

Disclosure statement about PGIM Netherlands B.V.'s role as asset manager

Background

The Shareholder Rights Directive II (“**SRD II**”) is a European Union directive which seeks to promote investor stewardship and encourage long-term engagement by shareholders in the decision-making process of listed companies. SRD II has been implemented into Dutch law.

SRD II seeks to achieve its aims by enhancing transparency of engagement policies and investment strategies across the institutional investment community. Asset managers are required to develop and disclose publicly a policy on how they integrate shareholder engagement in their investment strategies or explain why they have chosen not to adopt such a policy.

Our Approach to Shareholder Engagement – Explanation

As a fixed income asset manager, PGIM Netherlands B.V. (“**we**” or “**us**”) is focused on investing in fixed income classes and does not invest on behalf of its clients in shares traded on regulated markets. However, our affiliate, QMA LLC (“**QMA**”), might invest on behalf of our clients in shares traded on regulated markets under a delegation arrangement. We, therefore, take the requirements of SRD II applicable in the Netherlands into consideration. In this statement, we explain the reasons why we have chosen not to adopt a shareholder engagement policy for the purposes of SRD II requirements applicable in the Netherlands.

Shareholder engagement refers to how a shareholder engages in corporate governance of the companies in which it holds shares, including monitoring of these investee companies on relevant matters, engagement in dialogue with those companies, exercising voting rights in connection with any shares it holds, cooperating with other shareholders, communicating with stakeholders of investee companies and managing any conflicts of interest that the shareholder might have.

QMA is a quantitative equity investment manager and as such QMA’s policy is to vote proxies in the best long-term economic interests of its clients in accordance with its proxy voting policies and procedures. However, while QMA may incorporate ESG factors and principles into its investment processes and voting decisions, it does not currently actively engage with investee companies or cooperate with other shareholders due to the quantitative nature of its business which involves investment decisions being made primarily on the basis of a proprietary model. We have, therefore, decided not to adopt a shareholder engagement policy for the purposes of SRD II requirements applicable in the Netherlands.

Review

Our decision not to have a shareholder engagement policy in place will be kept under review, and will be reconsidered to the extent, in due course, we believe our business model has changed such that a shareholder engagement policy for the purposes of SRD II requirements applicable in the Netherlands becomes necessary.