

2013



ASSETS FOR SUSTAINABLE GROWTH

PRUDENTIAL FINANCIAL, INC. 2013 SUSTAINABILITY REPORT



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Rock Solid® Business,
Sustainable Future.

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Message from the Chairman



John Strangfeld

Chairman and
Chief Executive Officer

Prudential's mission – “To help our customers achieve financial prosperity and peace of mind” – focuses us on finding the best path from achieving today's goals to keeping tomorrow's promises. We believe that our ability to provide customers with peace of mind and prosperity depends on maintaining a balanced and steadfast approach to value creation. Consequently, we focus on maintaining strong momentum in our businesses now while investing in the assets that will create vitality well into the future.

I am pleased that Prudential achieved another year of robust performance in 2013. We experienced strong organic growth, expanded through acquisition and generated strong financial returns. We continued our intensive focus on talent, rolling out new initiatives to strengthen our inclusive culture. We reaffirmed our commitment to our headquarters city of Newark, N.J., through philanthropy, employee engagement and investment. It is a pleasure to see our new office tower rise while helping to revitalize the surrounding community.

In terms of specific financial goals, in 2013 we surpassed a challenging financial target we had set a few years before – exceeding 13 percent return on equity for the year. Prudential's diverse and talented employees at every level made this accomplishment possible. We recognized the efforts of colleagues who do not participate in the company's long-term incentive program by providing a special \$1,300 (or an equivalent) payment to more than 40,000 associates across the globe. The short-term financial impact of this recognition was balanced by the long-term benefits of demonstrating our appreciation for their hard work and demonstrating one of our core values, “Respect for each other.”

Additionally, in 2013, we continued a multiyear initiative aimed at improving the clarity and transparency of our reporting. In particular, we focused on communicating an integrated model of value creation. Our *2014 Proxy Statement* included an infographic that portrayed near-, mid- and long-term value creation. The Proxy also highlighted 2013 non-financial activities associated with our successful performance.

In terms of sustainability, we were challenged by our stakeholders to update and make explicit how we plan for and achieve long-term vitality. Congruent with the Value Creation Model in the Proxy, the *Sustainable Value Creation Model* resulted from additional study, analysis and debate. It reflects our broadly focused, forward-looking strategies and shows the link between our human, intellectual, financial and social assets as they contribute to sustainable performance.

Along with improved transparency, our sustainability journey was marked by notable milestones during the last year:

- In September 2013, Prudential received notice that the Financial Stability Oversight Council had designated the company as a non-bank Systemically Important Financial Institution. As a result of this determination, the company is being supervised by the Board of Governors of the Federal Reserve System and is subject to heightened regulatory oversight.
- In July 2013, we were designated as a Global Systemically Important Insurer, which may also result in heightened regulation.
- Prudential joined the Business Coalition for DOMA Repeal to support the right of same-sex couples to legally marry. Following the landmark decision in

“...we focus on maintaining strong momentum in our businesses now while investing in the assets that will create vitality well into the future.”

John Strangfeld

Chairman and Chief Executive Officer

United States v. Windsor, in early 2014 the company released “Financial Planning Considerations for Same-Sex Couples following *Windsor*.” The report highlighted significant changes in employee benefits and financial planning strategies resulting from the decision that overturned the Defense of Marriage Act.

- For the fourth year in a row, Prudential has been recognized by *Military Times* as a “Best for Vets Employer” for the company’s commitment to providing job training and opportunities for Veterans, and support for military personnel on reserve duty. In addition to growing Prudential’s programs, the Veterans Initiative Office has shared best practices with other funders and corporations.
- Continuing to extend thought leadership in meeting financial services needs, Prudential updated its studies on “*The African American Financial Experience*” and “*Asian Americans on the Road to Retirement*.” The studies highlighted emerging financial trends in both groups, pointing to unique challenges and opportunities experienced by many individuals in these groups.

- Prudential made a \$10 million limited partnership investment in LeapFrog Investments. LeapFrog invests in emerging high-growth companies in Africa and Asia that are delivering financial services to emerging consumers. The firm is a leader in purpose investing – building companies that provide both social and financial returns.

We made considerable improvements in both our sustainability programs and reporting in 2013 but recognize that this is an ongoing process. The goal of this report is to provide a clear, concise view into our sustainability journey and to actively engage shareholders, customers, regulators, employees, retirees and others on issues of mutual concern. We look forward to ongoing productive dialogue and your *feedback*.



Message from the Board of Directors



Constance J. Horner

Chair, Governance
and Business Ethics
Committee

The Board of Directors oversees Prudential's businesses with an eye toward creating value and keeping our promises to shareholders, customers, communities and other stakeholders. I'm pleased that, in Prudential's third annual Sustainability Report, we are able to document the company's commitment to and progress in sustaining long-term vitality.

2013 was a year of notable accomplishments for the company, which positioned it well for success in the future. The Board supported those efforts and enhanced its leadership through a number of initiatives that respond to emerging trends in corporate governance best practices. These included

- Improving and maintaining the rigor of Prudential's executive compensation program. Along with actions that modified target financial goals and revised long-term incentives, the Board approved a framework that differentiates the incentive compensation of senior leaders by their accomplishments against talent objectives. More detail is available in Prudential's *2014 Proxy Statement*.
- Amending Prudential's by-laws to reduce the threshold that allows shareholders to call a special meeting to 10 percent. Along with established communication and engagement programs, this revision gives shareholders the opportunity to raise important matters outside the annual meeting process.

- Revising the charter of the Corporate Governance and Business Ethics Committee, which I am privileged to chair, to specifically include oversight of political disclosure and accountability policies.

In addition, the Corporate Governance and Business Ethics Committee continued its guidance of the company's sustainability strategy, including enhancing our processes so that environmental, sustainability and corporate responsibility experience are among the skills represented on Prudential's Board.

During 2013, the Board was also proud to celebrate the groundbreaking for Prudential's third office tower in the company's headquarters city of Newark. Since the company's founding in 1875, Prudential has enjoyed a mutually beneficial relationship with our neighbors in this city, and we look forward to continuing to support Newark's resurgence.

We hope you find this document interesting and informative, and we welcome your *feedback*.

A handwritten signature in black ink that reads "Constance J. Horner". The signature is written in a cursive, flowing style.



ABOUT PRUDENTIAL FINANCIAL, INC.

Organizational Profile

NYSE: PRU

Headquarters: Newark, New Jersey, USA

www.prudential.com

Mission

To help our customers achieve financial prosperity and peace of mind.

Vision

To distinguish Prudential as an admired multinational financial services leader, trusted partner, and provider of innovative solutions for growing and protecting wealth.

Highlights (as of December 31, 2013)

- \$1.107 trillion in assets under management
- Approximately \$3.5 trillion of gross life insurance in force worldwide*
- Serving institutional and individual customers in more than 30 countries
- Approximately 47,000 employees and sales associates worldwide

* Includes closed block policies.

Core Values

How we conduct our business is just as important as what we do. Our core values are the principles that guide us daily in helping our customers achieve financial prosperity and peace of mind. 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.

- **Worthy of Trust:** We keep our promises and are committed to doing business the right way.
- **Customer Focused:** We provide quality products and services that meet our customers' needs.
- **Respect for Each Other:** We are inclusive and collaborative, and individuals with diverse backgrounds and talents can contribute and grow.
- **Winning with Integrity:** We are passionate about becoming the unrivaled industry leader by achieving superior results for our customers, shareholders, and communities.

Three Divisions

Prudential conducts its principal businesses through three divisions:

- The *U.S. Retirement Solutions and Investment Management Division*;
- The *U.S. Individual Life and Group Insurance Division*, and
- The *International Insurance Division*.

The company also conducts corporate activities in *Corporate and Other* operations.

The businesses that comprise Prudential's three operating divisions and Corporate and Other operations are referred to collectively as "Financial Services Businesses." Prudential's Common Stock reflects the performance of the Financial Services Businesses.

Prudential Financial, Inc. (PFI) of the United States is not affiliated with Prudential plc, which is headquartered in the United Kingdom. Pramerica and Pricoa are trade names used by PFI and its affiliates in many markets outside the United States.

Organizational Overview

DIVISION	BUSINESS SEGMENT	PRODUCTS AND SERVICES
U.S. Retirement Solutions and Investment Management Division	Asset Management	Offers a broad array of domestic and international investment management and advisory services by means of institutional portfolio management, mutual funds, and structured products.
	Individual Annuities	Manufactures and distributes individual variable and fixed annuity products.
	Retirement	Provides retirement investment and income products and services to public, private and not-for-profit organizations.
U.S. Individual Life and Group Insurance Division	Individual Life	Manufactures and distributes individual variable life, term life and universal life insurance products.
	Group Insurance	Manufactures and distributes a full range of group life, long-term and short-term disability, and group corporate-bank- and trust-owned life insurance primarily to institutional clients for use in connection with employee and membership benefits plans.
International Insurance Division	International Insurance	Manufactures and distributes individual life insurance, retirement and related products.

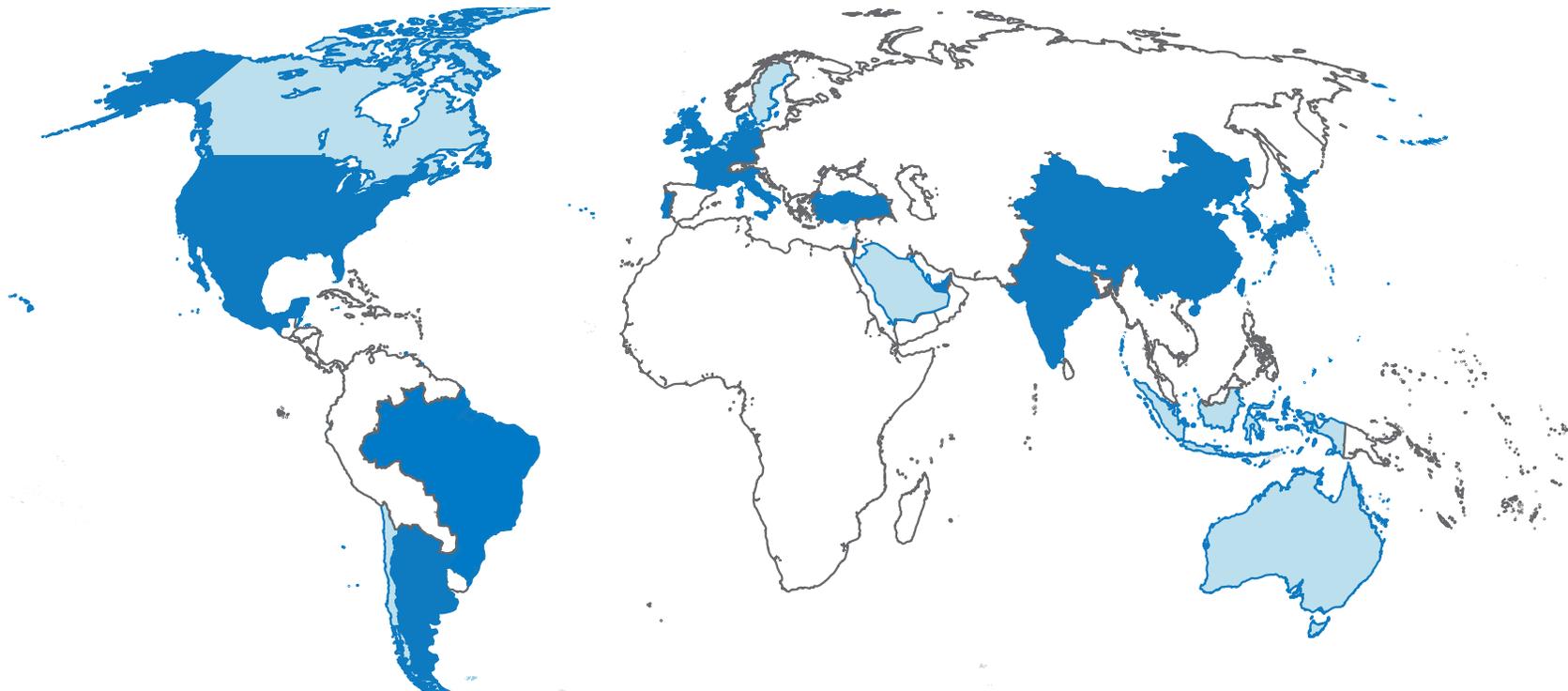
 **FAST FACTS**

Company Ownership

(as of 12/31/2013)

