



IMPACT & RESPONSIBLE INVESTING

OPERATING PRINCIPLES FOR IMPACT MANAGEMENT

DISCLOSURE STATEMENT



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

Prudential was founded on the belief that financial security should be within reach for everyone. It's a challenge we've embraced for more than 150 years, and we're committed to providing financial solutions that help customers and clients achieve financial security.

Prudential Financial, Inc. ("PFI" or the "Company"), on behalf of its General Account Impact & Responsible Investments portfolio, is an original signatory to the Operating Principles for Impact Management ("Impact Principles" or "Principles"), a set of nine best practices for the management of impact investments. These Principles were developed by the International Finance Corporation (IFC) in consultation with global asset owners and managers. More than 180 institutional investors have signed on to date.

IMPACT MANAGEMENT POLICY

Prudential's Impact & Responsible Investing Portfolio is a subset of assets within the company's General Account ("IRI Portfolio" or "Portfolio"). The IRI Portfolio is managed by a dedicated team ("IRI Team") of investing professionals that sit within PGIM, the investment management business of Prudential. The management of Prudential's IRI Portfolio is guided by an Impact Management Policy (the "Policy")¹ that translates Prudential's purpose into strategies designed to support communities in addressing societal and environmental challenges in the U.S. and globally while delivering financial returns for the Company. The Policy is only applicable to the IRI Portfolio.

The Impact Management Policy consists of three key elements:

- **Impact Themes** – The overarching themes and goals for the program. Impact themes are reviewed regularly but typically are intended to be consistent and maintained across multiple years.
- **Reporting & Impact Management Principles** – These are key policies regarding the day-to-day operationalizing of impact management and aligned to the Operating Principles for Impact Management.
- **Permissible Impact Considerations** – These are factors that may be taken into consideration when making investment decisions and reflect the overarching goals of the program to drive both impact and financial objectives. Where appropriate, additional risk and flexibility may be permissible to drive impact.

¹ The Prudential IRI Impact Management Policy does not have as its objective sustainable investments and does not promote environmental or social characteristics for the purposes of the EU-SFDR/EU-taxonomy. The Impact Portfolio is not subject to the additional disclosure requirements for financial products referred to in Article 8 or Article 9 SFDR. The investments underlying this portfolio do not take into account the EU criteria for environmentally sustainable economic activities.



DISCLOSURE STATEMENT²

The following Disclosure Statement applies to:

Prudential Financial Inc., IRI Portfolio

The total Assets under Management in alignment with the Impact Principles is US \$829.8 million as of March 31, 2025.

Signed by:

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Andrea Kaufman

Managing Director & Head of PGIM RE
Sustainable Investing on behalf of Prudential
Financial Inc. acting as its investment manager

