

**PGIM PRIVATE ALTERNATIVES (UK) LIMITED**

# **MIFIDPRU 8 DISCLOSURE**

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# 1 MIFIDPRU Disclosure

The Investment Firm Prudential Regime (“IFPR”) is the Financial Conduct Authority’s (“FCA”) prudential regime for MiFID investment firms. As an FCA regulated Firm, PGIM Private Alternatives (UK) Limited (“PPA” or the “Firm”) is subject to IFPR and the corresponding prudential standards set out under the FCA’s Prudential Sourcebook for MiFID Investment Firms (“MIFIDPRU”). PPA is classified as a “Non-SNI MIFIDPRU investment firm” and this disclosure is made in accordance with the requirements under MIFIDPRU 8.

The MIFIDPRU 8 disclosure aims to install market discipline on investment firms that come under IFPR by requiring disclosure of information to key stakeholders and counterparties. The disclosure seeks to describe the Firms’ own funds (financial strength), behaviour (investment policy) and culture (risk management, governance, and remuneration).

This disclosure is required to be made by PPA at least annually, and all information contained is as of December 31st, 2024 (unless stated otherwise), which represents the date of PPA’s most recent financial accounting year-end. This disclosure will be published more frequently than annually should any significant change to the relevant characteristics of the business require more frequent disclosure.

This disclosure is published on PGIM’s website (<https://www.pgim.com/terms-use/uk-regulatory-disclosures>), in the section titled ‘UK Regulatory Disclosures’.

The information set out in this disclosure is not subject to audit and should not be relied upon in making financial decisions.

The minimum capital requirements for PPA as at 31 December 2024 have been prepared in accordance with the MIFIDPRU rules within the FCA’s Handbook. PPA has sufficient capital and liquidity resources in relation to its regulatory capital and liquidity requirements.

## 2 PGIM

PGIM (“**PGIM**”) is the global asset management business of Prudential Financial, Inc.\*, (“**PFI**”), a publicly-listed company (NYSE Ticker: PRU) headquartered in the State of New Jersey, U.S.A. PGIM is headquartered in Newark, New Jersey, U.S.A. and operates in the United States through PGIM, Inc. (“**PGIM, Inc.**”), a registered investment adviser with the United States’ Securities and Exchange Commission (“**SEC**”). PGIM provides investment management and advisory services to institutional investors across public and private markets through its various global affiliates and businesses.

PPA is authorised as an alternative investment fund manager and regulated by the FCA and is authorised by the SEC as an investment advisor. PPA provides asset management services to clients under mandate, institutional investors (including PGIM, Inc. and other companies within the PFI Group) and alternative investment funds, principally collective investment schemes investing in real estate related equity and debt. The PPA business development team provide services across the PGIM Private Alternatives platform.

The PGIM UK/EU Group comprises the holding company, PGIM Financial Limited (“**PFL**”) (a wholly owned subsidiary of PGIM, Inc), its four 100% wholly owned FCA authorised and regulated entities PPA, PGIM Limited (“**PGIML**”) and, PGIM Private Capital Limited (“**PPC**”), (together the “**PGIM UK Group**”) and a number of other 100% wholly owned EU regulated and unregulated subsidiaries.

*\* Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.*

## 3 Risk Management – Objectives and Policies

### 3.1 MIFIDPRU 8.2.1 Disclosure Requirements

In accordance with MIFIDPRU 8.2.1, PGIM Private Alternatives (UK) Limited (“PPA”) is required to disclose its risk management objectives and policies for the categories of risk addressed by:

- (1) MIFIDPRU 4 (Own funds requirements);
- (2) MIFIDPRU 5 (Concentration risk); and
- (3) MIFIDPRU 6 (Liquidity)

### 3.2 Statement of the PGIM Private Alternatives (UK) Limited Board – The Approach to Risk Management

In accordance with MIFIDPRU 8.2.2 (1), the following statement has been approved by the PGIM Private Alternatives (UK) Limited Board (the “Board”)

The members of the Board of PPA (the “Board Members”) regularly assess the Firm’s risk strategy from both a commercial and risk of harm perspective to ensure the long term consequences of any strategic decision are understood and taken into account. The Board is supported by the global PGIM Real Estate Risk teams, with dedicated employees, operating in distinct organizations managing investment and operational risk.

PGIM Real Estate operates a Global Investment Committee, headed up by the Global Chief of Investment Risk. The Investment Risk Management team ensures that the firm is complying with internal policies, regulatory requirements and client obligations. It has developed risk management policies and procedures and communicated them across the company to ensure that adequate controls exist to appropriately manage the business and fulfil our fiduciary duties to our clients. The Risk Management team also evaluates the company’s risk profile and balances risks and resources to meet our long-term goals throughout the investment life cycle.