- 461,055,252 shares outstanding
- 1,621,650 registered holders
- 12.4% owned by banks/brokers/retail operations
- 22.1% owned by registered holders
- 65.5% owned by institutions

Countries of Operation/Markets Served



COUNTRIES OF OPERATION (LOCATION OF EMPLOYEES)

North America	U.S. (including Guam), Mexico
Asia & Australia	Australia, China (Hong Kong), India, Japan, Singapore, South Korea, Taiwan
South America	Argentina, Brazil
Europe & Middle East	Abu Dhabi, France, Germany, Ireland, Israel, Italy, Luxembourg, Poland, Portugal, Turkey, United Kingdom

LOCATIONS OF INDIVIDUAL AND INSTITUTIONAL CLIENTS INCLUDE:

North America	U.S. (including Guam), Bermuda, Canada, Cayman Islands, Mexico
Asia & Australia	Australia, China (including Hong Kong), India, Indonesia, Japan, Singapore, South Korea, Taiwan
South America	Argentina, Brazil, Chile
Europe & Middle East	Austria, Bahrain, Belgium, Denmark, France, Germany, Ireland, Italy, Kuwait, Luxembourg, Netherlands, Portugal, Qatar, Saudi Arabia, Sweden, Switzerland, United Arab Emirates, United Kingdom (including Guernsey and Scotland)



SUSTAINABILITY AT PRUDENTIAL

“For more than 135 years, we have been making—and keeping—long-term promises. We are committed to making a difference in the lives of our customers, our investors, our employees and our communities.”

Mark Grier

Vice Chairman and Executive Sponsor for Sustainability

Prudential's life insurance, asset management, and retirement services and products are all businesses that require a focus on long-term value creation. “Sustainability” is a promise the company makes every day, when Prudential pledges to its customers to pay their life insurance benefits, or to help create and safeguard retirement income, providing security well into the future.

Materiality Review

At Prudential, the term “sustainability” describes how the company anticipates and manages future risks and opportunities in order to meet its long-term obligations. Creating the enduring value required by sustainability is powered by investing in the firm's financial, intellectual, human and

social assets. Informed by extensive stakeholder engagement, the ongoing work is built on past performance and emerging trends that shape forward-looking decisions and programs.

In 2013, Prudential's Sustainability team conducted an in-depth review of the company's sustainability framework. The goals of the study included identifying or confirming issues that may have an impact on the company's long-term value creation. Shaped by stakeholder consultations, revisions to the Global Reporting Initiative Guidelines, emerging best practices in disclosure, and internal discussions, the effort was both broad and deep, forward-looking and retrospective. Activities included:

- A review of global trends, including demographics;
- A review of general and Prudential-specific consumer survey data;
- Benchmarking of peer and best practice companies;
- Consultations with Ceres staff. *Ceres* leads a national coalition of investors, environmental organizations and other public interest groups working with companies to address sustainability;
- A study of historical company documents;
- Guidance from Prudential executives, including the company's *Sustainability Council*;
- Analysis leading to determination of material factors important to Prudential's lasting value creation.

During 2013, Prudential continued its participation in the International Integrated Reporting Council (IIRC) pilot program. The IIRC is a global coalition of regulators, investors, companies, accounting professionals and non-governmental organizations. The group has focused on promoting financial stability and sustainability by creating a reporting framework that tells a holistic story about a company's value creation.

Review Outcomes

Two significant products emerged from the synergistic work streams. The first, published in Prudential's *2014 Proxy Statement*, is an infographic reporting Prudential's near-, mid- and long-term Value Creation Model. Based on the four categories of company assets – financial, intellectual, human and social – it delineates risk, opportunities, resources, business activities, strategy and output. Tying together the direct business and corporate activities, it illustrates the company's ability to keep its promises now and well into the future.

The second outcome is Prudential's Sustainable Value Creation Model. It allows stakeholders to take a deeper dive into Prudential's overall value creation, focusing specifically on goals, strategies, activities and outputs related to the company's long-term vitality. This Model forms the framework for Prudential's 2013 Sustainability Report.

Sustainable Value Creation



Stakeholder Feedback

As a Ceres Network Company, Prudential has the opportunity to request feedback from staff and stakeholders on developments related to sustainability. Most recently, the company sought feedback on its materiality analysis and Sustainable Value Creation Model. Here is a summary of their recommendations, with the company's response.

RECOMMENDATION	STATUS	INITIATIVES
Long termism: The Model demonstrates that sustainability is inherently compatible with Prudential's business. The company could consider opportunities to include long termism in goals, Key Performance Indicators, investor communications and compensation.	Under way	Prudential's <i>2013 Annual Report</i> and <i>2014 Proxy Statement</i> include more explicit statements about sustainable value creation and compensation plans.
Linkage to business: We (Ceres) appreciated the clear linkage made across the Model to Prudential's core business and financial responsibilities. This alignment between sustainability and business could also be demonstrated through Prudential's disclosure, including through integrated reporting.	Under way	Prudential's <i>2014 Proxy Statement</i> includes a holistic Value Creation Model that creates a conceptual picture of the firm's near-, mid- and long-term value creation. When Ceres staff subsequently reviewed the Sustainability and Proxy Value Creation models side by side, they indicated that they "demonstrate a unified vision across Prudential's financial and sustainability disclosure for long-term value creation and anchor the (Sustainability) framework with Prudential's business strategy."
Risk management: The Model should define a risk management process that explicitly considers environmental and social factors as a part of risk assessment decision making across the enterprise.	Under way	Social and environmental risk factors are integrated into business risk assessments as they are material to the businesses. Enterprise Risk Management executives are active participants in Prudential's Sustainability Council and its Environmental Task Force.
Responsible investment: The Model should include a vision to ensure that all of Prudential's investments are managed in a responsible manner, for instance, through the articulation of a sustainable investing policy. Additionally, the company should consider opportunities to scale its "green" investments.	Under consideration and under way	As a non-bank Systemically Important Financial Institution, the company is in constructive discussion with the Board of Governors of the Federal Reserve System about various regulatory requirements that could affect its investing. Prudential's Clean Tech portfolio is growing, with the market value of the portfolio having increased more than 25 percent from 2012 to 2013. Also in 2013, Prudential Fixed Income began investing in "green" bonds. The company continues to explore investment opportunities in this area.

Stakeholder Feedback (continued)

RECOMMENDATION	STATUS	INITIATIVES
Product innovation: The Model could set goals to grow revenues through Prudential's Environment, Social and Governance product suite. The objective is for Prudential to incorporate sustainability considerations across the entirety of its product and service suite in the medium to long term.	Under consideration	Research is under way to link back existing products and services to the Sustainable Value Creation Model. Once that baseline is established, a gap analysis will be possible.
Employees: The framework should include formal plans to train and engage employees on sustainability.	In development	Sustainability trainings have been offered by employee Green Teams and in Prudential businesses. A communications strategy is in development that will support heightened awareness and understanding.
Operations: The model should consider setting a new greenhouse gas reduction target that is absolute, long-term and aligned with science on this issue.	In development	As of the writing of this report, the Environmental Task Force has begun work on an updated firm-wide Environmental Commitment.
Implementation: Prudential should put in place a strong implementation mechanism to ensure that the mission and themes laid out in the Model are translated into day-to-day practice. This will help the company achieve its performance expectation that "every employee will seek to create long-term sustainable value"	Under way	As indicated by the metrics included in this report, implementing the strategies and tactics tied to long-term value creation are well under way in the firm. An infographic outlines the formal accountability structure for overall sustainability.

STAKEHOLDERS

Stakeholder relationships reflect the company's historical and current business practices and emerging forms of engagement. Throughout this report, Prudential's relationship with various organizations may be mentioned, to reflect currently significant relationships. In more general terms, Prudential's stakeholders include:

- Shareholders and other investors
- Customers, both individual and institutional
- Employees and retirees
- Independent financial advisors and intermediaries
- Community leaders and neighbors
- National and local government officials located in the U.S. and abroad
- U.S. state, federal and international regulators
- Suppliers, vendors and business partners
- Thought leaders and advocates in issue areas related to financial services

Long-Term Risks and Opportunities

The materiality review confirmed the long-term issues Prudential monitors, and, where appropriate, engages with leaders to influence. Offsetting these risks are opportunities the firm works to capture:

ASSET	FINANCIAL	INTELLECTUAL	HUMAN	SOCIAL
Risks	<ul style="list-style-type: none"> Global economic and social volatility The level and volatility of interest rates and equity markets Complex insurance and financial products 	<ul style="list-style-type: none"> Impaired trust in the industry Financial and regulatory environment 	<ul style="list-style-type: none"> Attracting and retaining crucial talent 	<ul style="list-style-type: none"> Underserved communities Effects of climate change and resource scarcity
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 	<ul style="list-style-type: none"> Improving understanding of business may strengthen trust Good public policy supports value creation 	<ul style="list-style-type: none"> Reputation as an employer of choice supports recruitment, retention and loyalty 	<ul style="list-style-type: none"> Functioning and resilient local economies can strengthen pipelines for talent and customers Mitigating climate risk and resource scarcity creates business opportunities and supports more adaptable communities

Accountability for Sustainability

On a functional level, Prudential's ongoing vitality is integrated through the enterprise as the responsibility of every employee. Global performance expectations called "Leadership Competencies" indicate that employees should "seek to create long-term sustainable value" as part of their performance in "building or supporting a strategy and vision."

Formally, long-term value creation is overseen by the Board of Directors, led by Prudential's senior leaders and carried out by senior staff. The chart on page 15 shows the relationships between the individuals involved and the titles of those directly responsible.

Sustainability Governance at Prudential

**Board of Directors,
Corporate Governance and
Business Ethics Committee**

**Senior Management Committee
Prudential Vice Chairman, Sustainability
Executive Sponsor
Prudential's Chief Governance Officer**

**Vice President, Environment
and Sustainability**

**Advised by
Sustainability Council members**

Vice President, Finance,
Prudential Investment Management

Vice President, Treasury

Vice President, Health, Life and Inclusion

Vice President, Chief of Staff,
U.S. Businesses

Vice President, Information Systems

Vice President, Project Management
Risk Management Organization

Vice President, Chief of Staff,
Chief Investment Officer

Vice President, Corporate Counsel

Vice President and Actuary

Vice President, Human Resources,
International Businesses

Because long-term value creation is integrated throughout the firm, performance accountabilities and compensation are tied to operational objectives in each business and corporate center. The Vice President, Environment and Sustainability, has specific performance accountabilities and compensation tied to the overall execution of strategies embracing long-term value creation.

About This Report

This is Prudential's annual consolidated Sustainability Report, covering the period, January 1 – December 31, 2013. As appropriate, significant developments occurring in early 2014 may be referenced to be more fully developed in subsequent reports.

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

Reporting Guidelines

The Global Reporting Initiative (GRI) has created the most widely accepted framework for sustainability reporting. This report contains Standard Disclosures from the GRI Sustainability Reporting Guidelines. See the chart beginning on page 47 for the location of these and other key performance indicators. It also includes aspects of the Financial Services Sector Supplement and refers to the Sustainability Accounting Standards Board's provisional guidelines for insurance companies. The overall Sustainable Value Creation Model is a reflection of the International Integrated Reporting Committee's integrated reporting framework.

The preparation of this report considered all GRI Principles for sustainability reporting, including guidelines for Content and Defining 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.

