

PGIM Limited
Section 172(1) Statement for the year ended 31 December 2019

The Strategic Report must include a statement describing how the Directors have a regard to the matters as set out in section 172(1) of the Companies Act 2016 (CA 2016) as detailed below. Sections 465 to 467 of CA 2016 do allow for certain exemptions from this disclosure on the basis of size or materiality, however the Company is excluded from benefiting from these exemptions on the basis that it forms part of an ineligible group, that is a group which, amongst other criteria, contains a MiFID investment Firm or UCITS management company.

(a) The likely consequences of any decision in the long term

The Company regularly assesses its strategy from both a commercial and risk perspective to ensure the long term consequences of any strategic decision are understood and taken into account.

During 2019 the strategic decision was taken to terminate the Deed of Guarantee with PGIM Private Capital Limited (formerly known as Pricoa Capital Group Limited) for insurance mediation activities carried out by the Company, and a new Deed of Guarantee was underwritten by PGIM Real Estate (UK) Limited (formerly known PGIM Fund Management Limited) instead. The guarantee between PGIM Real Estate Limited and the Company is for a maximum claim of £3.0m.

To support the Company's continued long term investment in CLO products and to ensure the Company is adequately capitalised both in the immediate and long term, the Company issued share capital and drew down on its subordinated loan with its sole shareholder during the year.

In light of the current uncertainties surrounding the form that Brexit may take, the Company took the strategic decision to transfer its Munch branch activities, including employees, to the Munich branch of an affiliate entity to support the continuation of the Group's activities in Europe in the event of a hard Brexit.

On 1 April 2020 certain third party mandates were transferred from the Company to PGIM Real Estate (UK) Limited, which in February 2020 received FCA approval for a Variation of its Permissions and is now authorised to perform investment management services for separate account customers in addition to the existing Alternative Investment Fund management. The transfer of funds to PGIM Real Estate (UK) Limited was out as part of the Group's overall strategy to better align the Corporate entities to the business divisions.

(b) The interests of the Company's employees

The Company has direct and indirect employees. Staff costs for those employees contributing to the Company but employed by other affiliate entities are re-charged to the Company as management fees from parent company. The Group seeks to promote the interests of its employees by ensuring that they are skilled to undertake the role they perform, receiving regular training to maintain their competencies, and that all employees are fairly and appropriately remunerated. The Group also engages with its employees at least annually via an anonymous questionnaire, the results of which are summarised and shared with its employees to identify key areas of development.

(c) The need to foster the Company's business relationships with suppliers, customers and other stakeholders

The Company works to foster positive business relationships with suppliers, customers and other stakeholders. Relationships with customers are governed by written contracts to ensure transparency and clarity of expectation of performance. The Company has established good working relationships with its suppliers and seeks to ensure a responsible payment culture, with the publishing for the UK Group of its Business Payment practices and Performance reporting on the Companies House website. Following a review of the Modern Slavery Act, the Company has engaged with its suppliers to ensure mutual compliance. The Company seeks to establish positive relationships with the local regulatory authorities.

(d) The impact of the Company's operations on the community and the environment

PGIM Group encourages its employees to contribute to the community in which the Company operates by offering the opportunity to take part in local charity and volunteering initiatives. The Company seeks where possible to minimise its impact on the environment and has developed in-house initiatives, such as an internal recycling scheme and the provision of employee cycle racks, to this aim.

(e) The desirability of the Company maintaining a reputation for high standards of business conduct

There is worldwide engagement with employees regarding individual conduct and the high standards of ethics and integrity expected of employees is outlined in Prudential's Code of Conduct "Making the Right Choices". The Code of Conduct is supported by ongoing training and annual re-certification.

(f) The need to act fairly as between members of the Company

The Company is a private limited company with a sole shareholder.