This report has been published in an accessible format, compliant with Web Content Accessibility Guidelines 2.0 level AA.
Prudential is a purpose-built and purpose-driven company—with 80% of employees favorably responding that they are proud of our company as a purpose-driven organization (2019 EQ employee survey). As directors, our duty is to guide and oversee management in the creation of long-term value through the execution of an innovative business strategy, a commitment to corporate ethics, careful risk oversight, human capital development, a commitment to sustainability, and creating positive societal impact. Underpinning each of these important areas is Prudential’s ethical “tone,” which we work closely with management to set and communicate.

The pressing challenges facing our world today highlight the intersectionality of issues such as ethical governance, environmental stewardship, and systemic inequities. As a board, we believe Prudential must be part of the solution not only within its own scope of control, but by using its influence and example in a spirit of mutual advancement.

By leveraging the full breadth of Prudential’s business capabilities, the company harnesses the power of the capital markets to promote inclusive economic opportunity and sustainable growth. We employ a diverse community of employees and act as a catalyst for change by finding, funding and incubating solutions to societal and business challenges.

The Board is proud that in 2020 we attained our goal of building a $1 billion impact investing portfolio. Through our impact investing and our corporate social responsibility initiatives, we are investing in creating long-term partnerships that help address social challenges and solve complex problems.

As a leading global insurance provider and asset manager, we believe instilling the principle of environmental stewardship throughout our global businesses benefits our clients, employees, and shareholders—as well as future generations. Environmental, social and governance issues are an integral piece to our long-term strategy.

This report summarizes our sustainability voyage during 2019 and early 2020. We believe you will find it informative and appreciate your feedback.
Prudential is committed to using its platform to lead societal progress on the urgent issues facing our country and our world—the climate crisis, the devastating health and economic effects of the COVID-19 pandemic and securing a future in which racism and unequal treatment play no part.

An in-house team of experts in inclusion, philanthropy and socially responsible investing has led Prudential’s partnerships to build a diverse talent pipeline and fund social justice organizations for more than 40 years. This group is now partnering with our U.S. businesses to drive an inclusive recovery from the pandemic centered on racial equity. Being part of the solution is a moral imperative and it makes Prudential a better employer, community partner and customer-obsessed company delivering growth for our shareholders over the long term.

Our purpose is to make lives better by solving the financial challenges of our changing world. We are the professional home to over 50,000 employees globally. PGIM, our global investment management business, is the 11th-largest asset manager worldwide. Our international business includes our world-class Japanese life insurance operation and businesses in other select high-growth markets. In 2019, we acquired Assurance IQ, a direct-to-consumer platform for individuals seeking financial wellness solutions.

I’m pleased to share a few examples, to date, organized by our five capitals of sustainability:

**Corporate Governance:** In late 2019 the multi-stakeholder framework codified the Board’s accountability to shareholders, employees, customers and society.

**Business Model and Innovation:** Acquired in 2019, Assurance IQ matches buyers with customized solutions spanning life, health, Medicare and auto insurance, giving them options to purchase entirely online or with the help of a technology-assisted live agent.

**Human Capital:** Prudential’s “Skills Accelerator” enables employees to assess current skills, map them against the company’s future needs and build a plan for acquiring future-ready skills. In December, Prudential created its first executive-level Enterprise Inclusion Council, tasked with ensuring C-suite accountability for inclusion and diversity, and giving leaders a forum to better understand the perspectives and experiences of employees.

**Social Capital:** To engage our vendors we joined the CDP Supply Chain program to achieve a more sustainable, resilient business.

**Environment:** In early 2020, Prudential was the first U.S. insurer to issue a green bond supporting sustainable investments. The eligible categories for the use of proceeds align with several Sustainable Development Goals.

We feel a sense of urgency to identify and take action in areas that allow Prudential to truly be a model company for inclusion and diversity, environmental responsibility, community engagement, and sustainable, equitable business model innovation. We are prepared to ultimately be judged by the actions we take.

Charles F. Lowrey
Chairman and
Chief Executive Officer
COVID-19 and Prudential

During these challenging times in late 2019 and into 2020, COVID-19 affected all of our stakeholders. Social distancing does not relieve us from our responsibilities as a corporate citizen and an employer of many thousands.

In March 2020, the COVID-19 global pandemic forced an abrupt and unprecedented shift in Americans’ way of life. Stay-at-home orders issued across the world, and the school and work closures that came with them, hit small businesses and vulnerable communities especially hard. The situation is fast evolving as of the writing of this report, and Prudential is committed to supporting front-line relief efforts.

As of May 15, 2020, Prudential’s relief efforts have included operational and customer-focused initiatives to demonstrate our leadership in recovery efforts and our commitment to supporting our employees, our customers and the community through the crisis.

Leading Recovery Efforts

- Prudential’s chairman and CEO, Charlie Lowrey, is a member of New Jersey Governor Murphy’s Commission to advise on restart and recovery of the state economy.

Supporting Our Employees

- Starting in March, employees received daily communications with Global Health support, remote work tips and policy change information.
- Prudential offered free resources for health and wellness and counseling services, and our Chief Medical Officer and Global Health organization closely monitor the situation for COVID-19.
- Financial support was offered to our employees incurring additional expenses for dependent care.

Supporting Our Customers

- Across our businesses, customer accommodations, outside of normal procedure and in addition to any mandated by regulation, were implemented in order to assist customers. This includes implementations of the CARES Act.
- An online COVID-19 Resources page was created to provide customers with updates and to answer commonly asked questions.
- PGIM, Prudential’s global investment management business, issued research titled “After the Great Lockdown.” PGIM investment professionals explored business models, strategies and actions of companies to adapt and thrive in a post-COVID-19 world.
- Financial wellness videos by Amanda Clayman, a licensed psychotherapist and financial wellness advocate for Prudential.

Supporting Our Community

- $1.5 million to support small businesses and communities in cities where Prudential has a large presence, including Newark, N.J., Hartford, Conn., and El Paso, Texas, in addition to support for COVID-19 relief in India, Japan and China.
- The donation of 153,000 face masks, plus 300 bottles of hand sanitizer, to New Jersey health workers.
- Waiving April and May rent for 21 retail tenants in Newark.
- Employee-giving opportunities including a limited-time double-match for employee donations to three national relief organizations, and a growing list of virtual service opportunities supporting communities across the country.
- Financial support for our employees incurring additional expenses for dependent care.
Sustainability at Prudential

THE BUSINESS CASE
Prudential defines sustainability as how the company anticipates and manages future risks and opportunities to meet its long-term promises.

MATERIALITY ASSESSMENT UPDATES
In 2018, Prudential conducted a sustainability materiality assessment to identify the company’s most significant environmental, social and governance risks and opportunities. To identify and prioritize sustainability topics, Prudential and its consultant reviewed industry trends, sustainability frameworks and best practices; conducted peer benchmarking; and engaged key internal and external stakeholders and experts. Topics were ranked and prioritized according to significance of impact and importance to stakeholders to ensure a focus on the most strategic and impactful issues and meaningfully contributing to the United Nations Sustainable Development Goals (SDGs). Stakeholder outreach, feedback and integration follows this section.

RESULTS OF MATERIALITY ASSESSMENT

Significance to External Stakeholders

Categories
- Environment
- Governance and Risk
- Social

How Well Topic is Addressed (0-3)
- Not Addressed (0)
- Somewhat Addressed (1)
- Mostly Addressed (2)
- Fully Addressed (3)

Significance to Internal Stakeholders

Very High

- Enterprise Risk Management (1.825)
- Fair Pay (1.386)
- Responsible Investing (1.211)
- Corporate Governance and Ethics (2.351)

Very Low

- Supplier Diversity (0.930)
- Water Efficiency (0.807)
- Paper Use (1.491)

Very High

- Cybersecurity and Privacy (2.053)
- Inclusion and Diversity (2.211)
- Financial Wellness (2.193)
- Enterprise Risk Management (1.825)
- Fair Pay (1.386)
- Responsible Investing (1.211)
- Corporate Governance and Ethics (2.351)

- Environmental Risk Exposure (0.807)
- Green Buildings (1.596)
- Energy Efficiency, Carbon and Renewables (1.333)
- Impact Investing (1.211)

- Responsible Sourcing (1.368)
- Community Engagement (2.298)
- Waste Reduction and Recycling (1.474)
- Paper Use (1.491)
While all topics included in the materiality assessment are considered important to Prudential, the following topics have been further prioritized as areas most material to the global business:

**Governance**
- Corporate Governance and Ethics
- Enterprise Risk Management

**Business Model and Innovation**
- Cybersecurity and Privacy
- Impact and Responsible Investing

**Human Capital**
- Talent Transformation
- Talent Attraction and Development
- Inclusion and Diversity

**Social Capital**
- Corporate Social Responsibility
- Public Advocacy
- Responsible Sourcing

**Environment**
- Environmental Risk Exposure
- Emissions, Water, Waste and Recycling

Outputs of this assessment were used to inform the sustainability strategy, including goal setting and activity planning, as well as the integration of sustainability into business operations and reporting via an internal implementation plan that includes goals and integration. Some examples of this integration are part of the Stakeholder Engagement chart that follows.

Prudential, due to this process, has accomplished the following examples:

- In December 2019, the company issued a Global Environmental Commitment to address environmental categories.
- In March 2020, Prudential issued its inaugural green bond-eligible categories for the use of the net proceeds from the issuance of green bonds which align and advance the United Nations Sustainable Development Goals (SDGs). For more information, read the Green Bond Issuance section later in this report.
- In early 2020, Prudential’s Impact and Responsible Investing reached its goal of $1 billion in assets under management.

Prudential is committed to monitoring these topics to understand where action is warranted and completing a full update of the sustainability materiality assessment every three years to identify new trends, risks and opportunities.

**Stakeholder Engagement**

Proactive engagement with stakeholders supports Prudential’s achievement of its purpose and long-term vitality by encouraging learning and increasing transparency. In general terms, Prudential’s stakeholders include:

<table>
<thead>
<tr>
<th>Stakeholder Group Identified</th>
<th>Engaged</th>
<th>Feedback and Integration</th>
</tr>
</thead>
</table>
| Shareholders and institutional investors | • Annual Report, Proxy Statement and Sustainability Report  
• Press releases  
• Webcasts and conference calls  
• Financial services conferences  
• Proxy voting  
• One-on-one visits to discuss financial performance and ESG issues  
• Communications through Investor Relations and Corporate Governance Teams as well as company’s Board of Directors  
• Annual Meeting and Investor Days  
• Responses to ESG surveys from ratings firms and CDP | • The Board of Directors for Prudential Financial, Inc. introduced a multi-stakeholder framework that codified the Board’s accountability to shareholders, employees, customers and society. |
<table>
<thead>
<tr>
<th>Stakeholder Group Identified</th>
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</tr>
</thead>
</table>
| Customers (both individual and institutional) | • In-person conversations  
• Digital interface  
• By telephone  
• Social media  
• Annual Report, Proxy Statement and Sustainability Report  
• Customer satisfaction surveys, customer focus groups and net promoter scores  
• Assessment of financial data | • Prudential’s 2019 acquisition of Assurance IQ. Assurance IQ’s model matches consumers with the live agent or specific sales process that is best suited to their needs, resulting in better customer outcomes that drive higher levels of engagement and conversion. This approach is underpinned by an ongoing shift in consumer preferences, whereby individuals increasingly begin their research for personalized financial services online and then seek consultation with human experts to complete their purchase. |
| Employees and retirees | • Performance management and development programs  
• Volunteer events  
• Annual Report, Proxy Statement and Sustainability Report  
• Matching gifts program (open to eligible employees and retirees)  
• Business resource groups, green teams and volunteer councils  
• Company intranet, online chat forums, email, direct mail, social media, and in-person and virtual meetings  
• Prudential Ethics Help Line  
• Employee surveys | • Prudential fostered listening sessions with employees led by the Black Leadership Forum, an internal business resource group to help address racial inequalities.  
• Prudential established career development services with Career Partners available to help guide employees with the necessary tools to take them from “now to next.” Topics covered in the workshops include creating a skills-based resume, interviewing in a digital environment and leveraging feedback to grow your career.  
• To date, Prudential completed 35 sessions with approximately 1,000 employees in seven global locations. In addition to workshops, Career Partners offer employees two career advisory sessions per year. |
| Independent financial advisors and intermediaries | • In-person meetings, calls, conference calls, conferences and convenings  
• Proxy voting  
<table>
<thead>
<tr>
<th>Stakeholder Group Identified</th>
<th>Engaged</th>
<th>Feedback and Integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community leaders, neighbors, and non-governmental organizations (NGOs)</td>
<td>• In-person and virtual meetings, calls, conference calls, social media, and events with local leaders, neighbors, NGOs, and advocacy groups</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Board memberships</td>
<td>• Directing procurement spending to vendors that are diverse, which includes local Newark-based firms as well as firms owned by minorities, women, veterans, disabled, or LGBTQ individuals.</td>
</tr>
<tr>
<td></td>
<td>• Financial support (grants, corporate contributions, impact investments)</td>
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<tr>
<td></td>
<td>• Employee volunteering</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Pro bono consulting</td>
<td></td>
</tr>
<tr>
<td>National and local government officials located in the U.S. and abroad</td>
<td>• In-person and virtual meetings, conferences and convenings, conference calls, lobbying activities, industry associations, public policy forums and press conferences</td>
<td>• In early 2020, Prudential donated $100,000 to Operation Gratitude, a national nonprofit that delivers care packages, bulk donations and handwritten letters of appreciation to front-line responders, health care workers and military personnel. Prudential’s support will get bulk deliveries and personal notes to 20,000 front-line responders in communities around the country that are particularly impacted by COVID-19, including Seattle, New York City and Los Angeles.</td>
</tr>
<tr>
<td>U.S. state, federal and international regulators</td>
<td>• In-person and virtual meetings, conferences and convenings, conference calls, lobbying activities, industry associations, public policy forums and press conferences</td>
<td>• Integration of more robust cybersecurity as well as anti-bribery/anti-corruption (ABC) policies and standards.</td>
</tr>
<tr>
<td>Suppliers, vendors and business partners</td>
<td>• Prudential Ethics Help Line</td>
<td>• In early 2020 Prudential joined CDP’s supply chain program to enhance supply chain data and better understand environmental impacts.</td>
</tr>
<tr>
<td>Stakeholder Group Identified</td>
<td>Engaged</td>
<td>Feedback and Integration</td>
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<td>-----------------------------</td>
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<td>-------------------------</td>
</tr>
</tbody>
</table>
| Thought leaders and advocates in issue areas related to financial services | • Board memberships  
• In-person and virtual meetings, conference calls  
• Group calls and meetings  
• Industry groups, roundtables, workshops and events  
• Working groups  
• Joint projects  
• Responses to ESG surveys from ratings firms and CDP (formerly, the Carbon Disclosure Project) | • Prudential Financial, Inc. sponsored a 2019 poll released from ASCEND and Morning Consult. The research highlights challenges within the industry and seeks input from industry leaders to find ways to strengthen the pipeline of women to leadership positions.  
• Prudential Financial, Inc. with Morning Consult provided insight into the evolving work and financial challenges facing the U.S. workforce with the American Work Pulse and Federal Worker Surveys. |
| Environmental stakeholders | • Ceres Company Network  
• Ceres Investor Network on Climate Risk  
• Sustainable Purchasing Leadership Council  
• CDP Supply Chain member  
• U.S. Green Building Council  
• Urban Land Institute’s Greenpoint Center for Building Performance – Performance Committee  
• Principles for Responsible Investment  
• U.S. EPA's Energy Star Program | • Prudential issued a Global Environmental Commitment that includes operational and investment targets.  
• Prudential issued a green bond in early 2020. |
ACCOUNTABILITY FOR SUSTAINABILITY

Sustainability is overseen by Prudential’s Board of Directors. The sustainability strategy is led by Prudential’s senior leaders and carried out by senior staff. This chart illustrates the relationships between the individuals involved and the titles of those directly responsible.

