Prudential 2022 Task Force on Climate-related Financial Disclosures (TCFD)

GOVERNANCE

Disclose the Company's governance around climate-related risks and opportunities.

Key Area

Describe the board's oversight of climate-related risks and opportunities.

Prudential 2022 TCFD Disclosure Updates

The Board oversees the Company's risk profile and management's processes for assessing and managing risk, both as a full Board and through its committees. Environmental, Social, and Governance ("ESG") risks, including climate risks, are within the scope of multiple Board and senior management committees, as they underpin all aspects of risk management. The Vice Chairman of the Board is the enterprise wide Executive Sponsor of sustainability.

The Corporate Governance and Business Ethics Committee of the Prudential Financial, Inc. Board oversees Prudential's management of climate-related issues, specifically environmental and sustainability strategy, and progress. This Committee incorporates climate-related issues on its agenda at least quarterly. This regular engagement provides insight to the Board on the Company's climate strategy and environmental stewardship initiatives. In 2021, the Corporate Governance and Business Ethics Committee reviewed, discussed, and agreed with Prudential's new net zero goal, which is to achieve net zero emissions across its operationally controlled, corporate owned or leased "Home Offices" garages and data centers located in the United States, Brazil, and Japan by 2050 compared to a 2017 baseline with an interim goal of becoming carbon neutral in these offices by 2040. These goals are in addition to the Company's Global Environmental Commitment, available on our website, which includes sections on environmental reporting, responsible use of natural resources, resiliency preparation, and stakeholder engagement and education. The Corporate Governance and Business Ethics Committee of the Prudential Financial, Inc. Board of Directors will review this environmental commitment and its progress against goals annually.

The Board's Risk Committee includes the chairs of each of the other Board committees as well as another independent director who serves as Chair of the Committee. The Risk Committee receives reports from management on material and emerging risk topics reviewed by the Company's internal management committees. The Risk Committee oversees 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; and
- The Company's processes and procedures for risk assessment and risk management, including the related assumptions used across the businesses and material risk types.

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. The Risk Committee receives updates at least annually from the Chief Risk Officer on the important strategic issues and risks facing the Company.

For additional information review the Company's 2021 ESG Report (page 8) and CDP response questions C1.1a.

Key Area

Describe management's role in assessing and managing climate-related risks and opportunities.

Prudential 2022 TCFD Disclosure Updates

The Company's climate change strategy is led by a Climate Change Steering Council composed of Prudential's senior leaders and led by Prudential's Vice Chairman. This Council is responsible for assessing and managing climate-related risks and opportunities related to our investing activities and our own operations. They report to the Board of Directors on these climate-related issues half-yearly.

In 2021, the individual with full responsibility for assessing and monitoring climate-related issues to inform climate change initiatives was the Chief Governance Officer. The Chief Governance Officer takes an overarching view of Prudential's sustainability progress to strategize and make continuous Companywide improvements. The Vice President of Sustainability reports to the Chief Governance Officer and oversees the execution of the Company's sustainability strategy. A Climate Change Task Force, with representatives from Prudential's businesses and Corporate Centers, supports day-to-day implementation of the strategy and related initiatives. The Chief Governance Officer, who reports to the General Counsel, orchestrates the Board's quarterly updates on governance issues, including those that are climate-related, and offers guidance on these areas.

The individual with full responsibility for assessing and monitoring climate-related issues to inform decision-making related to investments is the Chief Investment Officer (CIO). The CIO is in charge of managing climate-related investment risks along with other investment risks including overall investment performance, asset/liability management, portfolio construction and investment strategy for Prudential's international and domestic business operations which includes investments to support climate change mitigation. The Chief Investment Officer reports directly to the Vice Chairman.

Our risk governance structure is overseen by senior management and our Board of Directors and managed by Enterprise Risk Management (ERM). ERM operates independently and is responsible for recommending policies, limits, and standards for all risks, including climate risk. ERM oversees these risks under the guidance of the Enterprise Risk Committee (ERC) and Risk Oversight Committees (ROCs). The ERM infrastructure is generally aligned by risk type, with certain groups within ERM working across risk types. Business unit Chief Risk Officers play a central role in translating the key enterprise risk appetite metrics and limits into day-to-day decision-making at the business unit level. They enable ERM to meet the business where decisions are made, bringing subject matter expertise in risk appetite, investment, market, operational, liquidity, and insurance risk into the business unit dialogue on a real-time basis.

