

# Sustainability Accounting Standards Board (SASB)



The Sustainability Accounting Standards Board's use of the term "sustainability" refers to corporate activities that maintain or enhance the ability of the company to create value over the long term. SASB published 77 industry-specific standards to assist companies with disclosing material information. This index 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.

Following SASB's Human Capital Bulletin (November 2020) and Implementation Supplement: Greenhouse Gas Emissions and SASB Standards (September 2020), Prudential includes the following additional metrics in our SASB Index:

**Workforce Culture:**

- "Employee Engagement, Diversity, & Inclusion" Percentage of gender and racial/ethnic group representation for management, technical staff, and all other employees Asset Management & Custody Activities (FN-AC-330a.1)
- Workforce Investment: "Career and Wealth Building Opportunities"

**Direct Emissions:**

- Scope 1

**SASB General Issue Categories Related to Scope 2 Emissions:**

- "Energy Management - addresses environmental impacts associated with energy consumption"

**SASB General Issue Categories Related to Scope 3 Emissions:**

- "Supply Chain Management - addresses management of ESG risks within a reporting entity's supply chain"

ACCOUNTING METRIC	CODE	DISCLOSURE
<b>TRANSPARENT INFORMATION &amp; FAIR ADVICE FOR CUSTOMERS</b>		
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	FN-IN-270a.1	While Prudential does not disclose monetary losses from proceedings, for details on Litigation and Regulatory Matters review <a href="#">Prudential's 10K filing note 23 Litigation and Regulatory Matters</a>
Complaints-to-claims ratio	FN-IN-270a.2	For additional information please review the NAIC Closed Complaint ratio
Customer retention rate	FN-IN-270a.3	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.
Description of approach to informing customers about products	FN-IN-270a.4	<p>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).</p> <p>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 (<a href="http://www.prudential.com">www.prudential.com</a>) and enrollment websites; third-party administrator websites; and through approved product marketing and advertising.</p> <p>Following are links to the company's customer-facing business units: Group Insurance; Retirement Benefits; Annuities; Individual Life Insurance; and, PruAdvisors.</p> <p><b>Workplace Benefits</b>  <a href="#">Group Insurance</a>  <a href="#">Retirement</a></p> <p><b>Individual Solutions</b>  <a href="#">Prudential Annuities</a>  <a href="#">Individual Life Insurance (ILI)</a>  <a href="#">PruAdvisors</a></p>
<b>INCORPORATION OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE</b>		
Total invested assets, by industry and asset class	FN-IN-410a.1	For information on Prudential's general account please read the <a href="#">2020 ESG Report</a> section "Invested Asset of ESG"

ACCOUNTING METRIC	CODE	DISCLOSURE
<b>FACTORS IN INVESTMENT MANAGEMENT</b>		
Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	FN-IN-410a.2	<p>Core to Prudential's overall mission and investment objectives is constructing high-quality investment portfolios comprised of assets that support the liability profiles of the company's products and obligations. These portfolios reflect the long-term risk and future opportunities associated with each asset and asset class available in capital markets, including ESG considerations.</p> <p>In 2019, we announced a new Global Environmental Commitment to expand the company's support for sustainable investments to achieve sustainable and environmentally responsible returns.</p> <p>The General Account portfolio allows us to demonstrate these values through the integration of ESG factors into security selection and risk management. As a long-term investor, we believe that investments in companies and projects with a focus on clean energy, water protection, reduced waste, green buildings, and energy efficiency will promote sustainability and resilience.</p> <p>To date, General Account objectives have focused on ESG integration to fully reflect the risks and opportunities associated with ESG factors when making security selection decisions, and to make conscious choices around exposures to ESG-related risks.</p> <p>We continually assess future investment risks and opportunities associated with ESG factors, with enhanced focus on factors we have deemed critical to our portfolios such as climate change. We will continue to enhance the integration of these critical factors in our investment strategy as new standards, data and information becomes available. This could include, but is not limited to, increased transparency, specific targets, or engagement with external organizations that align with Prudential's core beliefs.</p> <p>Please review the "Invested Assets of ESG" section in the <a href="#">ESG Report</a>, <a href="#">Statement on Responsible Investing</a> and <a href="#">PGIM's ESG page</a>.</p>
<b>POLICIES DESIGNED TO INCENTIVIZE RESPONSIBLE BEHAVIOR</b>		
Net premiums written related to energy efficiency and low carbon technology	FN-IN-410b.1	As a life insurer this topic is not relevant
Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	FN-IN-410b.2	<p>In March 2020 Prudential issued a Green Bond for additional information please read the <a href="#">2021 Green Bond Report</a> on the Investor Relations homepage</p> <p>Shareholder voting incentive to registered shareholders. Prudential supports the American Forests to protect and restore America's forest ecosystems</p>
<b>ENVIRONMENTAL RISK EXPOSURE</b>		
Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	As a life insurer this topic is not relevant
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)	FN-IN-450a.2	As a life insurer this topic is not relevant

