

WE MAKE LIVES BETTER *by*
SOLVING *the* **FINANCIAL CHALLENGES**
of **our** **CHANGING WORLD**



Building for Financial Resilience
2018 SUSTAINABILITY REPORT



Prudential

By providing a

SUSTAINABLE FOUNDATION

we make lives better by solving the financial challenges of our changing world.

CUSTOMER FOCUS

Innovating to drive success for customers and advance society



RESPONSIBLE IMPACT

Engaging with stakeholders to create shared success



FINANCIAL SUSTAINABILITY

Managing risk with integrity and effective, time-tested disciplines





ROCK SOLID®

INVESTING IN PEOPLE

Recruiting, engaging and retaining diverse talent to succeed today and tomorrow



Table of Contents

Message from the Chairman	4	Investing in People 	24
Message from the Board of Directors	5	Prudential by the Numbers	
About Prudential	6	Talent attraction, engagement and retention	
Sustainability at Prudential	8	Inclusion and Diversity	
Results of Materiality Assessment		Health, Wellness and Work/Life Effectiveness	
Long-Term Risks and Opportunities		Business Integrity Across the Globe	
Accountability for Sustainability			
About This Report			
Reporting Guidelines			
Financial Sustainability 	14	Responsible Impact 	31
Prudential by the Numbers		Prudential by the Numbers	
Corporate Governance Highlights		Corporate Social Responsibility	
Director Criteria, Qualifications, Experience and Tenure		Public Advocacy	
Identifying, Assessing and Managing Risk		Responsible Purchasing	
Responsible and Sustainable Investing		Building for Financial Resilience	
		Environmental Risk, Opportunity and Engagement	
		GHG Emissions, Waste, Water Use and Recycling	
		Investing and Operational Opportunities to Mitigate Climate Change	
Customer Focus 	21	2018 Milestones	39
Prudential by the Numbers		Appendix A	40
Building Innovation in Service		Appendix B	43
Product Innovation and Impact Investing		Assurance Statement for Greenhouse Gas Inventory	47
Cybersecurity Capabilities and Customer Privacy			
Managing Environmental Risk Impacts on Product and Underwriting			
Financial Wellness and Education			



Underscored text links to related content within this document, prudential.com, or an external website.

This report has been published in an accessible format, compliant with Web Content Accessibility Guidelines 2.0 level AA.

Message from the Chairman



Charles F. Lowrey

Chairman and
Chief Executive Officer

Prudential's purpose, "We make lives better by solving the financial challenges of our changing world," speaks to our 140-year tradition of creating financial opportunities for individuals, families, institutions and communities. It highlights our ability to improve the quality of life for more people through solutions delivered at both a small and large scale. And it underscores our determination to tackle the toughest problems by which we can help shape our changing world for the better.

The title of this year's 2018 Sustainability Report "Building Financial Resilience" echoes our commitment to bring more financial opportunity to more customers. We accomplish this through our U.S. Financial Wellness businesses; PGIM, our asset management business; and our International business. We are also working with institutional clients, distributors, nonprofits, and non-governmental organizations around the world to help individuals adopt behaviors that enable financial security.

By addressing the evolving societal needs for financial advice, services and solutions, we seek a unique opportunity to reach new market segments across different income brackets, ages and other demographic groups and to deepen our relationships with existing customers and partners.

Research has shown that purpose-driven companies outperform their competition in recruiting and retaining top talent, strengthening customer loyalty and driving business, all of which are core elements of our strategy. These elements will continue to build and drive stakeholder value and make a positive contribution to society. Our four capitals of sustainability are:

Financial Sustainability: We continue to generate meaningful value and to grow our business in a sustainable way. In 2018, we maintained a solid balance sheet even amid the large equity market movements in the fourth quarter.

Customers: For customers we are bringing more financial opportunities with our strategic mix of businesses with scale and growth potential that cannot be easily replicated. For example, we launched LINK by Prudential, an interactive education and hybrid advisory platform, as part of our technology investment across businesses.

Talent and Culture: Talent and culture are two of our most significant and sustainable competitive edges. There are many areas we focus on such as socioeconomic impacts, veterans initiatives, and inclusion and diversity. In 2018, we were invited to share information about our veterans' transition initiatives with members of the House Committee on Veterans' Affairs Subcommittee on Economic Development.

Responsible Impact: Our strategy of addressing the financial needs of society by delivering a consequential set of financial solutions through financial wellness is achieving results. In 2018 we conducted a Financial Wellness Census that surveyed more than 3,000 U.S. adults to study their financial health.

Looking ahead, Prudential's future success depends on its talent, expertise and commitment to a sustainable culture and purpose. I am honored and humbled to lead this company following the tenure of John Strangfeld who led us on our journey of building financial resilience.

I invite you to read our 2018 report, learn about our sustainability journey and provide us your [feedback](#). Thank you for your interest in our company.

A handwritten signature in black ink, appearing to read "Charles F. Lowrey". The signature is fluid and cursive, written in a professional style.

Message from the Board of Directors



Gilbert F. Casellas

Director and Chair,
Corporate Governance
and Business Ethics
Committee

Delivering business results while creating societal impact has guided Prudential's business model for more than 140 years. As directors, our objective is to guide and oversee management in the creation of long-term value through execution of a sound business strategy, thoughtful succession planning, a commitment to corporate ethics, careful risk oversight, prudent risk management, talent development, and societal impact.

Our culture and commitment to environmental, social, and governance initiatives are core to our corporate philosophy. Our sustainable foundation is pivotal for Prudential's future and long-term growth. Our four areas of focus are financial sustainability, customers, talent and culture and responsible impact.

Talent: As a company with operations in 23 countries, diversity of experiences, backgrounds and ideas enables us to develop solutions that address the financial needs of our customers. Recruiting, developing and retaining top diverse industry talent is a key priority for the company. Talent development is discussed at every Board meeting, and once per year, the Board devotes time to discuss talent at each business and functional leadership level across the company. This engagement gives us rich insight into the company's pool of talent and its succession plans.

Board Risk Oversight: As a supporter of the Task-Force on Climate-Related Financial Disclosures (TCFD), the Board sets standards for managing risk and monitoring the management of those risks within the company. The Risk Committee has metrics

in place to monitor and review market, insurance, investment, and operational risk. We regularly review the company's risk profile, including its approach to capital management, its operational footprint, and its investment risks and strategies.

Long-Term Value: Prudential's [2019 Proxy Statement](#) and [2018 Annual Report](#) supply further information about the company's efforts to create long-term value through the execution of a solid business strategy. For the 2019 Proxy Statement, in a video contained on our website, Peggy Foran, Chief Governance Officer, Senior Vice President and Corporate Secretary, spoke to Board Member [Douglas Scovanner](#), Chair of the Audit Committee, about his views on Prudential's Board and the role of the Audit Committee. In addition, in a video contained on our website Theresa Molloy, Vice President, Corporate Governance, interviewed [Thomas Baltimore](#), Lead Independent Director, about Prudential's board, the role of the Lead Independent Director and Prudential's corporate governance practices.

This report summarizes our sustainability journey during 2018. We hope you find it informative and always welcome your [feedback](#).



About Prudential

Organizational Profile

NYSE: PRU

Headquarters: Newark, NJ

www.prudential.com

Purpose

We make lives better by solving the financial challenges of our changing world.

Core Values and Principles

How we conduct our business is just as important as what we do. Our core values and principles guide us daily as we work to bring financial opportunity to more people and make our purpose a reality.

Core Values:

- Worthy of Trust
- Customer Focused
- Respect for Each Other
- Winning with Integrity

Principles:

- We do the right thing
- We take a long-term perspective
- We win with talent, culture and execution
- We make and keep promises

At all times, we strive to distinguish Prudential as an admired multinational financial services leader and trusted brand that is differentiated by top talent and innovative solutions for all stages of life.

Prudential conducts its principal business through five divisions:

1. The U.S. Individual Solutions Division
 - a. Individual Annuities develops and distributes individual variable and fixed annuity products.
 - b. Individual Life develops and distributes individual term life, variable life and universal life insurance products.
2. The U.S. Workplace Solutions Division
 - a. Retirement provides retirement investment and income products and services to public, private and not-for-profit organizations.
 - b. Group Insurance provides a full range of group life, long-term and short-term group disability, and group corporate-bank- and trust-owned life insurance primarily to institutional clients for use in connection with employee and membership benefits plans.
3. PGIM division offers a broad array of domestic and international investment management and advisory services by means of institutional portfolio management, mutual funds, and structured products.

4. The International Insurance Division develops and distributes individual life insurance, retirement and related products.
5. The Closed Block Division consists of the Closed Block segment.

Prudential also conducts other activities in Corporate and Other operations.



PRUDENTIAL BY THE NUMBERS

(As of December 31, 2018)

Company Ownership

- 410,711,702 shares outstanding
- 1,260,049 registered shareholders
- 33% owned by retail operations and non-institutional holders
- 67% owned by institutions
- \$1.377 trillion in assets under management
- Approximately \$4 trillion of gross life insurance in force worldwide

Employees

Approximately 50,000 employees and sales associates worldwide

Women in Leadership (excluding the salesforce)

Women's Roles in 2018	Percentage
Women on Board of Directors	25%
Women in Executive Management (3rd level VPs and above)	29%
Women in Senior Management (1st and 2nd level VPs)	35%
Women direct reports to the CEO	40%

Prudential's Sustainability Report provides an overview of long-term company goals and efforts in support of those goals. Some material is derived from other company documents, and links are provided to those documents where appropriate.

Portions of the report contain aspirational or otherwise forward-looking statements. Actual results may differ, possibly materially, from the company's expectations or predictions expressed in the document. See Appendix A for additional important information about these forward-looking statements.

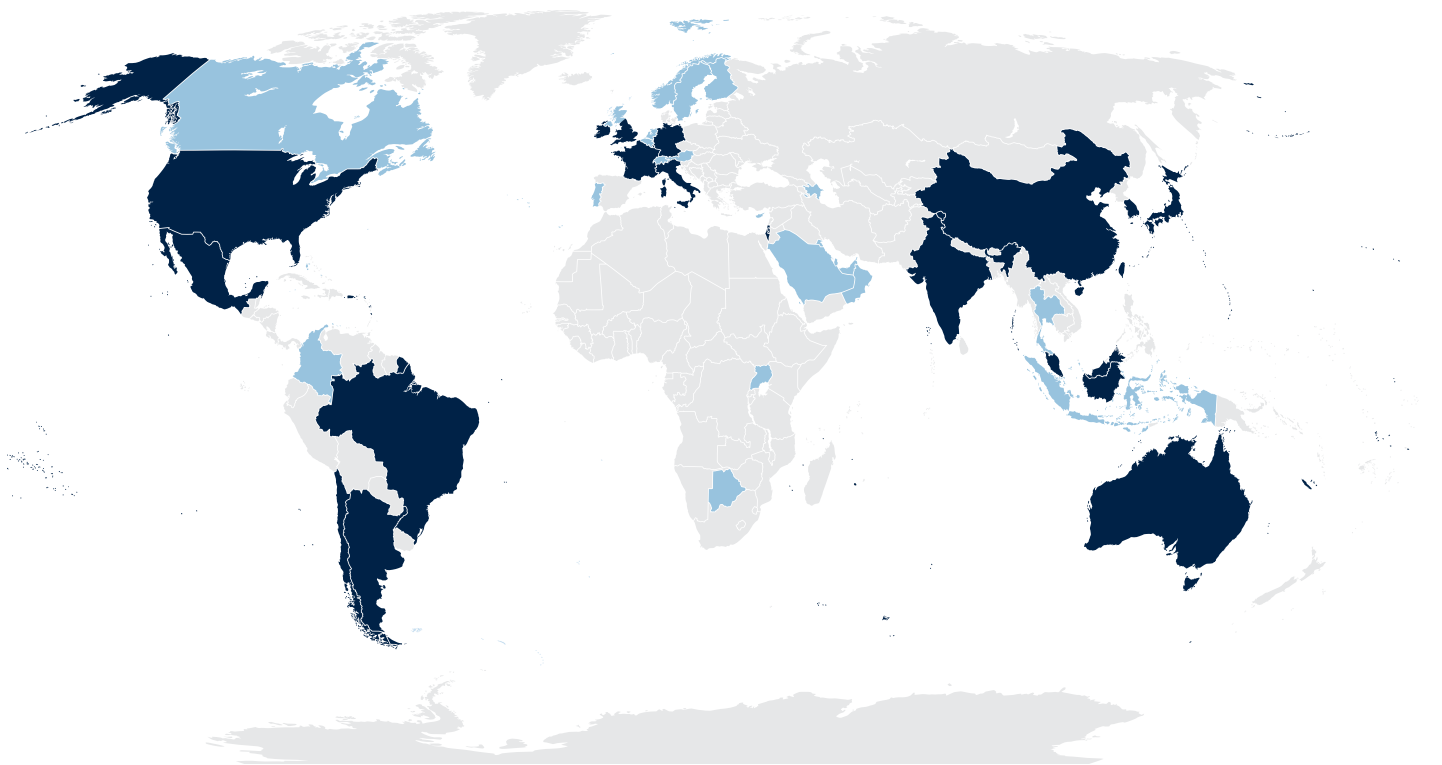
Global Map including Countries of Operation and Assets Under Management (AUM) and/or Revenue

23 COUNTRIES AND TERRITORIES OF OPERATION (LOCATION OF EMPLOYEES OR JOINT VENTURES)

North America	U.S. (including Guam), Bermuda, Mexico
Asia & Australia	Australia, China, Hong Kong, India (JV only), Indonesia (JV only), Japan, Malaysia, Singapore, South Korea, Taiwan
South America	Argentina, Brazil, Chile (JV only)
Europe & Middle East	France, Germany, Ireland, Israel, Italy, Luxembourg, United Kingdom

LOCATIONS OF AUM AND/OR REVENUE BUT NO EMPLOYEES

North America	Bahamas, Canada, Cayman Islands
Asia & Australia	Thailand
South/Central America	Colombia
Europe, Middle East & Africa	Austria, Azerbaijan, Belgium, Botswana, Cyprus, Denmark, European Union, Finland, Guernsey, Kuwait, Netherlands, Norway, Oman, Portugal, Qatar, Saudi Arabia, Scotland, Sweden, Switzerland, Uganda, United Arab Emirates



Sustainability at Prudential

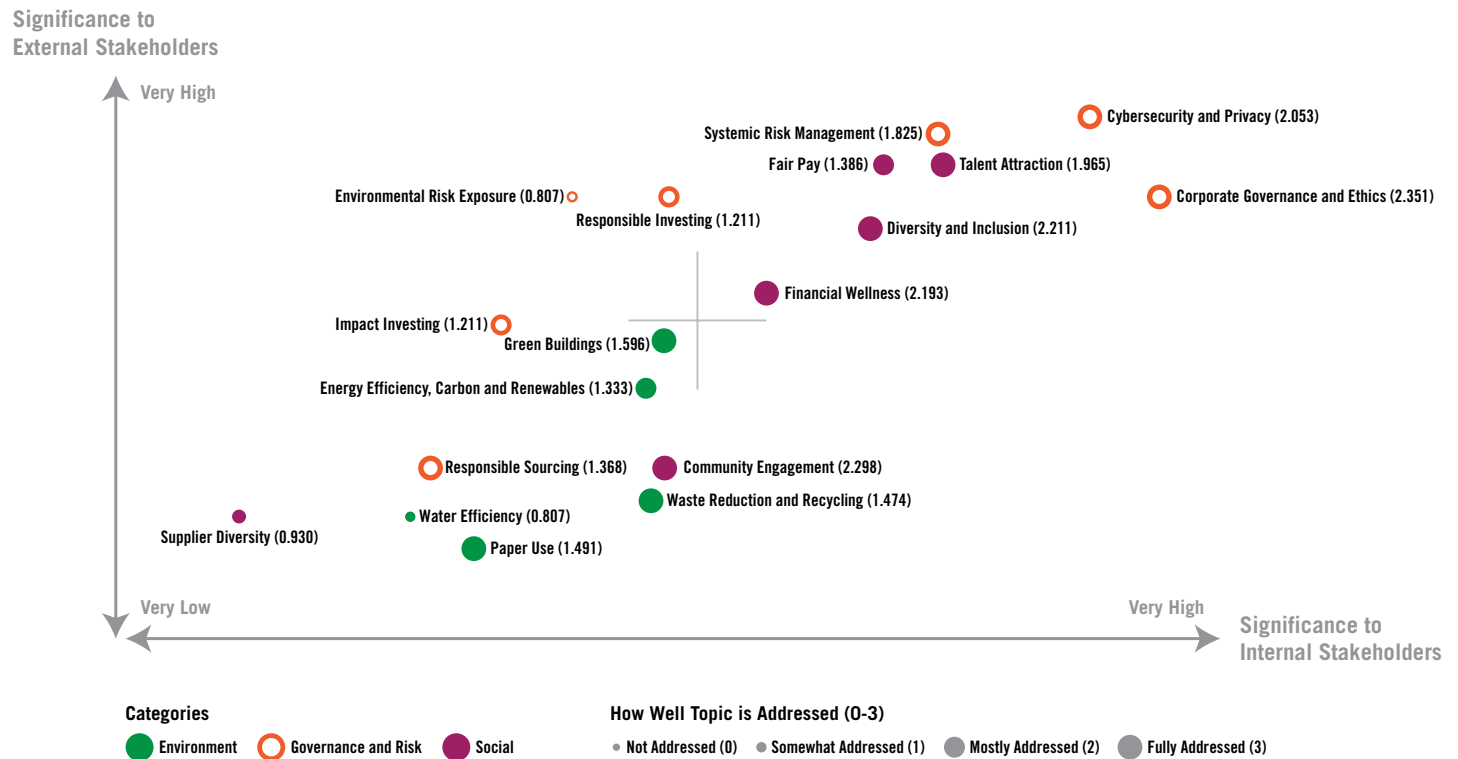
THE BUSINESS CASE

Prudential defines sustainability as how the company anticipates and manages future risks and opportunities to meet its long-term promises. The four building blocks providing structure to this are financial sustainability, customer focus, investing in people and responsible impact.

