BACKGROUND

As a signatory of the Operating Principles for Impact Management (the Principles), Prudential is committed to disclosing the degree of alignment of its impact management (IM) system with the Principles. Prudential engaged Tideline to undertake the assessment.

ASSESSMENT METHODOLOGY

Tideline reviewed Prudential’s set of IM tools and processes for the purpose of assessing its degree of alignment with the Principles. To do so, Tideline used a proprietary rubric informed by:

1. The text of each Principle and associated implementation guidance;
2. Tideline’s proprietary process assessment criteria, which are mapped to each Principle; and
3. Tideline’s retained knowledge of the state of IM practices

SUMMARY ASSESSMENT

Tideline conducted an assessment to verify the Prudential IM system’s degree of alignment with the Principles. As of March 31, 2020, Prudential's assets under management covered by the Principles totals $962 million. Key takeaways from the assessment are:

**Areas of strength:** Prudential’s forthcoming IM tools integrate impact considerations at multiple stages throughout the investment process. The firm demonstrates intentionality in its sourcing of investments to ensure alignment with impact priorities and investor capabilities. Strategic impact at the portfolio-level is also monitored by dedicated impact teams and individuals (Principle 2).

**Areas for improvement:** Opportunities identified for further alignment with the Principles include: developing processes to collect evidence in support of Prudential’s investor contribution narrative (Principle 3), enhancing ex-ante impact assessment processes by adopting a results measurement framework (Principle 4), creating an approach to identify and manage ESG risks (Principle 5), and further formalizing existing systems for monitoring and reviewing investee impact performance on an ongoing basis (Principle 6 & 8).

ABOUT TIDELINE

Tideline Advisors, LLC is 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, focused on the design and verification of IM systems with leading asset owners and managers. In 2020, Tideline established a subsidiary 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.

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1 Principle 9 states that signatories shall “publicly disclose alignment with the Principles and provide regular independent verification 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.”

2 Tideline’s full assessment for Prudential states each of the Principles, describes the Prudential IM processes covered by the Principles, and identifies areas where further alignment is appropriate and feasible. The scope of Tideline’s assessment procedures does not include the verification of the resulting impacts achieved. Tideline’s assessment is based on its analyses of publicly available information and information in reports and other material provided by Prudential. Tideline has relied on the accuracy and completeness of any such information provided by Prudential. The assessment results represent Tideline’s professional judgment based on the procedures performed and information obtained.

3 Assets under management figure as reflected in Prudential’s disclosure statement, citing data as of 3/31/2020. Tideline’s assessment did not include verification of the AUM figure.