Board of Directors, Corporate Governance and Business Ethics Committee

Senior Management, including Sustainability Executive Sponsor, Prudential’s Vice Chairman; Prudential’s Chief Governance Officer

Vice President, Environment and Sustainability

Advised by Sustainability Council Members:

- Vice President, Chief Talent & Capability Officer, HR
- Vice President, Data Analytics, Global Communications
- Vice President, Investment, PGIM Private Capital
- Vice President, Corporate Social Responsibility
- Managing Director, PGIM Real Estate
- Vice President, Chief of Staff, Global Technology
- Vice President, Chief of Staff, PGIM
- Vice President, Chief of Staff, Diversity, Inclusion and Impact
- Vice President, Marketing & Project Management PGIM Investments
- Vice President, Administration, Prudential International Insurance
- Vice President, Treasury
- Senior Vice President, Jennison Associates LLC
- Vice President, Administration, Vice Chairman’s Office
- Chief of Staff, U.S. Businesses
- Vice President, Marketing Management, PGIM Global Partners
- Managing Director, Chief Investment Office
- Associate, PGIM Fixed Income
- Managing Director, PGIM Real Estate Finance
- Vice President, Project Management, Enterprise Risk Management
- Senior Governance Officer, QMA
- Vice President, External Affairs
- Vice President, Actuary
ABOUT THIS REPORT
Prudential’s annual Sustainability Report illustrates the company’s purpose and covers the period of January 1 – December 31, 2019. As appropriate, significant developments occurring in early 2020 may be referenced and will be more fully developed in subsequent reports.

The report addresses the parent company, wholly owned subsidiaries and some joint ventures comprising U.S. and international subsidiaries’ operations. The report reflects no material changes from the previous period in boundaries.

REPORTING GUIDELINES
Global Reporting Initiative (GRI)
The Global Reporting Initiative is the most widely accepted framework for sustainability reporting. This document has been prepared in accordance with the GRI Standards: Core option. The preparation of this report considered all GRI Principles for sustainability reporting, including guidelines for Principles for Defining Report Content and Report Quality. The process for defining content and boundaries reflects the company’s previous reporting practices, feedback from stakeholders and discussions with internal subject matter experts.

Sustainability Accounting Standards Board (SASB)
In October 2018 the Sustainability Accounting Standards Board published 77 industry-specific standards to assist companies with disclosing material information. This report includes aspects of the Insurance Sustainability Accounting Standard. SASB standards are designed to identify a minimum set of sustainability issues most likely to impact the operating performance or financial condition of the typical company in an industry, regardless of location.

These disclosures are included in Appendix A SASB Index at the end of this report.

Task Force on Climate-Related Financial Disclosures (TCFD)
In June 2017 the Task Force on Climate-Related Financial Disclosures (TCFD) released its final recommendations for assisting businesses disclose climate-related financial information. The core elements of the recommendation are:

- Governance around climate-related risks and opportunities
- Strategy about the actual and potential impacts of climate-related risks and opportunities
- Risk management process used by the organization to identify, assess, and manage climate-related risks
- Metrics and targets used to assess and manage relevant climate-related risks and opportunities

For further details please review Appendix B TCFD Index at the end of this report.

Sustainable Development Goals (SDGs)
In 2015 the United Nation (UN) member states adopted the 17 Sustainable Development Goals (SDGs) to achieve a better for future for all while leaving no one behind. This global call to action includes ending poverty and hunger, climate action, affordable and clean energy and reducing inequalities. The SDG framework unites society, governments and the business community to foster positive change. Prudential embedded the SDGs where relevant in this report. For example, the 2020 green bond issuance aligned with SDG 6 Clean Water and Sanitation, SDG 7 Affordable and Clean Energy, SDG 11 Sustainable Cities and Communities, SDG 12 Responsible Consumption and Production and SDG 15 Life on Land.

For additional information please review the Green Bond Issuance section later in this report.

Prior to release, the Sustainability Report is reviewed by Prudential executives representing all the company’s businesses and corporate center functions, including law, governance, ethics and compliance, regulatory reporting, risk and financial management. The Greenhouse Gas Emissions data is externally verified.

Disclosure Statement: Prudential’s Sustainability Report provides an overview of long-term company goals and efforts in support of those goals. Some material is derived from other company documents, and links are provided to those documents where appropriate.

Portions of the report contain aspirational or otherwise forward-looking statements. Actual results may differ, possibly materially, from the company’s expectations or predictions expressed in the document. See Appendix E for additional important information about these forward-looking statements.
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Multi-stakeholder Framework

Stakeholder capitalism looks beyond shareholders and considers the needs of the employees, customers, suppliers, and communities. With the pandemic shutting down the United States in early 2020, this idea has increasingly come into the spotlight. Prudential recognizes the voices of all stakeholders. In late 2019 Prudential introduced a multi-stakeholder framework that codified the Board’s accountability to shareholders, employees, customers, and society. The framework further aligns the Board with Prudential’s purpose statement to “solve the financial challenges of our changing world” for all stakeholders—shareholders, employees, customers, and society.

CORPORATE GOVERNANCE HIGHLIGHTS

Prudential is committed to good corporate governance, which helps compete more effectively, sustain success and build long-term shareholder value. The company is governed by a Board of Directors and committees of the Board that meet throughout the year. Directors discharge their responsibilities at Board and committee meetings through ongoing communication with each other and with management throughout the year.

The Board has adopted Corporate Governance Principles and Practices to provide a framework for the effective governance of the company. The Corporate Governance Principles and Practices are reviewed regularly and updated as appropriate. The full text of the Corporate Governance Principles and Practices, which includes the definition of independence adopted by the Board, the charters of the Corporate Governance and Business Ethics, Compensation and Audit Committees, the Lead Independent Director Charter, the Code of Business Conduct and Ethics and the Related Party Transaction Approval Policy can be found at www.prudential.com/governance.

Governance is a continuing focus at the company, starting with the Board and extending to management and all employees. Therefore, the Board reviews the company’s policies and business strategies and advises and counsels the CEO and the other executive officers who manage the company’s businesses, including actively overseeing and reviewing, on at least an annual basis, the company’s strategic plans.

DIRECTOR CRITERIA, QUALIFICATIONS, EXPERIENCE AND TENURE

The Corporate Governance and Business Ethics Committee performs an assessment of the skills and the experience needed to properly oversee the interests of the company. Generally, the committee reviews both the short- and long-term strategies of the company to determine what current and future skills and experience are required of the Board in exercising its oversight function and in the context of the company’s strategic priorities. The committee then compares those skills to the skills of the current directors and potential director candidates. The committee conducts targeted efforts to identify and recruit individuals who have the qualifications identified through this process, keeping in mind its commitment to diversity.

In-Depth Review by the Committee
- Consider Skills Matrix
- Screen qualifications
- Consider diversity, including diverse viewpoints
- Review independence and potential conflicts
- Meet with directors

Recommend Selected Candidate for Appointment to Our Board
Review by full board
Select Director(s)
Elected 6 new directors since 2015

Source Candidate Pool from
- Independent Search Firms
- Shareholders
- Independent Directors
- Our People

Prudential Financial, Inc. 2019 Sustainability Report
Board Tenure for 2020 Nominees

Our directors’ expertise combines to provide a broad mix of skills, qualifications and proven leadership abilities.

The Corporate Governance and Business Ethics Committee practices a long-term approach to board refreshment. With the assistance of an independent search firm, the committee regularly identifies individuals who have expertise that would complement and enhance the current board’s skills and experience. In addition, as part of our shareholder engagement dialogue, we routinely ask our investors for input regarding director recommendations.

<table>
<thead>
<tr>
<th>Director Tenure (Average 7.7 years)</th>
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<tbody>
<tr>
<td>3 directors: 13+ years</td>
</tr>
<tr>
<td>3 directors: 6-12 years</td>
</tr>
<tr>
<td>6 directors: 0-5 years (6 new directors since 2015)</td>
</tr>
</tbody>
</table>

For a summary of director qualifications and experience review Prudential’s 2020 Proxy Statement.

For more information about Prudential’s Board Members visit Prudential’s Governance website.

Communicating with the Board.

BOARD’S OVERSIGHT AND MONITORING PROGRESS

The Board oversees the company’s risk profile and management’s processes for assessing and managing risk, through both the whole Board and its committees. At least annually, the Board reviews strategic risks and opportunities facing the company and certain of its businesses. Other important categories of risk are assigned to designated Board committees that report back to the full Board. In general, the committees oversee the following risks:

- **Audit Committee**: insurance risk and operational risk, including model risk, as well as risk related to financial controls, legal, regulatory and compliance risk, and the overall risk management governance structure and risk management function;

- **Compensation Committee**: the design and operation of the company's compensation programs so that they do not encourage unnecessary or excessive risk-taking;

- **Corporate Governance and Business Ethics Committee**: the company's overall ethical culture, political contributions, lobbying expenses and overall political strategy, as well as the company’s environmental risk (which includes climate risk), sustainability and corporate social responsibility to minimize reputational risk and focus on future sustainability;

- **Finance Committee**: liquidity risk, risk involving the company’s capital management, the incurrence and repayment of borrowings, the capital structure of the enterprise, funding of benefit plans and statutory insurance reserves;

- **Investment Committee**: investment risk, market risk and the strength of the investment function; and

- **Risk Committee**: the governance of significant risk throughout the company, the establishment and ongoing monitoring of the company's risk profile, risk capacity and risk appetite, and coordination of the risk oversight functions of the other Board committees.

In performing its oversight responsibilities, the Board and its committees review policies and guidelines that senior management uses to manage the company’s exposure to material categories of risk. As these issues sometimes overlap, Board committees hold joint meetings when appropriate and address certain issues at the full Board level. During 2019, the Risk Committee received an update from the Chief Risk Officer on the important strategic issues and risks facing the company. In addition, the Board and committees review the performance and functioning of the company’s overall risk management function.

The Risk Committee currently includes the chairs of each of the other Board committees. The principal activities of the Risk Committee are to: oversee the company’s assessment and reporting of material risks by reviewing the metrics used by management to quantify risk, applicable risk limit structures and risk mitigation strategies; review the company’s processes and procedures for risk assessment and risk management, including the related assumptions used across the company’s businesses and material risk types; and receive reports from management on material and emerging risk topics that are reviewed by the company’s internal management committees.

The company, under the Board’s oversight, is organized to promote a strong risk awareness and management culture. The Chief Risk Officer sits on many management committees and heads an independent enterprise risk management department; the General Counsel and Chief Compliance Officer also sit on key management committees and the functions they oversee operate independently of the businesses to separate management and oversight. Employee appraisals evaluate employees with respect to risk and ethics.
CYBERSECURITY RISK OVERSIGHT
In addition, the Board oversees the company’s cyber risk management program. In order to respond to the threat of security breaches and cyberattacks, the group has developed a program, overseen by the company’s Chief Information Security Officer and the company’s Information Security Office, that is designed to protect and preserve the confidentiality, integrity and continued availability of all information owned by, or in the care of, the company. This program also includes a cyber incident response plan that provides controls and procedures for timely and accurate reporting of any material cybersecurity incident.

The Audit Committee, which is tasked with oversight of certain risk issues, including cybersecurity, receives periodic reports from the Chief Information Officer and the Head of Operational Risk. The Board and the Audit Committee also periodically receive updates about the results of exercises and response readiness assessments led by outside advisors who provide a third-party independent assessment of the company’s technical program and the company’s internal response preparedness. The Audit Committee regularly briefs the full Board on these matters, and the full Board also receives periodic briefings on cyber threats in order to enhance the directors’ literacy on cyber issues.

For more information on executive compensation risk oversight read Prudential’s 2020 Proxy Statement.

GLOBAL ETHICS AND COMPLIANCE DRIVES COMMITMENT TO PRUDENTIAL’S INTEGRITY AND ITS CUSTOMERS
Prudential’s global Ethics and Compliance team is the enterprisewide function designed to foster and promote a culture of ethical conduct based on company principles and values, as well as ensure compliance with applicable policies, standards, and legal and regulatory requirements. Ethics and Compliance is a proactive and independent function that partners with Prudential’s businesses to provide continuous challenge and expertise in their management of compliance risks; thus, enabling compliant growth centered on Prudential’s commitment to do business the right way.