Operational risks are identified by PGIM Real Estate’s Global Operating Risk Committee (GORC) and assessed and monitored on a formal and regular basis by the Global Operational Risk Management Group. The operational risk process at PGIM Real Estate entails identification, communication and mitigation of operational risks and monitoring control issues. The operational risk function also provides guidance on certain company-wide initiatives, mainly geared towards compliance with industry best-practices and PFIs guiding principles and policies.

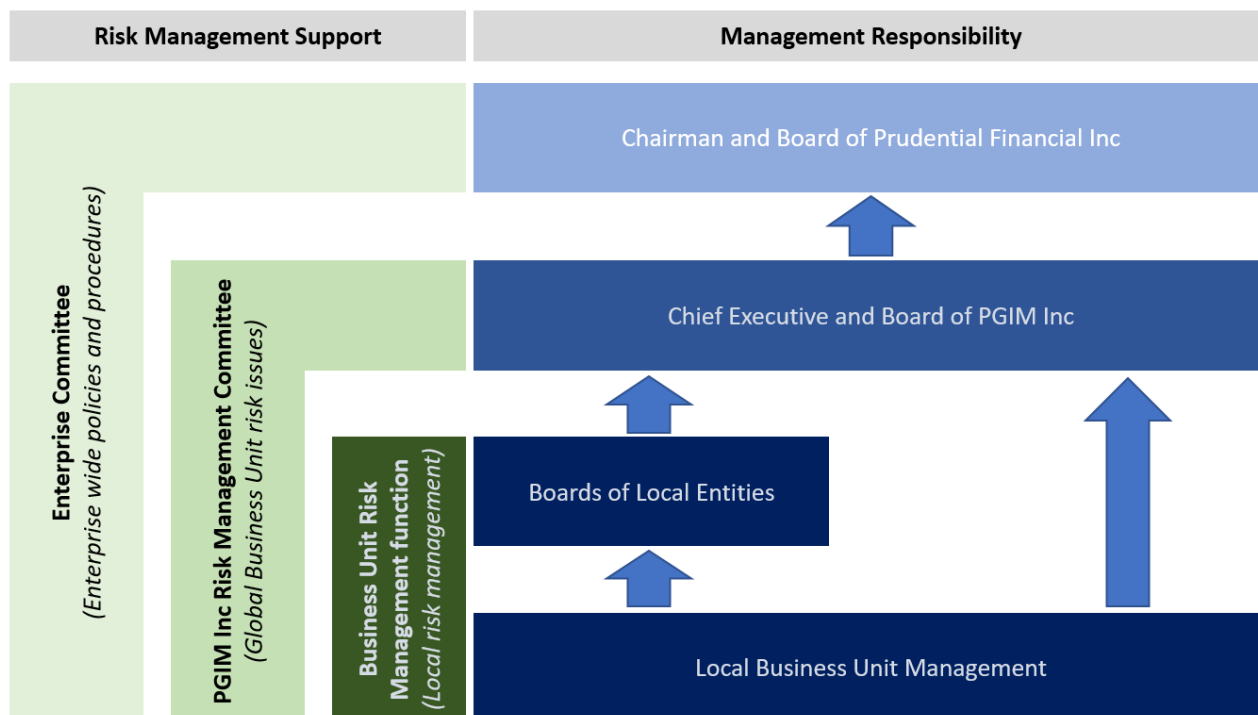
PGIM Real Estate’s Global Operating Risk Committee oversees the effective risk management of the firm and is comprised of the functional heads, the firm’s senior global functional heads and regional Chief Operating Officers, or their designees. Collectively, this Committee provides an interdisciplinary forum for the identification, review and resolution of business risk-related issues across all PGIM Real Estate regions and business groups. Local business risk managers provide regular reporting to the Board of PPA, keeping them apprised of key risk matters.

The Investment and Operational team processes are further enhanced by the ICARA Committee (the “IC”) who ensure that adequate capital and liquid assets are maintained at all times to mitigate ongoing business risk or perform an orderly wind down of the firm.

PGIM UK/EU Group has governance and internal control arrangements in place to manage risks across the business. The risk management framework is central to the Firm’s internal capital and risk assessment (“ICARA”) process. The ICARA, which has been adopted by PGIML, sets out the ongoing risk and harm assessments of PFL and the PGIM UK/EU Group and how it intends to mitigate those risks and harms, such as ‘Fraud’ and ‘Regulatory Compliance’, and how much capital and liquid assets are necessary, having considered those risks and the mitigating factors (see section 3.8 for more detail on the ICARA process).

