this gap going forward.

Scenario analysis

Climate adjusted value is equivalent to value at risk (VaR). It is the adjustment of the value of assets in the fund as a result of a climate scenario. This metric is not provided as the underlying fund managers do not make it available and we do not have reliable proxies. We aim to address this gap going forward.

Implied temperature rise

Implied temperature rise estimates the global temperature increase contribution from a fund's current greenhouse gas emissions trajectory. It is a simplified tool to assess alignment of business strategies with climate goals like the Paris Agreement target. There is no widely accepted industry standard that characterises whether a fund is closely aligned or materially unaligned to the Paris Agreement target. This metric is not provided as the underlying fund managers do not make it available and we do not have reliable proxies. We aim to address this gap going forward.

If you have any questions about anything in this report please speak to your financial adviser. You can also find more information including a [glossary of terms](#) and a [Q&A](#).

The data used in this report is sourced from the underlying fund managers. While we've taken every care in producing this report please be aware that neither Prudential nor the sources used guarantee the accuracy, adequacy or completeness of this information or make any warranties from its use. Furthermore, the data presented is for a specific point in time and likely to change in the future and therefore should not be relied on as such.