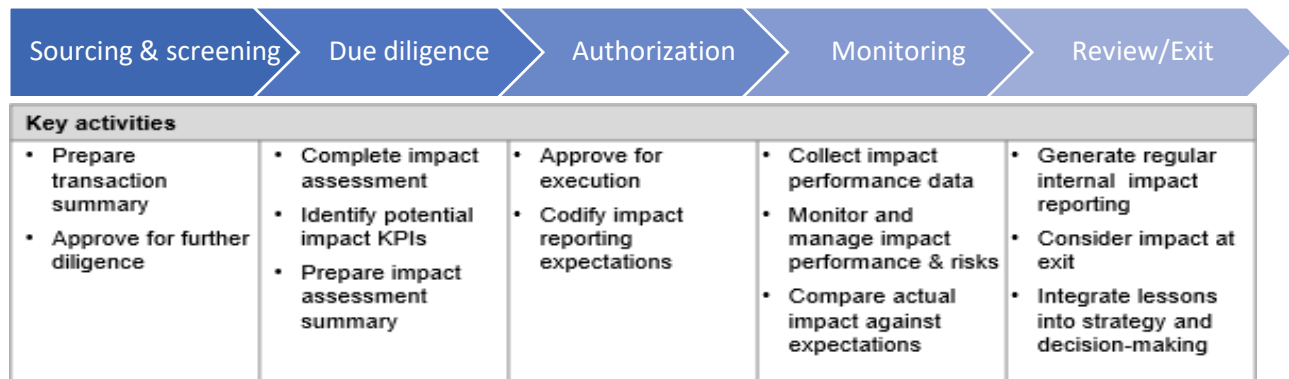
Date: 07/28/2025

² The information contained in this Disclosure Statement has not been verified or endorsed by the Global Impact Investing Network ("the GIIN") or the Secretariat or Advisory Board. All statements and/or opinions expressed in these materials are solely the responsibility of the person or entity providing such materials and do not reflect the opinion of the GIIN. The GIIN shall not be responsible for any loss, claim or liability that the person or entity publishing this Disclosure Statement or its investors, Affiliates (as defined below), advisers, employees or agents, or any other third party, may suffer or incur in relation to this Disclosure Statement or the impact investing principles to which it relates. For purposes hereof, "Affiliate" shall mean any individual, entity or other enterprise or organization controlling, controlled by, or under common control with the Signatory.



IMPACT MANDATE

The IRI Portfolio aims to drive institutional capital to pressing societal challenges, advance economic mobility, and foster a more resilient world – while generating an appropriate risk-adjusted return for the Company. Consistent with that mandate, the Impact Portfolio is explicitly permitted to take impact factors into consideration and those factors are integrated into its Investment Policy Statement (“IPS”). It also manages investments to promote and enhance their impact. Our existing approach for managing impact is summarized in the graphic below.



The approach above is compatible with the Operating Principles for Impact Management.

The IRI team developed a comprehensive Impact Management (“IM”) System that incorporates relevant frameworks and standards representative of best in-class impact management practices. The IM system integrates impact throughout the investment process, operationalized with a set of activities and tools for consistent execution at each step.

As part of the IM system, the IRI team uses an Impact Assessment Tool during the due diligence process for all new transactions³. The tool evaluates the expected impact of each prospective investment across four dimensions that encapsulate the priorities and DNA of Prudential’s impact investing strategy. The four dimensions are: access, quality, stewardship, and engagement. Underpinning the four dimensions is also an evaluation of Prudential’s contribution or a documented assessment of Prudential’s active value creation.

The IM system also helps the investment team identify Key Performance Indicators (“KPIs”) aligned with third-party standards. As part of this work, the team enhanced templates for authorization and monitoring progress against expected impact.

Finally, the IM system includes an Impact Data Manager Tool, that enables the team to collect, monitor, and report data both post-investment and at exit.

³ Applicable to transactions originated in 2021 and thereafter



Permitted investment types: While the majority of investments have market rate attributes, the Impact Portfolio may also invest in a broader range of stage, geography and size of investments than is typically invested in by Prudential's General Account so long as the portfolio is consistent with the requirements set forth in its IPS. This includes, but is not limited to:

- Early-stage and start-up entities with a limited track record of past performance where such investments deliver novel solutions addressing key impact objectives and themes;
- Smaller transactions that may be inefficient to manage but provide outsize impact benefits;
- Small businesses and smaller real estate development firms that may have less robust liquidity and access to capital;
- First and second-time fund managers;
- Non-profits, social enterprises and benefit corporations.

To assist in risk management related to its investments, the IRI team has designated certain investments as part of a "Catalytic Portfolio". The Catalytic Portfolio will have explicit limits on total size and different risk/return expectations. Catalytic investments include those investments where (1) there may be a significant trade-off between financial performance and impact; (2) the stage or size of the investment is inherently high risk, (3) there is less data to make an evaluation on the anticipated performance of the investment, or (4) where the company may want greater latitude to forgive or adjust terms. Going forward, the Catalytic Portfolio will focus on making investments in Newark, New Jersey, the location of the Company's headquarters.



