

GREEN BOND REPORT

March 2024



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Prudential

ENVIRONMENTAL SUSTAINABILITY AT PRUDENTIAL

Since Prudential's founding nearly 150 years ago, delivering on our promises has required a sustainable business approach. Today, we recognize that proactively addressing our environmental impact is essential to our long-term success and to the success of the many stakeholders whose trust has earned us recognition as one of the most admired companies in the world. Actively evaluating and managing operational and investment climate risks position us to meet the opportunities and challenges—including the financial challenges—that a changing climate presents.

Since setting our first operational emissions reduction target in 2007, Prudential has been committed to improving our environmental efficiency, strengthening our climate resiliency, and engaging our stakeholders on relevant sustainability issues.

Prudential maintains disciplined asset liability management which requires constructing high-quality investment portfolios comprising assets that support the liability profile of the company's products and obligations. Prudential takes a long-term view of risks and opportunities when making investment decisions for the General Account, which holds assets that support Prudential's policyholder claims and benefits. This includes the consideration of financial and nonfinancial factors including environmental, social and governance factors. These considerations are aligned with [Prudential's Responsible Investing Policy](#).

In March 2020, Prudential became the first U.S. insurance company to issue a green bond. Consistent with our Green Bond Framework, we committed to publishing an annual use of proceeds report. This fourth annual Green Bond Report highlights the allocation of proceeds, environmental performance, and project examples.

SUMMARY OF GREEN BOND FRAMEWORK

2020 GREEN BOND SUMMARY

ISSUER: PRUDENTIAL FINANCIAL, INC.

ISSUE DATE: MARCH 5, 2020

ISSUED AMOUNT: \$500 MILLION

INTEREST RATE: 1.5%

MATURITY DATE: MARCH 10, 2026

OUR FRAMEWORK IS ALIGNED TO U.N. SUSTAINABLE DEVELOPMENT GOALS



[Prudential's Green Bond Framework](#) was developed in February 2020. It sets out the guidelines for Prudential's Green Bond issuances in accordance with the 2018 International Capital Markets Association ("ICMA") Green Bond Principles.

USE OF PROCEEDS AND IMPACT

KEY ELEMENTS

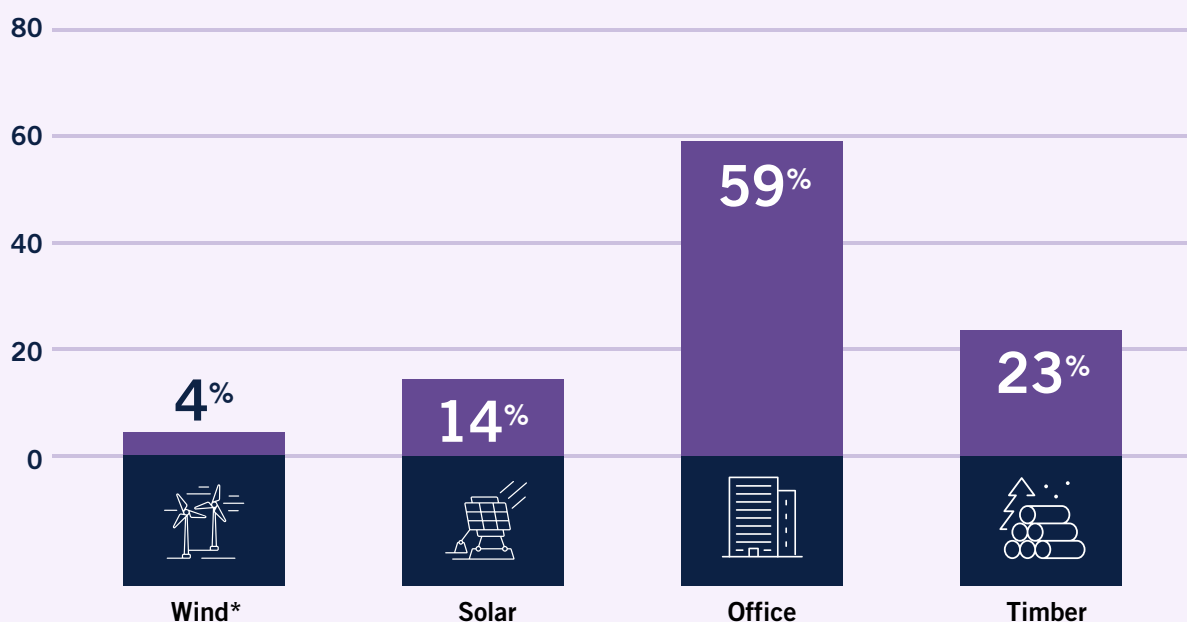
Use of Proceeds: Renewable Energy, Green Buildings, Environmentally Sustainable Management of Living Natural Resources and Land Use

Geography: United States and Canada

Management of Proceeds: An amount equal to the net proceeds of the Green Bond remains fully allocated across three eligible categories as of March 2024: Renewable Energy (SDG 7), Green Buildings (SDG 11), and Natural Resources (SDG 15).