Prudential uses a "three lines" model of risk management in which the businesses are the primary, or first line, responsible for understanding, assessing, and taking steps to mitigate and manage risk. Additionally, in the context of climate, some of our corporate centers (e.g., Finance) would be considered first line if the risks emerge in their areas. While having different roles, responsibilities, and scope, ERM and Compliance act as the second line, further strengthening our management of risk by providing effective challenge and oversight of management activities and testing and assessing the effectiveness of first line controls. Finally, the Audit Department, acting as the third line, conducts monitoring and testing to assure that the other lines are well designed and operating as intended. Processes are optimized across the three lines to strengthen how risk management is performed across the Enterprise, increasing efficiency and enhancing the overall customer and employee experience, while continuing to fulfill the individual mandates of each of the three control functions.

For additional information review the Company's 2021 ESG Report (page 12) and CDP response questions C1.1b, C1.2.

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning where such information is material.

Key Area

Describe the climate-related risks and opportunities the Company has identified over the short, medium, and long term.

Prudential 2022 TCFD Disclosure Updates

Life insurance companies by design make long-term commitments to policyholders. Therefore, Prudential is focused on the evolution of risk and resources through long periods of time. The time horizons Prudential assesses align more closely with climate-related risks than other typical business cycles' time periods. Many decisions the Company makes today, such as the investment risks taken and the strategies used to mitigate that risk, have impact over the medium to long term.

In our Operational Risk practice, a "substantial risk" refers to those risks with a potential financial loss of greater than $5 million.

Prudential assesses the following relevant risks and opportunities over specific time horizons as outlined below:

Short term (0-7 years):

- **Physical Risk (Acute):** Acute physical operational risk caused by increased severity and frequency of extreme weather events such as cyclones and floods.
- **Transition Risk (Market):** Market risk due to changing customer behavior as public opinion shifts on climate change, changing market demand for Prudential's climate-related products (such as green bonds and alternative energy investment portfolios) and growing employee interest in environmental stewardship.
- **Opportunity (Energy Source):** In the energy transition, lower reinvestment and a transition away from fossil fuels could boost free cash flow.

Medium term (7-20 years):

- **Opportunity (Products and Services):** Impact Investing manages $1 billion of general account capital with the mandate to generate environmental and social impact as well as financial returns.
- **Opportunity (Markets):** Mitigate climate change and support resilience in a variety of asset classes. Most prominently, the Company has invested in renewable energy, green bonds and green real estate. In early 2020 Prudential issued its first green bond, furthering the Company's commitment to sustainable investments which delivers a positive environmental impact. The green bond has a principal amount of $500 million and represents the first green bond issuance of its kind by a major U.S. life insurer.
- **Opportunity (Markets; Resilience):** Mitigate climate change and support resilience by integrating environmental, social, and governance commitments into the Company's liquidity framework. In 2021, we renewed Prudential's five-year $4 billion credit facility, linking the Company's borrowing costs under the facility directly to its progress on achieving its sustainability targets. The credit facility includes a pricing structure which adjusts Prudential's borrowing cost based on the Company's success in reducing greenhouse gas emissions as well as increasing the diversity of its senior leadership.

Long term (20-100 years):

- **Physical Risk (Chronic):** Our commercial mortgage loan portfolio could be exposed to chronic risks including rising sea levels and increased nuisance flooding. Currently, the risk is limited by our conservative investment approach, selective underwriting, flood insurance requirements, and geographic concentration limits.
- **Physical Risk (Insurance):** Over the long term, mortality trends can be affected by climate change. This can come from direct impacts of climate change such as increasingly severe weather and flooding, as well as indirect impacts including food shortages, heat waves, the spread of diseases, human migration, and even economic activities which support health and longevity.
- **Transition Risk (Policy):** Depending on government policy response in the energy transition, our portfolio could be exposed to key risks: price spikes in oil and gas could accelerate the energy transition, capital misallocation may create greater fossil fuel needs than anticipated, or energy transition may be delayed, and industries would need to adapt (shifts focus to physical risk).
- **Transition Risk (Resilience):** Ensure portfolio resiliency and mitigate risks by managing the tenor and duration of investments that have been identified as most susceptible to transition risks. Continue to focus on shifting investments in high transition risk sectors to issuers and sub-sectors that exhibit greater resilience.