Based on Prudential's Sustainable Value Creation Framework and a materiality analysis performed by staff, the following aspects were identified as material for the organization, as defined above:

- Economic Performance;
- Environmental;
- Social: Labor Practices;
- Social: Society;
- Social: Product Responsibility.

Limitations in Scope

Certain data points are framed in order to be consistent with Prudential's external reporting practices or previously reported sustainability data. These include:

- Human Assets, The Market and Community Pillars of Diversity and Inclusion, and Health, Wellness and Work/Life refer to U.S. operations only. Breakdowns of employee populations are arrayed to be consistent with previous reports.
- Social Assets: Environment: Performance: Refers to U.S. operations only

Prior to release, the Sustainability Report is reviewed by Prudential executives representing all the company's businesses and corporate center functions, including law, ethics and compliance, regulatory reporting and financial management.



FINANCIAL ASSETS

“Our challenge is to sustain a level of financial performance that differentiates us from our peers. We will achieve that objective in the right way, with integrity and a relentless focus on excellence.”

Robert Falzon

Executive Vice President and Chief Financial Officer

Delivering near- and long-term value for Prudential's shareholders and customers requires the company to invest in and achieve sustainable financial and operating performance annually. Prudential's yearly financial results are achieved by maintaining a strategic mix of high-quality businesses, managing risk appropriately and deploying capital appropriately. These goals are sustained over time by:

- Governing responsibly and responsibly
- Maintaining financial strength and investing responsibly
- Balancing risk and reward
- Balancing short- and long-term value creation

Systemic Importance

In 2013, Prudential was designated a “Global Systemically Important Insurer” by the Geneva-based Financial Stability Board. The Financial Stability Oversight Council, an organization established by the Dodd-Frank Wall Street Reform and Consumer Protection Act, also named the company a non-bank “Systemically Important Financial Institution.” As a result, Prudential is now supervised by the Board of Governors of the Federal Reserve System.

Although applicable capital standards and the requirements associated with leverage, liquidity, stress-testing and overall risk management have not been finalized, Prudential's leadership team and the Board of Directors have been preparing for supervision.

Company executives continue to participate in active and constructive discussions with representatives of the Federal Reserve, as well as other regulatory authorities, to develop an effective framework for group supervision of insurers. In addition, key Board Committee chairs have met with Federal Reserve staff. Prudential's Chief Financial Officer, Chief Risk Officer and Chief Auditor have been involved in ongoing dialogues with Federal Reserve staff.

Discussions center on a number of topics, including the important differences between insurance companies and banks, and the capabilities of capital planning, audit and risk management at the company. Prudential has maintained that developing standards must be beneficial to consumers, while preserving competition within the insurance industry.

Governing Responsively and Responsibly

The Board's *Governance Principles* and *Committee Charters* continue to guide its independent oversight. Specific information about the Board's practices is outlined in the chart included in this section.

Along with shareholder engagement, the Board oversees:

- Business strategies;
- Management of risk;
- Talent management and succession; and
- Executive compensation programs tied to performance of the company's core businesses and long-term shareholder interests.

In 2013, the Board connected more closely with Prudential's International Businesses by holding a three-day Board Meeting in Tokyo. Board members met with senior management of Prudential's Asian businesses to discuss their strategies, outlook, challenges and opportunities. They also conversed with employees, whose observations highlighted the strength of Prudential's global culture, commitment to doing business the right way and focus on talent management.

“Robust corporate governance allows Prudential to fulfill our obligations to all of our stakeholders.”

John Strangfeld

Chairman and Chief Executive Officer

At the 2013 annual meeting of shareholders, Prudential's advisory "say on pay" proposal received the support of 78 percent of the votes cast. This marked a decrease from the previous year's total. Since then, as part of an ongoing effort to align executive compensation with shareholder interests, the company engaged with investors and other stakeholders. The goal: to gain a deeper understanding of opinions about Prudential's executive compensation.

As an outcome of this work, the Compensation Committee of the Board made several modifications to the compensation system, including a change in the mix of long-term incentives. Participating executives will receive a greater proportion of long-term awards in performance shares rather than stock options. In Prudential's *2014 Proxy Statement*, the Board letter states "We believe these actions are responsive to your feedback and reinforce the link between the interests of our executive officers and our shareholders."

Engaging with and encouraging shareholder feedback is a long-standing hallmark of a Board focused on transparency and best-practice governance. During 2013, the company engaged with shareholders representing more than a majority of stock ownership.

¹ Meeting New York Stock Exchange rules for Independence.

² The Lead Director reviews and approves Director meeting materials and agendas, and is available to meet with shareholders as appropriate.

Governance Highlights

DIRECTOR INDEPENDENCE	
Number of independent Directors out of 12 total directors ¹	10
Separate Chairman and CEO	No
Independent Lead Director ² elected by independent Directors	Yes
Mandatory Retirement Age	74
DIRECTOR DIVERSITY	
Two Directors have worked outside the United States	
One Director is African-American	
One Director is Asian-American	
One Director is Hispanic	
Three Directors are women	
DIRECTOR ELECTIONS	
Annual Board of Director elections	Yes
Directors elected by majority of votes cast in uncontested election	Yes
BOARD MEETINGS	
Number of Board meetings held in 2013	10
Average Director attendance at board and committee meetings (percentage)	100
Independent Directors hold meetings without management present	Yes
BOARD COMMITTEES	
Independent Audit Committee	Yes
Audit Committee Financial Experts as defined by the SEC	4
Independent Compensation Committee	Yes
Independent Corporate Governance and Business Ethics Committee	Yes

SUPPORTING BEST PRACTICE GOVERNANCE

Prudential engages with outside organizations to support the development of governance best practices and to learn about emerging trends in the field. Some of these organizations include:

- Council of Institutional Investors
- Tomorrow's Company
- International Corporate Governance Network
- The Millstein Center at Columbia University Law School
- Harvard University's Governance Forum
- Aspen Institute's Corporate Values Strategy Group
- The John L. Weinberg Center for Corporate Governance at the University of Delaware
- Institutional Investor Forum at Stanford
- The Conference Board

³ In 2010, Prudential included a clawback provision in our new Book Value Performance Program. We intend to adopt a general clawback policy covering annual and long-term incentive award plans and arrangements once the SEC adopts the final rules implanting the clawback policy provisions of the Dodd-Frank Act.

Governance Highlights (continued)

BOARD COMMITTEES	
Independent Finance Committee	Yes
Independent Investment Committee	Yes
PUBLISHED CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES	
Corporate Governance Principles approved by the Board	Yes
Charters for Board Committees	Yes
Charter for Lead Independent Director	Yes
EVALUATING AND IMPROVING BOARD EFFECTIVENESS	
Annual Board self-evaluation	Yes
Annual review of Board independence	Yes
Key Committee self-evaluation	Yes
Board orientation/continuing education program	Yes
ALIGNING DIRECTOR AND SHAREHOLDER INTERESTS	
Conflict of Interest Policy	Yes
Executive and Director stock ownership guidelines	Yes
Annual equity grant to non-employee Directors	Yes
Annual advisory "Say on Pay" vote on executive compensation	Yes
Poison Pill	No
Management Succession Planning	Yes
Independent Compensation Consultant retained directly by the Compensation Committee	Yes
Executive Compensation policies and practices tied to long-term shareholder value	Yes
Executive Compensation Clawback ³	Yes ³
Shareholder Threshold to call special meeting (percentage)	10
Communicating with the Board: independentdirectors@prudential.com	

Financial Strength Highlights

Financial strength is core to Prudential's value proposition for its stakeholders, including customers, shareholders, regulators and creditors.

Maintaining robust capital and liquidity positions helps shield Prudential from the effects of financial volatility and enables the company to retain financial strength and flexibility. Qualitative and quantitative measures of Prudential's financial strength can be seen in the following credit and financial strength ratings, and financial statistics.

Ratings

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

RATING AGENCY	RATING	OUTLOOK
A.M. Best Company	a-	Stable
Standard & Poor's	A	Stable
Moody's	Baa1	Stable
Fitch Ratings	BBB+	Positive

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 & Poor's	AA-	Stable
Moody's	A1	Stable
Fitch Ratings	A+	Positive

Moody's does not rate Pruco Life Insurance Company of New Jersey or Prudential Annuities Life Assurance Corporation. Ratings are current as of August 7, 2014. For more information on ratings, please see the complete chart in our SEC filings on [Form 10-K](#) and [Form 10-Q](#).

Additional information on the risks to which Prudential is exposed is described in item 1-A of the company's [10-K filing for 2013](#), including risks associated with economic and market conditions, risks specific to Prudential's domestic and international businesses, as well as credit, legal, and regulatory risks, and other factors.

Insurance Regulatory Capital Ratios

RISK BASED CAPITAL RATIO ¹	DEC. 31, 2013
Prudential Insurance	456%

SOLVENCY MARGIN RATIO	MAR. 31, 2014
Prudential of Japan	777%
Gibraltar Life ²	955%

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 Gibraltar Financial Life, a wholly owned subsidiary of Gibraltar Life.

“Our actions drive sustainable business growth, create shareholder value and enable us to keep our promises to our customers.”

Scott Sleyster
Senior Vice President and
Chief Investment Officer

Investing Responsibly

As a large multinational financial services firm and one of the world’s leading managers of institutional assets, Prudential understands the responsibilities inherent in investment decisions that can affect individuals, businesses and economies across the globe.

Prudential’s investment teams are charged with managing the firm’s proprietary assets and those of clients. Their goal: To create superior risk-adjusted returns that meet customers’ needs and provide capital for Prudential’s long-term growth.

Risks and Opportunities

At the end of 2013, Prudential had more than \$1.1 trillion of assets under management. Nearly 90 percent of that total was being managed by Prudential Investment Management (PIM).

As an investment fiduciary, PIM follows client guidelines for their portfolios. As part of investment due diligence reviews, PIM considers environmental, social and governance risks as they may be material in an asset class or in a particular deal.

Environment, social and governance issues also provide investment opportunities for Prudential and PIM clients. The global need for infrastructure investment is growing. The G20 has identified encouraging private-sector investment in infrastructure as an important global priority to support economic development. McKinsey and Company have estimated that annual infrastructure investment needs are expected to rise to \$4.5 trillion by 2030. These would include projects that would make infrastructure more resilient to climate change or less harmful to the environment.



As of the writing of this report, the value of Prudential’s proprietary investments in infrastructure totals nearly \$20 billion.

In addition to, or as part of its infrastructure holdings, Prudential has made investments in other long-term needs, including renewable energy technologies and “green” bonds. Through Prudential Real Estate Investors, it has continued efforts to improve the environmental performance in its real estate holdings. More information about this work is included in the *Relationship with the Environment* section of this report.

CHIEF INVESTMENT OFFICER: INFRASTRUCTURE INVESTMENTS GOOD MATCH

Scott Sleyster, Prudential’s Chief Investment Officer, serves as the company’s representative to the Institute for International Finance’s (IIF’s) Committee on Asset and Investment Management (CAIM). In this capacity he has presented views on long-term investing at several prominent international conferences, including the G20/OECD High Level Roundtable on Institutional Investors and Long-Term Investment in May 2013. “The long-term nature of Prudential’s insurance liabilities makes infrastructure an ideal investment for our general account portfolios,” according to Sleyster.

“Strong risk management is at the heart of Prudential.”

Nicholas Silitch

Senior Vice President and Chief Risk Officer



Balancing Risk and Reward

At Prudential, risk management is rooted in the company’s values, reinforced by board and executive leadership and cascades through process, procedures and individual performance reviews.

In 2012, Prudential began a process of restructuring the company’s risk management function. In addition to separating the role of Chief Risk Officer and Chief Actuary, the firm started to enhance risk management and risk governance structures.

As this process was under way, in 2013 Prudential received the U.S. and Global Systemically Important Financial Institution designations. Both have potential implications for Prudential’s evolving Risk Management structure. As of the writing of this report, requirements associated with stress testing and overall risk management have not yet been finalized. More detail about regulation as a designated financial company is available in Prudential’s 10-K filing for 2013.