ACCOUNTING METRIC	CODE	DISCLOSURE
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	FN-IN-450a.3	<p>The risk management framework gives visibility into how risks evolve and interact through time and under varying degrees of stress. In addition, the company's culture of transparency and informed decision-making is foundational to our ability to plan for and mitigate potential risks.</p> <p>A critical element of Prudential's risk management framework is the ability to quantify 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 loss-absorption capacity and our 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 exposures.</p> <p>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. These analytics enable Prudential to develop strategies and mitigations to address extreme and unlikely stress scenarios.</p> <p>Prudential proactively spends a great deal of time considering the environment. Currently, Risk Management conducts strategic analysis of certain key sectors (for example oil and gas) to determine the potential impact on our investment portfolio. In addition, we study the physical risks associated with climate such as study the impact of rising temperatures and sea levels on our real estate portfolios. We also think about transition risk and how we, as a society, move towards a greener economy. Prudential is exploring how to build tools and models that better quantify how climate-related scenarios like these would impact the risks that we face. The company is collaborating across the financial services industry to build and apply this expertise. Over the next few years, we will continue to enhance how we incorporate climate risk into our analytical metrics, models, and targets, with an emphasis on further integrating climate risk into existing stress-testing processes.</p> <p>Finally, the Operational Risk 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, we can monitor and mitigate operational risks in qualitative areas such as culture, reputation, compliance with laws, regulations, and policies, and decision-making incentives. laws, regulations, and policies, and decision-making incentives.</p>

ACCOUNTING METRIC	CODE	DISCLOSURE
<b>SYSTEMIC RISK MANAGEMENT</b>		
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	FN-IN-550a.1	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 <a href="#">Prudential's 10-K</a>
Total fair value of securities lending collateral assets	FN-IN-550a.2	Prudential does not disclose this calculation but for information on securities lending, please review <a href="#">Prudential's 10-K</a>
Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	Please review <a href="#">Prudential's 10-K</a>
<b>NUMBER OF POLICIES IN FORCE</b>		
The entity may additionally break down the number of policies in force by product line	FN-IN-000.A	\$4.016 trillion gross life insurance in force worldwide* *Source: 10-K
<b>WORKPLACE CULTURE</b>		
"Employee Engagement, Diversity, & Inclusion"- Percentage of gender and racial/ethnic group representation for management, technical staff, and all other employees	Asset Management & Custody Activities (FN-AC-330a.1)	For these statistics, please review our <a href="#">2020 ESG Summary Reporting</a>
<b>WORKFORCE INVESTMENT</b>		
Career and Wealth Building Opportunities		For these statistics, please review our <a href="#">2020 ESG Summary Reporting</a>
<b>DIRECT EMISSIONS</b>		
		For this data please review our <a href="#">Environmental Stewardship webpage</a> or our <a href="#">ESG Report</a> for verification statement and GHG inventory
<b>ENERGY MANAGEMENT</b>		
Addresses environmental impacts associated with energy consumption (SASB General Issue Categories Related to Scope 2 Emissions)		For this data please review our <a href="#">Environmental Stewardship webpage</a> or our <a href="#">ESG Report</a> for verification statement and GHG inventory
<b>SUPPLY CHAIN MANAGEMENT</b>		
Addresses management of ESG risks within a reporting entity's supply chain (SASB General Issue Categories Related to Scope 3 Emissions)		For this data please review our <a href="#">Environmental Stewardship webpage</a> or our <a href="#">ESG Report</a> for verification statement and GHG inventory