For additional information review the Company's 2021 ESG Report and CDP response questions 2.1b, 3.1, 3.2b, 3.4.

Key Area

Describe the impact of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning.

Prudential 2022 TCFD Disclosure Updates

Prudential has considered environmental risks, including specific climate-related risks and the valuation of our investments when possible. Looking to the future, we must analyze a broader distribution of outcomes to account for the potential for increasingly severe climate disruptions.

The potential disruptions from climate change pose investment risks, market and liquidity risks, and population health risk. Our investment holdings could be exposed to both physical damage from climate change (physical risks) or substantive changes in business models amid the shift to a lower-carbon economy that could result in financial deterioration or stranded assets (transition risks). These impacts could uniquely affect specific companies, sectors, asset classes, and geographies in which we choose to invest. Market and liquidity risks could arise from climate change via sudden changes in the pricing or liquidity of assets that Prudential holds. Climate change may also affect population health and mortality by triggering events including heat stress, floods, wildfires and air pollution, and the spread of disease.

Our business strategy has been impacted in the following ways:

Operations: In November 2021, we issued our refreshed Global Environmental Commitment which has operational and investment targets around environmental reporting, responsible use of natural resources, resiliency preparation and education and engagement.

Additionally, in 2021, Prudential integrated its environmental, social, and governance commitments into the Company's liquidity framework through the renewal of its five-year, $4 billion credit facility, which now links the Company's borrowing costs directly to its progress in achieving its sustainability targets. The credit facility, the first of its kind for a major U.S. insurer, includes terms which incentivize us to achieve previously stated commitments, including reducing our domestic greenhouse gas emissions. This transaction represents the Company's continued efforts to align our liquidity framework with Prudential's broader commitment to sustainability.

Supply Chain/Value Chain: In early 2020 Prudential joined CDP's supply chain program to enhance our supply chain data and engagement with our suppliers.

Products and Services: Shifting public opinion on climate change and climate risk could change market demand for climate-related product offerings. Though Prudential's investment processes already consider sustainability to ensure long-term returns for its clients, the Company specifically pursued renewable energy investments, "green" bonds and "green" real estate in response to these climate-related risks and opportunities. In our asset management's fixed income business (PGIM Fixed Income) they believe that financing projects and measures via ESG-labeled bonds (e.g., GSS Bonds, as well as sustainability-linked bonds and other, similar instruments) have a growing role in transitioning toward a sustainable economy and sustainable environmental and social ecosystem. However, they believe it is important to ensure that such projects have legitimate positive impacts on the environment and society and as such they have developed proprietary frameworks for assessing how impactful individual issuances of these bonds are for their clients.

Our financial planning has been impacted in the following ways:

Operating costs and revenues: Prudential experiences lower electrical annual costs at all sites where solar PV renewable energy was installed. For example, our solar sites in PV canopies over two parking garages at the PGIM Real Estate facility in Santa Clara, Calif., will generate 2.203 MWh/year, reducing operating costs by approximately $61,500 annually. Further, PGIM Real Estate's rooftop solar PV program receives about $500,000 annually from roofs leased to third-party solar developers. In some cases, energy purchased from third-party on-site production is also at a lower cost than the local utility, further reducing operating expenses.

Capital expenditures and capital allocation: Financial implications from increasing severity and frequency of extreme weather events could include costs associated with business interruption. Therefore, Prudential has budgeted around $1,944,000 for flood barriers at our New Jersey building location and $3,300,000 to relocate certain electrical equipment to higher floors. Our planned improvements include flood logs (manual system), automatic flood gates, and perimeter door replacement.