For 2020, Ethics and Compliance’s goals are to continue enhancement of its program to:

<table>
<thead>
<tr>
<th>Ethics and Compliance Goal</th>
<th>How Goal Is Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operate as a global Ethics and Compliance organization</td>
<td>Operating model that:</td>
</tr>
<tr>
<td></td>
<td>• Breaks down silos</td>
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<td></td>
<td>• Engenders collaboration</td>
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<td></td>
<td>• Reinforces continuous improvement</td>
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<tr>
<td></td>
<td>• Shares best practices &amp; capabilities across businesses and geographies</td>
</tr>
<tr>
<td></td>
<td>• Improved effectiveness and efficiency</td>
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<tr>
<td>Adopt a standardized, disciplined and risk-based approach</td>
<td>• Consistent, rigorous, data-driven approach to identify, assess/test and mitigate risk</td>
</tr>
<tr>
<td></td>
<td>• Standardized global policies and programs</td>
</tr>
<tr>
<td>Develop, attract and retain talent to keep pace with a dynamic business and regulatory environment</td>
<td>• Optimized and risk-based allocation of resources</td>
</tr>
<tr>
<td>Enhance technology, data analytics and artificial intelligence capabilities</td>
<td>• Technology-forward mindset driving earlier prevention and detection and greater effectiveness and efficiency</td>
</tr>
<tr>
<td>Foster and promote an enterprisewide culture of ethical conduct</td>
<td>• Drive ethics accountability deeper within the organization</td>
</tr>
</tbody>
</table>

Prudential’s Ethics Office, established in 1994, supports Prudential’s commitment to high ethical standards and the prevention, detection, reporting and resolution of potential misconduct. Senior-level representatives from each of the businesses and corporate groups serve as ethics ambassadors for their organizations around the world.
REVISED CODE OF CONDUCT
Everyone associated with Prudential is responsible to understand and agree to uphold the Code of Conduct titled Making the Right Choices. The Code, available in multiple languages, was revised in March and issued in April 2020 to reflect additional information on information security and privacy and changes in executive leadership, company purpose, principles and tone.

The revised Code includes new principles:

• We do the right thing.
  Above all, we conduct ourselves in an ethical way, recognizing our role as a leader in the global community; we value the trust our customers, employees, investors, partners and communities place in us.

• We take a long-term perspective.
  We are committed to making lives better over the long term by providing solutions that stand the test of time; we anticipate the implications of our decisions now and in the future and take smart risks.

• We win with talent, culture and execution.
  Our diverse talent and inclusive culture give us an advantage in the marketplace and allow us to develop and execute on innovative solutions to address our customers’ challenges as they evolve.

• We make and keep promises.
  We manage our company well and can take on risk for our customers; we live up to our commitments; our ability to make lives better depends on keeping the promises we make over the long term.

These principles guide decision-making and are foundational to how to conduct business, make investments, sell products, support communities and respond to a crisis.

Additionally, the Code evolved to reflect the company’s current culture and to inspire those associated with Prudential to be accountable for their actions and guide them in their decision-making to help mitigate risk and achieve business and talent results.

The Code reflects the core functions of best-in-class, which are to: embody the company’s cultural tone; communicate expectations for workplace conduct; identify resources for employees; reduce legal liability by addressing key risks; and represent a commitment to integrity to internal and external stakeholders.

GLOBAL REPORTING
For the reporting of misconduct, inappropriate business practices, financial reporting concerns and other ethical concerns, Prudential maintains global reporting mechanisms, which are managed by a vendor that provides toll-free 24/7 telephone helplines worldwide and web-based reporting tools with multiple language capabilities. When reporters submit concerns, they receive an immediate acknowledgment of receipt and an invitation to follow up. All incoming matters that are reported to the Ethics Office, regardless of how they are reported, are tracked and referred for review.

The types of reports and inquiries received from stakeholders are related to policies, human resource issues, compliance with laws, conflicts of interest, safety, health and physical environment, career development, and compensation and benefits. These reporters can submit their questions and concerns with their names or anonymously. Historically the company has low rates of anonymous submissions compared to benchmarks, which reflects the speak-up culture. As with most helplines, approximately 65% of the concerns submitted each year are related to interpersonal interactions. The company monitors the trends on inquiries and concerns reported to help shape Prudential’s ethics communication and training plans.

MANAGEMENT’S ROLE
ASSESSING AND MANAGING RISKS AND OPPORTUNITIES
IDENTIFYING, ASSESSING AND MANAGING RISK
Core to the sustainability of Prudential is understanding the risks the company takes and how they impact the promises made. The risk management framework gives visibility into how risks interact through time and under varying degrees of stress. In addition, the company’s culture of transparency and informed decision-making has enabled or strengthened the ability to plan for and mitigate potential risks.

QUANTIFICATION OF RISKS
A critical element of Prudential’s risk management framework is the ability to quantify the risks and understand how risks behave individually and in aggregate. Prudential’s Risk Appetite Framework (RAF) is designed to reasonably ensure that all risks taken across the company align with the capacity and willingness to take those risks. Using the RAF, the company measures, evaluates, and manages its financial risks. The comprehensive models, metrics, and stress scenarios used enable the company to understand its current risk profile as well as how the risk profile may change, given certain events or potential exposures.
The foundation of Prudential’s data-centric risk analysis is stress scenarios. Risk impacts are measured and assessed through a comprehensive and cohesive set of stress scenarios (both hypothetical and historical) using a range of different metrics and varying degrees of severity. This robust stress testing examines the sensitivity of assets and liabilities and how they interact with each other through time to identify places where the company’s capacity may be challenged by the risks taken. These analytics enable Prudential to develop strategies to address extreme and unlikely stress scenarios and implement actions to mitigate any identified risks.

Additionally, the Qualitative Risk Appetite Framework helps the company understand and manage risks that are not easily quantifiable. By continuously scanning the internal environment and reporting findings to leadership and the Board on a regular basis, the company can monitor and mitigate operational risks in qualitative areas such as culture; reputation; compliance with laws, regulations, and policies; and decision-making incentives.
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Prudential by the Numbers
(As of 12/31/19 unless otherwise noted)

$1.377 trillion assets under management

$4.123 trillion gross life insurance in force worldwide

The company measures customer satisfaction with a variety of metrics. These include surveys, customer focus groups and net promoter scores that track referrals from existing customers. Using financial data to assess customer satisfaction is consistent across all Prudential’s businesses. Sales/net flows help potential customers, investors and other stakeholders measure the company’s ability to meet customer needs.

<table>
<thead>
<tr>
<th>Segment</th>
<th>2019 Sales/Net Flows</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Annuities</td>
<td>$9.72 billion in gross sales</td>
</tr>
<tr>
<td>Retirement</td>
<td>$15.05 billion in net flows</td>
</tr>
<tr>
<td>Asset Management</td>
<td>$(0.8) billion in net flows ¹</td>
</tr>
<tr>
<td>Individual Life Insurance</td>
<td>$728 million in sales ²</td>
</tr>
<tr>
<td>Group Insurance</td>
<td>$413 million in sales ²</td>
</tr>
<tr>
<td>International Insurance</td>
<td>$2.64 billion (on constant dollar basis) in sales ²</td>
</tr>
</tbody>
</table>

¹Unaffiliated institutional and retail third-party net flows, excluding money market activity

²Based on annualized new business premiums

TALENT TRANSFORMATION
Talent transformation is an employee-first, tech-enabled, data-driven, outcomes-focused approach to reimagining how we work together across the company. Fundamentally it is about people and culture. The company must ensure people have the appropriate skillsets to drive innovation, productivity and growth while creating a lifelong learning mindset among individuals, teams and across the enterprise. In addition, Prudential needs the businesses to create a future-ready workforce and workplace where employees are equipped with the skills and financial tools to achieve financial wellness.

Developing the talent of the future is about:
• mobility and redeployment of talent
• training, retraining and continuous development of talent to stay ahead of the market
• use of technology to create higher quality, more timely and lower-cost outcomes
• continuous evaluation of outsourced talent options to optimize efficiency

CYBERSECURITY AND PRIVACY
Prudential’s cybersecurity and privacy teams work to safeguard company and customer data. The Board oversees the company’s cyber risk management program. In order to respond to the threat of security breaches and cyberattacks, the group has developed a program, executed by the company’s Chief Information Security Officer and the Information Security Office, that is designed to protect and preserve the confidentiality, integrity and continued availability of all information owned by, or in the care of, the company. Prudential provides two hours of mandatory cybersecurity and privacy training to all its employees on an annual basis using the companywide platform. For employees in Information Security job functions, additional role-specific training prescribed by and tracked by the Information Security Office is instituted. Role-specific targeted privacy training is also provided to employees and tracked by the Global Privacy Office.

Prudential partners with other companies and industries, and law enforcement to communicate information about the latest cyber threats and to leverage threat modeling insights into its cybersecurity program. Continuously, the company tests its technical defenses with internal and external trained professionals seeking to probe the company’s cybersecurity defenses. Included in the cybersecurity program are training initiatives for employees conducted annually, risk assessments and external security audits.

Cross-functional teams participated in new simulated scenarios within Prudential, while company representatives participated in industrywide external scenarios. New technology is constantly being reviewed and implemented to help thwart attacks and prepare the company to respond to those that evade defenses.
Prudential continues to mature its threat hunting and analytics capabilities, proactively searching for and identifying evidence of malicious attacks already inside the network. These processes supplement traditional review of malicious external internet traffic directed at the Prudential network.

Prudential has several channels to inform its customers about its privacy practices. Privacy notices that are provided to customers pursuant to various country and state laws explain how the company generally collects, uses and safeguards customer information. Similarly, the company’s online privacy statements outline how Prudential collects, uses and safeguards information that may be gathered through online interactions. For more information read Prudential’s Form 10-K.

**INNOVATION OF PRODUCTS AND SERVICES**

**ACQUISITION OF ASSURANCE IQ**

In late 2019 Prudential acquired Assurance IQ, Inc., a leading consumer solutions platform for health and financial wellness needs. Using a combination of advanced data science and human expertise, Assurance matches buyers with customized solutions spanning life, health, Medicare and auto insurance, giving them options to purchase entirely online or with the help of a technology-assisted live agent. Assurance’s innovative model also matches consumers with the live agent or specific sales process that is best suited to their needs, resulting in better customer outcomes that drive higher levels of engagement and conversion.

With the use of advanced data science and tech-enabled agents this platform accelerates the strategy and growth potential of Prudential’s business, bringing the company closer to more people across the entire socioeconomic spectrum.

**FINANCIAL PLANNING FOR MILLENNIALS**

For millennials, the path to financial security promises to be rockier than it was for the generations that immediately preceded them. The 2008 financial crisis, student loan debt, and experiencing employers freeze or eliminate their traditional pension plans, have prompted many millennials to envision a long road to retirement. Advisors will need to change how they access, communicate with, and educate a younger clientele. Having already benefited from a proliferation of high-tech innovations over the past two decades—the commercialization of the internet, the advent of smartphones and other mobile technologies, social media, just to name a few—millennials today expect that technology will continue to make their lives easier and more connected. For millennials, access to sound financial advice and solutions over the next several decades will be critical to achieving financial wellness. To read more about financial planning for millennials read Prudential’s insight on this subject.

79% of millennials think it’s likely people will no longer be able to retire comfortably in the future,

Somewhat likely

Highly likely

42%

37%
# Human Capital

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### Prudential by the Numbers

(As of 12/31/19 unless otherwise noted)

**Employees**

51,511 employees and sales associates worldwide including 30,412 located outside of the United States.

<table>
<thead>
<tr>
<th>Women in Leadership (excluding the salesforce)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women on Board of Directors</td>
<td>25%</td>
</tr>
<tr>
<td>Women in Executive Management (3rd level VPs and above)</td>
<td>28%</td>
</tr>
<tr>
<td>Women in Senior Management (1st and 2nd level VPs)</td>
<td>36%</td>
</tr>
<tr>
<td>Women direct reports to the CEO</td>
<td>38%</td>
</tr>
</tbody>
</table>

**Domestic Employees**

<table>
<thead>
<tr>
<th>U.S. Employee Profile</th>
<th>Women</th>
<th>People of Color</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Management</td>
<td>47%</td>
<td>30%</td>
</tr>
<tr>
<td>Total Non-Management</td>
<td>64%</td>
<td>35%</td>
</tr>
<tr>
<td>Total Prudential</td>
<td>52%</td>
<td>31%</td>
</tr>
</tbody>
</table>

**International Employees**

<table>
<thead>
<tr>
<th>International Insurance Employee Profile</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Staff</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>Home Office Staff</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>Management Staff</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>Non-Management Staff</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>Field Sales Staff</td>
<td>57%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Approximately 40% of the almost 290 employees at the El Paso Business and Technology Center are veterans or military spouses.

12.1% Turnover Rate for U.S. employees (excluding salesforce)

(Prudential’s enterprise turnover rate is under the national finance and insurance industry’s average rate of 25%)

Source: Department of Labor – Bureau of Labor Statistics

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## TALENT TRANSFORMATION

“While our talent transformation will be marked by an increased use of technology to meet our customers’ growing expectations, it’s our employees who will lead the company’s reinvention. Companies don’t reinvent themselves—people do.”

*Lucien Alziari, Executive Vice President and Chief Human Resources Officer*

Prudential is building a future-ready workforce and anticipating the skills of the future through a large-scale, transformative initiative that is addressing the impact of rapid changes in customer behaviors and needs, technology and the competition.

A primary goal of this enterprise transformation is to equip the company’s talent with new tools, invest in and enhance skills and create new career opportunities. This means taking a different and accelerated approach to helping the company’s employees prepare for the jobs of tomorrow.

To that end, Prudential created the Skills Accelerator as the foundation for talent development within the talent transformation initiative. Distinct from the company’s existing leadership, talent and training programs, the Skills Accelerator is a personalized professional development platform.