One of the important overall developments in Prudential’s emerging Risk Management model has been the creation of Risk Oversight Committees (ROCs). The ROCs oversee Market, Operating, Insurance, Investment and Model risks.

ROCs, with the support of Enterprise Risk Management staff, oversee risks, discuss the adequacy and effectiveness of risk mitigation options and review material risk assumptions for reasonability and consistency across the enterprise prior to their use. The ROCs also propose policy and develop recommendations for risk limits and allow for opportunity for review, discussion and challenge on issues by subject-matter experts.

ROC deliberations feed into the Enterprise Risk Committee (ERC), which oversees the company’s overall risk assessment. The ERC reviews and approves risk management policies, makes key decisions, and elevates those items that are appropriate for consideration by the Board of Directors.

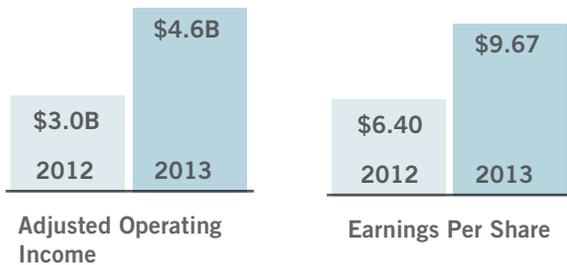
The Board, as a whole and through its committees, will approve the risk appetite and risk limits of the company. Directors are made aware of changes to the company’s risk profile, and discuss major risks as they emerge. Each of the Audit, Finance, Investment, Business Ethics and Governance and Compensation Committees of the Board receive reports from the Chief Risk Officer or his staff.

Balancing Short- and Long-Term Value Creation

In 2010, Prudential set a return on equity (ROE) target to demonstrate the strength of its operations and its ability to achieve differentiated results. That goal was to deliver an ROE of 13 – 14 percent in 2013. Actual performance exceeded that goal.

Along with its ROE target, Prudential uses a variety of metrics to communicate its annual financial performance.

Adjusted Operating Income

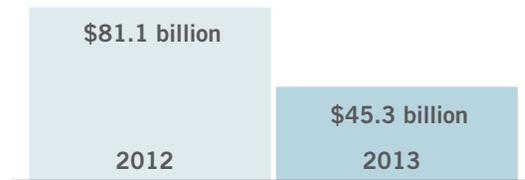


On an after-tax adjusted operating income* basis the Financial Services Businesses earned \$4.6 billion, or \$9.67 per share of Common Stock in 2013, compared to \$3.0 billion or \$6.40 per share of Common Stock in 2012.

** Adjusted operating income is a non-GAAP measure of performance of Prudential's Financial Services Businesses that is adjusted for certain items. Adjusted operating income is not a substitute for income determined in accordance with generally accepted accounting principles (GAAP), and the adjustments made to derive adjusted operating income are important to an understanding of our overall results of operations. References to adjusted operating income and net income refer to amounts attributable to Prudential Financial, Inc. For a reconciliation of adjusted operating income to the comparable GAAP measure, please see our SEC Filings on Form 10-K and Form 10-Q, and our earnings press releases, which can be found on www.investor.prudential.com.*

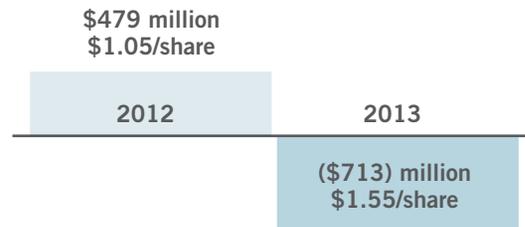
Revenues

On an adjusted operating income basis, Prudential recorded \$45.3 billion of revenues for 2013 for our Financial Services Businesses, compared to \$81.1 billion for 2012.



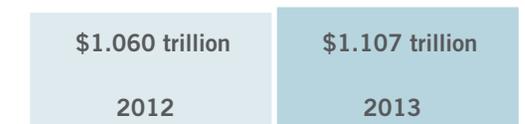
Net income

Net income (loss) of the Financial Services Businesses attributable to Prudential Financial, Inc. for year 2013 was (\$713) million, or \$1.55 per Common share, compared to \$479 million or \$1.05 per Common share for 2012.



Assets Under Management

Prudential also measures its aggregate success in total assets under management, which were \$1.107 trillion as of year-end 2013, up from \$1.060 trillion the previous year.



Achievement of the company's ambitious 2013 financial objective is not a "once and done" goal for Prudential. Sustaining an industry-differentiating return on equity of 13 – 14 percent is a long-term objective. With the company's core strengths as a foundation, company leadership has committed to accomplishing that aim with integrity and a relentless focus on excellence.



INTELLECTUAL ASSETS

Prudential strives to be a trusted brand differentiated by innovative solutions for its retail and institutional clients. Prudential’s intellectual capital, the aggregate of the knowledge, skills and experience of company employees, is expressed in the firm’s products and services.

When deployed in the firm’s collaborative culture, Prudential’s intellectual capital results in valued and valuable client relationships built on:

- Ground-breaking approaches to products and risk management;
- Ease of doing business; and
- Thought leadership in financial literacy and behavioral finance.

“Prudential doesn’t innovate for the sake of innovation. Our innovation strategy focuses on creating products with a tangible, material value for our customers.”

John Strangfeld
Chairman and Chief Executive Officer

Responsible Innovation

At Prudential, client needs drive the development of new products and services, which is shaped by a disciplined approach to risk and reward. One area of innovation for the company is the pension risk market.

According to the Pension Benefit Guarantee Strategic Plan, 2012-2016, more than 40 million Americans are relying on 27,000 corporate defined benefit pension plans for their retirement security. Since 2000, market volatility has twice caused those plans to lose more than 30 percent of their value. Helping companies provide and protect retirement income for their employees is a major goal of Prudential’s institutional retirement business.

The company’s 2012 landmark pension risk transfer transactions with General Motors and Verizon attracted major media attention, although Prudential has been in the pension risk transfer business since 1928. In 2013, the company celebrated the 85th anniversary of one of its first pension risk transfer transactions, with the Cleveland Public Library, with six of the original retirees who are still receiving pensions. Click [here](#) to learn more about one of those retirees, Jeannette Eckert.

For a company with more than 85 years’ experience in that business, innovative approaches to pension risk transfer involve finding the right solution to each organization’s needs. Prudential offers either proprietary products or custom solutions to help de-risk defined benefit pension funding.

Relationships, Not Transactions

“Customer focused” is one of the company’s four core values. Employees are expected to provide quality products and services that meet customers’ needs, earning loyalty by offering value as the customer defines it.

Prudential’s businesses measure the success of their customer focus through a wide variety of metrics. Each business has developed a range of tools, appropriate for that organization, which helps assess the strengths and weaknesses in delivering products and services. These include customer satisfaction surveys, customer focus groups and Net Promoter Scores that track referrals from existing customers.

Because the metrics are diverse and numerous, Prudential aggregates customer-focused data and reports it annually on a financial basis. Outlined below are the statistics that help investors and other stakeholders evaluate the company’s ability to meet customer needs.

SEGMENT	2013 SALES/NET FLOWS
Retirement	\$9.3 billion in net flows
Asset Management	\$23.8 billion in net flows
Individual Life Insurance	\$731 million in sales*
Individual Annuities	\$2.2 billion in net flows
Group Insurance	\$313 million in sales*
International Insurance	\$3.1 billion (on constant dollar basis) in sales*

* Annualized new business premiums.

Thought Leadership

Matching financial needs with financial services or products is a complex process. For any customer – retail or institutional – meeting financial goals requires a level of understanding combined with the ability to put that knowledge into use.

Prudential supports a continuum of projects and programs that range from providing basic financial awareness, to supporting improved financial literacy, to helping customers reshape financial behaviors to achieve their goals. In addition, Prudential executives engage in public policy discussions to highlight societal challenges to improving financial security.

Deepening Understanding

The company sponsors or publishes research and thought leadership articles to deepen understanding of important financial services issues for a broad audience including: clients, financial professionals, policymakers, and the general public. These cover a broad range of topics, including retirement security and retirement income, trends in employee benefits, investment insights, and risk management.

Prudential is the exclusive sponsor of the National Retirement Risk Index. In late 2013, the Center for Retirement Research at Boston College updated this index to account for recent increases in the stock and housing markets. Focusing on the impact of market recoveries on retirement preparedness, it found that, despite a strong rebound in the stock market and a modest rebound in housing, Americans' retirement prospects have not meaningfully improved.

The findings of this study are complemented by the proactive involvement of Prudential executives in initiatives intended to change institutional and individual behavior. For example, in 2013, Prudential executives discussed another research report – “Meeting the U.S.



FAST FACTS

Percentage of Households ‘At Risk’ at Age 65 by Income Group

INCOME GROUP	2004	2007	2010	2010 WITH 2013 ASSET PRICES
All	45%	44%	53%	50%
Low Income	52%	54%	61%	60%
Middle Income	44%	43%	54%	52%
High Income	39%	35%	44%	40%

Note: Households are divided into thirds by income level, categorized as low, middle, and high. The income groups reflect the Center for Retirement Research's classification based on the Federal Reserve's "Survey of Consumer Finances" and vary by age group (e.g., for ages 48-50, lowest third is less than \$45,500, middle third is \$45,500-\$98,500, and highest third is more than \$98,500).

Source: Center for Retirement Research.

Retirement Challenge: How Insurers and Government Can Work Together”– at the International Insurance Society's meeting in South Korea.

Prudential also renewed its sponsorship of Aspen Institute's annual Financial Security Summit. Focusing on “Rebuilding Household Balance Sheets,” the event brought together business, public sector, consumer and civil society leaders to find consensus around policies that may enhance economic mobility and financial security.

Additional 2013 Prudential research papers included:

- [*Turning Employees Into Lifetime Savers*](#)
- [*Retirement Security: The Role of Multiemployer Pension Plans*](#)
- [*Balancing Costs, Risks and Rewards: The Retirement and Employee Benefits Landscape in 2013*](#)

Prudential brings thought leadership to life through an interactive web-based experience called “*Challenge Lab*.” This content-rich environment explores the financial behaviors that get in the way of planning a secure retirement.

Identifying Challenges and Offering Solutions

Working with experts in behavioral finance, the Lab hosts provocative video and planning tools that help users understand and probe their own financial behaviors. Learnings are organized around five challenges:

- Longevity – understanding how long one might live and what is required to plan for the future one might want, including finances, health and other considerations;
- Procrastination – the tendency and risks of putting off saving and planning and how one might change this behavior;
- Optimism bias – moving beyond the assumption that “It won't happen to me” to better manage a variety of risks;
- Herd mentality – the tendency to follow the crowd rather than pursue one's own instincts and interests;
- Instant gratification – the natural human propensity to seek short-term rewards over better long-term outcomes.

While learning more about the challenges and behaviors they may need to overcome, visitors to the Lab can also link to retirement planning tools to help create their desired financial future. They include:

- “Map My Retirement” – a calculator that estimates retirement costs based on the cost of living in the geographic area where people plan to retire;
- “Auto-Pay Analyzer” – calculating the opportunity cost of automatic bill payments for services, which could otherwise be channeled into retirement contributions;
- “Outsmart the Market” – understanding the difficulty and potentially sub-par outcomes of market timing versus pursuing a long-term investment strategy;
- “Time to Up It” – illustrating the time value of money and how even small increases to savings now can provide big rewards later;
- “How Much Is Enough?” – helping individuals estimate how long their savings might last in retirement.

The Challenge Lab is an important supporting component of Prudential's “Bring Your Challenges” brand campaign. Participants can visit the site, view the educational programs and use the tools without formally engaging with a Prudential sales professional.