Access to capital: In March 2020, Prudential issued the firm's first green bond, furthering our commitment to sustainable investments which deliver a positive environmental impact. The green bond has a principal amount of $500 million and represents the first green bond issuance of its kind by a major U.S. life insurer. Net proceeds from the green bond will be allocated exclusively to existing or future investments, including potential capital investments, which provide environmental benefits including reduced greenhouse gas emissions and improved resource efficiency, subject to completing the issuance as planned. The eligible categories for the use of the net proceeds include renewable energy, green buildings, environmentally sustainable management of living natural resources and land use, energy efficiency, clean transport, sustainable water and wastewater management, and pollution prevention and control. Prudential established a Green Bond Council, comprising members of its Treasury, Chief Investment Office, Corporate Governance, and Sustainability teams. The Green Bond Council will be responsible for reviewing and validating eligible projects as well as relevant reporting to investors.

For additional information review the Company's 2021 ESG Report and CDP response questions C2.3a, C2.4a, C3.3, C3.4.

Key Area

Describe the resilience of the Company's strategy, taking into consideration different climate-related scenarios, including a 2 degree Celsius or lower scenario.

Prudential 2022 TCFD Disclosure Updates

Prudential's strategy has been influenced by climate-related risks and opportunities, but we do not have a full transition plan developed at present.

COMPANYWIDE

In 2019, Prudential set a GHG reduction goal of 65% by 2050 for primary home office operations in the United States. In 2021, we expanded and accelerated our commitment to include our primary home office operations located in Brazil and Japan (we also included Prudential of Korea and Prudential of Taiwan, but subsequently divested those operations). Specifically, we define primary home office operations domestic and international properties (home offices, data centers, and garages) which are either owned or leased by Prudential Financial and for which Prudential has operational control. We will continue to explore opportunities to expand the scope of our target and align with updated climate science. As part of the base year and historical years' restatement efforts, current boundary assumptions will also be reviewed in preparation for accurate and comprehensive monitoring and disclosure of Prudential's target process.

Prudential has not yet conducted enterprise-wide qualitative and/or quantitative climate-related scenario analysis to assess the potential business implications of climate change and therefore inform its strategic and financial planning processes to ensure resiliency under those circumstances.

ASSET MANAGER

PGIM comprises autonomous asset management businesses, each specializing in a particular asset class with a focused investment approach across public and private markets. Several of these businesses incorporate climate-related risk assessments into their investment decision-making processes and utilize appropriate tools and procedures to identify and assess exposure to the climate-related risks in their investment portfolios. To give two examples: PGIM Real Estate team's risk management program works to minimize risk to their properties and ensure the health and safety of their tenants, employees, and communities, and this program has done further identification of physical and transition risks. Over a range of time horizons, risks identified include Chronic Stressors, Acute Hazards, Policy & Legal, Technology, Market, and Reputation factors. PGIM Fixed Income (FI) applies a combination of different approaches to identify, understand, and manage the impact of climate-related risks on their investments and is developing a proprietary methodology and tool to assess issuer and portfolio net zero alignment with a 1.5-degree Celsius future to address climate change and net zero commitments. In 2021, PGIM Real Estate aligned with Urban Land Institute's (ULI) Greenprint Net Zero Carbon goal to reduce operational carbon emissions of their global portfolio of managed properties to net zero by 2050.

ASSET OWNERSHIP

Prudential's General Account investment portfolio (GA) identified oil & gas and utilities as our largest exposure to transition risk in the GA's public and private corporate bond portfolio. In partnership with our asset managers, we performed a qualitative assessment of transition risks in these sectors using three IEA scenarios (NZE, STEPS, SDS). The results of the assessment showed that impacts will vary across different sub-sectors with the oil & gas and utility value chain and different time horizons. To ensure portfolio resiliency and mitigate risks, the GA manages the tenor and duration of investments identified as most susceptible to transition risks. We have also focused on shifting investments in high transition risks sectors to issuers and sub-sectors that exhibit greater resilience.

The GA partners with PGIM Real Estate. Our analysis of rising sea levels and increased nuisance flooding in our commercial mortgage loan portfolio was used to analyze the exposure of our current real estate portfolio to sea-level rise impacts and inform future commercial real estate (CRE) investments. The assessment covered all of the coastal U.S. with particular emphasis on high-risk CRE markets, such as South Florida. The results of our climate-related scenario analysis showed that, currently, the risk is limited by our conservative investment approach, selective underwriting, flood insurance requirements, and geographic concentration limits.