Skills Accelerator enables employees to build an internal profile. Based on this and through the power of artificial intelligence, Skills Accelerator identifies skills, suggests future positions to consider based on skills and experiences and helps employees plan for aspirational roles.

In addition, through curated learning accelerators, employees can explore training pathways to prepare for the future. Topics include key business knowledge about Prudential and why the talent transformation initiative is so important to the company’s success, ways to expand their mindset and develop interpersonal skills for the workplace of the future and a deeper understanding of digital thinking and how the “digital era” is changing the way we do business.

Through these guided learning journeys, career advisory services and the company’s future-oriented talent strategy, Prudential is igniting a purpose-driven workforce and building a robust and diverse leadership pipeline. The company encourages employees to take smart risks, build fully inclusive teams and adopt new behaviors and habits that will attract and retain the best talent.

This year, 4,000 employees adopted the Skills Accelerator for their development; and through February 2020, over 5,000 hours of learning, most of it industry-specific, was consumed through best-in-class providers.
## ATTRACT

### Upskilling Employees

As the world and the workforce are changing, Prudential established career development services with Career Partners available to help guide employees with the necessary tools to take them from “now to next.”

During the workshops, employees learn about tools, resources and new ways to think about their personal career paths. Topics covered in the workshops include creating a skills-based resume, interviewing in a digital environment and leveraging feedback to grow your career.

To date, Prudential completed 35 sessions with approximately 1,000 employees in seven global locations. In addition to workshops, Career Partners offer employees two career advisory sessions per year.

## ENGAGEMENT

Research confirms that an engaged workforce leads to greater productivity, higher profitability, increased customer satisfaction and lower voluntary turnover and absenteeism. Given the importance of employee engagement to business outcomes, Prudential is committed to listening to employees through ongoing surveys and other feedback channels.

Prudential’s strategy for measuring employee engagement involves a model that touches nearly every employee every year. In 2019, the company “listened” to more than 45,000 survey responses across 50 events. Feedback is collected throughout the employee lifecycle to understand experiences, behaviors, attitudes and perceptions of leadership, culture and key organizational issues at any given time.

Most notably, the reach of the EQ, the company’s employee engagement survey, was expanded in 2019 to have consistent administration across the global enterprise for the first time. This provided insights to help leaders better understand and influence employee engagement.

## DEVELOP

### Prudential’s learning and development programs are designed to promote a culture of continuous learning, where employees at all levels and career stages are supported in growing their technical, professional and leadership capabilities.

### DEVELOPING TALENT OF THE FUTURE

Prudential is dedicated to developing the talent of the future, with a focus on people from traditionally underserved and underrepresented markets. This requires a portfolio of strategic partnerships, supported by a $130 million commitment through 2025 to provide young people with the training and tools to access the job market and get on a path to financial security. The cohort known as Opportunity Youth represents a large untapped talent pool. With an eye towards employer demand, and a strong return on student and employer outcomes, these commitments are allowing innovative models to improve, scale and sustain growth.

One such investment: April 2019 marked the opening of the new Newark campus for Per Scholas, a national nonprofit dedicated to providing technology training to minority and underrepresented groups in IT fields; Prudential is a signature founding partner. This location will provide training and professional development to more than 200 area students over the next three years, and two-thirds of them will be Newark residents. The average Per Scholas graduate increases their income by 400%.

### BROAD LEARNING AND DEVELOPMENT PROGRAMS

In 2019, Prudential expanded its digital, mobile-enabled learning interface, myLearning, beyond the U.S. to an additional 1,500 employees in Pramerica (Ireland). MyLearning curates high-quality, on-demand learning resources from multiple internal and external sources. It includes a personalized feed with a social component that empowers employees to easily access impactful content and share their recommendations with others. MyLearning has 6,800 active users, who completed approximately 30,000 pieces of content in 2019.

As Prudential focuses on having world-class talent in critical roles and building the organizational capabilities to win, the company continued to offer classroom-based professional and leadership development opportunities to all employees. In 2019, enterprise programs in the areas of communication, critical thinking, project management, interpersonal skills and self-management were delivered to 560 people. In 2020, to increase scalability and respond to employee feedback, these programs will be refreshed and offered through live, virtual classroom setups.

### LEADERSHIP DEVELOPMENT

In 2019, Prudential provided new developmental opportunities for 35 Prudential leaders by integrating nonprofit pro bono consulting into the company’s overall program offerings. This increased employees’ external
perspectives and provided them an opportunity to work with leaders across the company on projects with strong social impact. In this way, the company is deepening its long-term impact on strategic nonprofit community partners, while simultaneously supporting the personal and professional development of Prudential leaders.

In 2019, a diverse group of 105 select, high-potential leaders took part in the refreshed curriculum of Leadership Programs. Prudential also launched the flagship 18-month Leadership Program for a diverse group of senior executives, which focused on accelerating the development needed to assume the senior-most positions at the company. In addition, the company partnered with Signature Leaders and Women Unlimited to send 97 female leaders to leadership programs across the globe.

In 2020, Prudential will globally launch Leadership Essentials, a multifaceted learning experience focused on the fundamentals of leadership for those who manage others. Leadership Essentials will develop leaders in four areas:

- The Employment Relationship
- Engaging and Delegating
- Managing Performance
- Coaching and Feedback

**HEALTH AND WELLNESS**

Prudential’s Global Health strategy is driven by the growing body of research linking the promotion of health and well-being to workplace business results. Prudential aims to empower individuals, organizations and communities to reach their greatest potential across all dimensions of health: physical, emotional, social, spiritual, financial and cognitive.

The company offers an array of programs designed to support a healthy workplace that maximizes employee productivity and engagement.

**SUPPORTING HEALTH AND WELL-BEING**

In the United States, Prudential’s Global Health organization supports employees through 10 on-site clinics and a range of behavioral health, fitness, nutrition and supportive work/life services. 2019 had 32,000 encounters with an on-site clinical nurse specialist. Employees’ dependents also have access to many of these free offerings.

An extensive behavioral health program provides programs and services, including confidential counseling, life, budget and adult care coaching, topical webinars, mindfulness, serenity rooms and work-life referral services.

On-site Behavioral Health programming provided more than 800 trainings and awareness sessions, which benefited more than 7,000 employees. An alternative work arrangement program further supports the company’s commitment to well-being by recognizing the importance and value of a flexible work schedule.

In addition, the company continues to expand services, such as the Employee Assistance Program, to international locations.

Providing a safe and healthy work environment for all employees, contractors, clients, visitors and members of the public across its facilities and operations is critical to Prudential. The company’s Occupational Health and Safety Statement further explains the company’s commitment.

Access is facilitated through accessibility assessments, assistive technology and leveraging disability awareness seminars. In addition, a robust centralized accommodation process impacted over 1,000 employees in 2019. Prudential has been recognized as a leading disability employer and a top company for people with disabilities.

Prudential provides short-term disability benefits for home office and field management employees with six weeks paid at 100% of eligible earnings. The parental leave policy offers 10 weeks of full pay to care for a new child. For birth mothers who generally combine short-term disability with parental leave, the total period of 100% paid time off available is 16 weeks.

**RETAIN**

The company’s Board believes that a balance of director diversity and tenure is a strategic asset to its investors. The range of the Board’s tenure encompasses directors who have historic institutional knowledge of Prudential and the competitive environment, complemented by newer directors with varied backgrounds and skills. This robustness of refreshment strategy combines experience and continuity with new perspectives.

It is of critical importance to the company that the committee recruit directors who help achieve the goal of a well-rounded, diverse Board that functions respectfully as a unit.
The committee expects each of the company’s directors to have proven leadership skills, sound judgment, integrity and a commitment to the success of the company. In evaluating director candidates and considering incumbent directors for nomination to the Board, the Committee considers each nominee’s independence, financial literacy, personal and professional accomplishments, and experience considering the needs of the company. For incumbent directors, the factors also include attendance, past performance on the Board and contributions to the Board and their respective committees.

EMPLOYEE ENGAGEMENT, INCLUSION & DIVERSITY

Prudential believes that inclusive culture attracts, retains and engages diverse talent to help make lives better for a broader group of customers and other stakeholders. This is key to expand the company’s market presence and drive economic growth.

Prudential draws talent from all over the world, but diversity is not enough; to be truly inclusive, all employees must feel empowered to bring their insights and experiences to the table.

This commitment to inclusion takes many forms and starts with Prudential’s leaders. In December, Prudential created its first executive-level Enterprise Inclusion Council, tasked with ensuring C-suite accountability for inclusion and diversity, and giving leaders a forum to better understand the perspectives and experiences of employees from all walks of life. The council is chaired by Prudential Chairman and CEO Charlie Lowrey and comprised of executive and senior leaders, including the heads of Prudential’s Business Resource Groups (BRGs).

Prudential’s eight BRGs are employee-led organizations designed to promote diversity in alignment with strategic business goals. Members can grow professionally, expand their networks and make an impact in their communities of interest.

Last year brought a redoubled commitment to drive inclusive culture and market insight in partnership with the BRGs. In addition to their front-line work fostering inclusive culture and equity, they also were drivers of business execution, helping to ensure that business solutions reflect the diversity of customers. This commitment included the hiring of a director-level position overseeing the strategic direction of these groups, and the introduction of several new executive sponsors.

Prudential’s Business Resource Groups

- ADAPT: Abled & Disabled Associates Partnering Together
- APA: Asian/Pacific Islander American Association
- BLF: Black Leadership Forum
- PRIDE (LGBTQ)
- Generations (promoting open dialogue across generations)
- Juntos (Latinos and allies)
- VETNET (military, veterans and veteran supporters)
- Women Empowered

For the company’s presence outside the United States, there are many inclusion and diversity (I&D) efforts and programs including in Japan.

Prudential’s businesses in Japan focus on diversity-based management. To continuously promote this objective, over 100 Prudential senior leaders attend the Executive Officers Conference. In addition to this conference, several conferences were organized for other employees to build a foundation for promoting and understanding diversity. Prudential’s gender program aligns with the Japanese government’s Womenomics program that fosters economic growth with gender equity in the workplace.
Over the course of 2019, inclusion and diversity programs focused on newsletters and numerous roundtable discussions in Japan.

The roundtable topics encompassed diversity management and female leadership. For the female leadership event, the keynote speaker was Stacey Goodman, Prudential’s Chief Information Officer. During International Women’s Day, Japan hosted an event with UNICEF’s goodwill ambassador and senior advisor. This event had a video message from Kathy Sayko, PGIM’s Chief Diversity Officer. The Japanese businesses continue to actively communicate with Prudential Financial to foster an inclusive and diverse culture.

The Prudential group in Japan promotes Prudential ALLY members and participated in the Tokyo Rainbow Pride 2019 day as LGBT Finance, comprising Japanese financial institutions.

In 2019, PGFL received the Kurumin certification, child care support company certification granted by the Ministry of Health, Labor and Welfare. Currently all three of Prudential’s Japanese insurance operations are granted as child care support companies.

Gender Equity and Career Ascension

In June 2019 Caroline Feeney, Individual Solutions Group CEO, discussed gender equity and career ascension for female leaders in an interview with Daniela Pierre-Bravo of NBC News’ “Know Your Value” program at the very first ASCEND Summit in New York City.

Organized in partnership with the Columbia Business School, the ASCEND Summit brought together both male and female leaders from business, government, education, and nonprofit organizations to cover topics including empowering women and taking inclusion and diversity to the next level.

Prudential strives to have a fully inclusive culture that recognizes the power of diversity to make the company stronger and better as an employer, community partner and business. The company promotes equity throughout the talent lifecycle and in decision-making so that employees can thrive regardless of age, race, color, sex, sexual orientation, gender identity, national origin, genetics, disability, age, veteran status or military obligation.

Inclusion and diversity initiatives ensure that business solutions reflect the diverse perspectives of employees and customers, drive inclusive economic growth, and meet the financial challenges of the changing world.

Examples of high-impact work:

- Senior Leader Accountability – Long-term incentive compensation for all executives at the senior vice president level and above is subject to a performance objective intended to improve the representation of diversity among senior management.

- Inclusive Markets Summit – For the third year, Prudential convened leading thinkers from the corporate, nonprofit, startup and academic sectors to identify and overcome the key financial challenges faced by America’s financially vulnerable populations.
Prudential has policies that expressly define and prohibit practices associated with money laundering, bribery and corruption. Prudential reviews and updates these policies to align with industry best practices as well as regulations.

All Prudential employees, including management and executives, are trained on these policies and their implementation during the onboarding process. An annual refresher training is provided to employees in the United States on these subjects. For Anti-Money Laundering (AML), additional training is provided to employees with AML-related responsibilities. For Anti-Bribery/Anti-Corruption, more advanced training is periodically provided to employees with a nexus to government officials outside the USA.

In 2015, for Anti-Bribery/Anti-Corruption (ABC), Prudential rolled out its first web-based training for key employees, and as of 2019, the company has partnered with a globally recognized organization to produce content for its training courses. Prudential has a rigorous customer due diligence program (Know Your Customer). The Anti-Money Laundering Unit facilitates the review of prospective and current clients and their transactions for potential money laundering and terrorist financing activities. Prudential and its global businesses implement anti-money laundering programs in accordance with applicable laws and regulations.

Covered financial institutions pursuant to the USA Patriot Act have policies and procedures to comply with the record keeping, reporting and audit requirements of the Act.

Additionally, Prudential’s covered financial institutions have implemented Customer Due Diligence Requirements. Anti-Bribery/Anti-Corruption (ABC) Compliance manages the development and coordination of Prudential’s ABC Policy and Standards, which includes compliance with the Foreign Corrupt Practices Act. The ABC team is responsible for oversight of the ABC system, which maintains documentation of gifts, entertainment, and items of value given to non-U.S. government officials.
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**Prudential by the Numbers**

(As of 12/31/19 unless otherwise noted)

- $46.8 million in grants to nonprofit organizations through The Prudential Foundation.
- $171 million in impact investments to nonprofits and businesses that seek to create both a financial and social return.
- $25 million in corporate contributions to nonprofit organizations.
- $8.3 million in matching gifts made by employees to nonprofit organizations.
- More than 80,000 volunteer hours contributed by U.S. employees impacting local communities across the country.
- Diverse-owned firms acted as agents to repurchase over $1.1 billion in shares of Prudential’s common stock.

