

PGIM Limited

Section 172(1) Statement for the Year Ended 31 December 2021

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 Directors regularly assess the Company's strategy from both a commercial and risk perspective to ensure the long term consequences of any strategic decision are understood and taken into account.

The ongoing market volatility as a result of COVID-19 and the ensuing lock-downs has been monitored and the Directors do not consider the impact to be material. As the financial impact of COVID-19 on the Company was not material, the Directors were able to pursue their longer term strategy of aligning its activity to that of the PGIM Fixed Income and PGIM UCITS business line.

The Directors consider the potential impact of COVID-19 and regulatory change, for example the impact of the new UK Investment Firms Prudential Regime, on the performance, cash flows and capital of the Company when assessing whether the Company has sufficient liquidity and capital adequacy to make dividend payments and to meet its obligations as they fall due.

The Directors are mindful of the environmental and social impact of the long term decisions made within the Company and to support the management of the Company with its Environmental and Social Governance, a Group Global Head of ESG was appointed during the year, based in the London offices.

Despite the global pandemic, the Directors have been able to continue to pursue their long term strategic goals. Within this context and to support PGIML's current investments in CLO products and to ensure it is adequately capitalised both in the immediate and long term, PGIML repaid its loan of £59.3 (€70.6m) in 2021 to PGIM Foreign Investments, Inc from the disposal of investments.

As part of the Brexit Strategy, the application for a cross-border marketing license in order to market its products to the Italian market on a cross-border basis from the UK were granted by the Italian regulator.

Following engagement with the Company's immediate parent, PGIM Financial Limited, the Directors approved the payment of an interim dividend of £35.0m in 2021 (2020: £10.0m). The potential impact of COVID-19 on the performance and cash flows of the Company was considered when assessing whether the Company had sufficient liquidity and capital adequacy to make the dividend payment and to meet its obligations as they fall due. The net assets of the Company as at 31 December 2021 are £119.0m (2020: £124.6m).

(b) The interests of the Company's employees

The Company views its employees as fundamental to the success of the business. The Directors take active steps to ensure that the suggestions, views and interests of the workforce are captured and considered in their decision-making.

With the continuation of the global pandemic, the Company's employees continued to substantially work remotely in 2021. To support employees working remotely during this period of general uncertainty, the Company has continued to focus on employee wellbeing and launched a number of support programs and initiatives. These include:

- Additional day's leave provided for self-care;
- The introduction of wellbeing at work initiatives - wellbeing ambassadors, virtual events with guest speakers,

Fitness Fridays and a health & wellbeing app (Ondo);

- A global Mental Health Champions initiative was launched globally across PGIM;
- Subscription to mindfulness application;
- Added communications about support programs;
- Greater flexibility around carrying unused leave forward to 2022. Starting in March 2020, employees received daily communications with Global Health support, remote work tips and policy change information.

The Group also has a number of effective workforce engagement mechanisms in place.

- (i) Employees are kept informed of Group performance and provided with relevant business updates through regular company-wide Town Halls from the management team as well as regular business briefings. Regular announcements and video blogs updates by senior management are also made available on the intranet site.
- (ii) There is an annual performance management process for all employees that provides a forum for feedback by individuals, peers and managers.
- (iii) The Head of HR EMEA is a director of the Company, and regularly provides updates on employee-related matters, including workforce demographics, engagement activities, the results of employee surveys, staff retention rates, diversity & inclusion, pay and reward and HR initiatives.
- (iv) In order to ensure that the Group continues to retain, develop and attract talent, the Group has a competitive reward structure in place, which provides a wide range of benefits covering health and well-being, lifestyle and family. The Group reviews and enhances its benefits packages on an ongoing basis and seeks input from employees to better accommodate their personal circumstances and needs.
- (v) The employees are supported and encouraged to leverage the resources of the PGIM global network. On-going on the job training as well as online or in person training is provided to support individual professional development.
- (vi) All employees were asked to participate in an online Global Employee Engagement Survey in July 2021. The results are communicated to senior management who have committed to act on the feedback and help inform and improve subsequent HR initiatives.

(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 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 maintains good performance payment practices ensuring that suppliers continued to be paid in a timely manner. The Company has not experienced an increase in the aging of its receivables and has not taken advantage of any government financial assistance offered as a result of the pandemic.

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

The Company 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 minimize 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.

During the year the group refurbished the offices at Grand Buildings. As a part of the project the Group donated a large quantity of old furniture to the charity Youth Build, an organisation that works with under privileged teenagers teaching them building skills. As a result of the Groups donation the charity was able to fit out two of their London sites.

The Company's Grand Building offices uses 100% renewable energy for its electricity supply.

(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.