For additional information review the Company's 2021 ESG Report and CDP response questions C3.1, C3.2b, C-FS2.2c, C FS14.3a.

RISK MANAGEMENT

Disclose how the Company identifies, assesses, and manages climate-related risks.

Key Area

Describe the Company's processes for identifying and assessing climate-related risks.

Prudential 2022 TCFD Disclosure Updates

Prudential's risk management framework provides a common approach to identifying and evaluating the risks embedded in and across our businesses, including climate risk. We conduct risk identification through several processes at the business unit, corporate, senior management, and Board levels to provide a "top-down" and "bottom-up" three-dimensional view of risk. The results of these processes are transparently available to leaders across the enterprise to aid decision-making.

Prudential has developed a comprehensive understanding of the risks to its business. We endeavor to understand all significant risks to our business: financial and non-financial and their interdependencies. A risk can have an impact at the product, business, and enterprise levels, and all these considerations and their range of outcomes through a variety of stresses are the focus of ERM as well as the enterprise. We approach climate risk in the same way by qualitatively assessing the impact of mid- and long-term climate outcomes on Prudential's overall risk profile.

For financial risks, our Risk Appetite Framework is essential in measuring, monitoring, and mitigating the Company's risk exposures through various metrics and early warning indicators and ensuring ongoing capital adequacy under stress events. Our risk adjusted capital (RAC) view identifies where we are taking the most risk through robust and detailed quantitative analysis. This analysis includes aggregating data for each of our assets and liabilities to provide us with a view of relative riskiness and how much it contributes to RAC. As data and techniques become further available, we expect to consider how to incorporate more specific climate risks into these processes.

Non-financial risks are identified, assessed, and monitored through the Operational Risk Management Framework (ORM) and through the Compliance Risk Management Program which tests, assesses, and monitors the effectiveness of first line controls. Both programs serve to enhance the Company's risk and control environment. ORM and Compliance teams reside in each business and certain corporate centers and leverage their respective frameworks to help manage operational and compliance risks. ORM subject matter experts are also assigned to oversee key enterprise operational risks.

Climate-related considerations are integrated into Prudential's Responsible Investing policy framework that relates to the General Account's (GA) investing activities. As an asset owner, Prudential also integrates consideration of climate-related risks when determining investments for its GA. Under this Responsible Investing Policy, Prudential's asset managers may not knowingly make new direct investments in thermal coal on behalf of the GA. Restrictions apply only to new investments and do not require divestment. To consider the impact of climate-related risks on Prudential's investment portfolio, the GA uses MSCI as a climate data provider to support analysis of public corporate debt and public equity assets (~27%) of total portfolio. This data allows us to carbon footprint a portion of the GA portfolio which is the starting point for assessing climate risks. We use this information to assess GHG emissions and temperature alignment versus our custom benchmarks (across IG, HY, and EM issuers). This provides a view of where we may be more or less exposed to transition risks compared to our investable universe. For the sectors where we are more exposed to transition risks than our benchmarks, we may i) undergo a qualitative analysis of our investment positions in that sector or ii) engage our asset managers to understand how they are positioned and assessing transition risk impacts in that sector. We also use MSCI data coupled with other public data sources to assess the emissions trajectory of our public corporate and public equity portfolios. This allows us to incorporate issuer transition plans into our portfolio assessment. This is crucial to taking a forward-looking view on currently carbon intensive companies that may be vital for a low carbon future to plan action around these issuers and assess their place in the portfolio.

Additionally, as described above, several of Prudential's investment businesses utilize appropriate tools and procedures to evaluate exposure to climate-related risks in their investment portfolios. Moody's 427 is a module within PGIM Real Estate's sustainability data management platform that uses physical climate risk models to assess and score physical risks associated with climate-related hazards and other environmental issues. PGIM Real Estate uses 427 to screen for physical risks in our commercial and agricultural mortgage portfolios (across heat stress, water stress, sea-level rise, hurricanes & typhoons, floods, earthquakes, and wildfires). Where 427 determines high risks, further assessment is completed by our AMU to ascertain that required mitigants are in place.