**CORPORATE SOCIAL RESPONSIBILITY**

Prudential has long known that building a successful business takes more than strong financial returns; it is also about creating value for all the company’s stakeholders. That’s why Prudential is dedicated to harnessing the power of the capital markets to drive inclusive economic growth and create pathways to financial wellness for all. Through the company’s investments in people, communities and institutions, the company cultivates long-term partnerships that are uniquely positioned to solve the complex problems of the changing world. This work is not only a catalyst for social change, but it is also finding, funding and incubating unconventional solutions to meet business challenges.

**CULTIVATING THE NEXT GENERATION OF NEWARK LEADERS**

In May 2019, Prudential announced a $10 million commitment to the Honors Living-Learning Center (HLLC) at Rutgers University’s Newark campus to create a cohort of HLLC students known as Prudential Scholars. In addition to covering the cost of tuition, fees, room and board, these funds will provide the scholars with access to civic leadership training and mentoring opportunities designed to help them become agents of positive change in Newark. The donation is the largest in Rutgers-Newark’s history.

Prudential Scholars will be housed in a new, state-of-the-art HLLC building on Washington Street, which was developed as a public-private partnership with Newark-based developer RBH Group. The first cohort, drawn from Newark-area high schools and two-year colleges, is expected to enroll this fall.

“As a company founded and headquartered in Newark, we have a responsibility now more than ever to work together, as public-private partners, and provide local Newark students with access to the knowledge and resources they need to succeed,” said Prudential Vice Chairman Rob Falzon.

“HLLC is that solution for the City of Newark and the next generation of leaders that will come from the company’s city. Prudential’s support of this program helps us stay true to our mission of helping individuals achieve financial and social mobility, while also investing in the future workforce that the world needs.”

**ENGAGING EMPLOYEES THROUGH GIVING**

Prudential has a long tradition of providing employees with meaningful, targeted opportunities to support the causes and communities close to their hearts. This, too, is both the right thing to do and a business advantage; multiple studies have shown that engagement and connection drive a measurable increase in employee productivity and retention.

For example: Prudential’s “PRU Bono” program brings employee talent and expertise to bear on challenges facing the communities where employees work and live. Through long-term pairings and one-day marathons, employees provide pro bono services to dozens of nonprofits and small business partners every year. Prudential employees assist with a wide range of projects, including developing and improving communications plans, financial infrastructure, HR systems and revenue models.

A snapshot of 2019 employee giving:

- Nearly $9 million donated to 6,000+ charitable organizations (inclusive of retirees).
- 80,000+ hours of volunteer service, driven in part by the company’s local-level, employee-run Corporate Engagement Councils.
- 100 team-building projects tailored to meet the goals of individual businesses.
- Nearly 8,400 hours of business consulting donated to partner charities and businesses through the PRUBono program.
- 20 diverse director-level employees placed on nonprofit boards through Prudential’s Board Service Program.
Prudential Partnering with UNICEF to Protect Children Before, During, and After Emergencies Strike

Prudential has been a longtime U.S. Fund for UNICEF partner. The company is committed to helping UNICEF reduce the impact of emergencies on the most vulnerable children through innovative and strategic investments covering the full range of humanitarian response.

**Preparedness:** Providing grant funding to help incorporate disaster risk reduction strategies into all of UNICEF’s work.

**Immediate Relief:** Providing a grant to the Mercury Fund, a dedicated pool of first-out-the-door dollars for emergencies and providing social impact loan commitments to accelerate funding for vital supplies.

**Building Back Better:** Providing grant funding to incorporate disaster risk-reduction learnings into rebuilding efforts, following an emergency.

**Partnership Highlights:**
- Partner since 2006.
- $25 million in social impact loan commitments to UNICEF Bridge Fund.
- Over $9 million in grants from the Prudential Foundation.
- Support for UNICEF’s emergency response efforts in 6 major humanitarian crises to date.

INVESTED ASSETS OF ESG

Prudential’s Global Environmental Commitment issued in December 2019 committed the company to provide more transparency around the allocations within the General Account. Prudential’s Chief Investment Office (CIO) developed ESG Positive (ESG+) analysis to aggregate and publish information and progress on General Account ESG investment allocations. This methodology classifies a variety of asset classes. For example, the CIO defines ESG+ in:

- **Public Corporate Bonds** using MSCI ESG Rating – high investment grade and green bonds.
- **Securitized Products** using an internal proprietary rating methodology.
- **Private Assets** as asset categories that fall under the Environmental, Social and/or Governance classification. Examples of investment types are green certifications, renewable energy, education, affordable housing, food and water.
- **Equity** using an internal scoring methodology.

**GENERAL ACCOUNT PORTFOLIO**

- Approximately $183 billion (or about 34%) of the General Account’s assets have some form of ESG identifier; either a rating from an external source or classified according to an internal rating approach.
- While external rating sources are becoming more prevalent, they remain difficult to benchmark against each other and approaches vary greatly. Currently, most PGIM asset managers who manage General Account assets either have or are working on their own rating approach. Over the next few years, Prudential’s plan is to use internal ratings which would help provide more insight.
- From the pool of assets with an available ESG identifier, the Chief Investment Office established criteria for each asset class to define ESG+ investments.
- Each asset class has a different methodology and means of classification based on its relevant and available data, as described above.
- To enhance this work in 2020, Prudential’s Chief Investment Office is conducting a carbon footprinting and climate-scenario analysis of the portfolio.
IDENTIFIABLE ESG ASSETS (Approximately $183B)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Corporates</td>
<td>$114</td>
</tr>
<tr>
<td>Structured Products*</td>
<td>$33.1</td>
</tr>
<tr>
<td>Privates</td>
<td>$5.6</td>
</tr>
<tr>
<td>Mortgages</td>
<td>$12.9</td>
</tr>
<tr>
<td>Alternatives</td>
<td>$2.4</td>
</tr>
<tr>
<td>Equity</td>
<td>$1.4</td>
</tr>
<tr>
<td>Government</td>
<td>$13.8</td>
</tr>
</tbody>
</table>

*Structured Products is made up of Agency MBS, Agency CMBS, CLOs and ABS.

IMPACT INVESTING
Prudential’s Impact and Responsible Investing (IRI) portfolio is managed for impact and built around themes based on factors including unmet social needs and alignment with Prudential’s business goals. IRI manages a standalone impact investment portfolio, and recently reached its goal of $1 billion in assets under management by 2020.

Prudential formalized its Impact Investing unit more than 40 years ago and since then, the investing team is 58% diverse and 33% female. In 2019, Impact Investments originated an additional $171 million of investments, including a first-of-its-kind investment to support the implementation of a cutting-edge stormwater retention technology that will reduce the harmful effects of stormwater pollution around the Chesapeake Bay in the United States.

31% Transformative Developments – Quality places to live and work in underserved areas

21% Financial Inclusion – Access to affordable banking and other financial services

18% Education and Future of Work – Improvements to PreK-12 programs, plus reskilling initiatives

17% Affordable Housing – Includes bringing services and opportunities to residents

7% Impact Innovation – Advancing the field of impact investing

6% Resilience – Sustainability projects that preserve and protect equitable access to natural resources

THE BILLION-DOLLAR BREAKDOWN
Equitable Access to Capital

Equitable access to capital promotes growth, opportunity and overcoming financial barriers to success. Active allocation of Prudential's resources to diverse organizations allows these firms to create a positive, measurable impact on communities and clients.

Prudential continues to focus on active participation by diverse banks in the company's capital markets transactions, including debt issuances and share repurchase activities. In 2019, diverse-owned firms acted as agents to repurchase over $1.1 billion in shares of Prudential's common stock, as well as co-managers on the issuance of $2.5 billion of debt.

As of December 31, 2019, relationships across Prudential with women and minority-owned firms totaled $900 million invested (AUM & AUA).

PUBLIC ADVOCACY

The decisions made by the government have a tremendous impact on how Prudential operates as a public company and competes in the global marketplace. Prudential’s External Affairs’ strategic initiatives include:

- Maintaining an active profile in legislative and regulatory processes.
- Informing and advising in the public policy arena on a wide range of issues that are important to the company’s shareholders, customers, and employees, including promoting retirement savings and guaranteed lifetime income.
- Participating in several trade associations, industry groups and other public policy forums representing the interests of insurance, retirement and asset management.
- Supporting core business growth and future growth opportunities.
- Sponsoring political action committees (PACs) to provide a voice for the company and supporting its participation in the American democratic process.

To accomplish this, the company maintains a presence in the public policy arena to express its viewpoints to legislators and regulators on key matters that impact how the company operates as a business.

External Affairs at a Glance

21 Government Affairs Professionals

- 4 federal lobbyists based in Washington, D.C.
- 6 state lobbyists located across the country with regional responsibilities
- 6 policy experts
- 4 international lobbyists/policy experts
- 1 PAC director

Focused on state, federal and international legislative and regulatory lobbying

Policy Development Activities

Communications

Manage Prudential PACs

Prudential sponsors a variety of initiatives to help support an active profile in legislative and regulatory processes. Such sponsored activities include direct engagements with state and federal lawmakers and regulators, partnerships with trade organizations, operation of political action committees and, to a lesser extent, the use of corporate funds to support political organizations.

Prudential’s Political Activities and Contributions annual report provides detailed information on Prudential’s sponsored political contributions and annual association dues, assessments and contributions to trade associations exceeding $10,000.
RESPONSIBLE PURCHASING

Prudential is committed to using a diverse supply chain. The company’s purpose and commitment to inclusion and diversity are foundational to the goal of the supplier diversity program: fueling the financial growth and development of diverse supplier communities. Information on the types of businesses considered diverse is available at www.prudential.com/supplierdiversity.

Leveraging Prudential’s operating model, category-specific targets have been set to further identify opportunities and drive results. As a result of the partnership with stakeholder groups, the company will gain a $9.5 million incremental annual diverse spend across a broad range of diverse suppliers in 2019/2020. The 2019 impacts are evident: full year 2019, Prudential’s spend with diverse firms (Tier 1) increased nearly 20% in 2019, over 2018.
# ENVIRONMENT

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<th>Page</th>
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<td>Environmental, Social and Governance Risk Exposures</td>
<td>37</td>
</tr>
<tr>
<td>Emissions, Waste, Water and Recycling</td>
<td>40</td>
</tr>
</tbody>
</table>
INVESTING TO MITIGATE CLIMATE CHANGE

OPERATIONAL MEASURES TO MITIGATE CLIMATE CHANGE

As reported in Prudential’s Global Environmental Commitment issued in December 2019, to minimize the waste impacts and paper consumption associated with doing business, the company will continue to prioritize initiatives such as participation in direct deposit, “householding” to reduce the number of mailings or proxy materials going to the same household, and electronic delivery and completion of forms. When paper use is unavoidable, Prudential will partner with vendors who practice and supply paper that adheres to sustainable practices.

Prudential is committed to ongoing sustainability and reducing reliance on paper communications to customers. The Zero Paper aspiration will advance digital transformation, reduce costs and improve the customer experience. Multiple initiatives are underway internally to advance the awareness of the current paper consumption and to drive consistency, efficiency and simplification across the company’s customer communications.

To offset carbon emissions for U.S. employees’ business travel in 2019, Prudential and PGIM purchased high-quality environmental instruments from Natural Capital Partners. The company earned CarbonNeutral® business travel certification in accordance with The CarbonNeutral Protocol. Carbon offsets are generated from independently verified projects including global renewable energy and forest conservation projects in China, India, New York state, Brazil, Colombia and Mexico.

INVESTING TO MITIGATE CLIMATE CHANGE EXAMPLES

Prudential’s portfolio of renewable energy generation investments.

<table>
<thead>
<tr>
<th>Prudential’s portfolio of renewable energy generation investments</th>
<th>12/31/2019</th>
<th>12/31/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Debt/Equity Renewables Portfolio Market Value</td>
<td>$4.18 billion</td>
<td>$4.17 billion</td>
</tr>
</tbody>
</table>
PRIVATE DEBT/EQUITY RENEWABLE ENERGY INVESTMENTS (as of December 31, 2019)

- **Solar**: 38%
- **Wind**: 32%
- **Hydroelectric**: 18%
- **Geothermal**: 10%
- **Biomass**: 2%
- **Other**: 1%

$4.2 Billion Total

**FHA/AGENCY MULTIFAMILY ORIGINATIONS GREEN PROGRAM**

In 2019, 15% of PGIM Real Estate Finance’s total FHA/agency multifamily originations have been through green programs, 29% in 2018. The volume continues to decline solely because in 2019, the Federal Housing Finance Agency (Fannie Mae and Freddie Mac’s regulator) changed the requirements for green financing by increasing the required energy and water savings to qualify. This resulted in reduced production as the cost to implement the savings was too great for some properties. In addition, in 4Q 2019, the revised FHFA scorecard removed green financing from the volume cap exclusion, which significantly reduced the financing benefit of a green loan. It is expected PGIM REF will have a further decline of green production in 2020 as it will be an entire year under the new scorecard regime.

**GREEN BUILDING**

PGIM Real Estate invests across all property sectors throughout the United States, including office, retail, multifamily, as well as industrial, storage, senior housing, land and manufactured housing. The business’s ESG objectives are to increase operational efficiencies and cost savings, to become a landlord of choice and align values with stakeholders. During 2019, PGIM Real Estate submitted 15 submissions to the 2019 GRESB survey representing more than 75% of PGIM Real Estate’s global AUM as of December 31, 2018. As of December 31, 2019, PGIM Real Estate managed 20.3 million square feet of LEED certified U.S. real estate totaling $10.9 billion (GAV). Global certifications totaled $18.1 billion (GAV) covering 31.9 million square feet.