In 2018 Prudential with an external consultant conducted a materiality assessment to identify the issues that matter most to the company's stakeholders. By plotting the environmental, social and governance issues most important, Prudential will work to improve broader sustainability risks and opportunities.

The materiality assessment's objective was to identify key focus areas to inform the foundation for Prudential's sustainability strategy, goals, activities, metrics and reporting. The process began with identifying topics, then selecting 18 material topics to survey stakeholders. Once the survey was complete, the findings were analyzed, the key focus areas were validated, and the results were workshopped. The significance of topics is captured below in the matrix.

RESULTS OF MATERIALITY ASSESSMENT



Stakeholders

Proactive engagement with stakeholders supports Prudential's achievement of its purpose and long-term vitality by encouraging learning and increasing

transparency. In general terms, Prudential's stakeholders include:

Stakeholder Group	How We Engage	Stakeholder Feedback and Integration
Shareholders and Institutional Investors	<ul style="list-style-type: none"> • Annual Report, Proxy Statement and Sustainability Report • Press releases • Webcasts and conference calls • Financial services conferences • Proxy voting • One-on-one visits to discuss financial performance and ESG issues • Communications through Investor Relations and Corporate Governance Teams as well as company's Board of Directors • Annual Meeting and Investor Days • Responses to ESG surveys from ratings firms and CDP (formerly the Carbon Disclosure Project) 	<ul style="list-style-type: none"> • Proactively provided Proxy Access to investors
Customers (both individual and institutional)	<ul style="list-style-type: none"> • In-person conversations • Digital interface • By telephone • Social media • Annual Report, Proxy Statement and Sustainability Report • Customer satisfaction surveys, customer focus groups and net promoter scores • Assessment of financial data 	<ul style="list-style-type: none"> • In response to clients' growing interest in socially responsible investing, PGIM announced the launch of a dedicated impact-oriented real estate fund, which was created as a collaboration between PGIM Real Estate and Prudential's Impact Investments group
Employees and retirees	<ul style="list-style-type: none"> • Performance management and development programs • Volunteer events • Annual Report, Proxy Statement and Sustainability Report • Matching gifts program (open to eligible employees and retirees) • Business Resource Groups, Green Teams and Volunteer Councils • Company intranet, email, direct mail, social media and in-person meetings • Prudential Ethics Help Line • Employee surveys 	<ul style="list-style-type: none"> • Overhauling the performance management system and providing more frequent feedback to employees

Stakeholder Group	How We Engage	Stakeholder Feedback and Integration
Independent financial advisors and intermediaries	<ul style="list-style-type: none"> • In-person meetings, calls, conference calls, conferences and convenings • Proxy voting • Annual Report, Proxy Statement and Sustainability Report 	<ul style="list-style-type: none"> • Four of Prudential's businesses are UN PRI signatories (most recently our asset manager in Italy) • QMA and PGIM Investments launched PGIM's first ESG equity fund on the European mutual fund platform
Community leaders, neighbors, and nongovernmental organizations (NGOs)	<ul style="list-style-type: none"> • In-person meetings, calls, conference calls, social media, and events with local leaders, neighbors, NGOs, and advocacy groups • Board memberships • Financial support (grants, corporate contributions, impact investments) • Employee volunteering • Pro bono consulting 	<ul style="list-style-type: none"> • Directing procurement spending to vendors that are diverse, which includes local Newark-based firms as well as firms owned by minorities, women, veterans, disabled, or LGBTQ individuals
National and local government officials located in the U.S. and abroad	<ul style="list-style-type: none"> • In-person meetings, conferences and convenings, conference calls, lobbying activities, industry associations, public policy forums and press conferences • Membership on government councils and committees 	<ul style="list-style-type: none"> • Shared information about Prudential's initiatives to help veterans' transition to the civilian workplace with members of the House Committee on Veterans Affairs Subcommittee on Economic Opportunity
U.S. states, federal and international regulators	<ul style="list-style-type: none"> • In-person meetings, conferences and convenings, conference calls, lobbying activities, industry associations, public policy forums and press conferences 	<ul style="list-style-type: none"> • Integration of more robust cybersecurity as well as anti-bribery/anti-corruption (ABC) policies and standards
Suppliers, vendors and business partners	<ul style="list-style-type: none"> • Prudential Ethics Help Line • In-person meetings, calls, conferences, and workshops • Vendor Registration Portal and related websites 	<ul style="list-style-type: none"> • Creation of a robust human rights policy that extends to suppliers, vendors, and business partners
Thought leaders and advocates in issue areas related to financial services	<ul style="list-style-type: none"> • Board memberships • In-person meetings, conference calls • Group calls and meetings • Industry groups, roundtables, workshops and events • Working groups • Joint projects • Responses to ESG surveys from ratings firms and CDP (formerly, the Carbon Disclosure Project) 	<ul style="list-style-type: none"> • Formation of a Financial Wellness Working Team to shepherd Prudential's efforts and the development of a Financial Wellness Strategy

LONG-TERM RISKS AND OPPORTUNITIES

At its core, Prudential is in the business of risk management. The company addresses the breadth of risks material to stakeholders and its own long-term vitality. The following chart summarizes high-level

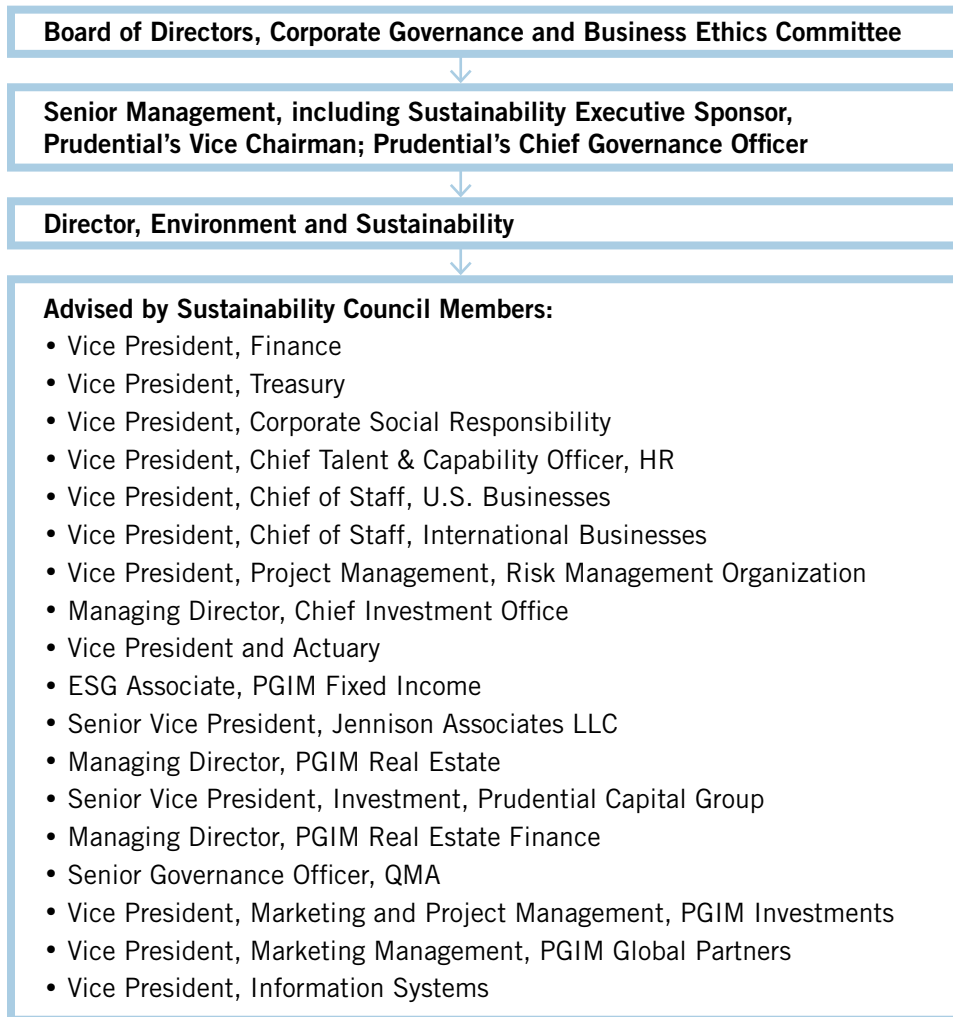
long-term issues the company monitors, and when relevant, engages with leaders to influence. Along with risks come opportunities the firm strives to capture.

Building Block	Financial	Customer	Talent	Responsible Impact
Risks	<ul style="list-style-type: none"> • Global economic and social volatility • The level and volatility of interest rates, equity markets and foreign exchange rates • Actual experience differs from assumptions on insurance and financial products • Effects of climate change and resource scarcity 	<ul style="list-style-type: none"> • Impaired trust in the industry • Meeting needs of customers living longer, younger and faster 	<ul style="list-style-type: none"> • Failing to attract and retain crucial talent 	<ul style="list-style-type: none"> • Underserved communities • Financial and regulatory environment
Opportunities	<ul style="list-style-type: none"> • Strong investment, actuarial and risk management skills may attract customers and enhance financial results • Financial strength and capacity enhances flexibility and competitiveness • Mitigating climate risk and resource scarcity creates business opportunities and supports more adaptable communities 	<ul style="list-style-type: none"> • Improving understanding of business may strengthen trust • Strategically aligned innovation allows for growth and customer satisfaction 	<ul style="list-style-type: none"> • Reputation as an employer of choice supports recruitment, retention and engagement 	<ul style="list-style-type: none"> • Functioning and resilient local economies can strengthen pipelines for talent and customers • Good public policy supports value creation

ACCOUNTABILITY FOR SUSTAINABILITY

Sustainability is overseen by Prudential's Board of Directors. This work is led by Prudential's senior leaders and carried out by senior staff. This chart illustrates the

relationships between the individuals involved and the titles of those directly responsible.



ABOUT THIS REPORT

This is Prudential's annual integrated Sustainability Report, covering the period of January 1 – December 31, 2018. As appropriate, significant developments occurring in early 2019 may be referenced and will be more fully developed in subsequent reports.

The report addresses the parent company, wholly owned subsidiaries and some joint ventures comprising U.S. and international subsidiaries' operations. The report reflects no material changes from the previous period in boundaries.

REPORTING GUIDELINES

Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is the most widely accepted framework for sustainability reporting. This document has been prepared in accordance with the GRI Standards: Core option. The preparation of this report considered all GRI Principles for sustainability reporting, including guidelines for Principles for Defining Report Content and Report Quality. The process for defining content and boundaries reflects the company's previous reporting practices, feedback from stakeholders and discussions with internal subject matter experts.

Sustainability Accounting Standards Board (SASB)

In October 2018 the Sustainability Accounting Standards Board published 77 industry-specific standards to assist companies with disclosing material information. This report includes aspects of the Insurance Sustainability Accounting Standard. SASB standards are designed to identify a minimum set of sustainability issues most likely to impact the operating performance or financial condition of the typical company in an industry, regardless of location. These disclosures in the report will be noted with a footnote referencing the specific code (SASB + code).

Task Force on Climate-Related Financial Disclosures (TCFD)

In June 2017 the Task Force on Climate-Related Financial Disclosures (TCFD) released its final recommendations for assisting businesses disclose climate-related financial information. The core elements of the recommendation are:

- Governance around climate-related risks and opportunities

- Strategy about the actual and potential impacts of climate-related risks and opportunities (please review Prudential's [CDP disclosure](#) beginning on page 4)
- Risk management process used by the organization to identify, assess, and manage climate-related risks
- Metrics and targets used to assess and manage relevant climate-related risks and opportunities

These disclosures in the report will be noted with a footnote referencing the specific code (TCFD+ specific recommendation referenced).

International Integrated Reporting Committee's Reporting Framework (IIRC)

The building blocks of Prudential's Sustainable Foundation (infographic found on page 2 of this report) align with the material capitals of the International Integrated Reporting Committee's Reporting Framework. Specifically,

- Discussions about Financial Sustainability reflect investments, activities and outputs related to "Financial Capital"
- Discussions about Customer Focus reflect investments, activities and outputs related to "Intellectual Capital"
- Discussions about Investing in People reflect investments, activities and outputs related to "Human Capital"
- Discussions about Responsible Impact reflect investments, activities and outputs related to "Social and Relationship Capital"

Prior to release, the Sustainability Report is reviewed by Prudential executives representing all the company's businesses and corporate center functions, including law, governance, ethics and compliance, regulatory reporting, risk and financial management. The Greenhouse Gas Emissions data is externally verified.

Financial Sustainability



Prudential was founded on the belief that financial security should be attainable for everyone, including working-class families, the company’s original customer base. Prudential’s approach to Board Diversity sets the tone at the top and reflects the company’s commitment to diversity. The directors have diverse perspectives—including a complementary mix of skills, experience and backgrounds—which are paramount to the company’s ability to represent the interests of all stakeholders and lead to long-term value creation. “The more diverse

board you have the better outcomes you achieve—for all of your constituencies,” Peggy Foran, Chief Governance Officer, Senior Vice President and Corporate Secretary says. “It may take longer to make decisions, but that’s because you’re going to have more collaboration, more discussion and more points of view. Ultimately, you’re going to get a much better decision.”



PRUDENTIAL BY THE NUMBERS

Financial¹

Assets under management as of December 31, 2018: \$1.377 trillion

Assets under management as of December 31, 2017: \$1.394 trillion

Net income 2018: \$4.07 billion

Net income 2017: \$7.86 billion

After-tax adjusted operating income 2018: \$5.02 billion

After-tax adjusted operating income 2017: \$4.65 billion

Earnings per share diluted on after-tax adjusted operating income basis 2018: \$11.69

Earnings per share diluted on an after-tax adjusted operating income basis 2017: \$10.58

Operating return on average equity 2018: 12.7%

Operating return on average equity 2017: 12.9%

¹ Amounts attributable to Prudential Financial, Inc. (PFI). Consolidated adjusted operating income (“AOI”), earnings per share based on AOI and operating return on average equity are non-GAAP measures of financial performance. For a discussion of these measures and for reconciliations to the nearest comparable GAAP measures, see Appendix A of this document.

Ratings

Prudential Financial, Inc.’s long-term senior debt ratings, as determined by major independent rating agencies, are as follows:

Rating Agency	Rating	Outlook
A.M. Best Company*	a-	Stable
Standard and Poor’s*	A	Stable
Moody’s*	A3	Stable
Fitch Ratings*	A-	Stable

The financial strength ratings for Prudential's domestic insurance company subsidiaries, as determined by the major independent rating agencies, are as follows:

Rating Agency	Rating	Outlook
A.M. Best Company*	A+	Stable
Standard and Poor's*	AA-	Stable
Moody's* ¹	Aa3	Stable
Fitch Ratings*	AA-	Stable

*As of May 9, 2019. Financial strength ratings represent the opinions of rating agencies regarding the financial ability of an insurance company to meet its obligations under an insurance policy. Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. The ratings set forth above reflect current opinions of each rating agency. Each rating should be evaluated independently of any other rating. These ratings are reviewed periodically and may be changed at any time by the rating agencies. As a result, there can be no assurance that we will maintain our current ratings in the future.

¹ Pruco Life Insurance Company of New Jersey and Prudential Annuities Life Assurance Corporation are not rated.

Insurance Regulatory Capital Ratios

Risk-Based Capital Ratio ¹	December 31, 2018
Prudential Insurance	385%
Prudential Annuities Life Assurance Corporation (PALAC)	511%
Composite Major U.S. Insurance Subsidiaries ²	417%

Solvency Margin Ratio	December 31, 2018
Prudential of Japan ³	893%
Gibraltar Life ³	918%

¹ The inclusion of RBC measures is intended solely for information and is not intended for the purpose of ranking any insurance company or for use in connection with any marketing, advertising or promotional activities.

² Includes Prudential Insurance and its subsidiaries (Pruco Life of Arizona, Pruco Life of New Jersey, Prudential Legacy Insurance Co., Prudential Retirement Insurance and Annuity Co.) and PALAC. Composite RBC is not reported to regulators and is based on summation of total adjusted capital and risk charges for the included companies as determined under statutory accounting and RBC guidance to calculate a composite numerator and denominator, respectively for purposes of calculating the composite ratio.

³ Based on Japanese statutory accounting and risk measurement standards applicable to regulatory filings; on a consolidated basis.

“Prudential builds for financial resilience by helping Americans to live their best financial life and achieve confidence in their financial future.”