PGIM Fixed Income applies a combination of different approaches to identify, understand and manage the impact of climate-related risks on their investments including incorporating climate risk assessment into fundamental analysis; focusing on sectors with high direct exposures to the physical and transition risks of climate change including identifying sub-industries with higher mid-term resilience and long-term adaptation capacity and exploring indirect climate risk vulnerabilities (e.g., risks in supply chains); as well as identifying sectors and issuers that are likely to be beneficiaries of and/or contribute to a low carbon transition. For sovereigns, this includes analyzing climate risk exposure and mitigation/adaptation capacity of individual countries, and for securitized assets this includes understanding climate risk associated with underlying assets/asset pools as well as the extent which investors are exposed to/shielded from climate risks through the deal structure. Climate change and GHG emissions are also significant factors in their ESG impact assessment and ESG Impact Ratings framework. The impact that issuers have on climate change via Greenhouse Gas (GHG) emissions generated by operations, products, or value chain is also a significant consideration of this framework. In addition to the ESG Impact Ratings, certain portfolios have exclusionary criteria on some of the most carbon-intensive activities as well as limitations on an issuer's overall carbon intensity. Also, where significant, PGIM Fixed Income will conduct issuer engagement to raise their concerns over an issuer's climate impacts.

Prudential monitors both U.S. population and in-force business mortality trends and updates mortality assumptions annually. Losses driven by extreme climate events are part of experience data and are included in the assumption review. The Insurance Risk team monitors climate-related risk exposure for its stress testing.

For additional information review the Company's 2021 ESG Report and CDP response questions C2.1b, C2.2a, C3.2a, C3.2b, C FS3.6b.

Key Area

Describe the Company's processes for managing climate-related risks.

Prudential 2022 TCFD Disclosure Updates

In Prudential's three lines of defense risk management model, the businesses are the primary, or first line, responsible for understanding, assessing, and taking steps to mitigate and manage risk, including climate risk. Additionally, in the context of climate, some of our corporate centers (e.g., Finance) would be considered first line if the risks emerge in their areas. While having different roles, responsibilities, and scope, ERM and Compliance act as the second line, further strengthening our management of risk by providing effective challenge and oversight of management activities and testing and assessing the effectiveness of first line controls.

In terms of ensuring asset owners actively manage their portfolios in relation to the transition to a low carbon economy, Prudential requires regular attestation from its asset managers that they have complied with the Company's Responsible Investing Policy.

In addition, Prudential requires regular reporting on key items related to its Responsible Investing Policy.

For additional information review the Company's 2021 ESG Report and CDP response questions C2.2, C2.2a, C-FS3.7a.

Key Area

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management.

Prudential 2022 TCFD Disclosure Updates

To date, most of the work around climate risk within ERM has been devoted to investment risks. Current work is focused on identifying tools and models that quantify how climate risk scenarios can impact a portfolio or the economy at large; a key part of this work is a recently launched relationship with an external climate data provider. In addition, Investment Risk Management has a full program of strategic analyses, which are deep dives into sectors of the economy that could be especially susceptible to a changing climate. The Insurance Risk team continues to consider climate change in mortality and morbidity risk monitoring. Operational Risk leaders are integrating ESG considerations into their routine assessment of non-financial risks, along with incorporating ESG and climate issues into the next iteration of our risk taxonomy. In addition, control partners are working to identify opportunities to directly assess ESG-related risks. In all risk stripes, ERM is working to identify, assess, and document its ESG and climate-related risks.

For additional information review the Company's 2021 ESG Report.

METRICS & TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Key Area

Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management process.

Prudential 2022 TCFD Disclosure Updates

Prudential commits to achieve net zero emissions across its primary home office operations in the U.S., Brazil, and Japan by 2050 and set an interim goal to become carbon neutral in these operations by 2040. Prudential has achieved 84% progress toward its 2030 interim goal and 48% progress toward its 2040 interim goal.