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISK EXPOSURES**

Prudential is constantly analyzing implications of ESG for the company and its stakeholders. Analyzing ESG risks is an economic imperative for the company: as a long-term investor, the company is focused on understanding the risk to assets if business models are no longer favored by investors or become distressed or irrelevant. The Enterprise Risk Management group (ERM) regularly performs analyses on segments of the portfolio in order to identify where it may be exposed to transforming business models and works with the Chief Investment Office to mitigate those risks.

As Prudential looks to the future, ESG risks are significant and bring a high degree of uncertainty in the form of potential disruption to environmental, financial, and social ecosystems. This will create new economic realities and inspire reactions from policymakers, investors, and other stakeholders. The company must understand how these developments will impact the business models of the companies in which it invests, and the Prudential business model itself. Some examples of disruption include:

- A rapidly warming environmental ecosystem which may lead to outcomes such as an increase in the frequency and intensity of storms, a rise in sea levels near major cities, the spread of tropical diseases, and a decline in food production. These scenarios would have profound impacts around the world and on the company’s business.
• The financial ecosystem of the world is also rapidly changing as corporations and governments become more indebted, creating potential imbalances between the supply and demand for all types of publicly traded debt. This potential volatility makes factors such as interest rates, default probabilities, and the future valuation of assets particularly hard to assess. Developing broad understanding of impacts from these imbalances—and developing strategies to cope with them—is critical for Prudential.

• Social challenges will be exacerbated by negative changes to the environmental and financial ecosystems. On the environmental side, there could be impact on the health of policyholders, employees, and other stakeholders. On the financial side, income inequality that constrains access to health care is a major concern. Prudential has an ongoing focus on developing talent and providing opportunities that raise living standards and help make society more productive.

As the company works toward identifying, understanding and mitigating the impacts of these ecosystem changes, Prudential must also consider the potential policy implications of these complex issues. Political and regulatory reactions can change the environment in which the company operates, and these reactions can be unpredictable and create volatility. Prudential is actively engaged in the political and regulatory arenas to keep its knowledge high and to influence policy and avoid negative outcomes where possible. The company plays an active role in advocating for environmental and social changes as it seeks to achieve policy solutions that help to address issues while also creating economically sustainable outcomes for society.

Finally, Prudential is committed to effective, consistent, and transparent corporate governance. This becomes even more critical during times of stress and evolution, including the potential disruption that could result from future ESG issues. Prudential’s risk management framework supports this objective with formal processes and governance systems that facilitate open communication and effective challenge, ensuring that diverse views are considered, and constructive engagement takes place.

In conclusion, sustainability is at the core of everything Prudential does. This focus on sustainability is critical to Prudential’s central tenet of doing the right things, taking a long-term perspective and delivering on our promises over time.

SOURCING AND PROCUREMENT

The sourcing and procurement organization drives value by leveraging Prudential’s buying power to optimize quality, service levels, and price with vendors while mitigating risk for products and services. For more information visit the Vendor Code of Conduct and Terms of Engagement.

Environment: Information Technology (IT) products, procurement lifecycle, responsible reuse, recycling and appropriate disposal are key components of Prudential’s supplier sustainability program. Products such as cell phones or tablets are disposed of by vendors experienced in cybersecurity as well as environmentally responsible practices. All IT equipment is properly sanitized or destroyed in line with externally accepted standards and practices prior to disposal. Prudential also strives to purchase or lease hardware with energy-efficient certifications. For example, all managed print devices, approximately 1,500, have energy-efficient certifications.

By purchasing from companies that share the company’s commitment to sustainability, Prudential leverages the suppliers’ sustainability practices and/or uses their expertise to implement process improvements. For example, the company’s print sourcing process specifies the use of vegetable or soy-based inks and the company’s print contracts stipulate adherence to the Lacey Act in procurement of paper.

The paper program ensures a responsible and sustainable lifecycle of paper and printed materials. Over 67% of the paper was purchased under programs which ensure pulp suppliers support and practice responsible forest management. In addition, 2.6% of the company’s paper includes at least 10% post-consumer recycled content.

Annually, working with the food services vendor, the company has eliminated an estimated 70,000 bottles of water by using water dispensers for catered events. In the cafeterias, approximately 5,680 pounds of plastic were eliminated by switching containers from plastic to paper.

For purchased office supplies, the ordering system encourages sustainable practices such as the purchase of recycled products and increased average order size. More than 14% of purchases were recycled products. Approximately 36% of the recycled office products purchased contained 30% or more recycled content.

PGIM’s Upcoming Megatrends

Climate Change Paper

PGIM, Prudential’s global investment management division, issues long-term views on the investment implications of global megatrends. The PGIM thematic research group examines secular macro trends that unfold over years and provide multi-asset investment implications. Most recently, PGIM issued The Future Means Business, which focused on disruptive forces leading to the emergence of three new business models that are radically changing the investment calculus for institutional investors. Past research includes The Technology Frontier, End of Sovereignty, and Emerging Markets at the Crossroads. In 2020, PGIM will focus on climate change’s global impact and the long-term effects on the broader economy.
GREEN BOND ISSUANCE
Prudential issued the firm’s first green bond, furthering the company’s commitment to sustainable investments which deliver a positive environmental impact.

Highlights from the transaction are:
• First U.S. Insurer to publish a Green Bond Framework.
• First U.S. insurer to issue a green bond.
• Positive Second-Party Opinion from Sustainalytics.

The green bond has a principal amount of $500 million, representing the first by a U.S. life insurer. The green bond was offered alongside an additional $1 billion of Prudential debt on March 5, 2020.

Net proceeds from the green bond will be allocated exclusively to existing or future investments which provide environmental benefits including reduced greenhouse gas emissions and improved resource efficiency.

At the end of March 2020, Prudential’s green bond was included in the Bloomberg Barclays MSCI Green Bond Index, an independent, research-driven methodology to evaluate index-eligible bonds to check adherence to established green bond principles and to classify them by their environmental use of proceeds.

The following eligible categories for the use of the net proceeds align and advance the United Nations Sustainable Development Goals (SDGs).

<table>
<thead>
<tr>
<th>ELIGIBLE CATEGORIES</th>
<th>UN SUSTAINABLE DEVELOPMENT GOAL ALIGNMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable energy</td>
<td>7 REASONABLE AND CLEAN ENERGY</td>
</tr>
<tr>
<td>Green buildings</td>
<td>11 SUSTAINABLE CITIES AND COMMUNITIES</td>
</tr>
<tr>
<td>Environmentally</td>
<td>15 LIFE ON LAND</td>
</tr>
<tr>
<td>sustainably</td>
<td></td>
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<tr>
<td>management</td>
<td></td>
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<tr>
<td>of living natural</td>
<td></td>
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<tr>
<td>resources and land</td>
<td></td>
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<tr>
<td>use</td>
<td></td>
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<tr>
<td>Energy efficiency</td>
<td>7 REASONABLE AND CLEAN ENERGY</td>
</tr>
<tr>
<td>Clean transport</td>
<td>11 SUSTAINABLE CITIES AND COMMUNITIES</td>
</tr>
<tr>
<td>Sustainable water</td>
<td>6 CLEAN WATER AND SUSTAINABLE</td>
</tr>
<tr>
<td>and wastewater</td>
<td></td>
</tr>
<tr>
<td>management</td>
<td>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</td>
</tr>
<tr>
<td>Pollution prevention</td>
<td></td>
</tr>
<tr>
<td>and control</td>
<td></td>
</tr>
</tbody>
</table>

To learn more about Prudential’s Green Bond Framework and the Sustainalytics Second-Party Opinion visit the investor relations homepage.
In early 2019, Prudential Financial finalized its refreshed global environmental commitment, which includes a set of quantitative and qualitative targets for its business globally, aimed at reducing its overall environmental impact of its operations. Among these targets is a quantitative greenhouse gas (GHG) reduction goal of 65% by 2050 (for U.S. domestic sites initially) that was based on historical GHG data and modeled around a science-based approach to help embed rigor and align with best practice. To facilitate consistent reductions over this long-term time period, Prudential elected to set interim goals of a 34% reduction by 2030 and 52% reduction by 2040 compared to its 2017 baseline domestic emissions. To learn about 2019 progress against the Global Environmental Commitment for 2019, please visit Prudential’s Global Environmental Commitment webpage.

In 2019, Prudential quantified GHG emissions from all 34 operationally controlled, corporate owned or leased “Home Offices” and data centers located in the United States, Brazil, Japan, South Korea, and Taiwan. This formal inventory process used the operational control approach per the World Resource Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol (GHGP) to define its organizational boundaries. Under this approach, Prudential accounted for a significant portion of its Scope 1 and Scope 2 GHG emissions from these domestic and international sites. Prudential maintains an Inventory Management Plan (IMP) which records institutional, managerial, and technical procedures and processes used annually to collect and manage reliable quality GHG data.

Consistent with previous years, Prudential conducted and reported on a baseline analysis of three greenhouse gases: CO₂ (carbon dioxide), CH₄ (methane) and N₂O (nitrous oxide). Prudential has not yet quantified emissions from refrigerant sources and therefore HFCs (hydrofluorocarbons) are not currently included in its inventory but will be included in future inventories. Prudential has not yet quantified any GHG emissions related to gasoline or diesel from operationally controlled, owned, and leased vehicles, but will evaluate and include in future inventories.

Scope 1 emissions are identified as stationary combustion (e.g., natural gas, propane for heating, diesel used in emergency generators), mobile combustion (e.g., leased vehicles for executive transport, employee shuttles, corporate aircraft) and refrigeration/air conditioning equipment use. Scope 2 emissions are indirect emissions from acquired electricity, steam, heat and cooling. Prudential does not purchase any steam, heat nor cooling. Scope 3 emissions in Prudential’s GHG inventory business travel (including commercial air transport, intercity rail, employee mileage reimbursements, public transit, rental cars and hotel stays) as well as from fuel and energy-related activities not included in Scope 1 and Scope 2 (FERA). Prudential will continue to assess, gather data, quantify and include Scope 3 GHG emissions for upstream and downstream categories that are relevant and material to its business.

In its continued efforts to ensure the quality and accuracy of its GHG emissions data, Prudential once again engaged a third-party verifier (Lloyd’s Register Quality Assurance) to review and provide limited assurance of its 2019 Scope 1, Scope 2 and Scope 3 Business Travel GHG emissions.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio Square Footage</td>
<td>8,302,095</td>
<td>8,302,095</td>
<td>8,653,579</td>
<td></td>
</tr>
<tr>
<td>GHG Emissions Scope 1 (MT CO₂e)</td>
<td>17,247</td>
<td>9,077</td>
<td>8,143</td>
<td></td>
</tr>
<tr>
<td>GHG Emissions Scope 2 (MT CO₂e)*</td>
<td>54,652</td>
<td>58,221</td>
<td>57,078</td>
<td></td>
</tr>
<tr>
<td>GHG Emissions Scope 3 (MT CO₂e)</td>
<td>29,598</td>
<td>13,375</td>
<td>10,380</td>
<td></td>
</tr>
<tr>
<td>Energy Consumed</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stationary Combustion (MMBTU)</td>
<td>154,228</td>
<td>181,666</td>
<td>164,349</td>
<td></td>
</tr>
<tr>
<td>Purchased Electricity (kWh)</td>
<td>139,992,142</td>
<td>146,039,158</td>
<td>143,796,398</td>
<td></td>
</tr>
</tbody>
</table>

Notes:

*Scope 2 location-based emissions are reported above for comparison with historical year.

2016 was the first year that international sites were incorporated into Prudential's GHG Inventory and was selected as the new base year. As a result, comparisons made below are only for performance among 2016, 2017, 2018 and 2019:

The company’s Scope 1 and 2 GHG emissions (i.e., energy used in buildings) increased by 6.8%.

In 2019, Scope 1 emissions from diesel used in emergency generators at U.S. buildings, corporate aircrafts, leased vehicles for executive transport, employee shuttles and building refrigerants were quantified and added to the inventory.

The company’s total GHG emissions Scope 1, 2 and 3 (Scope 3 includes emissions from Business Travel and from fuel- and energy-related activities not included in Scopes 1 and 2) increased by 21.0%.

Compared with 2018, the company increased its Scope 3 emissions from business travel by 121.0%. This significant increase may be attributed to two main changes to the inventory:

- In 2019, Scope 3 emissions from employee mileage reimbursement, public transit—taxi/livery, bus ferry, rental cars and hotel stays were added to the inventory.
- A change in the use of emission factors sourced from U.S. Environmental Protection Agency (EPA) to DEFRA. This switch was due to more granular air travel activity data being available in CY2019, which included not only haul distance but also seating class. The DEFRA factors are much better suited to this level of data granularity.

<table>
<thead>
<tr>
<th>NORMALIZATION BY FLOOR AREA</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1-2</td>
<td>0.0086604</td>
<td>0.0081061</td>
<td>0.0075369</td>
<td>0.0082017</td>
</tr>
<tr>
<td>Scope 1-3</td>
<td>0.0122255</td>
<td>0.0097172</td>
<td>0.0087364</td>
<td>0.0096704</td>
</tr>
<tr>
<td>FERA – Scope 3 (MT CO₂e)</td>
<td>18,723</td>
<td>18,628</td>
<td>18,247</td>
<td>17,881</td>
</tr>
<tr>
<td>Business Travel (FERA MT CO₂e)</td>
<td>48,321</td>
<td>32,003</td>
<td>28,627</td>
<td>29,577</td>
</tr>
</tbody>
</table>

Notes:

Changes in square footage between 2019 and historical years may be attributed to the following: integrating select international locations (home offices and data centers) that are owned or operationally controlled in 2017; the dynamic nature of office space used among the POJ, PGFL and GIB businesses in Japan; and, improved accuracy in 2019 of floor area among all international businesses.