Salene Hitchcock-Gear, President, Individual Life Insurance

Building for Financial Resilience. More than the title of the 2018 report, for Prudential financial resiliency means recovering quickly from unexpected expenses by offering solutions to help build wealth so that customers can move toward stability, mobility, and prosperity. The company's annual financial results are achieved due to a balanced mix of businesses and risk profile, understanding customer's needs and their risks and deploying capital efficiently.

The company realizes these objectives through:

- Strong governance
- Managing risk
- Investing responsibly and sustainably

To learn more, watch a video from [Ken Tanji](#), Executive Vice President and Chief Financial Officer.

CORPORATE GOVERNANCE HIGHLIGHTS

In 2018, management and Board members engaged with shareholders who hold a majority of the company's shares. During these discussions, shareholders were encouraged to identify potential Board candidates and share feedback on the company, the Board structure, the governance practices and policies, and the company's compensation framework and programs.

2018 corporate governance highlights include:

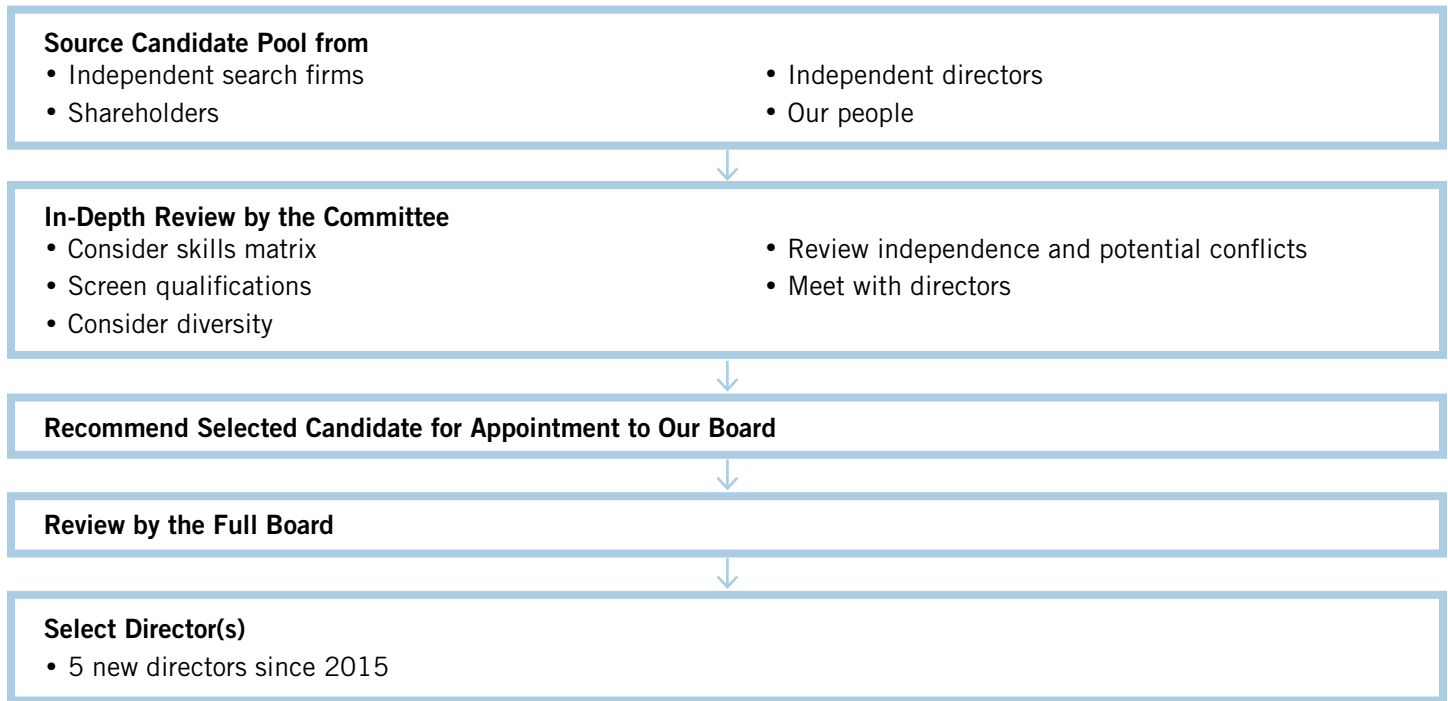
- **Shareholder Engagement:** These interactions included attendance at a Board meeting where investors shared their views regarding Prudential and its industry.
- **Board Refreshment:** Elected five new directors in the last four years, enhancing the Board's breadth and depth of experience and diversity. The average Board tenure is 6.7 years.
- **Board Recognition:** Nominated for the National Association of Corporate Directors NXT Award in recognition of the Board's inclusion and diversity commitment; Gilbert F. Casellas honored by the NACD's Directorship 100 in recognition of his impact on boardroom practices and performance.
- **Leadership Recognition:** Nominated by Corporate Secretary Magazine for Best Use of Technology, Best Large Cap Proxy Report, and Best ESG Reporting.
- **Executive Compensation Program:** Received 96% shareholder support in 2018 on Say-on-Pay proposal.

DIRECTOR CRITERIA, QUALIFICATIONS, EXPERIENCE AND TENURE

The Corporate Governance and Business Ethics Committee performs an assessment of the skills and the experience needed to properly oversee the interests of the company. Generally, the committee reviews both the short- and long-term strategies of the company to determine what current and future skills and experience are required of the Board in exercising its oversight function and in the context of the company's strategic priorities. The committee then compares those skills to the skills of the current directors and potential director candidates. The committee conducts

targeted efforts to identify and recruit individuals who have the qualifications identified through this process, keeping in mind its commitment to diversity.

The committee screens and recommends candidates for nomination by the full Board. The company's By-laws provide that the size of the Board may range from 10 to 15 members, reflecting the Board's current view of its optimal size. The committee is assisted with its recruitment efforts by an independent third-party search firm, which recommends candidates that satisfy the Board's criteria.



Board Tenure for 2019 Nominees

Our directors' expertise combines to provide a broad mix of skills, qualifications and proven leadership abilities.

The Corporate Governance and Business Ethics Committee practices a long-term approach to broad refreshment. With the assistance of an independent search firm, the Committee regularly identifies individuals who have expertise that would complement and enhance the current board's skills and experience. In addition, as part of our shareholder engagement dialogue, we routinely ask our investors for input regarding director recommendations.

Director Tenure (Average 6.7 years)

2 Directors: 13+ Years

4 Directors: 6-12 Years

7 Directors: 0-5 Years (6 new Directors since 2015)

The Committee expects each of the company's directors to have proven leadership skills, sound judgment, integrity and a commitment to the success of the company. In evaluating director candidates and considering incumbent directors for nomination to the Board, the committee considers each nominee's independence, financial literacy, personal and professional accomplishments, and experience considering the needs of the company. For incumbent directors, the factors also include attendance, past performance on the Board and contributions to the Board and their respective committees.

For a summary of director qualifications and experience review [Prudential's 2019 Proxy Statement](#).

For more information about Prudential's Board Members visit [Prudential's Governance website](#).

Communicating with the [Board](#).

Board Oversight and Risk Awareness

The Board oversees the company's risk profile and management's processes for assessing and managing risk, through both the whole Board and through its committees. At least annually, the Board reviews strategic risks and opportunities facing the company and certain of its businesses. Other important categories of risk are assigned to designated Board committees that report back to the full Board. In general, the committees oversee the following risks:

- **Audit Committee:** insurance risk and operational risks, including model risk, as well as risks related to financial controls, legal, regulatory and compliance risks, and the overall risk management governance structure and risk management function;
- **Compensation Committee:** the design and operation of the company's compensation programs so that they do not encourage unnecessary or excessive risk-taking;
- **Corporate Governance and Business Ethics Committee:** 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;^{TCFD governance}
- **Finance Committee:** liquidity risk, risks involving our capital management, the incurrence and repayment of borrowings, the capital structure of the enterprise, funding of benefit plans and statutory insurance reserves;
- **Investment Committee:** investment risk, market risk and the strength of the investment function; and
- **Risk Committee:** the governance of significant risks throughout the company, the establishment and ongoing monitoring of our risk profile, risk capacity and risk appetite, and coordination of the risk oversight functions of the other Board committees.

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. As these issues sometimes overlap, Board committees hold joint meetings when appropriate and address certain issues at the full Board level. During 2018, the Risk

Committee received an update from the Chief Risk Officer on the important strategic issues and risks facing the company. In addition, the Board and committees review the performance and functioning of the company's overall risk management function.

The Risk Committee is comprised of the chairs of each of the other Board committees and Mark Grier, Vice Chairman. The principal activities of the Risk Committee are to: oversee 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; review the company's processes and procedures for risk assessment and risk management, including the related assumptions used across the company's businesses and material risk types; and receive reports from management on material and emerging risk topics that are reviewed by the company's internal management committees.

The company, under the Board's oversight, is organized to promote a strong risk awareness and management culture. The Chief Risk Officer sits on many management committees and heads an independent enterprise risk management department; the General Counsel and Chief Compliance Officer also sit on key management committees and the functions they oversee operate independently of the businesses to separate management and oversight. Employee appraisals evaluate employees with respect to risk and ethics.

For more information on cybersecurity risk oversight and executive compensation risk oversight read Prudential's [2019 Proxy Statement](#).



IDENTIFYING, ASSESSING AND MANAGING RISK TCFD RISK MANAGEMENT & SASB FN-IN-450A.3

Sustainability is the foundation of Prudential's business as an insurance company. Making and keeping promises over the very long term has been central to long-term success. This focus has sustained the company through the Spanish Flu Pandemic of 1918, the Great Depression, both World Wars and the Great Recession. Though these historic events tested the company's character and resilience, Prudential has endured.

Prudential is both a global citizen and global investor and therefore must consider all of the company's risks, including climate change, through both of these lenses. Today, through a thorough understanding of the risks that the company takes and the resources it possesses, and effective management of those risks, the company continues to ensure that it will honor its commitments as they come due.

Enterprise Risk Management is at the epicenter of risk measurement, evaluation and management across the company, and is charged with overseeing models, metrics, frameworks and limits to ensure that resources are sufficient through a wide variety of potential stress outcomes.



Today's reality of disruptive and constant change requires the evolution of the company's risk management function to meet these challenges and become increasingly agile without sacrificing the safety and soundness of the company. To that end the company established Chief Risk Officer roles for the businesses, to work closely with management to deliver a more streamlined and integrated approach to managing and taking risk. The Chief Risk Officers have accountability for making decision at the individual business level and engaging the broader Risk leadership team, as appropriate, to deliver the full breadth of subject matter expertise within the Risk centers of excellence. This strategy delivers the full breadth of subject

matter expertise within the Risk centers of excellence. This innovation further supports the identification and evaluation of risks as they are developing, from products and activities, leveraging the expertise in Investment, Insurance, Market, Operational, and Liquidity risk.

Wrapping this technical expertise and modeling, the Risk Appetite Framework seeks to understand how the company will perform through a variety of severe scenarios and ensures that risks and resources remain in balance. This process is a critical piece in the optimization of outcomes as it ensures that the needs of all stakeholders are considered in every decision made.

The company positions itself to successfully navigate short-term risks, such as liquidity and the longer-term risks, that may develop from changes in the economic, physical, technological, scientific and legislative environments. These risks are part of the stress-testing framework. As part of this process, as risks are identified, the company develops strategies to eliminate or minimize those risks by taking proactive action to address those extreme but highly unlikely stress scenarios.

Informed decision-making considers the speed to relevance for emerging businesses, such as renewable energy, and other investments declining in relevance, such as coal. Prudential's analysis of climate change risk includes strategic industry and geographic reviews to examine future impacts and utilizes the findings to make long-term portfolio decisions. For example, Investment Risk Management:

- has performed an in-depth review of the electric utility industry to ascertain the impact of distributed generation (renewable power) and whether the current regulated utility business model is at risk or can adapt.
- is completing an outlook on electric vehicles, which is being driven by zero-carbon initiatives, and will impact many sectors including real estate, electric utility, transportation and logistics. Climate risks are identified as Prudential analyzes a company, sector, asset class or geography.

Evaluating these and other possible environmentally focused transition risks are part of keeping long-term promises to customers.

Climate change may increase the severity and frequency of disasters and pandemics, which in turn could adversely affect corporates and municipalities whose securities are in the general account investment portfolio. Prudential also holds a large but diversified portfolio of commercial mortgages, some of which could be impacted by localized weather events. Furthermore, climate change regulation may affect the prospects of companies and other entities whose securities the company holds, or the willingness to continue to hold their securities. It may also impact other counterparties, including reinsurers, and affect the value of investments, including real estate investments held or managed for others.

Environmental concerns spur scientific inquiry which may reposition the relative attractiveness of certain energy generation sources over others. The transportation industry may shift to alternative modes of conveyance resulting in a change in relevance. Evaluating these and other possible environmentally focused transition risks are part of keeping long-term promises to customers.

Enterprise Risk Management believes the best defense against unpredictable risks is a combination of vigilant analysis and thoughtful diversification. Prudential intentionally limits exposure to companies, sectors, asset classes and geographies to protect against idiosyncratic events. The company strengthens its protection through specific analysis, portfolio modeling and deterministic stress tests.

With this core risk infrastructure firmly in place, the company examines the risks that lie ahead, including

changing business models from an investment perspective, changes in biometric (mortality/longevity) outcomes and changes in the way the company interacts with customers. Finally, overriding all of these future changes is the risk of climate change that has implications on virtually all that the company does.

“Finding a path to a sustainable climate is our generation’s most important challenge. The implications of failure are broad-reaching and will lead to breakdowns in society and infrastructure.”

Nick Silitch, Senior Vice President, Chief Risk Officer

RESPONSIBLE AND SUSTAINABLE INVESTING TCFD RISK MANAGEMENT & SASB FN-IN-410A.2

PGIM provides asset management services to public and private fixed income, public equity and real estate, commercial mortgage, mutual funds and other retail services to institutional, private and sub-advisory clients (including mutual funds), insurance company separate accounts, government-sponsored entities (e.g., Fannie Mae, the Federal Housing Administration and Freddie Mac) and the company’s general account. Its active multimanager model takes a long-term view to ensure the sustainability of investments, employees and communities.

PGIM believes that ESG factors can be material when evaluating investment opportunities and risks. Considering these factors is consistent with the company’s ultimate fiduciary duty—searching for the highest risk-adjusted returns for clients. PGIM can customize the management of client mandates to specific ESG directives to the extent practicable.

Four of the PGIM businesses—PGIM Real Estate, PGIM Fixed Income, QMA and Pramerica SGR—are signatories to the United Nations’ Principles for Responsible Investment (PRI). PGIM has been a member of the Investment Network on Climate Risk since 2009, working with institutional investors on building best practices for sustainable

investing. Additionally, each of the PGIM businesses is represented on the executive corporate Sustainability Council which meets regularly to assess sustainability trends, advocate and propose policy.

PGIM also publishes thought leadership pieces focused on megatrends, current views and asset-class insights. In 2018, PGIM released investment research on retirement preparedness and the impact of rapid technology advancements on global markets.



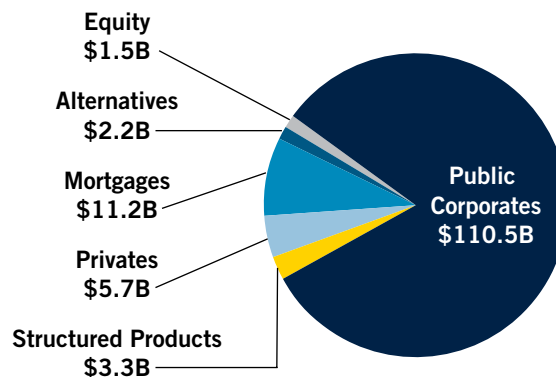
PGIM’s research *Navigating the Technology Frontier: Understanding the Impact of Technological Disruption* discusses investment implications of disruptive change. “Contrary to popular sentiment, the disruption unleashed by technological change has spread well beyond Silicon Valley

start-ups and FAANG stocks and will ultimately reshape every industry in the global economy. The implications will radically transform investment opportunities across asset classes and geographies.” said Taimur Hyat, PGIM’s chief operating officer.

Identified ESG Investments by Asset Class in Prudential's General Account SASB FN-IN-410a.1

In 2018 work began to assess Prudential's general account portfolio of identifying ESG investments by asset class. As this work advances further the 2019 Sustainability Report will provide further details about how the company derives value from ESG. The graphic on the right illustrates the assets that have an ESG identifier. These assets are valued at approximately \$135 billion (or 28%) of the general account's portfolio.

Identifiable ESG Assets



Market Value (\$B)	Total PFI	Identifiable ESG	% of Total ESG	% of Total PFI
Government	\$136.7	–	–	–
Public Corporates	\$165.2	\$110.5	82.1%	22.8%
Privates	\$69.1	\$5.7	4.3%	1.2%
Structured Products*	\$37.6	\$3.3	2.5%	0.7%
Mortgages	\$59.4	\$11.2	8.3%	2.3%
Equity	\$4.2	\$1.5	1.1%	0.3%
Alternatives	\$12.5	\$2.2	1.6%	0.4%
Total	\$484.7	\$134.4	100.0%	27.7%

* Structured Products is made up of Agency MBS, Agency CMBS, CLOs and ABS. Currently only ABS (SLs, Auto, Cards, Equipment, and Consumer Lending) is ESG-rated by PGIM-FI.