Prudential tracks our global recycling waste diversion rate, or the share of Prudential's operational waste that is recycled. The numerator represents tonnage recycled and the denominator represents total operational waste tonnage. Total operational waste tonnage increased by 72%, waste tonnage diverted to landfills decreased by 3%, and waste tonnage recycled increased by 145%. Overall, Prudential's global recycling waste diversion rate increased from 51% of total waste in 2020 to 72% of total waste in 2021.

Prudential also tracks water consumption, which totaled 68,719,043 gallons in 2021. This represents a 35% increase in annual water consumption since 2020 (50,876,429 gallons) and represents a 36% reduction in annual water consumption from 2019 (106,594,822 gallons).

The General Account uses MSCI data metrics to understand where we are more exposed to transition risks in our public corporate debt and public equity assets (~27%) of total portfolio through:

- Understanding the carbon footprint of a portion of our portfolio;
- An assessment of GHG emissions compared to our custom benchmarks;
- An assessment of temperature alignment compared to our custom benchmarks; and
- An assessment of the emissions trajectory of our portfolios.

To understand physical risk exposure in our commercial and agricultural mortgage portfolios, the General Account partners with PGIM Real Estate to use 427 to screen for physical risks across heat stress, water stress, sea-level rise, hurricanes & typhoons, floods, earthquakes, and wildfires. Where 427 determines high risks, further assessment is completed by our AMU to ascertain that required mitigants are in place.

For additional information review the Company's 2021 ESG Report and CDP response questions C9.1, C-FS2.2c, C-FS14.3a.

Key Area

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Prudential 2022 TCFD Disclosure Updates

Following the GHG Protocol, Prudential has created annual GHG inventories that have been independently assured over the past four years. Prudential's base year is 2017.

2017 Scope 1: 13,572 MT CO2e
2021 Scope 1: 11,381 MT CO2e
2017 Scope 2 (Market-based): 80,663 MTCO2e
2021 Scope 2 (Market-based): 39,099 MT CO2e
2017 Scope 2 (Location-based): 57,055 MT CO2e
2021 Scope 2 (Location-based): 36,612 MT CO2e

2021 Scope 3 (and earliest disclosure of categories):

- **Category 1 Purchased Goods and Services:** 337,579 MT CO2e (2018: 222,906 MT CO2e)
- **Category 3 Fuel and Energy-related Activities:** 8,526 MT CO2e (2017: 18,247 MT CO2e)
- **Category 5 Waste in Operations:** 363 MT CO2e (2018: 1,338 MT CO2e)
- **Category 6 Business Travel:** 6,132 MT CO2e (2018: 13,488 MT CO2e)
- **Category 7 Employee Commute:** 13,464 MT CO2e (2019: 112 MT CO2e)
- **Category 8 Upstream Leased Assets:** 164 MT CO2e (2018: 313 MT CO2e)

2021 Emissions Intensity per unit revenue: 0.00000068 MT CO2e per $ revenue

2021 Emissions Intensity per full-time employee: 1.1377278 MT CO2e per full-time employee

For additional information review the Company's 2021 ESG Report.

Key Area

Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets.

Prudential 2022 TCFD Disclosure Updates

Prudential commits to achieve net zero emissions across its primary home office operations in the U.S., Brazil, and Japan by 2050 and set an interim goal to become carbon neutral by 2040; however, as of December 31, 2021, we had not made a net zero commitment for our managed assets aside from our PGIM Real Estate asset management business. PGIM Real Estate has committed to reduce operational carbon emissions of its global portfolio of managed properties to net zero by 2050. This commitment aligns to the Urban Land Institute's (ULI) Greenprint Center for Building Performance Net Zero Carbon goal.

Our General Account (GA) investment portfolio uses MSCI as a climate data provider to support analysis of public corporate debt and public equity assets (~27%) of total portfolio. This data allows us to carbon footprint a portion of the GA portfolio which is the starting point for assessing climate risks. We use this information to assess GHG emissions and temperature alignment versus our custom benchmarks (across IG, HY, and EM issuers). This provides a view of where we may be more or less exposed to transition risks compared to our investable universe.

Prudential will reduce home office operational emissions globally (Scope 1 and Scope 2) by consolidating its real estate footprint, investing in energy-efficient capital improvements for owned properties, and purchasing renewable energy, where available, and then will utilize carbon removal strategies to eliminate its remaining carbon footprint. The Company's home office operations include owned and leased office space, data centers, and garages in the United States, Japan, and Brazil, where we have operational control.