OPERATING PRINCIPLES FOR IMPACT MANAGEMENT DISCLOSURES



PRINCIPLE 1:

DEFINE STRATEGIC IMPACT OBJECTIVE(S), CONSISTENT WITH THE INVESTMENT STRATEGY.

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

The IRI Portfolio aims to drive institutional capital to pressing societal challenges, advance economic mobility, and foster a more resilient world – while generating appropriate risk adjusted returns for the Company.

The Portfolio focuses on generating social and environmental impact across the following key impact strategies: financial inclusion, education & skills, affordable housing, transformative development, resiliency and impact innovation (further details below).

Impact themes are based on the team's expertise, research driven, reviewed by the governance body for the program, align with the UNSDGs and indexed in the IPS and Impact Management Policy. The portfolio contributes to nine of the 17 global SDGs.



IMPACT THEME	KEY IMPACT OBJECTIVES	SDGS
FINANCIAL INCLUSION 	Increase access to responsible financial products, services, & capital for untapped individuals, communities and micro, small and medium-size enterprises	 No Poverty Decent Work & Economic Growth Reduced Inequalities
EDUCATION AND SKILLS 	Improve workforce and education systems in the preK-12, postsecondary, and workforce training sectors to drive improved educational and career outcomes particularly for individuals from untapped populations	 Quality Education Decent Work & Economic Growth
TRANSFORMATIVE DEVELOPMENT 	Promote real estate developments that intentionally create quality places to live, work, learn and play in areas that have experienced distress or relative underinvestment with an emphasis on emerging partners and communities	 Industry Innovation & Infrastructure Sustainable Cities & Communities
AFFORDABLE HOUSING 	Increase availability and quality of affordable housing	 No Poverty Sustainable Cities & Communities
RESILIENCY 	Next generation energy-efficient real estate and climate infrastructure investments	 Affordable & Clean Energy Industry, Innovation & Infrastructure Responsible Consumption & Production Climate Action
IMPACT INNOVATION/ 	Supporting the growth of new tools, financing approaches and products that will increase the scale and integrity of Impact Investing opportunities	 Industry Innovation & Infrastructure



PRINCIPLE 2:

MANAGE STRATEGIC IMPACT ON A PORTFOLIO BASIS.

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

Systematic Investment Process:

- The IRI Portfolio’s investment activities are carried out in a rigorous and systematic manner. For the real estate portfolio, the team relies on PGIM Real Estate’s significant expertise and national partner network. For other transactions, deals are sourced through various methods including (but not limited to) industry- related events, peer investors, existing investment partners, and market research. Investees are generally selected for field leadership in the sector as well as commitment to mission and a vision in alignment with IRI’s impact strategy.
- All prospective investments are evaluated and measured against IRI’s Impact Assessment Tool⁴, which was developed in partnership with an industry thought leader. The tool focuses on four dimensions – Access, Quality, Engagement, and Stewardship. It enables the team to systematically evaluate and compare expected impact across the four dimensions, over a diverse array of asset types and impact strategies.

<i>DIMENSION</i>	<i>KEY IMPACT INTENTION</i>
<i>Access</i>	Increasing access to critical goods and/ or services for untapped communities
<i>Quality</i>	Increasing quality of goods, services, and/ or environment through use of innovative technologies and unique business models
<i>Stewardship</i>	Elevating responsible business/ operational practices and relevant accountability mechanisms
<i>Engagement</i>	Demonstrating commitment to integrating stakeholder perspectives

- Where applicable, IRI works with each investee to establish KPIs that are reported at least annually. Almost all IRI’s impact KPIs are aligned with [IRIS+](https://iris.thegiin.org/)⁵ and other third-party standards.