PGIM businesses and ESG Policy SASB FN-IN-410a.2

The PGIM businesses—PGIM Fixed Income, Jennison, QMA, PGIM Real Estate, PGIM Real Estate Finance, Prudential Capital Group—have a strong belief that material Environmental, Social and Governance (ESG) factors are important drivers of long-term investment returns from both an opportunity and a risk-mitigation perspective. To understand each businesses' perspectives on ESG, please refer to their ESG policy.



Impact and Responsible Investing

Prudential's Impact Investing team manages a stand-alone impact investment portfolio. This team also provides consultative services to the rest of the firm on responsible investments and perspectives on underserved markets including the PGIM Real Estate Impact Venture fund focused on affordable housing and transformative developments.

Prudential formalized its Impact Investing unit more than 40 years ago and, in that time, the team has made more than \$2.6 billion in investments as of December 31, 2018. The current portfolio has a market value of more than \$860 million as of December 31, 2018. The impact investing team is 58% diverse and 33% female. In 2018, Impact Investments originated an additional \$273 million of investments, including \$25 million to construct a waste-to-energy plant in Trenton, NJ, and \$8 million to increase distributed solar in Africa.



Prudential was recognized on Fortune magazine’s prestigious 2018 Change the World list for pioneering the modern pension risk transfer through which the company has been entrusted with billions of dollars in retirement liabilities for millions of retirees. Through its pension risk transfer business, Prudential Retirement takes on the responsibility for increasingly expensive pension obligations of companies with traditional pension benefits. “Pension risk transfers are not only a business opportunity for Prudential, they also make

a difference in the lives of millions of people,” says Phil Waldeck, President of Prudential Retirement. “Keeping promises is in Prudential’s DNA. We have been doing it for more than 140 years and this is validation of our team’s commitment to helping retirees maintain financial wellness.”

“To assist current and future customers navigate the financial challenges of a changing world, Prudential puts customers at the heart of business decisions to ensure keeping the promises we make.”

Stephen Pelletier, Executive Vice President, Chief Operating Officer, U.S. Businesses

Prudential’s integrated cross-business approach helps to better understand each client and customer. This integrated approach with financial wellness resonates with a growing range of customers and helps to open pathways to new markets.^{SASB FN-IN-270a.4}

The company measures customer satisfaction with a variety of metrics. These include surveys, customer focus groups and net promoter scores that track referrals from existing customers.

Using financial data to assess customer satisfaction is consistent across all Prudential’s businesses. Sales/net flows help potential customers, investors and other stakeholders measure the company’s ability to meet customer needs.



PRUDENTIAL BY THE NUMBERS

(As of 12/31/18 unless otherwise noted)

Segment	2018 Sales/Net Flows
U.S. Individual Solutions Division	
Individual Annuities	\$8.3 billion in gross sales
Individual Life	\$623 million in sales ¹
U.S. Workplace Solutions Division	
Retirement	\$12.6 billion in net flows
Group Insurance	\$559 million in sales ¹
PGIM Division	
PGIM	\$13.7 billion in net flows ²
International Insurance Division	
International Insurance	\$2.7 billion (on constant dollar basis) in sales ¹

¹ Based on annualized new business premiums.

² Unaffiliated institutional and retail third-party net flows, excluding money market activity.

BUILDING INNOVATION IN SERVICE SASB FN-IN-270A.4

In a world where consumers have come to expect ease and convenience in their daily interactions, Prudential is leveraging data and technology to improve the customer experience. In late 2018 the company launched LINK by Prudential, a highly interactive education and hybrid advisory platform that allows individuals to identify their financial needs and connect to advice and solutions directly online, remotely through a hybrid advisor or in person through a Prudential Advisor. The platform is helping to expand customer reach, deepen engagement, and match financial needs to solutions. “LINK is an innovation that marries a seamless online experience with live personal support to open new customer segments to more Prudential solutions via the channels of their choice,” explains Naveen Agarwal, Chief Customer Officer.

Another innovative service Prudential launched in 2018 was the first skill for Amazon’s voice assistance, Alexa. This skill allows retirement account holders to check their balance.

To learn more about Prudential’s initiatives in the international business, watch a video from [Scott Sleyster](#), Executive Vice President and Chief Operating Officer, International Businesses.

PRODUCT INNOVATION AND IMPACT INVESTING

In response to clients’ growing interest in socially responsible investing, PGIM announced the launch of a dedicated impact-oriented real estate fund, which was created as a collaboration between PGIM Real Estate and Prudential’s Impact Investments group. In the fourth quarter of 2018, the fund closed on its first transaction, a mixed-income, mixed-use development in Washington, D.C. In addition, QMA and PGIM Investments launched PGIM’s first ESG equity fund on the European mutual fund platform.

Pramerica SGR, a joint venture of UBI Banca and Prudential Financial, Inc., is an asset management company in Italy with 57.6 billion euros of assets under management as of December 31, 2018. The joint venture is a UN PRI signatory who has been offering socially responsible solutions since 2005. In 2018 Pramerica SGR surpassed the one-billion-euro mark for assets managed under SRI (sustainable and responsible investments) screens. For 2019, Pramerica SGR is working on the integration of ESG factors in the investment process, in particular on the launch of two ESG strategies that will invest in companies that target reduction of CO² emissions in the production processes and the reduction of water use, and the enhancement of water quality.

In 2018 Prudential introduced an after-tax, payroll-contributed emergency savings feature that offers workers a new way to save for retirement but still have access to their money in case of an emergency. Designed in collaboration with Washington, D.C.-based

nonprofit Prosperity Now, the solution is designed to allow participants to use after-tax contributions tied to an existing retirement plan to build savings that can be accessed to cover emergencies.

“We know that there is a critical need for emergency savings and this feature can address that need. It’s a dual-purpose savings vehicle—it provides a safety net with quick access to cash in an emergency while delivering additional long-term retirement savings. It also helps safeguard individuals against diminishing their retirement savings in the event of an emergency, which can set them back in creating financial security for themselves and their loved ones.” said Snezana Zlatar, head of Full-Service Solutions Product and Business Management.

CYBERSECURITY CAPABILITIES AND CUSTOMER PRIVACY

Prudential partners with other companies, law enforcement and industry to receive and share information about the latest cyber threats and to leverage threat modeling insights into its cybersecurity program. The company continues to test its technical defenses with internal and external trained professionals seeking to probe its cybersecurity capabilities. Cross-functional teams participated in new simulated scenarios within Prudential, while company representatives participated in industry-wide external scenarios. New technology is constantly being reviewed and implemented to help thwart attacks and prepare the company to respond to those that evade defenses.



Prudential continues to refine its threat hunting capabilities, which are designed to proactively search for and identify evidence of malicious attacks already inside the network. Such capabilities supplement traditional review of malicious external internet traffic directed at the Prudential network.

Prudential informs its customers about its privacy practices through several channels. Privacy notices that are provided to customers pursuant to various country and state laws explain how the company generally collects, uses and safeguards customer information. Similarly, the company’s online privacy statements outline how Prudential collects, uses and safeguards information that may be gathered through online interactions. For more information read [Prudential’s Form 10K](#).

MANAGING ENVIRONMENTAL RISK IMPACTS ON PRODUCT AND UNDERWRITING SASB FN-IN-450A.3

Prudential regularly conducts stress testing to determine the potential impact of single events and trends to the business. When determining the stress scenarios, the Enterprise Risk Management area considers global trends, including climate change. The projections presented in The Intergovernmental Panel on Climate Change (IPCC) summary report have been carefully considered and incorporated into the stress scenarios that are run. Based on the results of the stress testing, Prudential's actuaries consider potential updates to product design, underwriting and other structures to mitigate the risk.

FINANCIAL WELLNESS AND EDUCATION

Prudential launched a range of new ways to understand and meet customer needs, including emergency savings, a new Prudential mobile app, and student loan assistance.

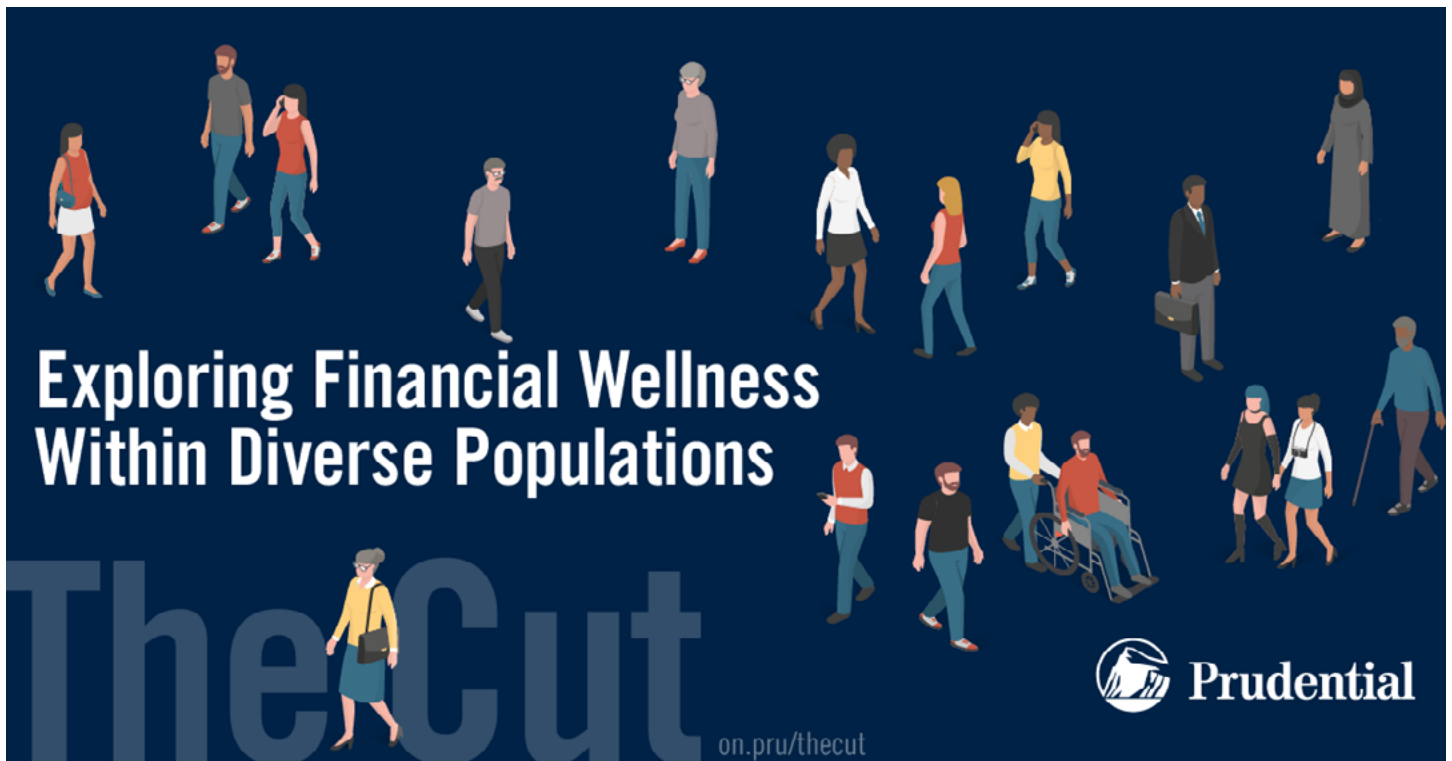
Additionally, in partnership with the Prudential Pathways Program, onsite financial wellness seminars were held in conjunction with the USO Pathfinder program, totaling over 15 seminars and over 200 attendees. The company launched a co-branded digital financial wellness portal for the Elizabeth Dole Foundation Hidden Heroes program for military caregivers in November. With 5.5 million military caregivers in the United States, education on financial topics has been identified as a key need. Plans are underway to launch digital financial wellness portals with several other veteran and military family support

organizations in 2019. These programs are at no cost to the organizations or their constituents and provide the military community education on financial wellness topics.

Prudential also built on its findings from the 2018 Financial Wellness Census, with the December 2018 report "The Cut: Exploring Financial Wellness Within Diverse Populations." This report highlights the dramatic differences in the experiences of diverse populations within the U.S., many of whom were disproportionately impacted by the 2008 financial crisis. While Americans from all backgrounds share common financial goals and worries—most revolving around meeting day-to-day expenses and saving for retirement—many are impacted by additional factors that underlie and sometimes impede our ability to achieve financial security.

“Resilient and diverse communities are the foundation of a stable and strong economy. Their progress enables our progress. These insights are critically important to Prudential’s businesses, informing our efforts to develop products and services that help more Americans improve their financial health.”

Judy Dougherty, Prudential’s Financial Wellness Officer.



Investing in People



Prudential recognizes that the burden of saving for our own retirements, paying a larger share of healthcare costs, and coping with higher education and other debt is taking a toll on our overall health and impacts people at work. As such, the company worked with research partners to analyze its employees' financial stress over the last decade. At Prudential we define health broadly to include financial wellness, because it is critical to overall employee well-being and workplace productivity.

This data informed the company's strategy in developing new tools and services or enhancing existing offerings specifically to help employees address the causes of their financial stress such as child and adult care, budgeting and retirement planning.



PRUDENTIAL BY THE NUMBERS (As of 12/31/18 unless otherwise noted)

U.S. EMPLOYEES

U.S. Employee Profile	Women	People of Color
Total Management	48%	29%
Total Non-Management	65%	34%
Total Prudential	53%	31%

Approximately 50% of the almost 200 employees at the El Paso Business and Technology Center are veterans or military spouses with another 40 combined veterans and military spouses in training programs.

11.6% Turnover Rate for U.S. employees (excluding salesforce)

(Prudential's enterprise turnover rate is under the national finance and insurance industry's average rate of 26%)

Source: Department of Labor – Bureau of Labor Statistics

INTERNATIONAL EMPLOYEES

International Insurance Employee Profile	Men	Women
Total Staff	54%	46%
Home Office Staff	51%	49%
Management Staff	80%	20%
Non-Management Staff	48%	52%
Field Sales Staff	56%	44%

TALENT, ATTRACTION, ENGAGEMENT, AND RETENTION

“We are passionate about advancing the unique and compelling culture that gives us a competitive advantage. Our culture not only drives our ability to be a stand-out company for inclusion and diversity, it underpins all other dimensions of talent management including how we develop and engage people; and how we collaborate and innovate to achieve results for those that we serve.”

Lucien Alziari, Senior Vice President and Chief Human Resources Officer

In 2018, Prudential’s long-standing commitment to developing its talent was evidenced in the seamless succession process for the CEO and key executive leadership roles that brought together accomplished individuals with different experiences and a breadth and depth of knowledge and skills. Prudential also established a process that aligned strategy, capability and talent as a part of the Chairman’s Review of Talent. Each business and corporate function leader identified the critical capabilities and roles necessary for their strategy and in concert followed a disciplined review of their top talent.

This was further bolstered by the talent development strategy, Philosophy and Career Principles documents that now serve as a consistent enterprise framework for talent decisions and career advice to all employees. These results are anchored in the Human Resource strategy and commitments. They are:

1. Prudential has world-class talent in our critical roles.
2. Prudential’s businesses have the organizational capabilities to win.
3. We are a standout company for inclusion and diversity.
4. We have a unique and compelling culture that drives competitive advantage.

Employee Engagement

Research confirms that an engaged workforce leads to higher productivity, higher profitability, higher customer satisfaction, and lower employee turnover and absenteeism. Given the importance of employee engagement to business outcomes, Prudential is committed to listening to employees through ongoing surveys and other feedback channels.

Prudential’s engagement approach includes an employee engagement measurement strategy that involves a model that touches nearly every employee every year. In 2018, over 50 employee surveys and focus groups collected feedback throughout the employee lifecycle—from

onboarding to exits—to understand experiences, behaviors, attitudes and perceptions of leadership, culture, and key organizational issues at any given time.

In addition, the reach of our Employee Engagement Survey will be broadened—the EQ. The EQ, which was introduced in 2017, provides insights that help leaders better understand and influence engagement. In 2018, it was established that the EQ will be done across Prudential’s international offices and has been working across regions to bring the implementation of its first global survey in 2019.

Prudential also held its first ever Culture Jam, a three-day online discussion forum. This innovative platform engaged employees with chat rooms, live polls, Q&As with leaders to foster conversations and collect ideas for creating a stronger more inclusive culture. More than half of employees in the United States registered for the Jam, with nearly 12,000 posts sharing stories, ideas and suggestions for enhancing the employee experience, how to better serve customers, how we tell the company’s story, and how to remain committed to the company’s purpose.

“We are investing heavily in a technology-enabled infrastructure that provides a variety of training, development, and upskilling opportunities. We couple this with rotation programs at all levels of the organization so our associates develop a knowledge of the entire Prudential enterprise that spans businesses, geographies, and stakeholder relationships. By making these investments in our talent and training programs, we can continue to compete in a rapidly changing marketplace by solving our customers’ financial challenges, both today and years into the future.”

Robert Falzon, Vice Chairman

Training and Development

To increase scalability to all employees, Prudential launched its first digital, mobile-enabled learning interface, MyLearning. This interface curates high-quality, on-demand, learning resources from multiple internal and external sources. It allows a personalized feed with a social learning component that empowers employees to easily access impactful content and share their learning with others. The interface also allows administrators to curate and assign content that closely aligns with strategic initiatives. Over 3,000 employees are MyLearning users, completing over 7,000 pieces of content in 2018.