Estimated Environmental Benefit: 38,925 metric tons of avoided carbon dioxide emissions or 78 metric tons CO₂ per \$1 million invested.


ALLOCATION BREAKDOWN BY SECTOR



FOOTNOTE

*Includes one wind project with a small amount of solar generation capacity. Notes are not split between the wind and solar facilities.

USE OF PROCEEDS AND IMPACT

Eligible Categories	Sub-Sector	Location	Investment Amount (\$M in BV)	% of Total	Prudential Share of Key Impact Metric Allocated to Green Bond	Prudential Share of Avoided CO ₂ Emissions Allocated to Green bond (mtCO ₂ e)
Renewable Energy						
	Wind*	U.S. and Canada	\$19.8	4%	28,479 (energy generated in mWh)	8,773
Renewable Energy						
	Solar	U.S.	\$70.1	14%	69,198 (energy generated in mWh)	24,374
Green Buildings						
	Office	U.S.	\$293.6	59%	1,649,342 (sq. footage)	5,778
Natural Resources						
	Timber	U.S.	\$116.5	23%	84,740 (hectares)	n/a
TOTAL			\$500.0	100%		38,925

FOOTNOTE

*Includes one wind project with a small amount of solar generation capacity. Notes are not split between the wind and solar facilities.

EXAMPLES OF PROJECTS



RENEWABLE ENERGY: NC 102 PROJECT LLC

- ▶ Solar project located in North Carolina
- ▶ Developed by Recurrent Energy, a subsidiary of Canadian Solar
- ▶ Installed capacity of 75 megawatts
- ▶ Estimated to power approximately 12,000 households
- ▶ In 2018, Prudential provided \$47.25 million in Senior Secured Fixed-Rate Term Notes, \$51.22 million in Senior Secured Floating-Rate Bridge Notes, and \$8.25 million in Senior Secured Floating-Rate Revolving Notes



GREEN BUILDINGS: 1101 NEW YORK AVENUE

- ▶ Located in Washington, D.C., built in 2007
- ▶ 12-story Class-A office building totaling 392,374 square feet
- ▶ First LEED Gold Certification in District of Columbia
- ▶ Energy Star certified building for energy-efficient operations and performance disclosure
- ▶ Owned by Oxford Properties Group
- ▶ Prudential provided \$186 million in acquisition financing



NATURAL RESOURCES: MENDOCINO REDWOOD COMPANY

- ▶ Owns approximately 225,000 acres of timberland located in the counties of Mendocino and Sonoma in California
- ▶ Forest Stewardship Council certified
- ▶ Prudential provided \$125 million refinance in 2019

METHODOLOGY

The Green Bond portfolio comprises \$536.5 million of total assets. For reporting purposes, we only show the impact of the \$500 million allocated green bond proceeds. This is done using a simple pro-rata allocation of impact across all securities in the Green Bond portfolio.

GREEN BUILDINGS

Avoided emissions are estimated using Energy Star's Energy Efficiency Ratio ("EER"), which compares a building's actual Energy Use Intensity ("EUI") versus the predicted energy usage. The difference between these figures is the EUI saved from the building is more energy efficient. This EUI saved is then converted to greenhouse gas ("GHG") emissions saved (kgCO₂e/ft²) using GHG Emissions Intensity data published by each municipality, which is an estimate of GHG emissions produced at each property. The GHG emissions saved are then scaled up for the size of each property (in square feet) to arrive at the total avoided emissions for each building.

RENEWABLE ENERGY

Avoided emissions are estimated using the annual project generation in megawatt hours apportioned to Prudential by our portion of the capital structure. For U.S.-based projects, avoided emissions are based on CO₂ emissions for fossil fuel projects in the state where the renewable project is located using U.S. Energy Information Administration (EIA) statistics. For Canada-based projects, avoided emissions are based on Canada's generation mix and International Renewable Energy Agency (IRENA) emissions data.

ENVIRONMENTALLY SUSTAINABLE MANAGEMENT OF LIVING NATURAL RESOURCES AND LAND USE

Areas of underlying forestry of each loan provided by third-party certification.

EXTERNAL REVIEW

Sustainalytics, an independent provider of sustainability research to institutional investors, issued the second-party opinion on the Framework and its alignment with the Green Bond Principles. Sustainalytics has also reviewed this report and confirmed its alignment with the Green Bond Principles.