⁴ Applicable to investments originated in 2021 and thereafter

⁵ IRIS+ is the generally accepted system for measuring impact and is managed by the GIIN (<https://iris.thegiin.org/>)



- Investment approval memorandums (“Investment Memo”) document impact objectives, impact strategy, results of the Impact Assessment Tool, and selected KPIs.
- IRI continues to monitor and measure impact through the investment lifecycle. Individual impact performance and financial performance is reviewed as part of the annual investment review process. The team uses a bespoke Impact Data Manager tool⁶ to capture and aggregate impact data across impact strategies and document impact at exit.

Portfolio Level:

- The Impact themes outlined above, along with financial considerations, guide overall portfolio construction and selection of underlying assets.
- In addition, the IRI team has created distinct sub-portfolios of investments (Main & Catalytic) with distinct risk, return and impact expectations.
- Available impact metrics are aggregated at the portfolio level and reported regularly to internal stakeholders as specified in the reporting requirements.

Staff Incentives:

- Financial and impact performance are both holistically considered as part of annual performance reviews, which are a key determinant in staff compensation. Since last year, the IRI team has further aligned staff incentives by explicitly including impact management objectives in individual performance reviews. Standardized impact performance objectives focus on the Portfolio’s impact strategy, investor contribution goals, and commitment to the operational processes that drive responsible investing.

⁶ Applicable to investments originated in 2021 and thereafter



PRINCIPLE 3:

ESTABLISH THE MANAGER'S CONTRIBUTION TO THE ACHIEVEMENT OF IMPACT.

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels.⁷ The narrative should be stated in clear terms and supported, as much as possible, by evidence.

Our approach is that the purpose of impact investing is to solve the social and environmental challenges that are not already being effectively addressed by government, philanthropy or traditional investors. Doing so requires active investor contribution to elevate the level of impact. The mechanisms employed in doing so may differ by asset class.

The IRI team evaluates all new investments under a contribution framework⁸ which focuses explicitly on the following factors that are aligned with Impact Management Project's (IMP) contribution strategies:

- **Signaling impact matters** by leveraging Prudential and PGIM's institutional reputation and long-standing legacy as an impact investor to encourage others in the market.
- **Engaging actively** by using established expertise and networks to improve the impact performance of businesses.
- **Growing new or undersupplied capital markets**, such as by anchoring or participating in new or previously overlooked opportunities.
- **Providing flexible capital** that can be longer duration and concessionary in nature (when needed) to seed, scale and sustain business models that, in select situations, require subsidy to preserve the goal of reaching vulnerable beneficiaries.

In 2023, IRI integrated tracking contribution activities into the annual investment review process that monitors both financial and impact performance.

On a portfolio basis, IRI has compiled a snapshot of the portfolio's impact and contribution highlights over the last 10+ years. The analysis assesses subset transactions against IRI's four dimensions of impact as well as the contribution framework. The review showcases specific investments most representative of IRI's work and contribution activities across impact themes.

⁷ For example, this may include: improving the cost of capital, active shareholder engagement, specific financial structuring, offering innovative financing instruments, assisting with further resource mobilization, creating long-term trusted partnerships, providing technical/market advice or capacity building to the investee, and/or helping the investee to meet higher operational standards.

⁸ Applicable to investments originated in 2021 and thereafter



PRINCIPLE 4:

ASSESS THE EXPECTED IMPACT OF EACH INVESTMENT, BASED ON A SYSTEMATIC APPROACH.

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact⁹ potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact?¹⁰ The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations.

In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards¹¹ and follow best practice¹².

The IRI Team employs an Impact Assessment Tool¹³ that establishes a methodical process to integrate transaction-level diligence and expected impact. The Tool is based on the Impact Management Project's five dimensions: who, what, how much, risk, and enterprise contribution. It includes an Impact Summary that synthesizes all areas of relevant ex-ante considerations (including investor contribution and preliminary KPIs aligned with IRIS+). The output is included in the Investment Memo and reviewed by the Portfolio's investment committee.