As Prudential focuses on having world-class talent in critical roles and building the organizational capabilities to win, the company continued to offer professional and leadership development opportunities to all employees. In 2018, enterprise programs in the areas of communication, critical thinking, project management, interpersonal skills, and self-management were delivered to 747 people. A new program that focused on enhancing performance had 147 employees participate. This program was designed to empower participants to manage and expand their most critical resource for high performance—their energy capacity, while increasing personal health and well-being.

Prudential provided new opportunities for development experiences to employees by integrating nonprofit pro bono consulting experiences into overall program offerings. This increases employees' external perspective and provides them an opportunity to work with leaders across the company on projects with strong social impact.

For Prudential's high-potential diverse leaders, the company launched two new enterprise executive development programs with 48 leaders participating in the first year. Senior executives were deeply involved in the design discussions, aligning the programs with business strategy and the key skills and attributes needed to execute on that strategy.

Also, an intensive three-year high-potential experience graduated its second cohort in 2018. And lastly, new immersive experiences are on the horizon. Prudential created an 18-month leadership development program that will launch in 2019. These experiences, which feature internal executives leading components of the programs, are focused on accelerating leaders' development to prepare them for growing responsibilities and to lead Prudential into the future.

INCLUSION AND DIVERSITY

Prudential strives to have a fully inclusive culture that recognizes the power of diversity to make the company stronger and better as an employer, community partner and business. The company promotes equity throughout the talent lifecycle and in decision-making so that employees can thrive regardless of age, race, color, sex, sexual orientation, gender identity, national origin, genetics, disability, age, veteran status or military obligation. The result is an environment of shared engagement and accountability. Inclusion and diversity initiatives ensure that business solutions reflect the diverse perspectives of employees and customers, drive inclusive economic growth, and meet the financial challenges of the changing world.

Examples of high-impact work:

- Senior Leader Accountability – Long-term incentive compensation for all executives at the senior vice president level and above is subject to a performance objective intended to improve the representation of diversity among senior management.

- Inclusive Markets Summit – For the third year, Prudential convened leading thinkers from the corporate, nonprofit, startup and academic sectors to identify and overcome the key financial challenges faced by America's financially vulnerable populations.
- A Company-Wide Focus on Culture – Prudential's first Culture Jam enabled thousands of employees nationwide to share their vision for Prudential. The Culture Jam surfaced more than 1,000 actionable ideas from employees. Recommendations and results were shared with the Board of Directors and internal stakeholders. Work is underway to implement many of these ideas.



The company's Board of Directors places great emphasis on diversity. In fact, 80% of all non-employee directors are diverse. The Corporate Governance and Business Ethics Committee recruit directors who help achieve the goal of a well-rounded, diverse Board that functions respectfully as a unit. The Committee expects each of the company's directors to have proven leadership skills, sound judgment, integrity and a commitment to the success of the company.

Board Diversity

While the company does not have a formal policy on Board diversity, our Corporate Governance Principles and Practices place great emphasis on diversity, and the Committee actively considers diversity in recruitment and nominations of directors and assesses its effectiveness in this regard when reviewing the composition of the Board. The current composition of our Board reflects those efforts and the importance of diversity to the Board.

80% of our non-employee directors are diverse:

- 3 director nominees have **worked outside the United States**
- 2 director nominees are **African-American**
- 1 director nominee is **Asian-American**
- 2 director nominees are **Hispanic**
- 3 director nominees are **Women**
- 1 director nominee is **LGBT**

That same commitment to diversity occurs when Prudential is recruiting talent. Once hired, employees have access to eight employee volunteer-led organizations known as Business Resource Groups (BRGs). BRGs deepen the company's relationships with existing and emerging customer bases and support the achievement of business objectives creating both business and community impact. These organizations are fully supported and sponsored by Prudential and are an integral part of the company's culture, engagement and insight.

Prudential's BRGs are:

- Abled & Disabled Associates Partnering Together (ADAPT)
- Asian/Pacific Islander American Association (APAA)
- Black Leadership Forum (BLF)
- Pride
- Generations
- Juntos (Latinos and Allies Together)
- Military, Veterans and Veterans Supporter Group (VETNET)
- Women's Initiatives to Network, Grow and Share (WINGS)

For the company's presence outside the United States, there are many inclusion and diversity (I&D) efforts and programs including in Japan.

Prudential's businesses in Japan focus on diversity-based management. To continuously promote this objective, over 100 Prudential senior leaders attend the Executive Officers Conference. In addition to this conference, several conferences were organized for other employees to build a foundation for promoting and understanding diversity. Prudential's gender program aligns with the Japanese government's Womenomics program that fosters economic growth with gender equity in the workplace.

Over the course of 2018, programming and newsletters focused on inclusion and diversity in Japan including the Executive Officers Conference and numerous roundtable discussions. The roundtable topics include the promotion of child-care leave for male employees and discussions with executive leaders to foster employee awareness of career development.

Prudential's businesses in Japan also focus on work life balance management—flexible working hours and work from home. These initiatives provide opportunities for employees from different backgrounds and leads to diverse talent management.

The Prudential group in Japan promotes Prudential ALLY members and participated in the Tokyo Rainbow Pride 2018 day as LGBT Finance, comprised of Japanese financial institutions.

Gibraltar Life, a Prudential Japanese subsidiary, has three pillars in their inclusion and diversity strategy: expanding the sphere of women's roles, promotion of work life balance, and initiatives to employ more people with disabilities.

Financial Women's Association (FWA) Visit Prudential Japan

The Financial Women's Association (FWA) is a nonprofit organization that develops future leaders, enhances the role of women in finance, and invests in the community. Prudential has been a corporate sponsor of the FWA since 2002 and sponsored FWA's International Business Conference in Tokyo. The 2018 conference was held at the Prudential Tower in Tokyo, Japan.

Topics at the conference included the gender gap and Womenomics—a term introduced by Prime Minister Abe combining the words, “women” and “economics.” Its aim is to have more women join the workforce and targets 30% of leadership positions to be held by women in 2020. This ambitious plan closes the gender gap and revitalizes Japan's economy after years of slow growth.

Inclusion and Diversity, Culture and Education Programs

Prudential has consistently invested in building an inclusive culture and climate across the enterprise. It continues to provide talent development opportunities with strong internal leadership programs and strategic external partnerships. Examples include:

- 5,000+ employees are members of Prudential's Business Resource Groups, bringing awareness, education and engagement around issues of race, gender, disability, veterans and generations to employees across all U.S. locations.
- 700+ employees attended the 15th Annual Black Leadership Forum, alongside an Executive Summit that brought together 40 leaders and top black talent from across Prudential for candid conversations on the challenges and opportunities that exist for diverse talent in the company.

HEALTH, WELLNESS AND WORK/LIFE EFFECTIVENESS

Research has shown that healthy and financially secure individuals are more creative, engaged and productive in the workplace. Prudential's internal Global Health strategy builds on this belief linking health and well-being promoting workplaces with business results. Prudential aims to empower individuals, organizations, and communities to reach their greatest potential across all dimensions of wellness: physical, emotional, social, spiritual, financial, and cognitive.

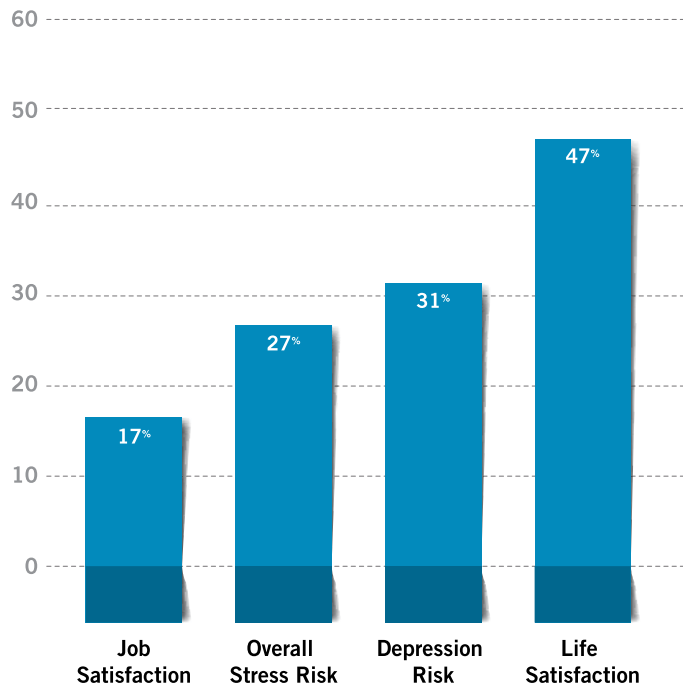
The addition of cognitive to the dimensions of health came out of the 2018 Health Summit, a biennial event sponsored by Prudential's Global Health organization, themed *So You Want to Live to 100: What You Need to Know and Do* focused on current medical, cultural, and social trends around longevity and mortality risks.

Prudential's health and well-being promotion strategies continue to track and flex with pressing social issues, supporting employees, and the organization where the need is greatest. Internal data suggests that there are non-medical risk factors such as financial stress, loneliness, and isolation that impact health and well-being; medical needs are not the core driver for outcomes.

- The Global Health team refreshed data tracking the impact of financial stress after the Financial Wellness Experience web-assisted tool was rolled out to employees through the Prudential Employee Savings Plan (PESP). Resolution of financial stress in a cohort between 2016 to 2018 revealed risk reduction in the following areas:

Risk Reduction Improvement with Resolving Financial Stress

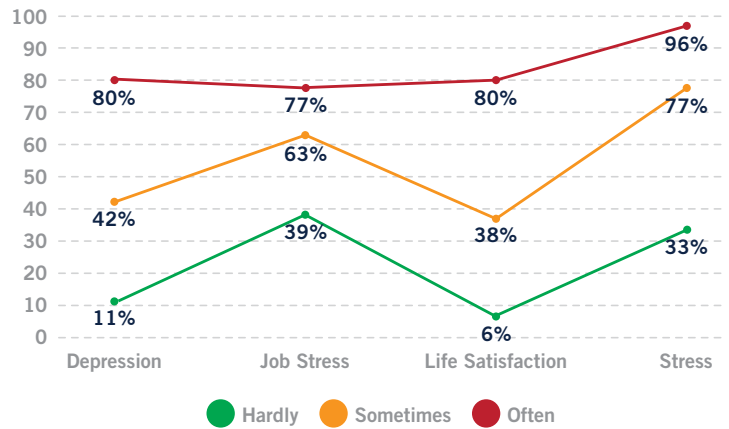
Resolution of financial stress has a positive impact on these four areas with life satisfaction showing the most improvement.



- The Global Health team looked at the impact of loneliness and isolation on health and well-being. Internal data indicates that loneliness accounts for three weeks of lost productivity per employee, per year. The team is currently working on applying solutions to the areas identified.

Isolation Risks

Higher risk in being isolated is associated with increased risk of depression, job stress and overall stress as well as a lower life satisfaction score.



Supporting Health and Well-Being

In the United States, the health and well-being of Prudential's employees is advanced with 10 on-site clinics and through a range of behavioral health, fitness, nutrition, and supportive work/life services. Employees' dependents also have access to many of these free offerings.

In addition, providing a safe and healthy work environment for all employees and contractors as well as clients, visitors, and members of the public across its facilities and operations is very important to Prudential. The company's [Occupational Health and Safety Statement](#) further explains our commitment.

Further, Prudential enhanced our Short-Term Disability benefits for Home Office and Field Management employees, increasing the initial period of short-term disability from four weeks to six weeks and paid at 100% of eligible earnings.

This change follows the recent enhancement to the Parental Leave policy, which increased the period of paid leave available to care for a new child from four weeks to 10 weeks. This means that for birth mothers, who generally combine Short-Term Disability with Parental Leave, the total period of 100% paid time off available will be 16 weeks.

BUSINESS INTEGRITY ACROSS THE GLOBE

Prudential is committed to doing business the right way. A strong culture is important to many stakeholders, including customers, employees, recruits, investors, shareholders—and importantly the communities in which the company's employees live and work. Sustainability and the ethics and compliance team jointly play a critical role driving ethical behavior and values throughout the company. Prudential's ethics and compliance infrastructure is designed to help employees meet their responsibilities to be ethical corporate citizens.

With a global ethics and compliance program, the company creates an environment of trust and open communication. People feel confident and comfortable understanding their obligations and escalating issues, and the company is better positioned to address these risks.

The Global Ethics and Compliance Department provides an independent system of educating, monitoring, testing, oversight and inspections, designed to help prevent and detect violations of laws, regulations, and/or policies.

Meet the New Chief Ethics and Compliance Officer

Joseph Emanuel was appointed Chief Ethics and Compliance Officer in 2018 after joining Prudential in 2005 and holding a number of leadership roles, including Chief Legal Officer for Prudential's U.S. and International Businesses. He began his career as an Assistant Attorney General for the state of Ohio before transitioning to the Insurance/Financial Services Industry.

The Chief Ethics and Compliance Officer reports periodically to the Board of Directors, the Audit Committee and the Corporate Governance and Business Ethics Committee. The Audit and Corporate Governance and Business Ethics Committees are independent members of the board to align with Corporate Governance standards.

“A significant aspect of Prudential’s culture is the knowledge that compliance with the letter and spirit of laws and regulations, as well as acting ethically, is the responsibility of all employees at all levels within the company.”

Joseph Emanuel, Chief Ethics and Compliance Officer

Anti-Money Laundering and Anti-Bribery/Anti-Corruption Oversight

Prudential has policies that expressly define and prohibit practices associated with money laundering, bribery and corruption. Prudential reviews and updates these policies to align with industry best practices as well as regulations.

All Prudential employees, including management and executives, are trained on these policies and their implementation during the onboarding process. An annual refresher training is provided to employees in the United States on these subjects. For Anti-Money Laundering (AML), additional training is provided to employees with AML-related responsibilities. For Anti-Bribery/Anti-Corruption, more advanced training is periodically provided to employees with a nexus to government officials outside the USA.

In 2015, Prudential rolled out its first web-based training for key employees, and as of 2019, the company will have partnered with a globally recognized organization to produce content for its training courses. Prudential has a rigorous customer due diligence program (Know Your Customer).

The Anti-Money Laundering Unit facilitates the review of prospective and current clients and their transactions for potential money laundering and terrorist financing activities. Prudential and its global businesses implement anti-money laundering programs in accordance with applicable laws and regulations. Covered financial institutions pursuant to the USA Patriot Act have policies and procedures to comply with the record keeping, reporting and audit requirements of the Act.

Additionally, Prudential's covered financial institutions have implemented Customer Due Diligence Requirements. Anti-Bribery/Anti-Corruption (ABC) Compliance manages the development and coordination of Prudential's ABC Policy and Standards, which includes compliance with the Foreign Corrupt Practices Act. The ABC team is responsible for oversight of the ABC system, which maintains documentation of gifts, entertainment, and items of value given to non-U.S. government officials.

Building an Ethical Culture

We spoke with Julie Gershman about the Ethics program at Prudential.



Q: Tell us about your role as Corporate Chief Ethics Officer at Prudential.

In my role as Corporate Chief Ethics Officer, I am responsible for Prudential's global ethics program and the Global Business Ethics & Integrity (GBEI) team which was first established in 1994.

GBEI publishes the Prudential code of conduct, maintains confidential global helplines for the reporting of misconduct, handles Sarbanes-Oxley reporting, creates and delivers ethics training, and develops communications regarding ethical priorities across Prudential. The ethics program is augmented by senior-level representatives from each of the businesses and corporate groups who serve as business ethics officers for their organizations around the world.

Q: How do you ensure that you continue to further the ethics program's influence globally?

The foundation of how we operate in the global marketplace is based on doing business the right way. No matter where we work in the world, our core values reflect our corporate character and inform how we do business. Our values influence the selection of our businesses, our investments, the way we sell our products, the support we give to our communities and the way we respond to a crisis.

Q: The Ethics program operates to prevent, detect, and respond to allegations of inappropriate business practices, misconduct, and financial reporting concerns. Can you take us through the process when someone files a report of possible unethical practices or misconduct?

Prudential maintains global reporting mechanisms, which are managed by a vendor that provides toll-free 24/7 telephone helplines worldwide and web-based reporting tools in multi-language capabilities. When reporters submit concerns to the helpline or website, they receive an immediate acknowledgement of receipt, a case number and an invitation to follow up. All incoming matters that are reported to the Ethics Office, regardless of how they are reported, are tracked and referred for investigation. Many of the Prudential employees who assist with the review of these matters are former local and federal law enforcement officers, regulators and prosecutors who are highly credentialed in diverse specialties for comprehensive forensic and investigative support. Investigations focus on fact finding: what happened with respect to an incident, whether suspected conduct took place, what the circumstances were, who was involved and whether a violation of law or company policy or misconduct occurred. Once the company understands the facts, a recommendation on next steps is made to management.

Q. What kinds of cases or inquiries does the Ethics office see in a typical year?

The types of reports that we receive from stakeholders (i.e., employees, vendors, customers, independent contractors) are related to policies, human resources, compliance with laws, leadership, conflicts of interest, safety, health and physical environment, career development, and compensation and benefits. Our reporters can submit their questions and concerns with their names or anonymously. Historically we have low rates of anonymous submissions compared to benchmarks, which is a good sign that we have a speak-up culture. As with most helplines, approximately 70% of the concerns submitted each year are related to interpersonal interactions. We monitor the trends on inquiries and concerns reported to help shape our messaging and training plans.

