

Green Bond Framework
February 2020



Prudential

Introduction

For more than 140 years, Prudential Financial has helped individual and institutional customers grow and protect their wealth. We are known for delivering on our promises to our customers and are recognized as a trusted brand and one of the world's most admired companies. With operations in the United States, Asia, Europe and Latin America, we provide customers with a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds and investment management. We strive to create long-term value for our stakeholders through strong business fundamentals, consistent with our mission guided by our vision and directed by our company's core values.

As a leading life insurer and asset manager, Prudential believes that a healthy environment helps us create and preserve value for our customers, employees and investors, and that deteriorating environmental conditions pose unacceptable challenges to our quality of life and our business.

Prudential's Corporate Governance and Business Ethics Board Committee oversees 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.

Prudential's commitment to doing business the right way, strengthening communities and providing an inclusive work environment is reflected in the awards and recognition we have proudly received from national and global organizations.

We recently announced a new Global Environmental Commitment to expand the company's support for sustainable investments through a wide range of business, operational, and investment goals. The full set of goals include operational targets to reduce the direct impact of Prudential's business activities around the world as well as set investment targets to achieve sustainable and environmentally responsible returns.

We maintain diversified investment portfolios in our General Account to support our liabilities to customers as well as our other general liabilities. The General Account allows us to demonstrate our values via our own investments through the integration of environmental, social, and governance 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, and reduced waste will promote sustainability and resiliency. This Green Bond Framework represents the next step in aligning Prudential's business and operations with our Global Environmental Commitment.

Prudential Green Bond Framework

"The Framework" applies to Green Bonds issued by Prudential on or after February 2020. It sets out the guidelines for Prudential's Green Bond issuances in accordance with the 2018 ICMA Green Bond Principles:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting



Prudential's Green Bond Framework allows the company to issue Green Bonds under different formats, including public or private placements.

1. Use of Proceeds

An amount at least equivalent to the net proceeds of Prudential's Green Bonds will be allocated exclusively to existing or future investments in or financings of Eligible Green Assets, which are assets, businesses or projects within Prudential's General Account that meet Prudential's Green Bond Framework Eligibility Criteria as defined below. Each of Prudential's eligible categories have been aligned with the relevant UN Sustainable Development Goals (SDGs).

A business will be considered eligible for financing using Prudential Green Bond proceeds only if it derives 90% or more of its revenues from activities in the list of Eligible Categories.

1.1 Eligibility Criteria

Eligible Categories Examples of Eligible Green Assets

Renewable Energy



Investments and financings related to the acquisition, development, manufacturing, construction, operation and maintenance, distribution and transmission of renewable energies (below the threshold of 100 gCO₂/kWh) such as:

- Offshore and Onshore Wind
- Concentrated Solar Power
- Solar Photovoltaic
- Tidal
- Geothermal
- Waste Biomass

Green Buildings



Investments and financings related to existing or new construction/renovation of residential and commercial buildings that have received or expect to receive based on the design, construction or operation plans any of the following certifications:

- Leadership in Energy and Environmental Design (LEED) Gold or Platinum, Energy STAR (minimum of 75), Building Owners and Managers Association (BOMA BEST) Gold or Platinum, Building Research Establishment Environmental Assessment Method (BREEAM) Excellent or Outstanding (or equivalent internationally recognized standards)

Environmentally Sustainable Management of Living Natural Resources and Land Use



Investments and financings related to activities that contribute to the sustainable management of living natural resources and land use as well as the natural ecosystem protection or restoration such as:

- Environmentally sustainable agriculture certified by recognized third-party certifications such as EU Organic, USDA Organic, Canada Organic or Rainforest Alliance
- Sustainable forest management, including afforestation or reforestation, and certifications to recognized third-party standards such as Forest Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification (PEFC), and the Sustainable Forestry Initiative (SFI) which is affiliated with PEFC
- Preservation or restoration of natural landscapes (habitat is appropriate for the location and is maintained in good health)

Energy Efficiency



Investments and financings related to activities that contribute to the reduction of energy consumption, help manage and store energy, and contribute to increase the share of renewable energy in the network such as:

- Energy efficient investments in new or refurbished buildings which result in energy savings higher than 30%; including but not limited to retrofit, thermal insulation and/or upgrade of air conditioning system
- Energy Storage Systems
- Energy Efficient Lighting (LED lighting)
- Smart grid investments for more efficient transmission and distribution of energy

Clean Transportation



Investments and financings related to low energy and low carbon transport assets and the acquisition, development, manufacturing, construction, operation and maintenance of infrastructure dedicated to low energy and low carbon transport such as:

Private Transport

- Electric vehicles
- Hybrid vehicles (with CO₂ emission threshold of <50 gCO₂/p-km)
- Charging stations

Public Transport

- Train: Rolling stock and vehicles for electrified public transport, such as electrified rail, trams, and trolleybuses
- Buses with no direct emissions (electric or hydrogen).
- Hybrid buses (same threshold as above)
- Transportation infrastructure (expansion of metro/train network, station upgrade)

Eligible Categories Examples of Eligible Green Assets

Sustainable Water and Wastewater Management



Investments and financings related to activities that improve water quality, distribution efficiency and conservation such as:

- Flood prevention, flood defense or storm water management subject to appropriate environmental assessments, internal approvals and external certifications
- Water treatment infrastructure, including wastewater treatment systems
- Water distribution systems with improved efficiency
- Water capture and storage infrastructure, including storm water management systems, water distribution systems, aquifer storage, and sewer systems

Pollution Prevention and Control



Investments and financings related to activities that contribute to soil remediation, waste prevention and collection, waste reduction, and waste recycling such as:

- Development, operation and upgrade of recycling (metals, plastic and paper) plants
- Facilities for collection, sorting and material recovery that are used to divert waste from landfills

2. Process for Project Evaluation and Selection

Project evaluation and selection is a key process in ensuring that the projects financed by the Green Bonds meet the criteria required by Prudential's Green Bond Framework.