⁹ Focus shall be on the material social and environmental impacts resulting from the investment. Impacts assessed under Principle 4 may also include positive sustainability effects derived from the investment.

¹⁰ Adapted from the Impact Management Project (www.impactmanagementproject.com)

¹¹ Industry indicator standards include HIPSO (<https://indicators.ifipartnership.org/about/>); IRIS (iris.thegiin.org); GIIRS (<http://b-analytics.net/giirs-funds>); GRI (www.globalreporting.org/Pages/default.aspx); and SASB (www.sasb.org), among others.

¹² International best practice indicators include SMART (Specific, Measurable, Attainable, Relevant, and Timely), and SPICED (Subjective, Participatory, Interpreted & communicable, Cross-checked, Empowering, and Diverse & disaggregated), among others.

¹³ Applicable to investments originated 2021 and thereafter



PRINCIPLE 5:

ASSESS, ADDRESS, MONITOR, AND MANAGE POTENTIAL NEGATIVE IMPACTS OF EACH INVESTMENT.

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage negative impact risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice.¹⁴ As part of portfolio management, the Manager shall monitor investees' negative impact risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

The IRI team uses the following practices to minimize the risk of negative effects:

- Sourcing & Diligence: The team intentionally focuses on investments in sectors and partners with strong alignment between impact and financial motivations. Each potential investee is required to complete an "Impact Due Diligence Questionnaire" to help understand and document impact strategy, impact management, impact risks, and operations. Real estate investments include an additional layer of sustainability analysis in investment committee memos.
- Active management: Impact risks can also occur from shifts in market conditions or investee behavior and need active management throughout the investment lifecycle. It is critical to engage with management and identify impact risks, ensure these are addressed in a timely manner and identify any need for course correction. Where appropriate, the team structures impact covenants and reporting to ensure that impact considerations are appropriately disclosed and managed.
- Annual Reviews: Post-close and as part of the annual data collection process, the IRI team follows-up with investees for updated responses to select diligence questions related to impact risk management. Since last year, IRI has also begun to include an impact risk evaluation as part of the Annual Asset Review process.

¹⁴ Examples of good international industry practice include: IFC's Performance Standards (www.ifc.org/performancestandards); IFC's Corporate Governance Methodology (www.ifc.org/cgmethodology), the United Nations Guiding Principles for Business and Human Rights (www.unglobalcompact.org/library/2); and the OECD Guidelines for Multinational Enterprises (<http://mneguidelines.oecd.org/themes/human-rights.htm>).



PRINCIPLE 6:

MONITOR THE PROGRESS OF EACH INVESTMENT IN ACHIEVING IMPACT AGAINST EXPECTATIONS AND RESPOND APPROPRIATELY.

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action.¹⁵ The Manager shall also seek to use the results framework to capture investment outcomes.¹⁶

Transaction Level

- The IRI team employs the Impact Data Manager Tool to systematically collect and analyze investee impact data on an annual basis.¹⁷ For a subset of investments made prior to the implementation of the Data Manager Tool, IRI collects data directly from investees, impact reports, and other publicly available sources.
- For each direct investment - overall impact performance, impact risks, and metrics (where applicable) are reviewed annually and documented in Asset Review Reports. This process helps encourage conversations between IRI and investees if significant gaps are identified between impact expectations and progress.

Portfolio Level

- Data collected at the transaction level is aggregated into an annual Impact Measurement Review & Analysis report. The report summarizes impact management related activities, aggregate impact outcomes, key learnings, and exits.

¹⁵ Actions could include active engagement with the investee; early divestment; adjusting indicators/expectations due to significant, unforeseen, and changing circumstances; or other appropriate measures to improve the portfolio's expected impact performance.

¹⁶ Outcomes are the short-term and medium-term effects of an investment's outputs, while the outputs are the products, capital goods, and services resulting from the investment. Adopted from OECD-DAC (www.oecd.org/dac/).