Responsible Impact



As a founding partner of the My Brother's Keeper Alliance—an initiative of the Obama Foundation, Prudential has committed more than \$14 million in grants and impact investments to support the initiative that aims to provide mentorship and job opportunities for boys and young men of color. In 2018, the MBK Summit gathered over 1,400 participants who participated in mentoring, resume preparation and more than 750 job interviews. “We want[ed] participants at the summits to walk in and immediately feel the love

and support of the scores of partners there,” says Michael Smith, the director of the MBK Alliance. “Emotionally, it’s about providing words of wisdom and giving them a sense of self-worth they may not be feeling at home. Practically speaking, it’s about opening doors, breaking down barriers and giving them a jump-start to a better future.”



PRUDENTIAL BY THE NUMBERS

(As of 12/31/2018 unless otherwise noted)

- \$52.5 million in grants to nonprofit organizations through The Prudential Foundation
- \$273 million in impact investments to nonprofits and businesses that seek to create both a financial and social return
- \$24.4 million in corporate contributions to nonprofit organizations
- \$8.8 million in matching gifts made by employees to nonprofit organizations
- More than 92,000 volunteer hours contributed by U.S. employees impacting local communities across the country
- \$926,850 in pro bono consulting to 42 nonprofits and small businesses
- Diverse-owned firms acted as agents to repurchase over \$850 million in shares of Prudential's common stock
- \$900 million assets placed with emerging managers
- \$4.2 billion in renewable energy investments
- 30.9 million square feet of LEED-certified real estate managed totaling \$13.9 billion (GAV)
- \$1.54 billion of “green” bond investments with PGIM Fixed Income
- 29% of PGIM Real Estate Finance's total FHA/agency multifamily originations have been through “green” programs

CORPORATE SOCIAL RESPONSIBILITY

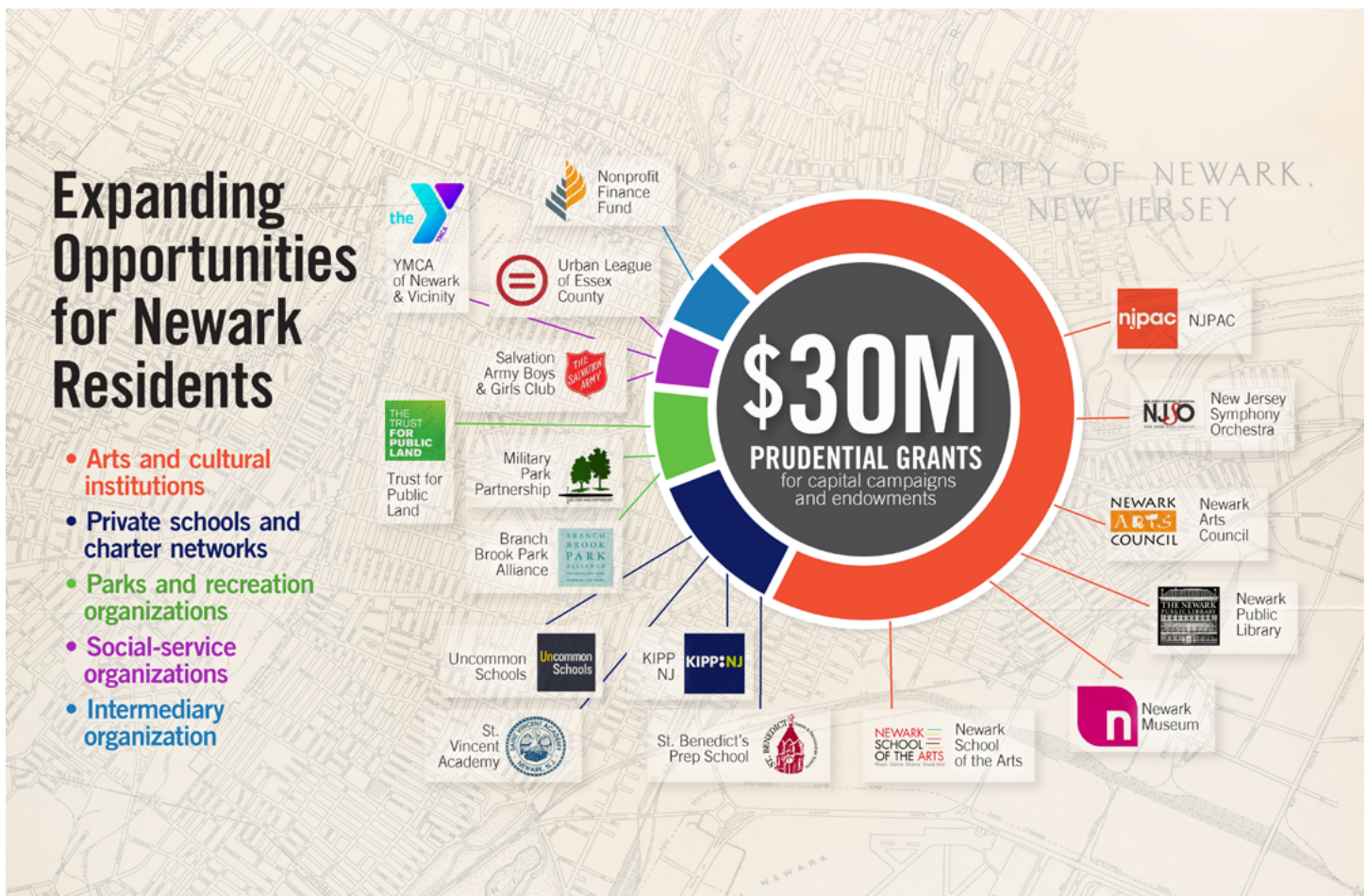
Prudential has long recognized that investments could—and should—generate a financial return and create positive, measurable social impact. The company was founded on the belief that financial security should be within reach for all. It is a challenge that the company has embraced for more than 140 years. A strong sense of social responsibility has remained embedded in the company, guiding efforts to help people now and in future generations build for financial resilience.

As part of the company’s commitment to drive inclusive economic growth, Prudential announced \$30 million in grants to support capital and endowment campaigns for Newark nonprofits in April 2018. Newark, N.J., has been Prudential’s global headquarters city since the company’s founding.

With a focus on meeting critical needs of organizations serving Newark communities, these grants are in addition to Prudential’s annual grant-making budget and build on the more than \$1 billion the company has committed toward the revitalization of its home city in the past decade alone.

The 17 nonprofits receiving the grants offer high-quality education, robust cultural experiences, basic needs programs, and safe parks and recreation facilities:

- Arts and cultural institutions: New Jersey Performing Arts Center, New Jersey Symphony Orchestra, Newark Arts Council, Newark Museum, Newark Public Library and Newark School of the Arts
- Private schools and charter networks: KIPP NJ, St. Benedict’s Preparatory School, St. Vincent Academy and Uncommon Schools’ North Star Academy
- Parks and recreation organizations: Branch Brook Park Alliance, Military Park Partnership and the Trust for Public Land
- Social service organizations: The Salvation Army Boys & Girls Club of Newark Ironbound, Urban League of Essex County and the YMCA of Newark & Vicinity



Supporting Financial Wellness for Young People Worldwide

In April 2019, Prudential announced a \$180 million investment through 2025 to support young people aged 15-29 worldwide who lack access to school, training or regular jobs—a segment of the global population often referred to as opportunity youth. This is the largest ever private-sector investment in this group. “Businesses like ours have a role to play in ensuring that global economic progress benefits all members of tomorrow’s workforce. Our goal is to improve young people’s lives by creating pathways for them to achieve financial wellness, strengthen their communities and ultimately help drive the global economy.” said Prudential Chairman and CEO Charles Lowrey.

Prudential’s investment will help young people across the globe gain the right skills to compete for and succeed in quality jobs. This population segment, which accounts for 350 million people worldwide, represents untapped potential for the future workforce. The company will support dedicated partnerships through grants, corporate contributions and impact investments to improve financial security for youth in more than 70 countries.

Systemic Importance Update

Beginning in 2013, the U.S. Financial Stability Oversight Council designated Prudential as a “Systemically Important Financial Institution” (SIFI) and the Financial Stability Board (FSB) designated the company a “Global Systemically Important Insurer” (GSII). In October 2018, after rigorous analysis, the Council rescinded Prudential’s SIFI designation, concluding that the company does not pose systemic risk to the United States economy or its capital markets. In 2018, the FSB made no GSII designations and has suspended future designations until at least 2022.

During the course of the designations, company executives participated in productive discussions with regulators. In particular, they worked with the staff of the Federal Reserve Board to help build a deeper understanding of Prudential’s businesses and the important differences between insurance companies and banks. Those relationships and discussions have continued since the SIFI designation rescission.

Prudential is supportive of the Treasury Department’s recommendation that the Council move to an activities-based approach for regulating systemic risk, rather than designating individual companies. Prudential also supports the FSB’s move in that direction.

PUBLIC ADVOCACY

The decisions made by the government have a tremendous impact on how Prudential operates as a public company and competes in the global marketplace. Prudential’s External Affairs Group’s mission is to achieve legislative and regulatory objectives through practical and innovative engagements. To accomplish this, the company maintains a presence in the public policy arena to express its viewpoints to legislators and regulators on key matters that impact how the company operates as a business.

Prudential sponsors a variety of initiatives to help support an active profile in legislative and regulatory processes. Such sponsored activities include direct engagements with state and federal lawmakers and regulators, partnerships with trade organizations, operation of political action committees and, to a lesser extent, the use of corporate funds to support political organizations.

Prudential’s Political Activities and Contributions (PAC) [Report](#) provides detailed information on Prudential’s sponsored political contributions and annual association dues, assessments and contributions to trade associations exceeding \$10,000.

RESPONSIBLE PURCHASING

At Prudential, the sourcing and procurement organization creates and drives value by leveraging Prudential’s buying power to optimize quality, service levels and price with vendors while mitigating risk for products and services. This operating model drives selection with vendors that ensure contracts include terms that align with the company’s commitment to responsible purchasing as well as the [Vendor Code of Conduct and Terms of Engagement](#).

Information Technology (IT) products, procurement lifecycle, responsible reuse, recycling and appropriate disposal are key components of Prudential’s program. The company ensures that products such as cell phones or tablets are disposed of by vendors experienced in cybersecurity as well as environmentally responsible practices. Prudential also aspires to purchase or lease hardware with energy-efficient certifications.

For other products, including paper and travel services, Prudential works directly with vendors to track and lessen environmental impact. By purchasing from companies that share the company’s commitment to sustainability, the company leverages the suppliers’ sustainability practices and/or use their expertise to implement process improvements.

The paper program ensures a responsible and sustainable lifecycle of paper and printed materials. The company's impact increased significantly in 2018. Over 66% of the paper was purchased under programs which ensure pulp suppliers support and practice responsible forest management. In addition, 6.5% of our paper included at least 10% post-consumer recycled content.

For purchased office supplies, the sourcing and procurement department encourages sustainable practices such as the purchase of recycled products and increased average order size. More than 16% of purchases were recycled products. Approximately 60% of the recycled office products purchased contained 20% or more recycled content.

Commitment to Supplier Diversity

Leveraging Prudential's operating model, category-specific targets have been set to further identify opportunities and drive results. Full-year 2018, the company not only exceeded the spend target, but increased diverse spend year-over-year by 6%. Prudential was a founding member of the launch of the New Jersey state Veterans Chamber of Commerce which supports economic opportunities within New Jersey for veteran businesses of all sizes.

Spend is tracked for:

- Certified minority-owned businesses (MBE)
- Women-owned businesses (WBE)
- Veteran-owned businesses (VBE)
- LGBT-owned businesses
- Disability-owned businesses
- Small firms meeting the Small Business Administration guidelines
- Local firms headquartered in Newark, N.J., in support of the City's *Hire. Buy. Live* initiative

In addition to tracking spend with local firms, the company seeks to drive inclusion and economic opportunity by connecting Newark's business

community and anchor firms. An example of this work is the March 2019 inaugural Newark Anchor Collaborative (NAC) Vendor Summit hosted by Prudential in March 2019 in partnership with the Newark Alliance which:

- Connected 11 anchor institutions with 29 local vendors currently doing business with one or more anchor company
- Resulted in 76% of attendees making new business connections
- Showcased the products and services of the Newark-based businesses
- Discussed Buy Local strategies, challenges, and opportunities

Fueling the growth and development of diverse supplier communities:

- An MBE firm began supplying key locations with electricity in February 2018
- An MBE firm began providing our office supplies in the second quarter of 2018
- A VBE firm was selected for refurbishment of a key property

Banking and Emerging Manager Programs

Equitable access to capital enhances prosperity and accelerates growth. Active allocation of Prudential's resources to diverse organizations allows these firms to create a positive, measurable impact on communities and clients.

Prudential continues to focus on active participation by diverse banks in the company's capital markets transactions, including debt issuances and share repurchase activities. In 2018, diverse-owned firms acted as agents to repurchase over \$850 million in shares of Prudential's common stock, as well as co-managers on the issuance of \$2.5 billion of debt.

As of December 31, 2018, relationships across Prudential with women- and minority-owned firms totaled \$900 million (AUM and AUA) with 13 firms and total assets for the general account Emerging Manager Program which is overseen by the Strategic Investment Research Group (SIRG).

Prudential's Impact & Responsible Investing group's ongoing \$25 million commitment to first-time venture capital funds supports diverse entrepreneurs and businesses addressing underserved communities.

BUILDING FOR FINANCIAL RESILIENCE

To achieve financial wellness, Prudential provides tools to manage day-to-day finances by helping move people from financial fragility towards building financial resilience. The company is deploying capital to social enterprises, financial intermediaries and real assets, with the goal of building a \$1 billion impact investment portfolio by 2020.

Since the Impact & Responsible Investing group was established in 1976, investments total more than \$2.6 billion across a broad range of impact assets (including more than \$1 billion in the last five years).

Prudential makes additional investments in projects that foster financial wellness. Examples include:

- The Community Outcomes Fund, an initiative of Maycomb Capital, focuses on pay-for-success financing. Through a \$12.4 million “social impact bond” in Massachusetts, Prudential has supported an initiative focused on immigrant and refugee English-language instruction and work development.
- Prudential collaborated with Prosperity Now, a nonprofit organization that works to ensure everyone has a clear path to financial stability, wealth and prosperity, to design a solution to increase emergency savings by using payroll deductions to fund after-tax retirement contributions. Prudential Retirement is now offering an in-plan, after-tax emergency savings feature to plan sponsors as part of their holistic workplace financial wellness package, which is inclusive and accessible to both low- and high-income earners addressing the needs of American workers across all income brackets.
- Prudential’s Impact Investments group and PGIM Real Estate Finance offer the Impact Bridge Program. This program provides expedited financing for the acquisition, refinance, or light repositioning of affordable housing properties. The goals of the program are to generate financial return and positive, measurable social impact. Loan sizes are between \$5 million and \$40 million. A preference is given to high-impact transactions that add years of affordability, access to transit and employment markets, and/or provide on-site services. A preference is given to high-impact transactions that add years of affordability, access to transit and employment markets, and/or provide on-site services.

ENVIRONMENTAL RISK, OPPORTUNITY AND ENGAGEMENT TCFD RISK MANAGEMENT

Prudential has long recognized the connection between climate risk and the company’s long-term vitality. The process for managing climate-related risks and opportunities is measured through the risk framework. The company identifies, measures, evaluates and manages the risks inherent in the business as well as opportunities, in accordance with the direction set by senior management and with the approval of Prudential’s Board.

To learn more about Prudential’s work with the Geneva Association watch a video from [Scott Sleyster](#), Executive Vice President and Chief Operating Officer, International Businesses.

GHG EMISSIONS, WASTE, WATER USE, AND RECYCLING TCFD METRICS AND TARGETS

In 2019, Prudential will finalize its refreshed global environmental commitment, which includes a set of quantitative and qualitative targets for its business globally, aimed at reducing its overall environmental impact of its operations.

In 2018, Prudential quantified greenhouse gas (GHG) emissions from all 34 operationally-controlled, corporate owned or leased “Home Offices” and data centers located in the United States, Brazil, Japan, South Korea, and Taiwan. This formal inventory process used the Operational Control approach per the World Resource Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol to define its organizational boundaries. Under this approach, Prudential accounted for a significant portion of its Scope 1 and Scope 2 GHG emissions from these domestic and international sites. Prudential maintains an Inventory Management Plan (IMP) which records institutional, managerial, and technical procedures and processes used annually to collect and manage reliable quality GHG data.



Consistent with previous years, Prudential conducted and reported on a baseline analysis of three greenhouse gases: CO₂ (Carbon Dioxide), CH₄ (Methane) and N₂O (Nitrous Oxide). Prudential has not yet quantified emissions from refrigerant sources and therefore HFCs (Hydrofluorocarbons) are not currently included in its inventory but will be included in future inventories. Prudential has not yet quantified any GHG emissions related to gasoline or diesel from operationally controlled, owned, and leased vehicles, but will evaluate and include in future inventories.

Scope 1 emissions are identified as stationary combustion, mobile combustion and refrigeration/air conditioning equipment use. Scope 2 emissions are indirect emissions from acquired electricity, steam, heat and cooling. Prudential does not purchase any steam, heat or cooling. Scope 3 emissions in Prudential’s GHG inventory are

currently limited to business travel via commercial air transport and intercity rail (e.g., Amtrak), as well as from fuel- and energy-related activities not included in Scope 1 and Scope 2 (FERA). Prudential will continue to assess, gather data, quantify and include Scope 3 GHG emissions for upstream and downstream categories that are relevant and material to its business.