FAST FACTS

- Only 13 percent of Americans say they are “very confident” they’ll have enough for a comfortable retirement.
 - Generally, Americans are living 7 years longer than the previous generation.
 - The odds are 50 percent that one member of a couple who is currently 65 years old will live to the age of 90.
-



HUMAN ASSETS

“To us, to me, talent and culture are the most important drivers of our long-term success. I’m talking about leader-led proactivity on talent and culture, not an episodic HR exercise. I’m talking about people who understand the power and the wisdom of teamwork and diversity. I think it is very unlikely that any other major financial institution spends as much time as we do on this or makes decisions so directly based upon this.”

John Strangfeld

Chairman and Chief Executive Officer

The skills, ideas and integrity of the company’s employees serve as the foundation of Prudential’s success now and well into the future. The company is fully committed to offering an environment where talented teams build enduring results, an environment where employees feel free to do their best work and bring their best ideas.

Talent Culture

Talent and leadership excellence are crucial to Prudential’s ability to create value. The company’s success depends on its ability to provide innovative solutions to its customers, its skill at identifying and leveraging growth opportunities and its reputation as a trusted partner. The collective capability of Prudential people makes this possible.

In 2013, Prudential continued to strengthen the company’s talent culture through integrated initiatives concentrating on:

1. Developing the leadership capabilities of all employees;
2. Strengthening diversity and inclusion in the workplace;
3. Enhancing succession planning, and deepening the company’s talent pipeline through early identification and development programs.

Employee Engagement

Research confirms that engaged employees are more productive, drive customer loyalty, have higher retention, are more prone to be involved in corporate-giving programs, and have greater work/life effectiveness.

One of the key methods by which Prudential measures engagement is annual surveys administered to domestic and international employees. Indicators assess a range of opinions relative to the company’s culture. In 2013, key indicators of engagement for U.S. employees trended positively, including:

- Compared to other companies, Prudential distinguished itself as a top quartile company in several areas that are key drivers of engagement including team cooperation (87 percent favorable) and opportunities to grow and develop (69 percent favorable).
- Employees perceive Prudential management as being highly supportive of their efforts to balance their work and life responsibilities (85 percent favorable).
- Employee perceptions of Senior Management’s leadership and their providing clear strategic direction are extremely high compared with benchmark companies, with 4 out of 5 employees rating Prudential favorably.

The survey administered outside the U.S. differs slightly to accommodate cultural norms in the countries in which it is conducted. Excluding a recent significant acquisition that is still being integrated, in 2013, the overall satisfaction was 72 percent, which parallels the aggregated Mayflower norm. Prudential’s retention index for its international operations was 74 percent, which exceeds the Mayflower averages.

Training and Development

Providing opportunities for employees to develop and grow is a key element of Prudential's talent strategy. Effective development feeds the pipeline of future leaders and increases employee engagement. Formal training, on-the-job activities, coaching, stretch assignments, networking and community involvement enable associates to strengthen performance in their current assignments and develop skills that prepare them for their next role within the company.

In 2013, Prudential continued to expand participation in its signature leadership programs, *Leading the Global Enterprise* and *Leading for Shareholder Value*. These programs build business acumen through simulation while exposing rising leaders to senior executives. The programs also foster skill development and intracompany networks, supporting succession planning and greater integration in business initiatives.

Also in 2013, Prudential initiated an *Enterprise Executive Development Program*. Designed to cultivate leadership talent to eventually assume the firm's most senior positions, the program accelerates the development of highly engaged, diverse executives. Rigorous selection creates a group of participants who take part in an intense, customized approach to growth over a three-year period. At the conclusion of the program, it is expected that their development will continue through the framework of Prudential's performance and succession management processes.

In its international operations, Prudential conducts a broad range of leadership development programs, focusing on developing all employees. Many of the programs cross organizational boundaries, creating cohort relationships among participants that help them improve their understanding of firm-wide business issues and have a fuller experience of Prudential's culture. "Anywhere we operate, leadership, talent and culture are among the most important drivers of our long-term success," noted Charles Lowrey, Executive Vice President and Chief Operating Officer of International Businesses.

One multinational program, International Management Development Program (IMDP), has graduated more than 250 employees during its dozen years of operation. The program is available almost exclusively for associates from Prudential's international operations. It focuses on building productive cultural interaction between U.S. employees and among participants in the program. The course offers intensive leadership development through 360-degree feedback, assessments and on-site coaching, as well as discussions on connecting each participant's team to enterprise and business unit strategies.

Prudential's International Insurance Division also conducts multinational management development and rotational programs. High-potential employees come to the U.S. to improve their functional understanding of the company and to improve their language skills. Participants offer their U.S. colleagues a view into the businesses overseas, and an expanded understanding of the different cultures in which Prudential operates.

SUCCESSION PLANNING

Succession planning provides an important impetus to developing talent at Prudential. The company regularly assesses the depth of its talent pipeline in the context of current and future business/functional priorities with a particular focus on its strategically significant positions. The approach blends internally developed talent with candidates from outside firms.

In addition to considering diversity and inclusion, succession planning includes assessments of individuals' ability to work in teams and move between assignments in the firm. Prudential's Board of Directors spends significant time considering succession plans and future staffing issues.

“We’re crafting an environment that is highly inclusive and collaborative, where employees bring their authentic selves to their jobs to achieve excellent results. Our goal is to imbue each colleague with a sense of responsibility for carrying this culture forward, helping to ensure that Prudential sustains itself well into the future.”

Sharon Taylor

Senior Vice President, Human Resources and Corporate Social Responsibility

Diversity and Inclusion

At Prudential, Diversity and Inclusion (D&I) are integral to the strength of the company’s talent culture, business performance and reputation as an employer of choice.

Prudential’s D&I strategy was recently refreshed to reflect the significance of D&I to the firm and to communicate that it extends beyond representation. The renewed strategy covers initiatives in three pillars: People, Market and Community. The company aspires to excellence in each of these areas and has established strategic action plans and critical outputs to ensure progress. Enterprise-wide efforts are complemented by similar work at the business and functional level to address business-specific issues and priorities.

People Pillar

The People Pillar supports Prudential’s efforts to make leadership and talent management a source of long-term value creation. A culture of high performance demands that Prudential people in critical roles and in the pipeline to those critical roles have a broad range of skills and perspectives.

To that end, the company’s efforts are focused on both diversity and inclusion. “Diversity” acknowledges and celebrates the attributes that make individuals unique, such as gender, race, ethnicity, sexual orientation, physical and other challenges, and military service. “Inclusion” means creating a culture of support and collaboration for individuals of all backgrounds, where every employee feels that they have the opportunity to bring their true selves to the workplace.

In addition to efforts in individual businesses and corporate centers, Prudential sponsors six

company employee networks known as Business Resource Groups (BRGs) that promote professional development for their members. Along with supporting Prudential’s talent culture, BRGs work to deepen Prudential’s relationships with existing and emerging customer bases, and directly support the achievement of business objectives.

For the past two years, the company has focused on more actively tapping into the expertise of BRG members to help support initiatives in multicultural marketing, recruitment, research support, diversity and inclusion education, and community outreach. Highlights of BRG activities from 2013 include initiatives undertaken by four of the six BRGs:

- **Abled and Disabled Associates Partnering Together (ADAPT)** – formed external partnerships with the Employer Assistance and Resource Network and the National Disability and Business Council, and are utilizing them as pipelines for talent.
- **Employee Association of Gay Men, Lesbians, Bisexuals, Transgenders and Allies (EAGLES)** – launched The Prudential Ally program. It aims to provide a fully inclusive workplace environment for all employees through education and engagement, and distributed more than 4,000 Ally tents cards that people display on their desk to show their personal support for diversity.
- **Hispanic Heritage Network (HHN)** – partnered in the development and launch of Prudential’s signature research series, *The Hispanic American Financial Experience*, an in-depth look at the financial landscape of the Hispanic community.
- **Prudential’s Military, Veterans and Veteran Supporters Group (VETNET)** – piloted a Mentor Program to support incoming Veterans across the company, and provided workshops on resume writing, interviewing and job skills matching.

Outside the U.S., D&I efforts strengthen the representation and roles of women and individuals with physical or mental challenges in Prudential's businesses. Highlights of initiatives include:

Japan

Prudential's companies in Japan have implemented a range of programs including senior-level responsibility for diversity activity plans, diversity discussions with managers, diversity awareness teams, diversity and work/life balance training and networking for women employees.

The company's Japan group has received the Kurumin Mark designation for the second straight year. This is a certification given by the Equal Employment, Children and Families Bureau to companies that promote countermeasures to the falling birthrate. It demonstrates the support the company provides by its policies with respect to child-rearing support and work/life effectiveness.

THE KURUMIN MARK

The Kurumin Mark identifies the select few Japanese companies with programs and policies that support child rearing and work/life effectiveness. Prudential received this designation for the second time in 2013.



Only a small percentage of companies in Japan become eligible each year for the Kurumin Mark. This designation can be added to company business cards to alert prospective recruits and other business associates to the certification.

Korea

The president of Prudential's life insurance company in Korea – B.O. Sohn – is the first woman to lead a financial services company in Korea. She has created opportunities for her women colleagues to network and share ideas on building career success. B.O. is also a founding leader of Korea's Women in Innovation, a partnership between the country's Ministry of Gender Equality and Family and private businesses. The organization targets developing next-generation women leaders through educational and networking programs.

Prudential of Korea (POK) supports various activities through the Ministry of Patriots and Veterans Affairs (MPVA) and offers preferred opportunities to offspring of veterans for employment with POK. There are currently 14 POK employees recruited through this initiative.

Senior leader commitment and advocacy are foundational elements to achieving Prudential's vision of diversity and inclusion. Leaders and managers are accountable for creating the right environment and for making key decisions that will advance the strategy. Prudential's CEO, John Strangfeld, and the company's senior leadership team strongly support Prudential's affirmative action programs, which are designed to provide equal employment opportunity for all qualified individuals.



FAST FACTS

International Employee Profile

TOTAL STAFF



HOME OFFICE STAFF



HOME OFFICE NON-MANAGEMENT STAFF



HOME OFFICE MANAGEMENT STAFF



FIELD SALES STAFF



U.S. Employee Profile

TOTAL MANAGEMENT



TOTAL NON-MANAGEMENT



TOTAL PRUDENTIAL



Market Pillar

Understanding diverse markets allows Prudential to develop products and services that meet the needs of multicultural customers. The Market Pillar focuses on helping Prudential connect with diverse customer segments in advertising, through targeted multicultural marketing and by developing niche products. Prudential's signature research series, discussed later in the report, supports these efforts, while strengthening opportunities for needs-appropriate financial education.

Community Pillar

Prudential is committed to advancing D&I with business and community partners. Within this pillar, the company seeks and maintains relationships with diverse suppliers, diverse owned and operated banks, and third-party asset managers, which are discussed in the Social Assets Section. Additionally, the company deploys a range of financial and human capital to benefit diverse communities.

Veterans Initiative

Prudential's long history includes special relationships with the U.S. Military, Veterans and their families. For 50 years, Prudential has helped meet the life insurance needs of active and Veteran members of the U.S. Armed Forces.

The company's history and current engagement with Veterans organizations responds to the alarming statistics surrounding the employment and well-being of returning Veterans. In 2010, Prudential created a Veterans Initiative Office to conduct a broad range of programs supporting U.S. Military Veterans in their transition back into the workforce and their communities.

Prudential's focus on Veterans includes attracting and hiring Veterans as part of an overall talent acquisition strategy. As the lead sponsor of VETalent, Prudential partners with the nonprofit Workforce Opportunity Services and major universities to prepare transitioning enlisted Veterans for new careers. Successful completion of the VETalent program results in a certification from a major university and an opportunity for full-time employment with sponsoring companies.

As of the writing of this report, 51 VETalent Veteran-consultants had been converted to full-time employment at Prudential across the U.S. Another 35 Veteran-consultants had been hired by other businesses. In addition, 132 Veterans were training as consultants in part- or full-time programs at Prudential or other firms. Prudential is continuing to introduce the VETalent model to other corporations.

