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. 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 integrate environmental, social, and governance factors into portfolio 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. 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 third annual Green Bond Report highlights the allocation of proceeds, environmental performance, and project examples.

SUMMARY OF GREEN BOND FRAMEWORK

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.

---

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

- Clean Water and sanitation (6)
- Affordable and clean energy (7)
- Sustainable cities and communities (11)
- Life on land (15)
- Responsible consumption and production (12)
USE OF PROCEEDS AND IMPACT

**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 2023. Underlying investment allocations have changed since the 2022 Green Bond Report due to the sale of liabilities and their corresponding investments, which included a portion of three assets in the green bond portfolio. These assets were replaced with three existing assets including (1) a U.S. solar project, (2) a LEED Platinum Office Building in Washington, D.C., and (3) a forestry asset with Forest Stewardship Council (FSC) certification. The forestry asset is the first allocation of proceeds to SDG 15, Environmentally Sustainable Management of Living Natural Resources and Land Use.

**Estimated Environmental Benefit:** 44,765 tons of avoided carbon dioxide emissions or 90 tons CO$_2$e annually per $M$ invested and 82,702 hectares financed.

---

**ALLOCATION BREAKDOWN BY SECTOR**

- **Wind:** 4%
- **Solar:** 15%
- **Office:** 58%
- **Timber:** 23%

*Includes one wind project with a small amount of solar generation capacity. Notes are not split between the wind and solar facilities.*
<table>
<thead>
<tr>
<th>ELIGIBLE CATEGORIES</th>
<th>SUB-SECTOR</th>
<th>LOCATION</th>
<th>INVESTMENT AMOUNT ($M IN BV)</th>
<th>% OF TOTAL</th>
<th>PRUDENTIAL SHARE OF ENERGY PRODUCTION OR SQUARE FOOTAGE ALLOCATED TO GREEN BOND</th>
<th>PRUDENTIAL SHARE OF AVOIDED CO₂ EMISSIONS ALLOCATED TO GREEN BOND (tons CO₂e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable Energy</td>
<td>Wind*</td>
<td>US and Canada</td>
<td>$22.1</td>
<td>4%</td>
<td>35,421 (energy generated in mWh)</td>
<td>11,491</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>Solar</td>
<td>US</td>
<td>$75.1</td>
<td>15%</td>
<td>72,443 (energy generated in mWh)</td>
<td>26,298</td>
</tr>
<tr>
<td>Green Buildings</td>
<td>Office</td>
<td>US</td>
<td>$289.3</td>
<td>58%</td>
<td>1,608,535 (sq footage)</td>
<td>6,977</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>Timber</td>
<td>US</td>
<td>$113.6</td>
<td>23%</td>
<td>82,702 (hectares)</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>$500.0</strong></td>
<td><strong>100%</strong></td>
<td><strong>44,765</strong></td>
<td></td>
</tr>
</tbody>
</table>

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

Columns and rows may not add up due to the use of rounded numbers.
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 233,000 acres of timberland located in the counties of Mendocino and Sonoma in California
- Forest Stewardship Council certified
- Prudential provided $125 million refinance in 2019
The Green Bond portfolio comprises $550.1 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 being more energy efficient. This EUI saved is then converted to greenhouse gas (“GHG”) emissions saved (kgCO$_2$/ft$^2$) 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 CO$_2$ 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. The second Green Bond Report provides details on allocation of proceeds, impact of the portfolio and examples of projects we have invested in.

Prudential Financial, Inc.
Type of Engagement: Annual Review
Date: February 22, 2023
Engagement Team:
John-Paul Iamonaco, john-paul.iamonaco@sustainalytics.com, (+1) 416 861 0403
Hamoda Youssef, hamoda.youssef@sustainalytics.com

INTRODUCTION
In March 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 from three categories listed in the Prudential Green Bond Framework (the “Framework”), namely—Renewable Energy, Green Buildings, and Environmentally Sustainable Management of Living Natural Resources and Land Use. In February 2020, Sustainalytics provided a Second-Party Opinion1 on the Framework.2 In 2023, Prudential engaged Sustainalytics to review the projects funded with proceeds from the 2020 green bond and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the Framework.

EVALUATION CRITERIA
Sustainalytics evaluated the projects and assets funded in 2020 based on whether the projects and assets:

1. Met the use of proceeds and eligibility criteria outlined in the Prudential Green Bond Framework; and

2. Reported on at least one of the key performance indicators (KPIs) for each use of proceeds category outlined in the Prudential Green Bond Framework.