For domestic business, floor area for Moosic was missing and added for both 2018 and 2017. The Sunnyvale location was also added to the inventory in 2018. These activities have led to a restatement of floor areas in historical years 2016–2018 to correct reported unit values for floor areas and resulting erroneous conversions; and to enable comparability among normalization metrics. These values reported above have therefore changed from those reported in the 2018 Sustainability Report. Scope 3 GHG emissions for upstream fuel- and energy-related activities (FERA) not included in Scopes 1 and 2 were also recalculated for 2016–2018 and updated given all the changes in the inventory numbers described.
## WATER, WASTE AND RECYCLING

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>2019 (Domestic &amp; international data)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recycling¹ (tons)</td>
<td>1,437</td>
<td>1,328</td>
<td>1,026</td>
</tr>
<tr>
<td>Waste² (tons)</td>
<td>2,009</td>
<td>1,235</td>
<td>1,239</td>
</tr>
<tr>
<td>Water Usage³ (gallons)</td>
<td>106,594,822</td>
<td>68,721,734</td>
<td>71,965,667</td>
</tr>
</tbody>
</table>

Notes:

¹ Recycling by 8% from 2018.

² Waste generated increased by 63% due primarily to the inclusion of international waste data.

³ Water usage increased by 55% from 2018 because international and domestic water were integrated.
2019 Milestones

Prudential ranks No. 50 on the 2019 Fortune 500 List of America’s Largest Corporations. The company also ranks No. 156 on the 2019 Fortune Global 500 List of the World’s Largest Corporations and is a member of the Fortune 2019 Change the World List.

Prudential is honored that organizations around the world have recognized our commitment to diversity, sustainability, and establishing a supportive workplace.

U.S. Recognitions
• Fortune No. 1 on the 2020 World’s Most Admired Companies in the Insurance: Life and Health category (fifth consecutive year).
• Barron’s ranked Prudential No. 40 on its 2020 100 Most Sustainable Companies in America list (third time, 2 years prior).
• 2019 FTSE 4Good Index Series (since 2011).
• 2020 Newsweek America’s Most Responsible Companies Ranking member.
• 2020 100 Best Corporate Citizens (2018 and 2015).
• Civic 50, an initiative of Points of Light, in partnership with Bloomberg LP (4 years prior).
• Ethisphere’s “2020 World’s Most Ethical Company” (5 years prior).
• Human Rights Campaign “Corporate Equality Index” 100% Score (16 prior years).
• National Association for Female Executives magazine’s “Top Companies for Executive Women” (20 prior years).
• Disability Equality Index® (DEI®) Best Places to Work, receiving a top score of 100% (2018).
• Working Mother magazine’s “Top 100 Companies for Working Mothers” (29 prior years, Hall of Fame member).
• Dave Thomas Foundation for Adoption’s “100 Best Adoption-Friendly Workplaces” (13 prior years).
• G.I. Jobs magazine’s Military Friendly Employer.
• Military Times Best for Vets List.
• Computerworld, “Best Places to Work in IT” (10 prior years).

International Recognitions
• Prudential of Japan ranked No. 1 by J.D. Power in three surveys of customer satisfaction with life insurers’ contracts, servicing and claims (second year in a row).
• Prudential of Japan earned fifth place by Great Place to Work Institute Japan for 2020.
• Prudential of Taiwan named a Model Company by the Financial Supervisory Commission, which regulates Taiwan’s securities markets, banks and insurance industry (7 prior years).
• Prudential do Brasil “30 Best Companies to Work for in Rio de Janeiro” by the Great Place to Work Institute (9 years prior).
• Gibraltar BSN Life named Malaysia’s Digital Insurer of the Year by InsuranceAsia News.
• Prudential Seguros in Argentina received a recognition from Municipality of Vicente López in Buenos Aires for their community and CSR actions.
## Appendix A – Sustainability Accounting Standards Board (SASB) Index

<table>
<thead>
<tr>
<th>ACCOUNTING METRIC</th>
<th>CODE</th>
<th>DISCLOSURE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TRANSPARENT INFORMATION &amp; FAIR ADVICE FOR CUSTOMERS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers</td>
<td>FN-IN-270a.1</td>
<td>While Prudential does not disclose monetary losses from proceedings, for details on Litigation and Regulatory Matters review Prudential's 10K filing note 22 Litigation and Regulatory Matters.</td>
</tr>
<tr>
<td>Complaints-to-claims ratio</td>
<td>FN-IN-270a.2</td>
<td>For additional information please review the NAIC Closed Complaint ratio.</td>
</tr>
<tr>
<td>Customer retention rate</td>
<td>FN-IN-270a.3</td>
<td>Prudential does not disclose this specific metric. However, the company measures customer satisfaction with a variety of metrics. These include surveys, customer focus groups and net promoter scores that track referrals from existing customers.</td>
</tr>
<tr>
<td>Description of approach to informing customers about products</td>
<td>FN-IN-270a.4</td>
<td>Please see Appendix F: References section on page 54.</td>
</tr>
<tr>
<td><strong>INCORPORATION OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total invested assets, by industry and asset class</td>
<td>FN-IN-410a.1</td>
<td>For information on Prudential's general account please read the 2019 Sustainability Report section “Invested Asset of ESG”.</td>
</tr>
<tr>
<td><strong>FACTORS IN INVESTMENT MANAGEMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies</td>
<td>FN-IN-410a.2</td>
<td>Please review the Statement on Responsible Investing and PGIM's ESG page.</td>
</tr>
<tr>
<td><strong>POLICIES DESIGNED TO INCENTIVIZE RESPONSIBLE BEHAVIOR</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net premiums written related to energy efficiency and low carbon technology</td>
<td>FN-IN-410b.1</td>
<td>As a life insurer this topic is not relevant.</td>
</tr>
<tr>
<td>Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors</td>
<td>FN-IN-410b.2</td>
<td>In March 2020 Prudential issued a green bond; for additional information, please read the section in the 2019 Sustainability Report titled “Green Bond Issuance”. Shareholder voting incentive to registered shareholders. Prudential supports the American Forests to protect and restore America’s forest ecosystems.</td>
</tr>
<tr>
<td><strong>ENVIRONMENTAL RISK EXPOSURE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes</td>
<td>FN-IN-450a.1</td>
<td>As a life insurer this topic is not relevant.</td>
</tr>
<tr>
<td>Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)</td>
<td>FN-IN-450a.2</td>
<td>As a life insurer this topic is not relevant.</td>
</tr>
<tr>
<td>Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy</td>
<td>FN-IN-450a.3</td>
<td>As a life insurer this topic is not relevant.</td>
</tr>
</tbody>
</table>
### ACCOUNTING METRIC

<table>
<thead>
<tr>
<th>SYSTEMIC RISK MANAGEMENT</th>
<th>CODE</th>
<th>DISCLOSURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives</td>
<td>FN-IN-550a.1</td>
<td>Prudential Financial and the company's subsidiaries use derivatives for various purposes, including hedging interest rate, foreign currency and equity market exposures. Dodd-Frank established a framework for regulation of the over-the-counter derivatives markets. This framework sets out requirements regarding the clearing and reporting of derivatives transactions, as well as collateral posting requirements for uncleared swaps. Affiliated swaps entered between our subsidiaries are generally exempt from most of these requirements. We continue to monitor the potential hedging cost impacts of new initial margin requirements that we will be required to comply with in 2020, and increased capital requirements for derivatives transactions that may be imposed on banks that are our counterparties. Additionally, the increased need to post cash collateral in connection with mandatorily cleared swaps may also require the liquidation of higher yielding assets for cash, resulting in a negative impact on investment income. For more information on derivatives please review Prudential's 10-K</td>
</tr>
<tr>
<td>Total fair value of securities lending collateral assets</td>
<td>FN-IN-550a.2</td>
<td>Prudential does not disclose this calculation but for information on securities lending, please review Prudential's 10-K</td>
</tr>
<tr>
<td>Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities</td>
<td>FN-IN-550a.3</td>
<td>Please review Prudential's 10-K</td>
</tr>
</tbody>
</table>
## Appendix B – Task Force on Climate-related Financial Disclosures (TCFD) Index

<table>
<thead>
<tr>
<th>DISCLOSURE</th>
<th>REFERENCE OR REPORT SECTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GOVERNANCE</strong></td>
<td></td>
</tr>
<tr>
<td>Describe the board’s oversight of climate-related risks and opportunities</td>
<td>Section: Board’s Oversight and Monitoring Progress</td>
</tr>
<tr>
<td>Describe management’s role in assessing and managing climate-related risks and opportunities</td>
<td>Section: Management’s Role Assessing and Managing Risks and Opportunities</td>
</tr>
<tr>
<td><strong>STRATEGY</strong></td>
<td></td>
</tr>
<tr>
<td>Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term</td>
<td>Reference: Prudential's CDP Climate Survey Response</td>
</tr>
<tr>
<td>Describe the impact of climate-related risks and opportunities on the organization’s business, strategy and financial planning</td>
<td>Reference: Prudential's CDP Climate Survey Response</td>
</tr>
<tr>
<td>Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2-degree Celsius or lower scenario</td>
<td>Reference: Prudential's CDP Climate Survey Response</td>
</tr>
<tr>
<td><strong>RISK MANAGEMENT</strong></td>
<td></td>
</tr>
<tr>
<td>Describe the organization’s processes for identifying and assessing climate-related risks</td>
<td>Section: Environmental, Social and Governance Risk Exposures</td>
</tr>
<tr>
<td>Describe the organization’s processes for managing climate-related risks</td>
<td>Reference: Prudential's CDP Climate Survey Response</td>
</tr>
<tr>
<td>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management</td>
<td>Sections: Management’s Role Assessing and Managing Risks and Opportunities and Environmental, Social and Governance Risk Exposures</td>
</tr>
<tr>
<td><strong>METRICS AND TARGETS</strong></td>
<td></td>
</tr>
<tr>
<td>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</td>
<td>Reference: Global Environmental Commitment</td>
</tr>
<tr>
<td>Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</td>
<td>Section: Emissions, Waste, Water and Recycling</td>
</tr>
<tr>
<td>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</td>
<td>Reference: Global Environmental Commitment</td>
</tr>
</tbody>
</table>
## Appendix C – Global Reporting Initiative (GRI) Index

<table>
<thead>
<tr>
<th>GENERAL DISCLOSURES</th>
<th>PAGE NUMBER OR LINK</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ORGANIZATIONAL PROFILE</strong></td>
<td></td>
</tr>
<tr>
<td>102-1 Name of the organization</td>
<td>Prudential Financial, Inc.</td>
</tr>
<tr>
<td>102-2 Activities, brands, products, and services</td>
<td>Prudential Factsheet</td>
</tr>
<tr>
<td>102-3 Location of headquarters</td>
<td>Prudential Factsheet</td>
</tr>
<tr>
<td>102-4 Location of operations</td>
<td>Worldwide locations</td>
</tr>
<tr>
<td>102-5 Ownership and legal form</td>
<td>Prudential Factsheet</td>
</tr>
<tr>
<td>102-6 Markets served</td>
<td>Prudential Factsheet</td>
</tr>
<tr>
<td>102-7 Scale of the organization</td>
<td>Prudential Factsheet</td>
</tr>
<tr>
<td>102-8 Information on employees and other workers</td>
<td>Human Capital Section</td>
</tr>
<tr>
<td>102-9 Supply chain</td>
<td>Sourcing and Procurement Section</td>
</tr>
<tr>
<td>102-10 Significant changes to the organization and its supply chain</td>
<td>no significant changes</td>
</tr>
<tr>
<td>102-11 Precautionary Principle or approach</td>
<td>Management’s Role Assessing and Managing Risks and Opportunities Section</td>
</tr>
<tr>
<td>102-12 External initiatives</td>
<td>Stakeholder Engagement Box</td>
</tr>
<tr>
<td>102-13 Membership of associations</td>
<td>Stakeholder Engagement Box</td>
</tr>
</tbody>
</table>

| STRATEGY | |
| 102-14 Statement from senior decision-maker | 3, 4 |

| ETHICS AND INTEGRITY | |
| 102-16 Values, principles, standards, and norms of behavior | Code of Conduct |

| GOVERNANCE | |
| 102-18 Governance structure | https://www.prudential.com/links/about/corporate-governance |

<p>| STAKEHOLDER ENGAGEMENT | |
| 102-40 List of stakeholder groups | Stakeholder Engagement Box |
| 102-41 Collective bargaining agreements | 0% |
| 102-42 Identifying and selecting stakeholders | Stakeholder Engagement Box |
| 102-43 Approach to stakeholder engagement | Stakeholder Engagement Box |
| 102-44 Key topics and concerns raised | Stakeholder Engagement Box and Materiality Assessment Updates |</p>
<table>
<thead>
<tr>
<th>DISCLOSURE</th>
<th>PAGE NUMBER OR LINK</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-45 Entities included in the consolidated financial statements</td>
<td>page 2 of 2019 10K</td>
</tr>
<tr>
<td>102-46 Defining report content and topic Boundaries</td>
<td>About this Report Section</td>
</tr>
<tr>
<td>102-47 List of material topics</td>
<td>Materiality Assessment Updates Section</td>
</tr>
<tr>
<td>102-48 Restatements of information</td>
<td>none</td>
</tr>
<tr>
<td>102-49 Changes in reporting</td>
<td>none</td>
</tr>
<tr>
<td>102-50 Reporting period</td>
<td>About this Report Section</td>
</tr>
<tr>
<td>102-51 Date of most recent report</td>
<td>About this Report Section</td>
</tr>
<tr>
<td>102-52 Reporting cycle</td>
<td>About this Report Section</td>
</tr>
<tr>
<td>102-53 Contact point for questions regarding the report</td>
<td>back cover</td>
</tr>
<tr>
<td>102-54 Claims of reporting in accordance with the GRI Standards</td>
<td>About this Report Section</td>
</tr>
<tr>
<td>102-55 GRI content index</td>
<td>47</td>
</tr>
<tr>
<td>102-56 External assurance</td>
<td>40, 49</td>
</tr>
</tbody>
</table>
Appendix D – Assurance Statement related to Greenhouse Gas Inventory 2019

LRQA INDEPENDENT ASSURANCE STATEMENT
Relating to Prudential Financial’s Greenhouse Gas Inventory for the 2019 calendar year. This Assurance Statement has been prepared for Prudential Financial, Inc. in accordance with our contract.