Along with preparing Veterans for success in corporate careers, in 2013, Prudential provided nearly \$4 million in financial support (grants and sponsorships) to 25 nonprofit organizations that support Veterans and their families in their transition to civilian life. These organizations cover a broad spectrum of Veterans' needs, with an emphasis on helping them achieve meaningful employment.

In addition to job training and philanthropy, the Veterans Initiative Office has been helping to deepen understanding of Veterans' workplace challenges. In June 2013, Prudential's Health & Wellness team convened a daylong conference, "Helping Veterans Return to Work: Best Practices for Employee Assistance and other Behavioral Health Practitioners." They collaborated with subject-matter experts from Rutgers School of Social Work's Institute for Families and University of Southern California's Center for Innovative Research.

The conference was designed to better equip employee assistance professionals and behavioral health practitioners to help Veterans and their families meet the challenges they face when transitioning from military life to the civilian workplace. Five similar conferences are planned for 2014.

PRUDENTIAL OPENS BUSINESS CENTER IN EL PASO, TEXAS

In early 2014, Prudential announced the opening of a new business and technology center that will provide quality job opportunities for military spouses, Veterans and their families and other members of the El Paso, Texas community. "With this new business, Prudential is continuing its commitment to provide meaningful training and employment to Veterans, military service members and their families and people from diverse backgrounds," said Barbara Koster, Senior Vice President, Chief Information Officer and head of Prudential's Veterans Initiative.

“The workplace, as a microcosm of society, has the potential to improve health substantially in the United States by building a culture of health that facilitates healthy lifestyles for employees.”

Anderko L, Roffenbender JS, Goetzel RZ, Millard F, Wildenhaus K, et al.

Promoting Prevention Through the Affordable Care Act: Workplace Wellness. Prev Chronic Dis 2012;9:120092.

Health, Wellness and Work/Life Effectiveness

Supporting employees and their families in achieving optimum health is an investment Prudential makes in its employees' and the company's future. In the U.S., the health and well-being of Prudential's employees is advanced at eight on-site clinics and with a range of fitness, nutrition and supportive work/life services. Employees' dependents also have access to many of these free programs.

Prudential's wellness programs aim to reduce employee health risks and are paying off. By year-end 2013, with 77 percent of U.S. employees completing a Health Risk Assessment, 85.2 percent of Prudential employees were in the low-risk category, up from 76 percent in 2009.

In 2013, Prudential received the National Business Group on Health's Innovation in Addressing Health Disparities Award. Prudential began focusing on the elimination of health disparities in 2003. Two years later, Prudential built a secure data warehouse to collect and analyze aggregate and de-identified employee data by race, ethnicity, gender, age and job levels.

In 2006, Prudential began trending on modifiable risk factors, chronic conditions including diabetes, cardiac disease and asthma, and quality of care for employees and dependents. Quarterly vendor summits help Prudential identify opportunities to address health disparities. Prudential also meets with internal affinity groups to share data and engage those groups in promoting educational materials and healthy behaviors.

In 2011, Prudential launched its “Healthy Diabetic” chronic disease pilot program. Prudential's health disparity data showed a disproportionate incidence of the disease among certain groups in the employee

population. The goal of the program was to enhance the client/nurse relationship with individualized and focused coaching toward helping the clients achieve glycemic control and decrease their risk of complications from the disease. More than 61 percent of diagnosed employees joined the program. Results showed improvement across all groups for which data was available in 2012 and that continued through 2013.

HEALTH AND COMMUNITY

Members of Prudential's health staff regularly participate in addressing public health issues in Newark, N.J., where the company is headquartered. In 2013, Prudential's Chief Medical Officer was active with the Greater Newark Healthcare Coalition, a group collaborating to significantly improve quality and access to health care for people residing in the greater Newark area of Essex County.

During 2013, Prudential sponsored a primary research study with the Greater Newark Health Care Coalition, Inc., to assess the primary care capacity and experience of private practices in Newark. This study aimed to describe the actual current and projected primary care capacity among independent providers within Newark, as well as perceived incentives or barriers to practice. The survey results are being used to inform short- and long-term strategies to enhance the primary care resources for the city's residents.

“We expect employees, wherever they are located in the world, to act with strong ethical values.”

John Strangfeld

Chairman and Chief Executive Officer

Unassailable Ethical Culture

Robust policies and procedures align Prudential's business practices with relevant laws and regulation. But compliance at the company begins with supporting an ethical culture entrenched in every business Prudential operates around the world. “We are in a business built on trust,” says Lee Augsburger, Senior Vice President and Chief Ethics and Compliance Officer. “Without a strongly ethical culture, everything we do is put at risk.”

Prudential's ethical culture has several key building blocks. Prudential's global code of conduct, *Making the Right Choices*, outlines essential principles of behavior and accountability expected of each employee.

In new employee orientation, employees are introduced to Prudential's culture through web-based training on the code of conduct—finishing by certifying commitment to the code. Additionally, local business ethics officers engage new employees by highlighting their ethics role and reinforcing Prudential's commitment to an ethical culture.

To help maintain compliance with the code, Prudential requires U.S. and some international employees to certify annually that they have read, understand and fully comply with the company's business ethics standards. In 2013, 99.4 percent of eligible employees acknowledged their compliance with Prudential's code of conduct.

Promoting a Speak-Up Culture

Prudential's enterprise ethics office, Global Business Ethics & Integrity, is responsible for guiding and integrating ethics globally. Embedded in businesses and functional areas, business ethics officers are

available to employees for advice on ethical issues and for reporting potential violations of standards or policies.

The company is committed to maintaining and promoting a strong, open reporting system. Annually through the code of conduct certification, employees also certify that they have reported any possible, threatened or actual unethical conduct, including any violation of laws, regulations or company policies of which they are aware. Moreover, information on how to report concerns or misconduct is included in the certification.

In addition to 24/7 global reporting mechanisms, including a telephone hotline and website, employees have the option to report concerns to their management, human resources consultant, local business ethics officer, or their legal or compliance contacts. These contacts have been trained on how to address concerns, which are integrated into a consistent case-handling process. Employees who voice concerns in good faith are protected by Prudential's policy against retaliation.

Employees who voluntarily resign from the company also have an opportunity to report potential issues through an ethics question on their exit surveys with immediate escalation. Employees who are terminated from the company receive information on how to report concerns or misconduct.

Throughout the year, employees also receive tools and educational materials. These are reinforced by messaging from business leaders, culminating in “Ethics Awareness Month” each March.

Assessing Prudential's Ethical Culture

Prudential's annual employee opinion surveys evaluate the strength of the company's global ethical culture. Questions include employee views on ethics, business climate and management support as metrics for assessing Prudential's ethical culture.

Research shows that positive perceptions of an organization's ethical culture are associated with higher levels of engagement. Employees' ratings of Prudential's ethical environment are quite strong; in the U.S., employees' confidence in their ability to raise ethical concerns without fearing negative repercussions (85 percent favorable) is well within the top quartile compared with benchmark companies. As engaged employees are more likely to report problems, Prudential continues its efforts to foster and maintain high levels of employee engagement through a "speak up" culture.

In addition, annual performance reviews include assessment of an employees' performance against Prudential's first Leadership Competency: "Demonstrates a strong moral compass."

Ultimately, a committee of Prudential's Board of Directors – the Corporate Governance and Business Ethics Committee – oversees the company's ethical culture and policies with an expressed commitment to high standards of integrity.

Achieving Compliance

Acting with integrity requires every employee to know and follow applicable regulations. To achieve compliance with the complex legal requirements that regulate Prudential's operations, the company has created a strong compliance structure and organization.

In accordance with best practices in the field, the program is led by a senior officer who has direct access to, and who formally and regularly reports to the Board, its Audit Committee, and to the Chairman of the Board.

While Prudential's Law Department identifies and interprets law and regulation applicable to Prudential's businesses, the more than 500 Compliance associates assist business partners in analyzing processes for compliance with relevant regulations. Approximately 80 percent of compliance employees are primarily embedded in and directly support individual business units. The balance of the Compliance associates address cross-enterprise issues like anti-money laundering, anti-corruption, privacy and material non-public information.

Compliance associates have a solid reporting line to Prudential's Chief Ethics and Compliance Officer, to the extent permitted by local law. The compliance program is modeled on the U.S. Federal Sentencing Guidelines for Organizations and has been extensively reviewed by outside experts.

A review of regulatory and litigation risk addressed in 2013 can be found in the Prudential Financial, Inc., *10-K filing* with the Securities and Exchange Commission.

RISK ASSESSMENTS

All Prudential businesses and corporate functions are analyzed annually for risks related to corruption.





SOCIAL ASSETS

Prudential's social assets include relationships the company has cultivated with its customers, communities, suppliers and other stakeholders. These bonds enable the firm to meet broad societal needs, share information, enhance financial and general well-being, and engage in productive dialogue with stakeholders.

Prudential invests in its social assets with a goal of creating social and economic progress. This target has its roots in Prudential's founding purpose – improving the lives of working people by helping them achieve greater financial security. Today, the goal recognizes that Prudential's enduring vitality is connected to the well-being and resilience of its stakeholders and communities.

From needs-based product development to research highlighting unmet financial needs, from investments in community and business development to investments in renewable energy, Prudential builds long-term value with a broad view of what contributes to the company's sustainability.

“We take an outside-in approach to product development to make sure that what we’re building rings true with the needs of the customer.”

Stephen Pelletier

*Executive Vice President and
Chief Operating Officer, U.S. Businesses*

Relationships with Customers: Improving Financial Wellness

In 2013, Prudential's Group Insurance unit released a study: *Critical Illness Protection: On the Road to Financial Wellness*. The paper outlined the devastating financial effects that critical illness can have on a family's financial wellness. It noted that critical illness insurance can both support employees' recoveries and improve their financial wellness by helping fund the various costs resulting from serious illness. By the end of 2013, Critical Illness Insurance was being sold by Prudential to employers across the United States.

Also in 2013, Prudential's Individual Life Insurance unit rolled out an optional rider on one of its life insurance products that allows consumers to use the death benefit to cover costs associated with a chronic or terminal illness. “The rider takes an innovative approach to protecting insureds from the financial impact of a chronic illness,” noted Kent Sluyter, Senior Vice President, Prudential Individual Life Insurance. “It pays for expenses not directly linked to care, such as home modifications or income replacement.”

Relationships with Regulators and Legislators: Public Advocacy

Decisions made by government have a tremendous impact on Prudential's sustainability. The company maintains relationships with regulators and legislators to assist in the development of thoughtful, effective regulation. The goal: legislation and regulation that support the company's continued financial strength and the interests of the company's customers, shareholders and other stakeholders.

Prudential's approach has three characteristics:

- A balanced, bipartisan perspective
- Accurate information
- Transparency

CRITICAL ILLNESS CAN POSE SERIOUS FINANCIAL CONSEQUENCES

- 62 percent of bankruptcies are based on medical events
- 78 percent of those had health insurance
- \$18,000 represents the average out-of-pocket expenses

*David U. Himmelstein, MD, Deborah Thorne, PhD,
Elizabeth Warren, JD, and Steffie Woolhandler, MD, MPH,
“Medical Bankruptcy in the United States, 2007: Results
of a National Study,” American Journal of Medicine, 2009.*

Activities include direct lobbying, partnerships with trade associations and coalitions, operation of political action committees (PACs), and, to a lesser extent, using corporate funds to support political organizations. Prudential does not provide direct independent expenditures intended to support communications that expressly advocate the election or defeat of a candidate.

In 2013, Prudential did not contribute corporate funds to support any ballot initiatives, nor did it contribute financial or other support to candidates for public office. An *Annual Report* providing detailed information on Prudential's sponsored political contributions and annual association dues, assessments and contributions to trade associations exceeding \$50,000 is available on the company's website.

Questions about Prudential's activities or its PACs may be addressed to prudential.pac@prudential.com.

Relationships with Communities: Eliminating Barriers to Financial and Social Mobility

The Office of Corporate Social Responsibility reflects Prudential's historical recognition that the company's long-term success depends on the vitality of the communities where the company does business and where there are numerous social challenges not being addressed by traditional capital markets.