Prudential has formed a Green Bond Council that includes members from the Treasury, Chief Investment Office, and Corporate Governance/Sustainability teams. The Chief Investment Office will first evaluate and determine which projects are eligible for inclusion in the portfolio of Eligible Green Assets according to the criteria required by Prudential's Green Bond Framework. The projects compiled by the Chief Investment Office will be reviewed and validated by the Green Bond Council. The Green Bond Council is a sub-council of Prudential's Sustainability Council. The Green Bond Council will be responsible for:

- reviewing and validating the portfolio of Eligible Green Assets;
- reviewing and validating the annual report for investors;
- reviewing the Post Issuance External Verification Report and addressing any issues raised therein; and
- monitoring any on-going evolution related to Green Bond market practices in terms of disclosure, reporting, harmonization, and other areas.

Prudential's Sustainability Council consider issues and vet recommendations that are made to senior

management related to non-financial contributors to Prudential's long-term vitality.

All Eligible Green Assets will be subject to a review consistent with Prudential's Statement on Responsible Investing.

3. Management of Proceeds

Prudential's Green Bond Council will be responsible for monitoring the allocation of Green Bond proceeds.

For any Green Bonds issued, an amount at least equal to the net proceeds will be earmarked for allocation to the portfolio of Eligible Green Assets within the General Account as selected by the Chief Investment Office and validated by the Green Bond Council.

Prudential's portfolio of Eligible Green Assets will be dynamic with Eligible Green Assets maturing and new Eligible Green Assets being added. The tracked proceeds will be monitored quarterly and adjusted as needed to ensure that the aggregate amount in the portfolio of Eligible Green Assets is equal to or greater than the aggregate amount raised by Green Bonds. Net proceeds can be attributed to investments in or financings of Eligible Green Assets completed up to 36 months before the issuance of a Green Bond.

Prudential will use reasonable efforts to substitute any Eligible Green Assets that are no longer eligible as soon as practicable upon identifying an appropriate substitute Eligible Green Asset.

Unallocated Proceeds:

Pending the allocation or reallocation, as the case may be, of the net proceeds, Prudential will invest the balance of the net proceeds, at its own discretion, either in Green Bonds that are in line with Prudential's investment guidelines and that follow the ICMA 2018 Green Bond Principles, or in cash and/or cash equivalents and/or other liquid marketable instruments.

4. Reporting

A year after a Green Bond's issuance date, and every year thereafter until full allocation of a Green Bond, Prudential will publish a report describing the allocation of proceeds, Eligible Green Assets supported by the Green Bond, and, where feasible, the environmental impact of the Green Bond. Such report will include the information described under 4.1 and 4.2 below, and will be readily available on Prudential's Investor Relations website.

4.1 Allocation Reporting

The Allocation Report will provide the following information:

- Net proceeds raised from each Green Bond;
- Aggregate amount of funds allocated to each Eligible Category within Prudential's Green Bond Framework; and
- The balance of unallocated proceeds at the reporting period end.

4.2 Impact Reporting

Where feasible, Prudential will report on relevant environmental impact metrics and disclose measurement methodology for any quantitative indicators. At the bottom of the page are examples of potential impact metrics and quantitative indicators to be reported.

4.3 External Review

Second-Party Opinion:

Prudential has obtained a Second-Party Opinion from Sustainalytics on this Green Bond Framework.

Post Issuance External Verification Report:

On an annual basis, an external party will verify and provide third-party assurance with respect to the management of the Green Bond proceeds and the compatibility of the selected Eligible Green Assets with the Green Bond Framework.

Eligible Categories	Potential Impact Metrics and Quantitative Indicators
Renewable Energy	<ul style="list-style-type: none">✓ Total installed capacity (MW)✓ CO₂ emission avoided (tCO₂e)
Green Buildings	<ul style="list-style-type: none">✓ Floor space of green real estate (m²)✓ CO₂ emission avoided (tCO₂e)
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none">✓ Total surface financed (hectares)
Energy Efficiency	<ul style="list-style-type: none">✓ Expected Energy savings per year (MWh)✓ CO₂ emission avoided (tCO₂e)
Clean Transportation	<ul style="list-style-type: none">✓ New clean transportation infrastructure built (km)✓ CO₂ emission avoided (tCO₂e)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none">✓ Volume of water saved / reduced / treated (m³)✓ Total Population served by the system
Pollution Prevention and Control	<ul style="list-style-type: none">✓ Waste diverted from landfill (tonnes)✓ CO₂ emission avoided (tCO₂e)

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