RESPONSIBLE INVESTING AT PRUDENTIAL

For more than 140 years, Prudential has committed to keeping its long-term promise of helping customers achieve financial security and peace of mind by offering insurance and retirement products and services. This commitment involves disciplined asset liability management, which requires constructing high-quality investment portfolios comprised of assets that support the liability profile of the company's products and obligations.

As part of this commitment, Prudential takes a long-term view of risks and opportunities when making investment decisions. This requires the consideration of all financial and non-financial factors that may impact each asset class in which the Chief Investment Office (CIO) invests, including Environmental, Social, and Governance (ESG) factors. In support of this core objective, Prudential has developed this policy to define its priorities and beliefs related to Responsible Investing (RI).

POLICY SCOPE

This policy governs Prudential’s investment activities as an asset owner across all General Account (GA) assets for the company’s wholly owned insurance company affiliates. This policy applies to all asset managers (internal or external) and the assets they manage on behalf of Prudential's GA.

DEFINITION OF RESPONSIBLE INVESTING

Prudential defines RI as the integration of ESG factors into investment decision making and ownership practices in the belief that these non-financial factors can have an impact on long-term financial performance. Prudential considers RI to be the overarching objective while ESG is the data and portfolio tools used to inform investment decisions.

POLICY DEVELOPMENT MOTIVATION

Prudential created this Policy to guide how RI should be integrated and monitored in investment decisions made on behalf of the GA. This policy lays out high-level standards, understanding that there is no one size fits all approach to RI.
Prudential's RI strategy is based on the following core principles:

**ESG INTEGRATION**
We expect ESG factors to be integrated into every investment decision made on behalf of the GA. While ESG may not be an investable theme for every asset class or issuer, it should be a consideration in every investment decision. Additionally, ESG factors should be continually evaluated throughout the lifecycle of all investments.

ESG Integration may be achieved differently depending on asset class, this may include the following:

- Incorporating ESG factors into fundamental security analysis,
- Assessing how ESG factors could impact long-term asset returns, or
- Understanding the ESG approach of a fund general partner.

**CLIMATE ACTION**
We acknowledge the potential risks posed by climate change. For this reason, Prudential actively pursues investment opportunities that will reduce/increase the negative/positive impact of the GA’s investments on the environment.

We take a holistic approach to incorporating consideration of climate-related impacts into investment decisions, assessing investees’ current emissions profiles. At the same time, we consider issuers’ transition plans and recognize that sector specific climate considerations are likely to evolve over time.

The risk associated with climate change also obliges us to engage issuers, regulators, and policy makers actively and collaboratively on climate-related risks.
SUSTAINABLE FINANCING
At Prudential, we believe that investments in certain companies and projects are essential to help promote sustainability and resiliency. To increase the positive impact of our investments on society and manage ESG-related risks, we will look to grow its investments that both promote sustainability and achieve market returns.

Prudential defines sustainable investment as:

ACTIVE OWNERSHIP
We expect our asset managers across Prudential to engage proactively with investees on ESG-related topics when ESG factors present a material investment risk. Asset managers should prioritize engagement based on materiality of long-term risk and should utilize the most appropriate form of engagement based on asset class.

INVESTMENT RESTRICTIONS
We believe the most effective way to have a positive impact on ESG issues is engagement with issuers rather than an exclusions-based approach. At the same time, we recognize that select investment restrictions may be appropriate due to fundamental misalignment with Prudential’s sustainability objectives. We have developed the following investment restrictions.

Prudential asset managers should not knowingly make new direct investments in the following categories for thermal coal and controversial weapons. Restrictions apply only to new investments and do not require divestment.

Implementation of these investment restrictions are subject to compliance with applicable local laws, rules, and regulations.

Externally labeled ESG debt¹
• Green bonds
• Social bonds
• Sustainability bonds
• Sustainability-linked bonds

Green investments²
• Renewable energy
• Energy efficiency
• Green buildings
• Clean transportation
• Environmentally sustainable management of living natural resources and land use

Social investments³
• Basic infrastructure
• Essential services (healthcare, education, etc.)
• Affordable housing
• Financial inclusion
• Food security and sustainable food systems
• Employment generation

Thermal coal
No direct investments in mining or utility companies with > 25% of revenue from thermal coal. Exceptions may apply for issuers with a low carbon transition strategy and green bonds of restricted issuers.
We at Prudential believe these investments can help fund and incubate solutions to societal and business challenges. This includes investments that promote transformative developments, financial inclusion, education and skills, and affordable housing.

RESPONSIBLE INVESTING GUIDELINES

MINIMUM STANDARDS FOR ALL ASSET MANAGERS

We expect our asset managers to adhere to this RI Policy when making investment decisions on behalf of the GA. These principles will evolve over time as new tools, data and standards become available.

MINIMUM STANDARDS FOR PRUDENTIAL’S CHIEF INVESTMENT OFFICE

Prudential’s CIO is responsible for the consolidation and assessment of its asset managers’ incorporation of the RI principles. This ensures a consistent interpretation of ESG and risks for all stakeholders.

REVIEW

This Policy will be reviewed internally on an annual basis, or more frequently as ESG standards evolve.

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1 Aligned with International Capital Markets Association (ICMA) principles and contain a second party opinion.
2 Aligned with eligible projects listed in ICMA Green Bond Principles.
3 Aligned with eligible projects listed in ICMA Social Bond Principles.

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Controversial weapons

No direct investments in companies involved in the direct manufacturing and production of cluster munitions, anti-personnel mines, biological weapons, or chemical weapons.

The following investments are exempt from these investment restrictions:

- Investment vehicles where Prudential is a passive investor such as third-party managed funds, credit default indices or exchange-traded funds, and
- Credit tenant leases.

IMPACT INVESTMENTS

Consistent with our approach to long-term sustainability, we believe the company’s long-term success depends on the vitality of the communities in which business is conducted. We are committed to helping create such communities through investments aimed at addressing social challenges not being adequately served by traditional capital markets. This is in line with our commitment to affirmatively seek out investments that make a positive impact.