In 2014, Prudential made a dramatic commitment at the White House to build a \$1 billion impact investing portfolio within its Office of Corporate Social Responsibility. "This commitment epitomizes Prudential's long history of using our resources to generate more than a financial return," said Mark Grier, Prudential's vice chairman.

In addition to impact investments, the Office of Corporate Social Responsibility oversees a variety of tools including philanthropic grants, corporate contributions and employee engagement that it leverages with business acumen around a common strategy. The group uses this approach in collaboration with public, private and nonprofit leaders to deliver lasting high-impact solutions in the following four areas:

- *Meeting Basic Needs:* When people cannot meet their basic needs – a roof over their heads, food on the table, power for their home – it is difficult to focus on long-term goals. Prudential invests in efforts that make housing, nutrition and energy more affordable and accessible both day-to-day and during times of disaster.
- *Connecting People to Quality Jobs:* For people lacking an education or the skills necessary to compete in today's economy, securing employment may be challenging. Prudential supports academic preparation and skill-building efforts aimed at improving the ability of people to secure quality

jobs. The company also supports businesses that create and grow jobs offering fair wages, reasonable working conditions, and opportunities for career growth and benefits.

- *Building Assets:* For people living paycheck to paycheck, the inability to provide for unforeseen events can create an all-consuming sense of financial uncertainty. Underserved individuals and communities often lack access to asset-building and protection products and services that are essential to achieving long-term financial security. Prudential collaborates with partners to connect those in need to these critical tools.
- *Transforming Communities:* Residents of poor communities face greater obstacles to upward mobility. Prudential works to transform cities and revitalize communities by investing in systems and solutions that address challenges such as poor education outcomes, high crime and disinvestment to their communities, while also providing leadership and developmental opportunities.

FAST FACTS

- Since 1980, Prudential has provided more than **\$800 million** in Foundation grants – \$29 million of that in 2013. In addition, it has committed nearly **\$2 billion** in Impact Investments, with \$100 million invested in 2013.
- Prudential directly donated nearly **\$40 million** in Foundation grants and corporate contributions to nonprofits and nongovernmental organizations across the globe.
- In addition to contributing thousands of volunteer hours, in 2013 direct employee donations coupled with The Prudential Foundation matching gifts contributed **\$15.6 million** to nonprofit organizations.

PROFIT WITH PURPOSE LEAPFROG INVESTMENTS

Recognized as a global leader in private equity and impact investments, LeapFrog Investments is a private equity fund that invests in high-growth insurance and insurance-related businesses in Africa and Asia. In 2013, Prudential's Impact Investments unit made a \$10 million limited partnership investment in LeapFrog.

LeapFrog targets those businesses that offer tools like insurance, savings and investment products to emerging consumers, helping to lessen cycles of poverty. At the same time, LeapFrog aims to provide top-tier rates of return to investors. LeapFrog founder and president, Dr. Andrew Kuper, characterizes their business model as "profit with purpose."

The firms in which LeapFrog profitably invests create a safety net for their customers through affordable insurance. Their eight portfolio companies include Bima, which provides insurance via mobile phone to customers in Africa and Asia with premiums ranging from \$0.20 to \$6.00 per month. AllLife, another portfolio company, is the only dedicated provider of life insurance for HIV positive individuals in South Africa.

More information about LeapFrog's investments is available at www.leapfroginvest.com

REBUILDING TOHOKU, JAPAN

Prudential's disaster response program stretches beyond immediate relief and supports long-term redevelopment efforts, with a goal of eventual community recovery. During 2013, the company continued its work to support redevelopment efforts in New Orleans (Hurricane Katrina), New Jersey (Superstorm Sandy), and Tohoku, Japan.

After the March 2011 earthquake and tsunami that struck Japan, the company responded to the needs of communities and Prudential employees for immediate disaster assistance. Once the emergency relief was well under way, the company's efforts turned to stimulating recovery of affected areas.

The revival of the small business community lags other recovery efforts. Prudential made a \$2.4 million grant to *Architecture for Humanity* to establish a small business support center – MakiBiz. MakiBiz's mission is to bring residents together to achieve long-term sustainable economic recovery for the Tohoku region. The organization offers expert advice on design, construction and business development to support rebuilding.

It also provides training and technical assistance, including access to construction capital, design and construction services.

Since its opening, MakiBiz has:

- Provided technical assistance to more than 175 businesses
- Helped to create or recover 120 jobs in the region
- Funded nine and facilitated the completion of seven construction projects

Prudential businesses in Japan are actively engaged in the development of the center and its services.



Relationships with Financially Underserved Populations: Bridging the Gaps

Since 2001, Prudential has issued a signature series of studies exploring the financial services needs of diverse market segments. The reports highlight issues specific to frequently overlooked and underserved consumers. Research has examined the financial behaviors and expectations of women, African Americans, Hispanic Americans and families with special needs.

In early 2013, Prudential released an updated study, *The African American Financial Experience*.

The report noted that African Americans are making financial progress but still facing financial challenges in reducing debt, supporting family members and achieving retirement security.

Asian Americans on the Road to Retirement highlighted retirement planning among the members of the most diverse of all the major American ethnic subcultures. The research focused on Asian Americans' retirement readiness, discussing steps taken to prepare for a secure financial future.

Following the Supreme Court's decision in *United States v. Windsor*, Prudential built on its 2012

REBUILDING THE TOWN COMMONS

Military Park is a six-acre green space located in the heart of downtown Newark, N.J. The park has been in continuous use since 1667, becoming the formal town commons following the Civil War.

After years of benign neglect, Military Park has been transformed into a gathering place that sits at a crossroads of the major community, business, arts and religious organizations within the City. Prudential helped spearhead the project and contributed \$2.5 million to the restoration and ongoing operations. The Park reopened in early 2014, and has already welcomed a full calendar of events focusing on culture, fitness, entertainment – even a summer farmers' market – attracting residents, local business employees and Newark visitors to the site.

Rebuilding Military Park into a gathering place for all Newarkers is part of Prudential's broader commitment to the City's redevelopment. During the last three years, Prudential has made more than \$100 million in grants and investments to support critical social institutions and targeted redevelopment projects. In total, the company's investments have leveraged more than \$1 billion in new investments into the City and will add over 1,000 residential units, 200 hotel rooms and 250,000 square feet of retail space.

report *The LGBT Financial Experience* to expand tools and guidance for married same-sex couples. In early 2014, the company released *Financial Planning Considerations for Same-Sex Couples After Windsor* to offer guidance on emerging financial opportunities and challenges.

Relationships with Vendors and Business Partners: Creating Mutual Benefit

In 2013, Prudential engaged in a sourcing and procurement transformation. Its goal: Maximizing the value of purchasing by leveraging buying power, implementing best practice systems, processes and policies, and establishing a comprehensive governance and operating model. As part of this effort, the company improved its website for vendors to provide detailed information for firms interested in or already doing business with Prudential.

Through the multiyear transformation, Prudential's Supplier Diversity Initiative continues to offer competitive access to diverse vendors. In 2013, one of the company's diverse suppliers ranked among its top 20 vendors. In total, five diverse firms were among Prudential's top 50 vendors.

In addition, Prudential expanded its Second Tier initiative, encouraging supplier partners to purchase from and report spending with diverse firms. The supply chain impact of the second-tier efforts totaled \$20 million. Also in 2013, Prudential added environmental criteria to its vendor governance screens and conducted a training program for procurement professionals on environmental issues in the company's supply chain. This process is continuing into 2014.

RELATIONSHIPS WITH DIVERSE-OWNED FINANCIAL SERVICES COMPANIES, LAW FIRMS, AND BANK

In 2012, Prudential adopted a plan to strengthen its relationships with diverse-owned financial services firms and banks. The core of the program is the creation of strong engaged relationships with African-American, Women-, Hispanic- and Veteran-owned emerging capital managers and banks.

By the end of 2013, the Emerging Manager Program had invested \$300 million of Prudential's proprietary assets with 10 emerging manager firms. Including client assets, by year-end 2013, the company had invested \$2.5 billion with emerging managers. Prudential had also begun expanding distribution and partnership opportunities for emerging manager firms across the company's businesses, and continued to lead industry-wide efforts to promote awareness of the importance of investing in emerging managers.

In 2013, the Banking Program focused on the following areas:

- Increased emphasis on active participation by diverse banks in Prudential's capital markets transactions, including debt issuances and share repurchase activities. Prudential strives to be on the leading edge in engaging diverse banks in the capital markets space.

- Diverse-owned firms also participated as agents in Prudential's \$750 million common stock share repurchase program in 2013.
- Servicing Prudential's needs in the traditional banking services, including treasury and liquidity products. The company continues to actively seek new opportunities and partnerships with diverse-owned banks in this space.

Other opportunities for collaboration resulted from increased dialogue and communication with diverse-owned firms since adopting the program.

In 2013, the 30-member companies of the legal Inclusion Initiative spent more than \$250 million with minority- and women-owned law firms last year. Prudential – a founding participant – increased its spend with these businesses by 15 percent.

“We are delighted to see the commitment to diversity demonstrated by Inclusion Initiative members,” said Susan Blount, Executive Vice President and General Counsel, Prudential. The program is one example of Prudential's efforts to increase the participation of women and minorities in the legal profession. Company attorneys are active in a variety of projects and partnerships aiming at building diversity in law careers.

Relationship with the Environment: Stewardship, Investment, Engagement

Prudential's 2009 Environmental Commitment began with what was then a bold statement:

We recognize the emerging risk of global climate change and the impact it could have on our industry and our customers around the world.

Since then, many more corporations have come to understand the challenges and opportunities offered by environmental and resource responsibility. During 2013, Prudential carried on its work in this area, focusing on stewardship, opportunity and engagement.

Stewardship

Reducing its environmental footprint across the company's domestic operationally controlled, owned and leased corporate home office portfolio has been a priority at Prudential since 1998. Prudential's efforts in this area have evolved from being a function driven by local facility managers to a broad range of company-wide initiatives that involve printing, procurement, and technology teams.

Prudential began tracking the reduction of its carbon footprint for its domestic home office properties in 2007. From baseline to 2013, Prudential reduced its carbon footprint by 21 percent. This achievement was accomplished through reduced non-renewable energy use and installation of solar arrays that provide 6 percent of the company's domestic electricity energy needs.

In December 2013, Prudential held a ribbon-cutting ceremony celebrating the initiation of its most recent solar array at the Roseland, N.J. office. Serving one of the company's data centers, this installation features 18,000 panels and generates the electricity equivalent to power 650 homes for one year.

In total, Prudential's solar sites in Roseland, Ft. Washington, Pa., and Phoenix, Ariz., generate 8,354 megawatt-hours of power annually, which is enough electricity to power 800 homes for one year. In addition to strengthening local grids and helping to improve air quality, during the past five years, solar installations have achieved more than \$4.3 million in savings for Prudential.



ROSELAND SOLAR INSTALLATION

(L–R) Prudential Vice Chairman Mark Grier, assisted by New Jersey Assemblywoman Mila Jasey and Roseland, N.J. Borough Mayor John Duthie inaugurated Prudential's latest solar installation at the company's data center in Roseland, in December 2013.