Terms of Engagement
Lloyd’s Register Quality Assurance, Inc. (LRQA) was commissioned by Prudential Financial, Inc. (Prudential) to provide independent assurance of its Greenhouse Gas (GHG) Inventory for the 2019 calendar year (CY 2019) against the assurance criteria below to a limited level of assurance using LRQA’s verification procedure and ISO 14064 - Part 3 for greenhouse gas data.

Our assurance engagement covered Prudential’s operations and activities in operationally controlled, corporate owned or leased “home office” properties worldwide. Not included are any of Prudential’s leased, detached, retail or branch office sites. Other indirect GHG emissions (Scope 3) from Business Travel were also included. Specifically, this engagement covered the following requirements:

Verifying conformance with:
• Prudential’s reporting methodologies for the selected datasets: Prudential’s GHG Inventory Management Plan
• World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WRI/WBCSD GHG Protocol) for the GHG data1

Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
• Direct (Scope 1), Energy Indirect (Scope 2) and Other Indirect (Scope 3) GHG Emissions;
  – Scope 3 GHG emissions verified by LRQA only include Business Travel.
• Year over Year Change in Scope 1 & Scope 2 GHG emissions

Our assurance engagement excluded Scope 2 GHG emissions from cold water purchased for building cooling, on the basis of their de minimis contribution to the total GHG Inventory.

LRQA’s responsibility is only to Prudential. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Prudential’s responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of Prudential.

LRQA’s Opinion
Based on LRQA’s approach, except for the effect of the matters described in the Basis for Qualified Opinion, nothing has come to our attention that would cause us to believe that Prudential has not, in all material respects:

• Met the requirements of the criteria listed above; and
• Disclosed accurate and reliable performance data and information as summarized in Tables 1 and 2 below.
The opinion expressed is formed on the basis of a limited level of assurance\(^2\) and at the materiality of the professional judgement of the verifier.

\(^1\) [http://www.ghgprotocol.org/](http://www.ghgprotocol.org/)

\(^2\) The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

**Basis for Qualified Opinion**

Prudential has not reported diesel consumption used in backup generators at facilities located outside of the United States. This omission is not material.

**Table 1. Summary of Prudential's GHG Emissions for CY 2019:**

<table>
<thead>
<tr>
<th>Scope of GHG emissions</th>
<th>Tonnes CO(_2)e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 GHG emissions</td>
<td>17,247</td>
</tr>
<tr>
<td>Scope 2 GHG emissions (Location-based)(^1)</td>
<td>54,652</td>
</tr>
<tr>
<td>Scope 2 GHG emissions (Market-based)(^1)</td>
<td>57,120</td>
</tr>
<tr>
<td>Scope 3 GHG emissions: Business Travel(^2)</td>
<td>29,598</td>
</tr>
</tbody>
</table>

1. Scope 2, Location-based and Scope 2, Market-based are defined in the GHG Protocol Scope 2 Guidance, 2015

2. Business Travel includes Air Travel, Public Transportation including Intercity Rail, Bus and Ferry, Vehicles including employee personal vehicles, rental cars and taxis, and Hotel Stays.

**Table 2. Summary of Year to Year Change in Emissions (2018-2019):**

<table>
<thead>
<tr>
<th>Scope of GHG emissions</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 GHG emissions</td>
<td>21%</td>
</tr>
<tr>
<td>Scope 2 GHG emissions (Location-based)</td>
<td>-6%</td>
</tr>
<tr>
<td>Scope 2 GHG emissions (Market-based)</td>
<td>-22%</td>
</tr>
</tbody>
</table>

**LRQA's Approach**

LRQA’s assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- reviewing processes related to the control of GHG emissions data and records;
- interviewing relevant employees of the organization responsible for managing GHG emissions data and records;
- reviewing data management systems to confirm there were no significant errors, omissions or misstatements in the inventory; and
- verifying historical GHG emissions data and records at an aggregated level for the calendar year 2019.
Observations
Further observations and findings, made during the assurance engagement, are:

- Prudential’s Inventory Management Plan could be improved by adding additional explanation in the following areas:
  - Prudential’s policy regarding the use of supplier emission factors for market-based emissions, and
  - The quantification methodology used for calculating emission from purchased heating.

LRQA’s Standards, Competence and Independence
LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA verification assessment is the only work undertaken by LRQA for Prudential and as such does not compromise our independence or impartiality.

Brooke Farrell
LRQA Lead Verifier
On behalf of Lloyds’ Register Quality Assurance, Inc.
1330 Enclave Pkwy, Suite 200
Houston, TX 77077
LRQA reference: UQA00000952
Dated: 22 June 2020

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Appendix E – Forward-looking Statements and Non-GAAP Measures

FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES

Certain of the statements included in this release, including those regarding our key initiatives, constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are made based on management’s current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. Prudential Financial, Inc.’s actual results may differ, possibly materially, from expectations or estimates reflected in such forward-looking statements. Certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements can be found in the “Risk Factors” and “Forward-Looking Statements” sections included in Prudential Financial, Inc.’s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. Statements regarding our key initiatives are subject to the risk that we will be unable to execute our strategy because of market or competitive conditions or other factors, including the impact of the COVID-19 pandemic. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this document. Consolidated adjusted operating income, adjusted book value, and adjusted operating return on equity are non-GAAP measures. Reconciliations to the most directly comparable GAAP measures are included in this release.

We believe that our use of these non-GAAP measures helps investors understand and evaluate the company’s performance and financial position. The presentation of adjusted operating income as we measure it for management purposes enhances the understanding of the results of operations by highlighting the results from ongoing operations and the underlying profitability of our businesses. Trends in the underlying profitability of our businesses can be more clearly identified without the fluctuating effects of the items described below. Adjusted book value augments the understanding of our financial position by providing a measure of net worth that is primarily attributable to our business operations separate from the portion that is affected by capital and currency market conditions, and by isolating the accounting impact associated with insurance liabilities that are generally not marked to market and the supporting investments that are marked to market through accumulated other comprehensive income under GAAP. Adjusted return on equity is a useful measure of the operating return the company achieves in relation to the capital available to our businesses. However, these non-GAAP measures are not substitutes for income, equity, and return on equity determined in accordance with GAAP, and the adjustments made to derive these measures are important to an understanding of our overall results of operations and financial position. The schedules accompanying this release provide reconciliations of non-GAAP measures with the corresponding measures calculated using GAAP. Additional historic information relating to our financial performance is located on our website at www.investor.prudential.com.

1 Description of Non-GAAP Measures

Adjusted operating income is the measure used by the company to evaluate segment performance and to allocate resources. Adjusted operating income excludes “Realized investment gains (losses), net,” as adjusted, and related charges and adjustments. A significant element of realized investment gains and losses is impairments and credit-related and interest rate-related gains and losses. Impairments and losses from sales of credit-impaired securities, the timing of which depends largely on market credit cycles, can vary considerably across periods. The timing of other sales that would result in gains or losses, such as interest rate-related gains or losses, is largely subject to our discretion and influenced by market opportunities as well as our tax and capital profile.

Realized investment gains (losses) within certain of our businesses for which such gains (losses) are a principal source of earnings, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Adjusted operating income generally excludes realized investment gains and losses from products that contain embedded derivatives, and from associated derivative portfolios that are part of an asset-liability management program related to the risk of those products. However, the effectiveness of our hedging program will ultimately be reflected in adjusted operating income over time. Adjusted operating income also excludes gains and losses from changes in value of certain assets and liabilities relating to foreign currency exchange movements that have been economically hedged or considered part of our capital funding strategies for our international subsidiaries, as well as gains and losses on certain investments that are designated as trading. Additionally, adjusted operating income excludes the changes in fair value of equity securities that are recorded in net income. Additionally, market experience updates, reflecting the immediate impacts in current period results from changes in current market conditions on estimates of profitability, are excluded from adjusted operating income beginning with the second quarter of 2019, which we believe enhances the understanding of underlying performance trends.

Adjusted operating income excludes the results of Divested and Run-off Businesses, which are not relevant to our ongoing operations. Discontinued operations and earnings attributable to noncontrolling interests, each of which is presented as a separate component of net income under GAAP, are also excluded from adjusted operating income. Adjusted operating income also excludes other items, such as certain components of the consideration for the Assurance IQ acquisition, which are recognized as compensation expense over the requisite service periods, as well as changes in the fair value of contingent consideration. The tax effect associated with pre-tax adjusted operating income is based on applicable IRS and foreign tax regulations inclusive of pertinent adjustments. Adjusted operating income...
on equity is equal to the annualized year-to-date after-tax adjusted operating income divided by the average adjusted book value. Return on equity based on GAAP balances is calculated using after-tax net income and equity.

Adjusted book value is calculated as total equity (GAAP book value) excluding accumulated other comprehensive income (loss) and the cumulative effect of foreign currency exchange rate remeasurements and currency translation adjustments corresponding to realized investment gains and losses. These items are excluded in order to highlight the book value attributable to our core business operations separate from the portion attributable to external and potentially volatile capital and currency market conditions.
APPENDIX A – SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX REFERENCE

Topic:
Transparent Information & Fair Advice for Customers

Accounting Metric:
Description of approach to informing customers about products

Code:
FN-IN-270a.4

Disclosure:
Product communications are created for the specific needs of the current and/or prospective clients and are put through a rigorous process to ensure that each is compliant, fair, clear and balanced. Product communications are held to both internal policies and procedures, as well as the standards of various regulations, agencies and bodies, including, where applicable: State Departments of Insurance, SEC, FINRA, ERISA and DOL. Each PFI business unit contains its own Marketing Review Unit, Subject Matter Experts, Legal, Risk, and Compliance departments; all of which help to ensure the integrity of product communications with customers. Information included in product communications can include (based on complexity of product): suitability of product offerings (i.e., age limitations, risk tolerance, etc.); costs; terms, conditions and exclusions; explanation of claims process; and, availability of further information (whether through a call center or online portal).

PFI communicates with current and prospective customers through several means, including own employees, agents, and wholesalers (who maintain insurance and/or securities licenses, where necessary); through third-party brokers; and third-party administrators. These segments communicate via: direct mailings (i.e., brochures, flyers, postcards, etc.); the company’s website (www.prudential.com) and enrollment websites; third-party administrator websites; and through approved product marketing and advertising.

Following is a summary of the marketing processes for the company’s customer-facing business units: Group Insurance; Retirement Benefits; Annuities; Individual Life Insurance; and, PruAdvisors.

WORKPLACE BENEFITS

Group Insurance
All material discussing products and services are reviewed through the Marketing Review process, which may include filing material with various State Departments of Insurance and/or FINRA, prior to use with prospective or current customers.

Direct Mailings
Prior to an enrollment period for a specific employer or association, GI’s marketing team develops traditional and digital product marketing designed to drive eligible employees or members to an enrollment platform or enrollment specialist, who can help with the insurance enrollment process.

Enrollment Platforms
During an on- or off-cycle enrollment period, Prudential aims to drive traffic to, and inform customers of their available benefits through a digital web platform experience. Enrollment websites are either designed by Prudential’s web enrollment team for a specific employer or association; or, Prudential’s marketing teams work with an employer’s or association’s TPA (third-party administrator) to provide approved marketing/advertising based on the benefits available to an employee or member population. This experience may include links to approved product marketing and educational material, video content, and/or pre-recorded webinars.

Retirement
All material discussing products and services are reviewed through the Marketing Review process, which may include filing material with various State Departments of Insurance and/or FINRA, prior to use with prospective or current customers.

Direct Mailings
Retirement’s marketing team develops traditional and digital product marketing designed to drive plan participants to a customized web platform or Retirement Counselor, who can help with the retirement benefits enrollment and management process.

Web/Digital Platforms
Prior to onboarding (the “transition period”), Retirement aims to drive traffic to, and inform customers of their retirement benefits through a digital web platform experience. Websites are customized by Prudential’s web enrollment team for a specific plan sponsor. Information includes transition material that educates plan participants on the availability of funds within their new plan, and mapping documentation that assesses the similarity of the funds offered by Prudential, to the funds offered in the previous plan. This experience may include links to approved product marketing and educational material, video content, and/or pre-recorded webinars.

INDIVIDUAL SOLUTIONS

Prudential Annuities
Prudential Annuities’ product sales/marketing efforts are cross-channel focused and then divided into different channels, based on opportunity and need: Independent...
Broker-Dealer (IBD); Bank/Wirehouse; and, Advisor. Prudential Annuities wholesalers specialize in certain channels, and within specific geographic regions. Marketing materials created aim to reinforce Prudential Annuities’ value proposition, provide value-add concepts and the need for income and asset protection.

As such, Prudential Annuities creates marketing material initially for financial institutions and financial professionals; followed by customer-facing material, which aims to result in a sale to that end customer. Because of this marketing/sales model, digital marketing plays a less significant role than it does in Prudential’s Workplace Benefits business units.

**Individual Life Insurance (ILI)**

ILI marketing is done in a two-step process, each with a different aim. To start, marketing is developed for use by ILI’s divisional sales force to showcase the value of Prudential’s individual insurance products to certain channels, businesses (e.g., Crump Life Insurance, Edward Jones, etc.) and advisors, who must then agree to provide access to Prudential’s insurance products to their end customers. Customer-facing material is then developed for use by Financial Professionals within each channel, with the goal being a sale to that end customer. Prudential’s Individual Life products are also offered through PruAdvisors.

Digital marketing does not play as heavy a role in the ILI marketing/sales process, as these products are sold via a Financial Professional, and not online. Prudential’s ILI business unit incorporates technologies such as Prudential Marketing On Demand (a marketing automation platform), which allows for the efficient delivery of pre-approved marketing material.

**PruAdvisors**

Like other business units within Prudential, PruAdvisors maintains an internal marketing department that creates marketing material (i.e., brochures, flyers, postcards, agent-specific websites) for use by all agents; however, unique to PruAdvisors, agents have the ability to create their own marketing material, and many have their own Marketing Assistants. The role of the Marketing Assistant is administrative, and responsibility for office-created marketing resides with the agent.

Because of the in-office, face-to-face nature of the PruAdvisors business, the emphasis remains on printed (rather than digital) marketing material.
For questions or comments related to the Sustainability Report, please contact:

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