In its continued efforts to ensure the quality and accuracy of its GHG emissions data, Prudential once again engaged a third-party verifier (Lloyd's Register Quality Assurance) to review and provide limited assurance of its 2018 Scope 1, Scope 2 and Scope 3 (business travel via commercial air and rail transport) GHG emissions.

DESCRIPTION	2018	2017	2016
Portfolio Square Footage	10,056,954	8,653,579	7,963,222
GHG Emissions Scope 1 (MT CO ₂ e)	14,311	13,572	12,920
GHG Emissions Scope 2 (MT CO ₂ e)	58,206	57,055	61,693
GHG Emissions Scope 3 (MT CO ₂ e)	13,488	10,140	11,910
Energy Consumed Stationary Combustion (MMBTU)	253,616	239,103	226,296
Energy Consumed Purchased Electricity (kWh)	145,924,283	143,656,336	144,047,514

Notes:

*Scope 2 location-based emissions are reported above for comparison with historical year.

2016 was the first year that international sites were incorporated into Prudential's GHG Inventory and was selected as the new base year. As a result, comparisons made below are only for performance among 2016, 2017 and 2018:

- The company's Scope 1 and 2 GHG emissions (i.e., energy used in buildings) increased by 2.7%.
- The company's total GHG emissions Scope 1, 2 and 3 (Scope 3 includes emissions from Business Air and Rail Travel and from fuel- and energy-related activities not included in Scopes 1 and 2) increased by 6.5%.

- The company increased its Scope 3 emissions from business travel by 33%. While air travel increased 32% in 2018, intercity rail travel (e.g., Amtrak) was also added for the first time this year, contributing 0.9% to total business travel emissions.
- 2017 and 2018 air travel emissions were harmonized to using EPA Climate Leader's methodology. As such, the 2017 Scope 3 emissions from air travel listed in the table above, are 10.7% lower than what was reported last year (i.e., 11,352 MT CO₂e).

NORMALIZATION BY FLOOR AREA	2018	2017	2016
Scope 1-2	0.0072107	0.0081616	0.0093697
Scope 1-3	0.0087949	0.0095988	0.0108654
FERA – Scope 3 (MT CO ₂ e)	17,994	16,490	16,607
Business Travel (FERA MT CO ₂ e)	31,482	26,630	28,517

Notes:

- Changes in square footage between 2018 and historical years may be attributed to the following:
 - integrating select international locations (home offices and data centers) that are owned or operationally controlled in 2017;
 - the dynamic nature of office space used among the POJ, PGFL and GIB businesses in Japan; and, improved accuracy in 2018 of floor area among all international businesses.

- For domestic business, floor area for Moosic was missing and added for both 2018 and 2017. The Sunnyvale location was also added to the inventory in 2018.
- It should also be noted that floor areas and normalization values have been updated in 2018, 2017 and 2016 to correct reported unit values for floor areas and resulting erroneous conversions, thus these values have changed from those previously reported.

Domestic locations data below:

DESCRIPTION	2018	2017	2016
Recycling ¹ (tons)	1,328	1,026	1,666
Waste (tons)	1,235	1,239	1,295
Water Usage ² (gallons)	68,721,734	71,965,667	67,447,558

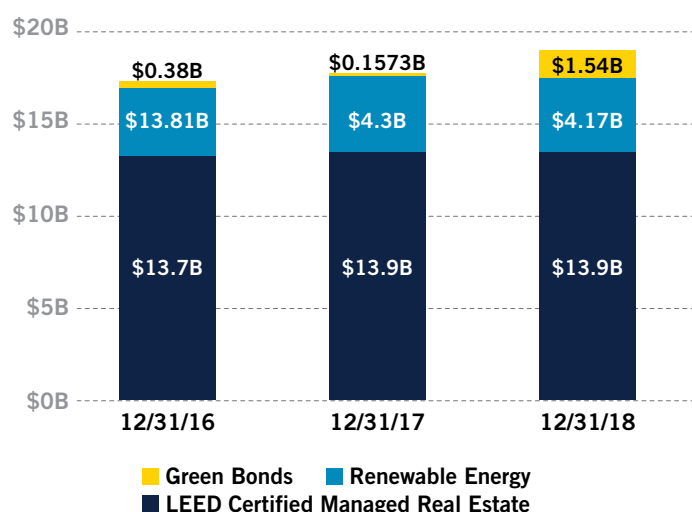
Notes:

¹ Recycling decreased due to employees utilizing more “e-filing” rather than paper filing.

² Domestic water usage declined by 4% from 2017.

INVESTING AND OPERATIONAL OPPORTUNITIES TO MITIGATE CLIMATE CHANGE SASB FN-IN-410B.2

Investing to Mitigate Climate Change Effects



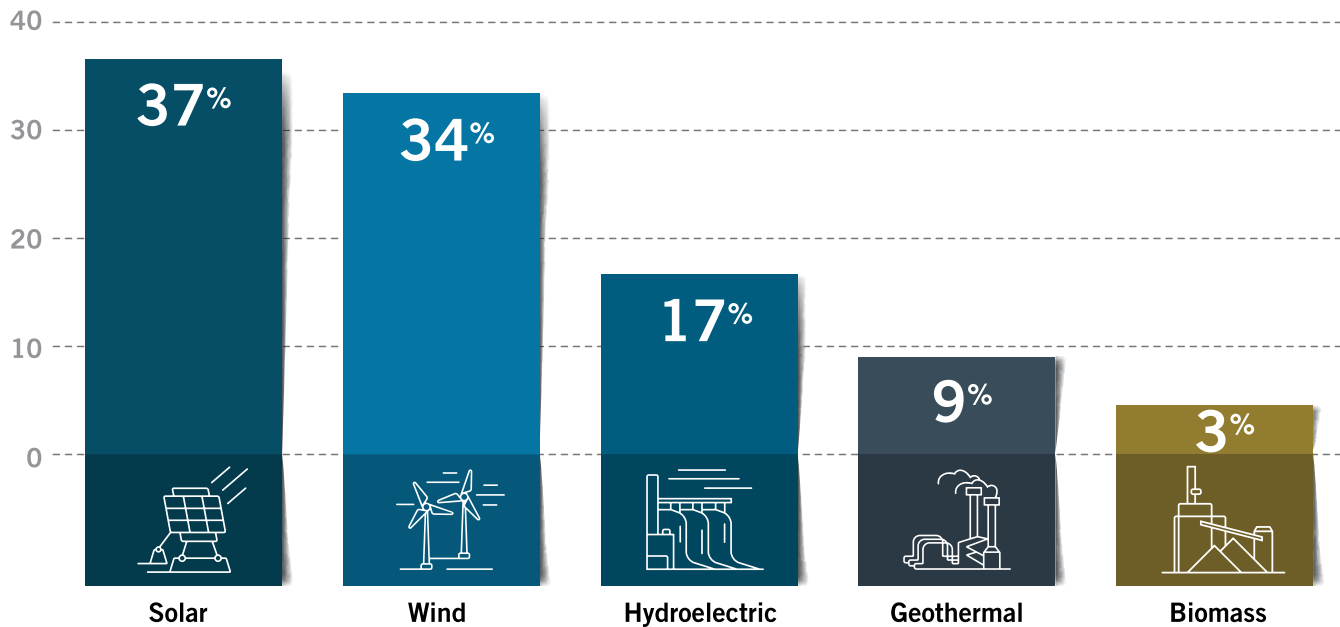
Prudential has found opportunities to help mitigate climate change from an operational and investment perspective. Operational projects include the use of renewable energy from two solar panel installations and installing LED lighting during office renovations. The 2018 renewable energy (solar) production is 5,559,945 kWh of energy.

From an investment perspective, Prudential through the PGIM division has invested in renewable energy, “green” bonds and “green” real estate. “Green bonds” are debt instruments used to finance environmental initiatives such as renewable energy efficiency projects. The market value of green bonds managed by PGIM Fixed Income totaled \$1.54 billion as of year-end 2018.

Prudential's portfolio of renewable energy generation investments	12/31/2018	12/31/2017
Private Debt/Equity Renewables Portfolio Market Value	\$4.17 billion	\$4.30 billion
% Change Year-Over-Year	-3.1%*	

*Prudential remains an active renewables investor and continues to put new money to work in the space, resulting in an increase in total par outstanding of 3.6% year over year. At the same time, macro-economic factors led to a small overall decrease in market values. The market value decline is not reflective of a material change in the underlying quality or credit health of the portfolio but instead, is primarily driven by the impact of significant increases to both US Treasury yields and private market credit spreads on prices on the existing portfolio.

PRIVATE DEBT/EQUITY RENEWABLE ENERGY INVESTMENTS (as of December 31, 2018)



“Green” Buildings

PGIM Real Estate is a global real estate investor with institutional assets in the Americas, Europe, and Asia Pacific. The business’s objectives are to improve investment returns for clients, become a landlord of choice and practice good global citizenship starting with the communities served. As of December 31, 2018, PGIM Real Estate managed 30.9 million square feet of LEED certified U.S. real estate totaling \$13.9 billion (GAV). Global certifications totaled \$20.95 billion (GAV) covering 43.1 million square feet.

In 2018, 29% of PGIM Real Estate Finance’s total FHA/ agency multifamily originations have been through green programs, 36% in 2017. The volume of originations was much higher in 2018 due to several large portfolio transactions, hence the ratio decline.

Engagement

In 2018, Prudential continues to support the Ceres Annual Conference and participates in the International Integrated Reporting Council <IR> U.S. Working Group. Additionally, QMA, a PGIM business, is a member of the Sustainability Accounting Standards Board (SASB) Alliance and Investor Advisory Group, through which QMA encourages companies to disclose information on their carbon emissions and other ESG-related factors.

The Sustainability Group continues to offer programming to all employees on topics including renewable energy, impact investing and climate change.

Environmental Stakeholders

Engagements with external organizations to support best practices include:

- Ceres Company Network
- Ceres Investor Network on Climate Risk
- Sustainable Purchasing Leadership Council
- U.S. Green Building Council
- Urban Land Institute’s Greenpoint Center for Building Performance – Performance Committee
- Principles for Responsible Investment
- U.S. EPA’s Energy Star Program



2018 Milestones

Prudential ranks No. 52 on the 2018 Fortune 500 List of America's Largest Corporations. The company also ranks No. 160 on the 2018 Fortune Global 500 List of the World's Largest Corporations and is a member of the Fortune 2018 Change the World List.

Prudential is honored that organizations around the world have recognized our commitment to diversity, sustainability, and establishing a supportive workplace.

2018 U.S. Recognitions

- 2019 Member of the Bloomberg Gender Equity Index (GEI)
- 2018 *Barron's* 100 Most Sustainable Companies (2017)
- 2017-2018 *Newsweek* Green Ranking member of U.S. and Global 500
- 2018 *Corporate Responsibility Magazine's* 100 Best Corporate Citizens (2015)
- *Forbes* and Just Capital "America's Most JUST Companies" and #1 in the Insurance industry (2017)
- World at Work 2017 Seal of Distinction (2016)
- Civic 50, an initiative of Points of Light, in partnership with Bloomberg LP (3 years prior)
- Ethisphere's "2019 World's Most Ethical Company" (4 years prior)
- *DiversityInc* "Top 50 Companies for Diversity" (17 prior years)
- Human Rights Campaign "Corporate Equality Index" 100% Score (15 prior years)
- *National Association for Female Executives* magazine's "Top Companies for Executive Women" (18 prior years)
- Disability Equality Index® (DEI®) Best Places to Work, receiving a top score of 100%
- *Working Mother* magazine's "Top 100 Companies for Working Mothers" (28 prior years, Hall of Fame member)
- Dave Thomas Foundation for Adoption's "100 Best Adoption-Friendly Workplaces" (12 prior years)
- *G.I. Jobs* magazine's "Top 100 Military-Friendly Employers" (8 prior years)
- *Military EDGE* magazine's "50 Best for Vets Employers" (8 prior years)
- 2018 Eugene and Ruth Freedman Leadership Award from Dixon Center for Military and Veterans Services
- *Latina Style* magazine's "50 Best Companies for Latinas" (21 prior years)
- *Computerworld*, "Best Places to Work in IT" (9 prior years)

2018 International Recognitions

- *Fortune* No. 1 on the 2018 World's Most Admired Companies in the Insurance: Life and Health category
- Prudential of Japan earned No. 1 ranking from J.D. Power for customer satisfaction survey with life insurers' contract, after service and claim categories and Life Insurance Conservation (8th year that POJ has ranked first in at least one category)
- Prudential do Brasil "30 Best Companies to Work for in Rio de Janeiro" by the Great Place to Work Institute
- DHFL Pramerica Life of India recognized by the Microfinance Institution Network "MFIN Microfinance Awards" for expanding financial inclusion in India
- DHFL Pramerica Life of India ranked by *The Economic Times of India* "Best Banking Financial Services and Insurance Brands"
- Prudential of Korea ranked from the Korean Finance Consumer of "Good Life Insurance Companies" (8 years prior)
- Prudential of Korea "Most Admired Companies in Korea" by Korea Management Association Consulting (6 years prior)
- Prudential Seguros in Argentina recognized by NGO Foundation Forge as company engaged with labor inclusion of young people
- Prudential Seguros in Argentina recognized by NGO Red Activos as a company that promotes inclusive purchases and employment opportunities for people with disabilities
- Prudential Life Insurance of Taiwan awarded "Model Company" from the Financial Supervisory Commission (FSC) (2008, 2009, 2010, and 2012)

Appendix A – Forward-Looking Statements and Non-GAAP Measures

Portions of the report contain aspirational or otherwise forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as “expects,” “believes,” “anticipates,” “includes,” “plans,” “assumes,” “estimates,” “projects,” “intends,” “should,” “will,” “shall,” or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management’s current expectations and beliefs concerning future developments and their potential effects upon Prudential Financial, Inc. and its subsidiaries. Prudential Financial, Inc.’s actual results may differ, possibly materially, from expectations or estimates reflected in such forward-looking statements. Actual results may differ, possibly materially, from the company’s expectations or predictions expressed in the document. 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 Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. Prudential Financial, Inc. does not undertake to update any particular forward-looking statement included in the report.

Adjusted operating income (“AOI”) and operating return on average equity are non-GAAP measures of financial performance. Adjusted book value is a non-GAAP measure of financial position. We use earnings per share based on AOI, operating return on average equity, and adjusted book value as performance measures in our incentive compensation programs. Also, we believe that our use of these non-GAAP measures helps investors understand and evaluate the company’s results of operations and financial position by providing measures that are primarily attributable to our business operations separate from the portion attributable to external and potentially volatile capital and currency market conditions.

Adjusted Operating Income

Adjusted operating income excludes “Realized investment gains (losses), net,” as adjusted, and related charges and adjustments. A significant element of realized investment gains and losses are impairments and credit-related and interest rate-related gains and losses. Impairments and losses from sales of credit-impaired securities, the timing

of which depends largely on market credit cycles, can vary considerably across periods. The timing of other sales that would result in gains or losses, such as interest rate-related gains or losses, is largely subject to our discretion and influenced by market opportunities as well as our tax and capital profile.

Realized investment gains (losses) within certain of our businesses for which such gains (losses) are a principal source of earnings, and those associated with terminating hedges of foreign currency earnings and current period yield adjustments are included in adjusted operating income. Adjusted operating income generally excludes realized investment gains and losses from products that contain embedded derivatives, and from associated derivative portfolios that are part of an asset-liability management program related to the risk of those products. However, the effectiveness of our hedging program will ultimately be reflected in adjusted operating income over time. Adjusted operating income also excludes gains and losses from changes in value of certain assets and liabilities relating to foreign currency exchange movements that have been economically hedged or considered part of our capital funding strategies for our international subsidiaries, as well as gains and losses on certain investments that are designated as trading. Additionally, adjusted operating income excludes the changes in fair value of equity securities that are recorded in net income beginning on January 1, 2018, as a result of the adoption of ASU 2016-01.

Adjusted operating income also excludes investment gains and losses on assets supporting experience-rated contractholder liabilities and changes in experience-rated contractholder liabilities due to asset value changes, because these recorded changes in asset and liability values are expected to ultimately accrue to contractholders. In addition, adjusted operating income excludes the results of divested and run-off businesses, which are not relevant to our ongoing operations. Earnings attributable to noncontrolling interests, which is presented as a separate component of net income under GAAP, are also excluded from adjusted operating income. The tax effect associated with pre-tax adjusted operating income is based on applicable Internal Revenue Service and foreign tax regulations inclusive of pertinent adjustments.