Annual Performance Update U.S. – Environmental Stewardship: Operationally controlled, owned and leased corporate home office portfolio

The following chart documents progress made at Prudential’s operationally controlled, owned and leased corporate home office domestic portfolio:

DESCRIPTION	2013	2012	2011	PERFORMANCE
Portfolio Square Footage	6,467,542	6,080,701	6,080,701	
GHG Emissions (MTCO ₂ -e) ¹ Note: Scopes-1 and -2 broken out by actual unit of energy measure.	Scope-1²: 6,053 MTCO ₂ -e 121,057 MBTU 1.27 x 10 ¹⁴ Joules Scope-2³: 67,254 MTCO ₂ -e 131,432,299 Kwh 4.73 x 10 ¹⁴ Joules Scope-3⁴: 12,273 MTCO ₂ -e Totals: 85,580 MTCO ₂ -e	Scope-1²: 5,090 MTCO ₂ -e 101,784 MBTU Scope-2³: 70,613 MTCO ₂ -e 138,267,775 Kwh 4.98 x 10 ¹⁴ Joules Scope-3⁴: 11,130 MTCO ₂ -e Totals: 86,833 MTCO ₂ -e	Scope-1²: 6,052 MTCO ₂ -e 120,641 MBTU Scope-2³: 72,323 MTCO ₂ -e 141,691,249 Kwh 5.13 x 10 ¹⁴ Joules Scope-3⁴: 12,367 MTCO ₂ -e Totals: 90,742 MTCO ₂ -e	
GHG emission progress towards 2012 goal of 10% reduction over 2007 levels. ⁵	Our 2013 GHG emissions are reduced by 21 percent as compared to our 2007 GHG emissions.	Prudential has exceeded its goal of reducing GHG emissions by 10 percent from the 2007 levels.	Prudential has reduced GHG emissions by more than 9 percent from 2007 levels.	
Recycling (Tons)	1,613 ⁶	1,610 ⁶	2,000	0.2 percent increase
Water Usage (Gallons)	77,120,960 ⁷	81,031,859	80,408,296	4.8 percent decrease ⁷

Notes:

- MTCO₂-e denotes the unit of measure for CO₂ emissions as Metric Tons of Carbon Dioxide Equivalency. This is the standard measurement of the amount of CO₂ emissions that are reduced from the environment.
- Scope-1 Emissions are from direct emission sources such as oil and natural gas consumption utilized by Prudential.
- Scope-2 Emissions are from indirect emission sources such as emissions from power generation plants that supply electricity purchased by Prudential.
- Scope-3 Emissions are optional emission sources from our employee business air travel. (Short and Long Haul miles)
- Prudential’s base year starting point for GHG emission reduction was 2007.
- A decline in paper use is the principal reason behind the drop in recycling since 2011, enabled by more two-sided printing and electronic communications.
- Reflects both potable and non-potable water consumption.

Investment

Prudential Real Estate Investors (PREI) is one of eight units that comprise Prudential Investment Management (PIM), the company’s asset management business.

In 2009, PREI executives heard a very clear message from customers and other stakeholders: “We would like to invest in green real estate because we believe it provides superior risk-adjusted returns.” In a recent study, PREI was recognized for its leadership in this area, which has included issuing proprietary Sustainable Standard Operating Guidelines, engaging with standard-setting and other leadership organizations in the field, and adding value to its portfolio through environmental initiatives.

Prudential’s Investment in Renewable Energy

Prudential invests its own and client assets in renewable power generation. During 2013, the market value of that portfolio increased nearly 25 percent over 2012, with more than \$2.9 billion invested in a range of renewable power projects.

Along with investments in renewable energy generation projects, Prudential Fixed Income – a PIM business – began investing in green bonds in 2013. “Green bonds” are debt instruments used to finance environmental initiatives like energy efficiency or renewable energy projects. With the first bond purchased in late third quarter, the market value of Prudential’s green bonds was nearly \$14 million as of year-end 2013.

PRUDENTIAL REAL ESTATE INVESTORS SURPASSES \$100 MILLION CHALLENGE GOAL

In the fall of 2011, PREI set a two-year goal to add \$100 million in value to its portfolios through sustainable initiatives. Instead of focusing on energy savings or carbon reductions, the Challenge targeted simultaneously improving the value of investments and environmental performance. With the help of partners, property managers, tenants and other stakeholders, PREI exceeded the goal by adding \$104.8 million to the value of its portfolios by year-end 2013.

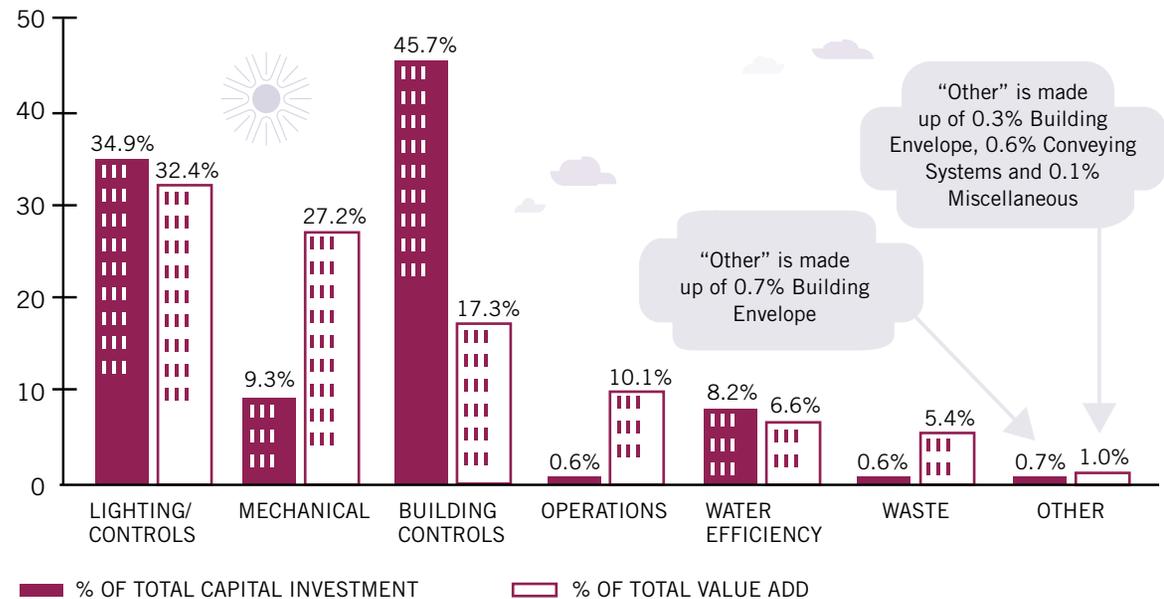
First-year efforts during the challenge resulted in a \$44 million gain. During 2013, energy procurement agreements, solar roof rents, and capital improvement projects completed added another \$60 million.

Along with improving the value of the portfolio, capital improvement projects resulted in reducing energy consumption by more than 11 megawatts of electricity and dropping water consumption by more than 15.4 million gallons.

2013 Capital Improvement Projects (Part of the \$100 Million Challenge)

More than 230 initiatives at 89 buildings

Environmental Savings: more than 11 megawatts electricity and more than 15 million gallons of water



Environmental Engagement— More Than 500,000 Trees Planted

Providing information about and engaging with stakeholders strengthens Prudential’s stewardship, investment and other environmental initiatives. One of the company’s more unique engagements has been a high-impact program involving shareholders.

In 2010, Prudential announced a Shareholder Vote Incentive Program. The goal was to improve participation in the annual elections by inviting shareholders to join Prudential in its environmental stewardship.

Since 2010, registered shareholders who voted in the company’s annual elections were offered the choice of receiving a reusable shopping bag or having a tree planted in their name in a U.S. National Forest. The program was expanded in 2013 by offering shareholders the opportunity to have a tree planted in their name if they accepted direct deposit of their Prudential dividends.

Through a partnership with the nonprofit American Forests, by the end of 2013, this effort led to the planting of more than 500,000 trees in National Forests in California, Minnesota and Florida. And the quorum for annual meetings has increased from 13 percent in 2009 to 71 percent in 2014.

To celebrate the milestone, in early 2013, American Forests and Prudential employees collaborated to plant nearly 1,000 seedlings in the Osceola National Forest, located just west of Prudential’s Jacksonville regional service center.



FAST FACTS

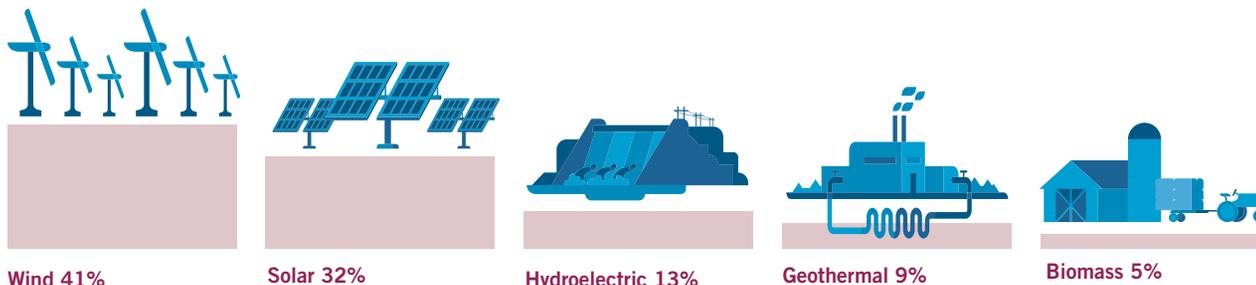
Prudential engages with outside organizations to support responsible investing and encourage best practices in the sector. Examples of the organizations are:

- Ceres
- Investor Network on Climate Risk
- Urban Land Institute’s Greenprint Center for Building Performance – Performance Committee
- Principles for Responsible Investment – Property Working Group
- Urban Land Institute’s Responsible Property Investment Council
- Clinton Global Initiative – Energy Efficiency Working Group
- U.S. Department of Energy’s Better Building Partnership Market Transformation Working Group

Prudential executives served on the Investor Working Group assisting in the development of *The 21st Century Investor: A Blueprint for Sustainable Investing*.

Prudential is a signatory to the Geneva Association’s *Climate Risk Statement*.

Prudential’s Renewable Energy Investments



Recognition and Significant Awards

Prudential Financial ranks No. 29 on the 2013 Fortune 500 List of America's Largest Corporations. The company also ranks No. 90 on the 2013 Fortune Global 500 List of the World's Largest Corporations.

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

U.S. Recognitions

- DiversityInc *"Top 50 Companies for Diversity"* (2013 and 12 prior years)
- Equal Opportunity magazine's *"Top 50 Employers"* (2013, 2011, 2010)
- Human Rights Campaign *"Corporate Equality Index"* 100% Score (2013 and 9 prior years)
- National Association for Female Executives magazine's *"Top Companies for Executive Women"* (2014 and 14 prior years)
- Working Mother magazine's *"Top 100 Companies for Working Mothers"* (2013 and 23 prior years, Hall of Fame member)
- Dave Thomas Foundation for Adoption's *"100 Best Adoption-Friendly Workplaces"* (2013 and 6 prior years)
- G.I. Jobs magazine's *"Top 100 Military-Friendly Employers"* (2014 and 4 prior years)
- Military EDGE magazine's *"50 Best for Vets Employers"* (2013 and 3 prior years)
- Hispanic Business magazine's *"Diversity Elite 60"* (2013 and 6 prior years)
- Latina Style magazine's *"50 Best Companies for Latinas"* (2013 and 15 prior years)
- Disability Matters magazine's *"Disability Matters Awards"* (2013 and 2 prior years)
- National Business Group on Health – *"Innovation in Reducing Health Care Disparities Award"* (2013)
- New Jersey Governor's Award for *"Healthy and Sustainable Business"* (2013)
- Computerworld magazine's *"100 Best Places to Work in IT"* (2013 and four prior years)

International Recognitions

- Guia Você S/A – Exame magazine's *"150 Best Companies to Work For"* to Prudential of Brazil (2013 and 7 prior years)
- The Great Place to Work Institute's *"The 100 Best Companies to Work For"* (Brazil), ranked among the 30 best companies to work for in the State of Rio de Janeiro and among the 100 best companies to work for in Brazil (2013 and 3 prior years)
- Centro Mexicano para la Filantropia A.C. (Cemefi, *"Socially Responsible Company"*) to Prudential Seguros Mexico (2013 and 4 prior years)
- Taipei City Government recognition to Prudential of Taiwan for the *Prudential Youth Foundation* (2013)
- E-Daily's *"Beautiful Insurer Award"* to Prudential of Korea (2013)

For questions or comments related to the
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