In November 2021, Prudential expanded its commitment to achieve net zero emissions across its primary home office operations in the U.S., Brazil, and Japan by 2050 and set an interim goal to become carbon neutral by 2040. (ESG Report Page 47). Prudential's goal to achieve net zero Scope 1 and 2 greenhouse gas emissions by 2050 includes interim reduction goals of (ESG Report Page 48):

- 55% by 2030 from 2017 base year
- 97% by 2040 from 2017 base year

Progress toward goals, including domestic and international market-based emissions:

- Prudential reduced domestic and international emissions (market-based) by 46% from a base year of 2017
    - 84% progress toward 2030 interim goal (market-based)
    - 48% progress toward 2040 interim goal (market-based)

Year-on-year changes from 2020 to 2021 for domestic and international facilities:

14% decrease in emissions from 2020 for Scope 1 and 2 emissions (market-based)

On top of these targets, Prudential had identified additional key targets:

- Waste: Achieve 65% waste diversion by 2025
    - Status: Achieved goal in 2021 with 72% waste reduction in reporting countries.
- Governance: Develop both internal and public-facing ESG Policy
    - Status: Our Chief Investment Office (CIO) updated its Responsible Investing Policy in November 2021 to include investment restrictions on thermal coal and controversial weapons. The CIO made its Responsible Investing Policy available publicly for the first time.
- Investment: Invest in companies and projects that responsibly reduce emissions, water consumption, and/or waste generation
    - Status: Total sustainable investments are 7.9% of the portfolio as of 12/31/2021.

To support resiliency building and adaptation capacity, Prudential has set a goal to allocate 10% of its Impact Investments portfolio to companies and projects that promote sustainability and resiliency by 2025. As of 12/31/2021, our Impact Investments portfolio has 4% of its fair market value of investments in companies and projects promoting sustainability and resiliency. The Prudential Foundation also commits to grant $25 million by 2025 to support response to climate-related natural disaster recovery. As of 12/31/2021, The Prudential Foundation provided $12.7 million in grants and investments to support climate-related natural disaster recovery. In addition, Prudential has two goals to build additional resiliency preparation throughout our business. The first being to continue to strengthen our business continuation activities from the identified flood risk for the Newark, N.J. properties. The other goal being to invest in long-term businesses and projects that support resiliency. Regarding this, Prudential hired engineering firms to develop decarbonization capital plans for two Newark, N.J.-based Prudential office properties.

For additional information review the Company's 2021 ESG Report and CDP response questions C4.1a, C- FS14.3a.

DISCLAIMERS AND FORWARD-LOOKING STATEMENTS

The information provided in this report reflects Prudential's approach to climate-related risks as at the date of this report and is subject to change without notice. We do not undertake to update any of such information in this report. Any references to "sustainable investing," "sustainable investments," "ESG" or similar terms in this report are intended as references to the internally defined criteria of the Company or our businesses only, as applicable, and not to any jurisdiction-specific regulatory definition. Our approach to inclusion of disclosures in this report is different from disclosures included in mandatory regulatory reporting, including under Securities and Exchange Commission ("SEC") regulations. While this report describes events, including potential future events, that may be significant, any significance does not necessarily equate to the level of materiality of disclosures required under U.S. federal securities laws. No reports, documents or websites that are cited or referred to in this document shall be deemed to form part of this report. Prudential is not responsible for the information contained on third-party websites, nor do we guarantee their accuracy and completeness.

Certain of the statements included in this report, including those regarding our climate-related 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 plans and their potential effects upon Prudential Financial, Inc. and its subsidiaries. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. Prudential Financial, Inc.'s actual results may differ, possibly materially, from expectations or estimates reflected in or implied by 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 SEC filings, including our most recent Annual Reports on Form 10-K and subsequent Quarterly Reports on Form 10-Q and current reports on Form 8-K. Statements regarding our climate-related initiatives are subject to the risk that we will be unable to execute our strategy because of market or competitive conditions or other factors. Except as required by law, Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in this document as a result of future events or otherwise.