INTRODUCTION

In 2020, Prudential Financial, Inc. (“Prudential”) issued a green bond (the “2020 Green Bond”) aimed at financing and refinancing projects that are expected to generate positive environmental impacts. The 2020 Green Bond financed projects related to renewable energy, green buildings, and environmentally sustainable management of living natural resources and land use. In 2024, Prudential engaged Sustainalytics to review the projects financed with proceeds from the 2020 Green Bond (the “Nominated Projects”) and provide an assessment as to whether the projects meet the use of proceeds criteria and the reporting commitments outlined in the Prudential Green Bond Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in February 2020.² This is Sustainalytics’ fourth annual review of allocation and reporting of the instruments issued under the Framework, following previous reviews in 2021, 2022 and 2023.³

EVALUATION CRITERIA

Sustainalytics evaluated the Nominated Projects based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

FOOTNOTES

¹ Prudential, “Green Bond Framework” (2020), at: <https://s22.q4cdn.com/600663696/files/events/PRU-Green-Bond-Framework.pdf>

² Sustainalytics, “Second-Party Opinion, Prudential” (2020), at: https://s22.q4cdn.com/600663696/files/events/PRU-Green-Bond-Framework_Second-Party-Opinion.pdf

³ Sustainalytics, “Annual Review, Prudential” (2023), at: https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/prudential-financial-inc.-annual-review-2023.pdf?sfvrsn=e4e09861_1

Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Renewable Energy	<p>Financing of generation assets in offshore and onshore wind, concentrated and photovoltaic solar power, tidal, geothermal and biomass energy. Eligibility is met by the following additional criteria:</p> <ul style="list-style-type: none"> ▶ Projects are to a threshold of 100 gCO₂/kWh generated ▶ Biomass feedstock will be sourced from waste 	<ul style="list-style-type: none"> ▶ Installed renewable energy capacity (MW) ▶ Estimated annual CO₂ emissions avoided (tCO₂e)
Green Buildings	<p>Financing for residential and commercial buildings that meet national/international green building standards such as LEED (Gold or Platinum), Energy Star (75 and above), BOMA BEST (Gold or Platinum), BREEAM (Excellent or Outstanding)</p>	<ul style="list-style-type: none"> ▶ Floor space of green real estate (square feet) ▶ Estimated annual CO₂ emissions avoided (tCO₂e)
Environmentally Sustainable Management of Living Natural Resources and Land Use	<p>Financing activities contributing to the sustainable management of living natural resources and land use that are certified by:</p> <ul style="list-style-type: none"> ▶ Forest Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification (PEFC) and Sustainable Forestry Initiative (SFI), to determine eligibility of sustainable forest management activities ▶ Rainforest Alliance, USDA Organic, Canada Organic or EU Organic certification, to determine eligibility of sustainable agriculture activities 	<ul style="list-style-type: none"> ▶ Total surface financed (hectares)

ISSUER'S RESPONSIBILITY

Prudential is responsible for providing accurate information and documentation relating to the details of the funded projects, including descriptions of projects, amounts allocated and project impact.

INDEPENDENCE AND QUALITY CONTROL

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Prudential's green bond. The work undertaken as part of this engagement included collection of documentation from Prudential and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Prudential. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings, or conclusions herein due to incorrect or incomplete data provided by Prudential.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

CONCLUSION

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects do not conform with the use of proceeds criteria and reporting commitments in the Framework.

Prudential has disclosed to Sustainalytics that the proceeds of the 2020 Green Bond were fully allocated as of March 2020.

DETAILED FINDINGS

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Projects to determine alignment with the use of proceeds criteria outlined in the Framework	All projects reviewed complied with the use of proceeds criteria	None
Reporting Criteria	Verification of the Nominated Projects to determine if impact was reported in line with the KPIs outlined in the Framework	All projects reviewed reported on at least one KPI per use of proceeds category	None

FOOTNOTES

⁴ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

APPENDIX 1: ALLOCATION AND REPORTED IMPACT

Use of Proceeds Category	Project Description	Reported Impact in 2023 ⁵	Net Proceeds Allocation (\$ million)	Allocation Percentage
Renewable Energy	Two solar energy projects	<ul style="list-style-type: none"> ▶ 69,198 MWh of energy produced ▶ 24,374 tCO₂e emissions avoided 	\$70.1	14.0%
Renewable Energy	Two wind energy projects	<ul style="list-style-type: none"> ▶ 28,479 MWh of energy produced ▶ 8,773 tCO₂e emissions avoided 	\$19.8	4.0%
Green Buildings	A total of four certified office buildings <ul style="list-style-type: none"> ▶ Three LEED Gold ▶ One LEED Platinum 	<ul style="list-style-type: none"> ▶ 1,649,342 sq. ft. of green building space ▶ 5,778 tCO₂e emissions avoided 	\$293.6	58.7%
Environmentally Sustainable Management of Living Natural Resources and Land Use	FSC-certified sustainable forest management project	84,740 hectares of FSC-certified area	\$116.5	23.3%
Allocated Amount			\$500.0	100%
Unallocated Amount			\$0	
Bond Proceeds Raised			\$500.0	

FOOTNOTES

⁵ A \$500 million green bond was issued under the Framework for part-financing of a \$536.5 million portfolio of eligible assets. Impact calculation have been carried out on a pro-rata basis to reflect the green bond share of the total investment portfolio.

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Sustainalytics, a Morningstar company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 1,500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com



PRUDENTIAL DISCLAIMER

Any references to “responsible investing,” “sustainable investing,” “sustainable investments,” “ESG,” “green” or similar terms in this document 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.

PRUDENTIAL

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