

Introduction

The UK PGIM group* provide asset management services in five principal asset classes – Real Estate, Fixed Income, Quantitative Investing, Private Capital and Real Estate Finance.

Globally, we believe that a solid foundation of good corporate governance and business ethics significantly contributes to our company's ability to compete effectively and realize our full value potential. Across the group we operate based on a set of core principles which include understanding the letter and spirit of applicable law and also that managing risk is key to our business model. The UK tax strategy is aligned to this global governance model and is outlined in the remainder of this document.

The purpose of this document is to communicate our approach to tax to all stakeholders and meet the requirements of Schedule 19 of the Finance Act 2016.

Our approach to risk management and governance arrangements in relation to taxation

Our Global group operates an Enterprise Risk Model (ERM) which ensures that current and emerging risks are identified, quantified and reported on a regular basis.

Ultimately tax risk is owned by the relevant Board of the UK companies, with day to day responsibility delegated to the European Head of Tax. In order to be aligned to the ERM, the tax department has in place a tax policy which details the following key risks in relation to company and product taxation and how they are mitigated:

- **Compliance and Reporting Risk**

As with any business, there is the inherent risk that tax returns will not be submitted in a timely or accurate manner. In order to mitigate this risk, we have a strong UK tax team supported by robust financial systems and internal controls to support tax compliance. Where necessary, external tax advisors are engaged to ensure that complex tax matters are fully evaluated.

- **Transaction Risk**

In line with our governance model, a detailed risk assessment is undertaken for all material business changes (i.e. mergers and acquisitions, formation and dissolution of entities, and introduction of new products). The tax team are well embedded within the wider business and are required to provide sign off on all such material transactions.

- **Reputational risk**

* The UK PGIM Group includes the following UK subsidiaries of Pramerica Holdings Ltd and PGIM Financial Ltd

- PGIM European Services Ltd
- PGIM Real Estate (UK) Ltd
- PGIM Private Capital Ltd
- PGIM Management Partner Ltd
- PGIM Ltd
- Pramerica Real Estate Capital IV GP Ltd
- PGIM (Scots) Ltd
- QMA Wadhvani Capital Ltd

Reputational risk extends further than pure financial risk to the wider impact tax risk can have, and we understand in the current environment that reputational risk is a key area of focus, given its impact on all stakeholders. We ensure that we operate within the parameters of our Global Tax Risk Management framework and our Code of Conduct to reduce this risk.

The tax department monitors enterprise tax risk and adjusts its policies, processes and controls as required. All tax risks are reported to the relevant Board of the UK companies via the relevant Risk Committee.

Tax risk appetite

Our tax risk appetite is prudent which is fully aligned with the wider group risk appetite statement. The risk appetite statement is owned by the relevant Board of the UK companies and overseen by the Enterprise Risk Committee.

We continue to monitor our tax risk and adjust our policies, process and controls in response to developing law and practice to ensure we stay within the group risk appetite.

Our approach towards tax planning

Although both the global and UK groups seek to be effective and efficient with tax planning, we only undertake planning in the context of wider business and commercial activities. We use independent external advisors to provide additional specialist support where required, and seek to use HMRC approved arrangements, where appropriate, to achieve certainty and facilitate tax risk management.

We seek to fully comply with all our legal and regulatory tax requirements. Our Code of Conduct 'Making the right choice' reflects our attitudes in all areas of the business, including tax planning, and as such we ensure that our key values of acting ethically and complying with laws and regulation underpin any tax decisions made. We seek to understand and honour the letter and spirit of the laws and regulations that apply to the business.

We review changes of tax law and other regulations to determine if they will materially impact our business and ensure that we are consistently complying with tax related reforms and in particular those designed to combat the incidence of tax evasion. As a worldwide group, we actively do not encourage or condone tax evasion. We have undertaken a risk assessment in relation to the new UK corporate criminal offence of failing to prevent the criminal facilitation of tax evasion and have ensured that staff are aware of the seriousness of that offence.

Our approach towards our dealings with HMRC

We aim to be transparent with all tax matters and do this by working closely and collaboratively with HMRC and would seek to use their approved arrangements, where appropriate, to achieve certainty. We would disclose on a voluntary basis to HMRC, where appropriate, in the event that we identified any material issue in our tax compliance obligations. It is critical that our approach to taxation is based on making the right choices, being ethical and complying with relevant legislation.

Review schedule

This strategy has been formally approved by the Boards of PGIM Financial Ltd and Pramerica Holdings Ltd on 9 September 2020.

It is the responsibility of the European Finance Director of the UK PGIM Group to review this tax strategy and to recommend changes to those Boards on an annual basis.