¹⁷ Applicable to transactions originated in 2021 and thereafter



PRINCIPLE 7:

CONDUCT EXITS CONSIDERING THE EFFECT ON SUSTAINED IMPACT.

When conducting an exit,¹⁸ the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

One of the permissible impact considerations outlined in IRI's Impact Management Policy, accounts for the preservation of mission and operations at exit. IRI's level of influence on exit outcomes depends on a variety of factors, including investment structure, ownership percentage, timing of exit, and governance. All exit decisions are balanced against the Portfolio's financial and fiduciary duties.

As part of its documented analysis, the IRI team utilizes the Impact Data Manager Tool to assess sustainability of impact at exit.¹⁹ A summary of exited investments is also included in the Portfolio's annual consolidated review of impact management (Impact Measurement Review & Analysis). This includes the impact achieved, investor contribution and key learnings.

In addition to a formal analysis on exit, the IRI team focuses on certain aspects of the investment lifecycle to maximize positive impact upon exit. These investment specific safeguard steps may include the following:

- **Pre-investment:** Select investees based on the degree to which impact is embedded in the business model as well as leadership commitment to mission.
- **Structuring:** Structure the investment to support sustainable growth, ensure alignment with co-investors, and include legal protections in LPAs, debt covenants and side letters as appropriate.
- **Monitoring:** Work closely with investees to strengthen impact risk policies and practices governing supply chains, environmental impact, employment, and governance.
- **Exit timing:** Timing of exit needs to take into consideration the company's continued access to sufficient resources and expertise to maintain growth and impact.
- **Criteria for acquirers:** Acquirers should be selected based upon commitment to mission, access to resources and expertise and a time horizon supportive of growth and continued impact.

¹⁸ This may include debt, equity, or bond sales, and excludes self-liquidating or maturing instruments.

¹⁹ Applies to investments originated in 2021 and thereafter.



PRINCIPLE 8:

REVIEW, DOCUMENT, AND IMPROVE DECISIONS AND PROCESSES BASED ON THE ACHIEVEMENT OF IMPACT AND LESSONS LEARNED.

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

Parallel to financial performance, the IRI team reviews and documents the impact performance of each direct investment as part of the Annual Asset Review process. Where feasible, overall impact performance is discussed with investment partners at exit and helps inform decisions around future investments.

Portfolio level impact is incorporated into IRI's annual Impact Measurement Review & Analysis report. The report surfaces key learnings across IRI's impact strategies, impact generated by exited investments, as well as identify strengths/ weaknesses.

At an operational level, impact policies are reviewed and updated annually.



PRINCIPLE 9:

PUBLICLY DISCLOSE ALIGNMENT WITH THE PRINCIPLES AND PROVIDE REGULAR INDEPENDENT VERIFICATION²⁰ OF THE ALIGNMENT.

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

Public Disclosure

PFI publicly discloses the degree of alignment of the impact management of the covered assets with each of the nine Impact Principles on an annual basis.

Independent Verifier

The independent assurance report on the alignment of the IRI Portfolio was last completed by BlueMark.

BlueMark was launched by Tideline, a leading impact investing consultancy. Since its founding in 2014, Tideline has become a recognized leader in impact measurement and management, focused on the design and verification of IM systems with leading asset owners and managers. In 2020, Tideline established a subsidiary (BlueMark) with a separate, dedicated team focused on impact management verification.

Tideline has offices in New York, NY and San Francisco, CA and is headquartered at 915 Battery St, San Francisco, CA 94111, USA.

Last Verification Date: October 2022; [Link to Verifier Statement](#)

Next Verification Date: The IRI Portfolio expects to undergo an independent verification every three years. The next verification is planned for 2025.

²⁰ The independent verification may be conducted in different ways, i.e., as part of a financial audit, by an independent internal impact assessment committee, or through a portfolio/fund performance evaluation. The frequency and complexity of the verification process should consider its cost, relative to the size of the fund or institution concerned, and appropriate confidentiality.