

Verifier Statement

Independent Verification Report

Prepared for Prudential: October 31, 2022

Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)¹, Prudential engaged BlueMark to undertake an independent verification of the alignment of Prudential's impact management (IM) system with the Impact Principles. Prudential's assets under management covered by the Impact Principles (Covered Assets) totals \$1.06 billion², for the period ending June 30, 2022.

Summary assessment conclusions

BlueMark has independently verified Prudential's extent of alignment with the Impact Principles. Key takeaways from BlueMark's assessment are as follows:

Principle 1: Prudential has six impact themes that are explicitly aligned with the SDGs and has compiled evidence of the market gap the firm's strategy seeks to address, both at the portfolio- and theme-level. To further align, Prudential should establish a credible basis for achieving its theme-level impact objectives through its investment strategy.

Principle 2: Prudential has a standardized system for aggregating, comparing, and managing impact performance, which allows for the systematic evaluation and comparison of impact potential across their portfolio. To further align, Prudential should explicitly tie staff incentives to the impact performance of its investments.

Principle 3: Prudential has established a Contribution Framework that assesses the applicability of four types of investor contribution and articulates their expected investor contribution activities for each investment. To further align, Prudential should track the progress and resulting impacts of its investor contribution activities post-investment.

Principle 4: Prudential has established a consistent ex-ante process for evaluating the expected impact of its investments, leveraging a proprietary Impact Assessment Tool that aligns with the IMP's 5 dimensions of impact, IRIS+, and the SDGs. The tool accounts for indirect impacts and identifies potential negative impacts that could arise as a result of the investment.

Principle 5: Prudential has developed an ESG due diligence assessment to identify ESG risks and plans to monitor them on an annual basis using its Impact Data Manager Tool and Annual Asset Review process. To further align, Prudential should formalize a process to mitigate potential ESG risks identified ex-ante and in the event of ESG underperformance.

Principle 6: Prudential plans to monitor impact performance data on an annual basis using its Impact Data Manager Tool. To further align, Prudential should consider formalizing an engagement process in the event of impact underperformance and a process to regularly solicit feedback from stakeholders.

Principle 7: Prudential embeds impact considerations ex-ante and draws on the levers available to them throughout the investment lifecycle to help ensure the sustainability of impact upon exit. Prudential also plans to assess the sustainability of impact exit and conduct post-exit reviews.

Principle 8: Prudential reviews the impact performance of its investments during its Annual Asset Review process and shares lessons learned and areas for improvement in periodic staff meetings. To further align, Prudential should develop a general process for using the findings of its review process to inform operational and management processes.

¹ Principle 9 states that signatories "shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact 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."

² Assets under management figure as reflected in the IRI Portfolio (6.30.22) - Listing of Investments sheet. BlueMark's assessment did not include verification of the AUM figure.

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Assessment methodology and scope

Prudential provided BlueMark with the relevant supporting documentation for the policies, processes, and tools related to the IM system applicable to the Covered Assets. The scope of BlueMark's work was limited to processes in place related to the Covered Assets as of June 30, 2022. BlueMark's assessment of the IM system included an evaluation of both the system itself and supporting documentation, as well as the consistency of the draft disclosure statement with the IM system. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.³

BlueMark's full assessment methodology, based on its professional judgment, consisted of:

1. Assessment of the IM system in relation to the Impact Principles, using BlueMark's proprietary rubric, and examining processes and policies against the following criteria:
 - *Compliance* of the IM system with a threshold level of practice;
 - *Quality* of the IM system's design in terms of its consistency and robustness; and
 - *Depth* of sub-components of the system, focused on completeness
2. Interviews with Prudential staff responsible for defining and implementing the IM system;
3. Testing of selected Prudential transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to Prudential, outlining areas of strong alignment and recommended improvement, as well as BlueMark's proprietary benchmark ratings on the extent of alignment to each of the Impact Principles.

Permissions

This statement, including our conclusions, has been prepared solely for Prudential in accordance with the agreement between our firms, to assist Prudential in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit Prudential to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate Prudential's alignment with the Operating Principles for Impact Management. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Prudential for our work or this statement except where terms are expressly agreed between us in writing.

About BlueMark

BlueMark, a Tideline company, is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to "strengthen trust in impact investing" and to help bring more accountability to the impact investment process. BlueMark is a wholly owned subsidiary of Tideline Advisors, LLC, a certified women-owned advisory firm in impact investing. Since its founding in 2014, Tideline has become a recognized leader in impact measurement and management, working with leading asset owners and managers to design and implement impact management systems.

BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

BlueMark has office locations in London, UK; New York, NY; Portland, OR; and San Francisco, CA and is headquartered at 915 Battery St, San Francisco, CA 94111, USA. For more information, please visit www.bluemarktideline.com.

³ The scope of BlueMark's assessment procedures does not include the verification of the resulting impacts achieved. BlueMark's assessment is based on its analyses of publicly available information and information in reports and other material provided by Prudential. BlueMark has relied on the accuracy and completeness of any such information provided by Prudential. The assessment results represent BlueMark's professional judgment based on the procedures performed and information obtained from Prudential.