---


### USE OF PROCEEDS CATEGORY

<table>
<thead>
<tr>
<th>Category</th>
<th>Eligibility Criteria</th>
<th>Key Performance Indicators</th>
</tr>
</thead>
</table>
| **Renewable Energy**                               | 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:  
• Projects are to a threshold of 100g of CO$_2$ per kWh generated  
• Biomass feedstock will be sourced from waste | • Installed renewable energy capacity (MW)  
• Estimated annual CO$_2$ emissions avoided (tCO$_2$e) |
| **Green Buildings**                                | 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) | • Floor space of green real estate (sq ft)  
• Estimated annual CO$_2$ emissions avoided (tCO$_2$e) |
| **Environmentally Sustainable Management of Living Natural Resources and Land Use** | Financing activities contributing to the sustainable management of living natural resources and land use that are certified by:  
• 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 | • 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 description of projects, amounts allocated, and project impact.

### INDEPENDENCE AND QUALITY CONTROL

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of 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, nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed projects, funded through proceeds of the 2020 Green Bond, are not in conformance with the use of proceeds and reporting criteria outlined in the Framework. Prudential has disclosed to Sustainalytics that the proceeds of the 2020 Green Bond were fully allocated as of March 2020.

3 Sustainalytics’ limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, estimated and realized costs of projects, and project impact, as provided by the Issuer, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

**DETAILED FINDINGS**

<table>
<thead>
<tr>
<th>ELIGIBILITY CRITERIA</th>
<th>PROCEDURE PERFORMED</th>
<th>FACTUAL FINDINGS</th>
<th>ERROR OR EXCEPTION IDENTIFIED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of Proceeds Criteria</td>
<td>Verification of the projects funded with proceeds from the 2020 Green Bond to determine if projects aligned with the use of proceeds criteria outlined in the Framework and in the table above</td>
<td>All projects reviewed complied with the use of proceeds criteria</td>
<td>None</td>
</tr>
<tr>
<td>Reporting Criteria</td>
<td>Verification of the projects funded by the 2020 Green Bond to determine if impact of projects was reported in line with the KPIs outlined in the Framework and in the table above. For a list of KPIs reported please refer to Appendix 1</td>
<td>All projects reviewed reported on at least one KPI per use of proceeds category</td>
<td>None</td>
</tr>
</tbody>
</table>
APPENDIX 1: ALLOCATION AND IMPACT REPORTING
BY USE OF PROCEEDS CATEGORY

<table>
<thead>
<tr>
<th>USE OF PROCEEDS CATEGORY</th>
<th>PROJECT DESCRIPTION</th>
<th>IMPACT REPORTED IN 2022</th>
<th>TOTAL ALLOCATED ($M)</th>
<th>ALLOCATION PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable Energy</td>
<td>Two solar energy projects</td>
<td>• 72,443 MWh of energy produced • 26,298 tCO₂e emissions avoided</td>
<td>$75.06</td>
<td>15.0%</td>
</tr>
<tr>
<td>Renewable Energy</td>
<td>Two wind energy projects</td>
<td>• 35,421 MWh of energy produced • 11,491 tCO₂e emissions avoided</td>
<td>$22.06</td>
<td>4.4%</td>
</tr>
<tr>
<td>Green Buildings</td>
<td>A total of four certified office buildings</td>
<td>• 1,608,535 sq ft of green building space • 6,977 tCO₂e emissions avoided</td>
<td>$289.27</td>
<td>57.9%</td>
</tr>
<tr>
<td>Environmentally Sustainable Management of Living Natural Resources and Land Use</td>
<td>FSC-certified sustainable forest management project</td>
<td>• 82,702 hectares of FSC-certified area</td>
<td>$113.61</td>
<td>22.7%</td>
</tr>
</tbody>
</table>

Allocated Amount ($M) $500.0 100%

Unallocated Amount ($M) $0.0

Bond Proceeds Raised ($M) $500.0

A $500 million Green Bond was raised under the Framework for part-financing of a $550.1 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.

DISCLAIMER

© 2023 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third-party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer’s economic
performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided “as is” and reflect Sustainalytics’ opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third-party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit http://www.sustainalytics.com/legal-disclaimers.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

ABOUT SUSTAINALYTICS, A MORNINGSTAR COMPANY

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 1500 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.