RECONCILIATION OF GAAP NET INCOME TO AFTER-TAX ADJUSTED OPERATING INCOME

(in billions, year ended December 31)

	2018	2017
Net income attributable to Prudential Financial, Inc.	\$ 4.07	\$ 7.86
Income attributable to noncontrolling interests	\$ 0.01	\$ 0.11
Net income	\$ 4.08	\$ 7.97
Less: Earnings attributable to noncontrolling interests	\$ 0.01	\$ 0.11
Income attributable to Prudential Financial, Inc.	\$ 4.07	\$ 7.86
Less: Equity in earnings of operating joint ventures, net of taxes and earnings attributable to noncontrolling interests	\$ 0.06	\$(0.06)
Income (after-tax) before equity in earnings of operating joint ventures	\$ 4.01	\$ 7.92
Less: Reconciling Items:		
Realized investment gains (losses), net, and related charges and adjustments	\$ 0.30	\$(0.06)
Investment gains (losses) on assets supporting experience-rated contractholder liabilities, net	\$(0.86)	\$ 0.34
Change in experience-rated contractholder liabilities due to asset value changes	\$ 0.71	\$(0.15)
Divested and Run-off Businesses:		
Closed Block Division	\$(0.06)	\$ 0.04
Other Divested and Run-off Businesses	\$(1.54)	\$ 0.04
Equity in earnings of operating joint ventures and earnings attributable to noncontrolling interests	\$(0.09)	\$ 0.03
Total reconciling items, before income taxes	\$(1.54)	\$ 0.24
Less: Income taxes, not applicable to adjusted operating income	\$(0.53)	\$(3.03)
Total reconciling items, after income taxes	\$(1.01)	\$ 3.27
After-tax adjusted operating income	\$ 5.02	\$ 4.65

RECONCILIATION OF GAAP EARNINGS PER SHARE TO AFTER-TAX ADJUSTED OPERATING INCOME EARNINGS PER SHARE

(shares in millions, year ended December 31)

	2018	2017
Net income attributable to Prudential Financial, Inc.	\$ 9.50	\$17.86
Less: Reconciling Items:		
Realized investment gains (losses), net, and related charges and adjustments	\$ 0.71	\$(0.13)
Investment gains (losses) on assets supporting experience-rated contractholder liabilities, net	\$(2.02)	\$ 0.77
Change in experience-rated contractholder liabilities due to asset value changes	\$ 1.67	\$(0.35)
Divested and Run-off Businesses:		
Closed Block Division	\$(0.15)	\$ 0.10
Other Divested and Run-off Businesses	\$(3.60)	\$ 0.09
Difference in earnings allocated to participating unvested share-based payment awards	\$ 0.03	\$(0.09)
Total reconciling items, before income taxes	\$(3.36)	\$ 0.39
Less: Income taxes, not applicable to adjusted operating income	\$(1.17)	\$(6.89)
Total reconciling items, after income taxes	\$(2.19)	\$ 7.28
After-tax adjusted operating income	\$11.69	\$10.58
Weighted average number of outstanding Common shares (diluted)	426.2	436.0

ADJUSTED BOOK VALUE RECONCILIATION OF GAAP BOOK VALUE TO ADJUSTED BOOK VALUE

(in millions, except for per share data, year ended December 31)

	2018	2017
GAAP book value (total PFI equity) at end of period ¹	\$ 48,617	\$ 54,236
Less: Accumulated other comprehensive income (AOCI)	\$ 10,906	\$ 17,074
GAAP book value excluding AOCI ¹	\$ 37,711	\$ 37,162
Less: Cumulative effect of foreign exchange remeasurement and changes in certain deferred taxes	\$ (2,344)	\$ (969)
Adjusted book value ¹	\$ 40,055	\$ 38,131
Number of diluted shares at end of period ²	422.2	435.7
GAAP book value per Common share – diluted ^{1,2}	\$ 116.34	\$ 125.63
Adjusted book value per Common share – diluted ^{1,2,3}	\$ 96.06	\$ 88.67

¹ 2017 amounts have been revised resulting from the elimination of Gibraltar Life's one-month reporting lag.

² As of December 31, 2017, exchangeable surplus notes are dilutive when book value per share is greater than \$85.00 (equivalent to an additional 5.88 million in diluted shares and an increase of \$500 million in equity). As of December 31, 2018, exchangeable surplus notes are dilutive when book value per share is greater than \$82.16 (equivalent to an additional 6.09 million in diluted shares and an increase of \$500 million in equity).

³ Includes the cumulative impact of net gains and losses resulting from foreign currency exchange rate remeasurement and associated realized investment gains and losses included in net income (loss) in currency translation adjustments corresponding to realized investment gains and losses. Includes \$1.678 million impact reported in net income for 2017 from the remeasurement of deferred tax assets and liabilities originally established through accumulated other comprehensive income, related to enactment of the Tax Cuts and Jobs Act on December 22, 2017.

Operating Return on Average Equity

Operating return on average equity (based on adjusted operating income) is a non-GAAP measure and represents adjusted operating income after-tax divided by average Prudential Financial, Inc. equity excluding accumulated other comprehensive income and adjusted to remove amounts included for foreign currency exchange rate remeasurement and certain deferred taxes. The comparable GAAP measure to operating return on average equity (based on adjusted operating income) is return on

average equity (based on net income). Return on average equity (based on net income) represents income after-tax, attributable to consolidated Prudential Financial, Inc., as determined in accordance with U.S. GAAP, divided by average total Prudential Financial, Inc. equity. Return on average equity (based on net income) was 8.2% and 16.0% for the years ended December 31, 2018, and December 31, 2017, respectively.

Appendix B – SASB

SASB Insurance Sustainability Accounting Standard Index

ACCOUNTING METRIC	CODE	DISCLOSURE
TRANSPARENT INFORMATION & FAIR ADVICE FOR CUSTOMERS		
Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	FN-IN-270a.1	While Prudential does not disclose monetary losses from proceedings, for details on Litigation and Regulatory Matters review Prudential's 10K filing note 22 Litigation and Regulatory Matters
Complaints-to-claims ratio	FN-IN-270a.2	Prudential does not disclose this
Customer retention rate	FN-IN-270a.3	Prudential does not disclose this
Description of approach to informing customers about products	FN-IN-270a.4	Please read the “Building Innovation in Service” section of this report
INCORPORATION OF ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS IN INVESTMENT MANAGEMENT		
Total invested assets, by industry and asset class	FN-IN-410a.1	For information on Prudential's general account please read the highlight box “Identified ESG Investments by Asset Class in Prudential's general account”
Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	FN-IN-410a.2	Please read the “PGIM businesses and ESG Policy” and “Responsible and Sustainable Investing”
POLICIES DESIGNED TO INCENTIVIZE RESPONSIBLE BEHAVIOR		
Net premiums written related to energy efficiency and low carbon technology	FN-IN-410b.1	As a life insurer this topic is not relevant
Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	FN-IN-410b.2	Shareholder voting incentive to registered shareholders. Prudential supports the American Forests to protect and restore America's forest ecosystems
ENVIRONMENTAL RISK EXPOSURE		
Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	As a life insurer this topic is not relevant
Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	FN-IN-450a.2	As a life insurer this topic is not relevant
Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	FN-IN-450a.3	Please read the section “Managing Environmental Risk Impacts on Product and Underwriting”
SYSTEMIC RISK MANAGEMENT		
Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	FN-IN-550a.1	For information on derivatives please review Prudential's 10K beginning on page 69
Total fair value of securities lending collateral assets	FN-IN-550a.2	Prudential does not disclose this calculation but for information on securities lending, please review Prudential's 10K beginning on page 193
Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	Please review Prudential's 10K beginning on page 37
ACTIVITY METRIC		
Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance	FN-IN-000.A	Approximately \$4 trillion gross life insurance in force worldwide

Appendix B – Global Reporting Initiative (GRI) Index

GENERAL DISCLOSURES	
DISCLOSURE	PAGE NUMBER OR LINK
ORGANIZATIONAL PROFILE	
102-1 Name of the organization	<u>6</u>
102-2 Activities, brands, products, and services	<u>6</u>
102-3 Location of headquarters	<u>6</u>
102-4 Location of operations	<u>7</u>
102-5 Ownership and legal form	<u>7</u>
102-6 Markets served	<u>7</u>
102-7 Scale of the organization	<u>7</u>
102-8 Information on employees and other workers	<u>6</u>
102-9 Supply chain	<u>10, 33-34</u>
102-10 Significant changes to the organization and its supply chain	no significant changes
102-11 Precautionary Principle or approach	<u>18-19, 35-36</u>
102-12 External initiatives	<u>10, 38</u>
102-13 Membership of associations	<u>38</u>
STRATEGY	
102-14 Statement from senior decision-maker	<u>4, 5</u>
ETHICS AND INTEGRITY	
102-16 Values, principles, standards, and norms of behavior	<u>29, 30</u> https://www.prudential.com/media/managed/COC-MakingTheRightChoices.pdf
GOVERNANCE	
102-18 Governance structure	<u>15, 16-19</u> , http://corporate.prudential.com/view/page/corp/31848
STAKEHOLDER ENGAGEMENT	
102-40 List of stakeholder groups	<u>9-10</u>
102-41 Collective bargaining agreements	0%
102-42 Identifying and selecting stakeholders	<u>8, 9-10</u>
102-43 Approach to stakeholder engagement	<u>9-10</u>
102-44 Key topics and concerns raised	<u>8, 9-10</u>
REPORTING PRACTICE	
102-45 Entities included in the consolidated financial statements	<u>13</u> , http://www.investor.prudential.com/financials/sec-filings/default.aspx page 2 of 10K
102-46 Defining report content and topic Boundaries	<u>13</u>
102-47 List of material topics	<u>12</u>
102-48 Restatements of information	<u>36</u> (travel emissions)
102-49 Changes in reporting	none
102-50 Reporting period	<u>13</u>
102-51 Date of most recent report	<u>13</u>
102-52 Reporting cycle	<u>13</u>

GENERAL DISCLOSURES

DISCLOSURE	PAGE NUMBER OR LINK
102-53 Contact point for questions regarding the report	back cover
102-54 Claims of reporting in accordance with the GRI Standards	13
102-55 GRI content index	44
102-56 External assurance	36, 47

GRI STANDARD DISCLOSURES

DISCLOSURE	PAGE NUMBER OR LINK
------------	---------------------

CATEGORY: ECONOMIC STANDARD SERIES**MATERIAL TOPIC: ECONOMIC PERFORMANCE**

103-1 Explanation of the material topic and its Boundary	8-13
103-2 The management approach and its components	8-13
103-3 Evaluation of the management approach	11
201-1 Direct economic value generated and distributed	14-15

CATEGORY: ENVIRONMENTAL STANDARD SERIES**MATERIAL TOPIC: ENERGY**

103-1 Explanation of the material topic and its Boundary	35-38
103-2 The management approach and its components	35-38
103-3 Evaluation of the management approach	35-38
302-1 Energy consumption within the organization	35-38
302-2 Energy consumption outside of the organization	35-38

MATERIAL TOPIC: WATER

103-1 Explanation of the material topic and its Boundary	35-38
103-2 The management approach and its components	35-38
103-3 Evaluation of the management approach	35-38
303-1 Water withdrawal by source	35-38

MATERIAL TOPIC: EMISSIONS

103-1 Explanation of the material topic and its Boundary	35-38
103-2 The management approach and its components	35-38
103-3 Evaluation of the management approach	35-38
305-1 Direct (Scope 1) GHG emissions	35-38
305-2 Energy indirect (Scope 2) GHG emissions	35-38
305-3 Other indirect (Scope 3) GHG emissions	35-38

MATERIAL TOPIC: EFFLUENTS AND WASTE

103-1 Explanation of the material topic and its Boundary	37
103-2 The management approach and its components	37
103-3 Evaluation of the management approach	37
306-2 Waste by type and disposal method	37

GRI STANDARD DISCLOSURES**DISCLOSURE****PAGE NUMBER OR LINK****CATEGORY: SOCIAL STANDARD SERIES****MATERIAL TOPIC: DIVERSITY AND EQUAL OPPORTUNITY**

103-1 Explanation of the material topic and its Boundary	<u>26</u>
103-2 The management approach and its components	<u>26</u>
103-3 Evaluation of the management approach	<u>26</u>
405-1 Diversity of governance bodies and employees	<u>26</u> and Proxy Statement page 10 http://www3.prudential.com/annualreport/report2019/proxy/images/Prudential-Proxy2019.pdf
405-2 Ratio of basic salary and remuneration of women to men	Proxy Statement back inside cover http://www3.prudential.com/annualreport/report2019/proxy/images/Prudential-Proxy2019.pdf

MATERIAL TOPIC: LOCAL COMMUNITIES

103-1 Explanation of the material topic and its Boundary	<u>32</u>
103-2 The management approach and its components	<u>32-33</u>
103-3 Evaluation of the management approach	<u>32</u>
413-1 Operations with local community engagement, impact assessments, and development programs	<u>32-34</u>

MATERIAL TOPIC: PUBLIC POLICY

103-1 Explanation of the material topic and its Boundary	<u>33</u>
103-2 The management approach and its components	<u>33</u>
103-3 Evaluation of the management approach	<u>33</u>
415-1 Political contributions	<u>33</u> , https://www.prudential.com/links/about/polical-activities-contributions

ASSURANCE STATEMENT RELATED TO GREENHOUSE GAS INVENTORY 2018 PREPARED FOR PRUDENTIAL FINANCIAL

Terms of Engagement

This Assurance Statement has been prepared for Prudential Financial.



Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Prudential Financial (Prudential) to assure its GHG Emissions Inventory for the calendar year 2018 (hereafter referred to as "the Report").

The Report relates to direct GHG emissions (Scope 1) and energy indirect GHG emissions (Scope 2) from all operationally controlled, corporate owned or leased "home office" properties. Not included are any of Prudential's leased, detached, retail or branch office sites. Other indirect GHG emissions (Scope 3) from Business Travel (air travel and domestic rail travel) were also included.

The following GHG emissions were excluded from the Report on the basis of their de minimis contribution to the total GHG Inventory:

- Fugitive emissions from HFCs (stationary and mobile)
- Mobile emissions from company vehicles
- Energy Indirect emissions from cold water purchased for air conditioning

Management Responsibility

Prudential's management was responsible for preparing the Report and for maintaining effective internal controls over the data and information disclosed. LRQA's responsibility was to carry out an assurance engagement on the Report in accordance with our contract with Prudential.

Ultimately, the Report has been approved by, and remains the responsibility of Prudential.

LRQA's Approach

Our verification has been conducted in accordance with ISO 14064-3:2006, *Specification with guidance for validation and verification of greenhouse gas assertions* to provide limited assurance that GHG data as presented in the Report have been prepared in conformance with World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) GHG Protocol: *A Corporate Accounting and Reporting Standard*.

To form our conclusions the assurance engagement was undertaken as a sampling exercise and covered the following activities:

- reviewed processes related to the control of GHG emissions data and records;
- interviewed relevant staff of the organization responsible for managing GHG emissions data and records;
- developed a sampling plan, taking into account results from a strategic review/ risk assessment; and
- verified historical GHG emissions data and records for sampled sources at an aggregated level for the calendar year 2018

Level of Assurance & Materiality

The opinion expressed in this Assurance Statement has been formed on the basis of a limited level of assurance and at a materiality of professional judgment of the Verifier.



LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the total Scope 1, Scope 2 and Scope 3 GHG emissions disclosed in the Inventory, as summarized in Table 1 below, are not materially correct and the Inventory has not been prepared in accordance with the WRI/WBCSD GHG Protocol, with the following qualification:

- Prudential owns and operates emergency generators that are tested monthly. These emissions were not included in the inventory. This finding is not material.

Brooke Farrell
 LRQA Lead Verifier
 On behalf of Lloyd's Register Quality Assurance, Inc.,
 1330 Enclave Parkway, Suite 200,
 Houston, TX 77077
 LRQA reference number: UQA00000952/2725476

SUMMARY OF PRUDENTIAL, GHG EMISSIONS INVENTORY CY2018

Scope of GHG emissions	Tonnes CO ₂ e
Direct GHG emissions (Scope 1)	14,311
Energy indirect GHG emissions (Scope 2, Location-based)	58,206
Energy indirect GHG emissions (Scope 2, Market-based)	73,499
Scope 3 Emissions (Business Travel)	13,488

Note:

Scope 2, Location-based and Scope 2, Market-based are defined in the GHG Protocol Scope 2 Guidance, 2015

This Assurance Statement is subject to the provisions of this legal section:

This Assurance Statement is only valid when published with the Report to which it refers. It may only be reproduced in its entirety.

Lloyd's Register Group Limited, its affiliates and subsidiaries, including LRQA, Inc, and their respective officers, employees or agents are, individually and collectively, referred to in this Legal Section as 'Lloyd's Register'. Lloyd's Register assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

Due to inherent limitations in any internal control, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the verification was not designed to detect all weakness or errors in internal controls so far as they relate to the requirements set out above as the verification has not been performed continuously throughout the period and the verification carried out on the relevant internal controls were on a test basis. Any projection of the evaluation of control to future periods is subject to the risk that the processes may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

The English version of this Assurance Statement is the only valid version. Lloyd's Register assumes no responsibility for versions translated into other languages.



For questions or comments related to the Sustainability Report, please contact:

Suzanne Klatt

Director, Environment & Sustainability
Prudential Financial, Inc.
751 Broad Street, 21st floor
Newark, NJ 07102-3777
sustainability@prudential.com
973-802-3738

PRUDENTIAL FINANCIAL, INC.



PRINTED ON RECYCLED PAPER
WITH 10% POST-CONSUMER WASTE.



Rock Solid® Business,
Sustainable Future.

PAPERS PRODUCED UNDER A SUSTAINABLE FOREST
MANAGEMENT PROGRAM. PRINTED USING
VEGETABLE-BASED INKS AND RENEWABLE ENERGY.