### 3.3 Risk Management Structure and Operations

The Firm follows PGIM’s risk management structure and approaches the oversight of risk management based on a three-tier hierarchy. At the highest level, the PGIM UK/EU Group is subject to the principles and policies of PFI. These are approved by the Board and sub-committees of PFI and govern the detailed operational controls for support functions (such as operations, finance and human resources) as well as the general framework within which specific Business Unit risks are managed.



It is PFI’s policy that the Business Unit managers of the relevant entities are ultimately responsible for control and risk management in their respective Business Units and must take ownership of the control framework they have in place. In this context, the Business Unit CEO’s and/or management committees within PGIM, Inc are each responsible for the risk management of their global operations.

The second level is PGIM, Inc. PGIM functional heads have PGIM-wide and Business Unit oversight of their respective platforms. In the context of Risk Management policies and procedures, the PGIM Business Units are subject to the PRU policies and procedures as well as any additional oversight put in place by the PGIM Risk Management functional head, the PGIM Chief Risk Officer (“**PGIM CRO**”).

The third level is the PGIM Business Unit. Business Risk Officers (“**BROs**”) have oversight of operational risk for their respective Business Unit and risk team. In the context of Risk Management policies and procedures, the BROs can implement additional oversight that is aligned with the first and second level of oversight, as well as work with the PGIM CRO to consider deviations from that oversight to fit their business needs.

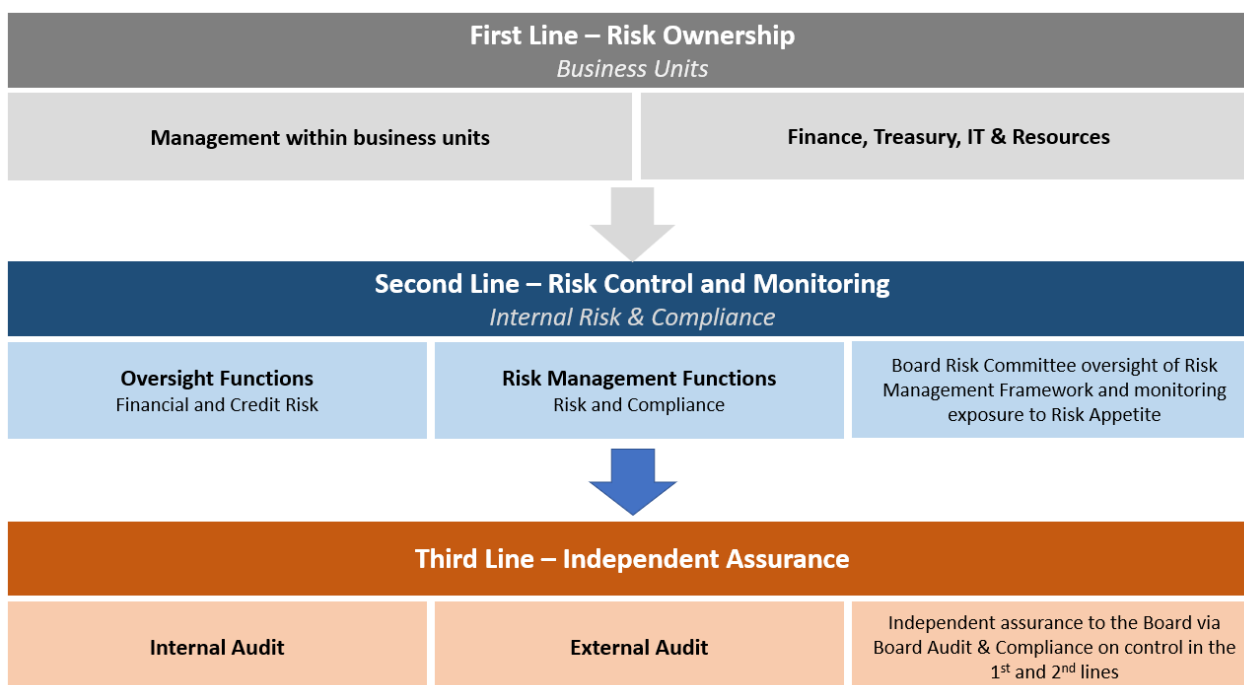
### 3.4 Risk Management Framework

The risk management framework focuses on:

1. The governance structure which is maintained and ultimately owned by the Board;
2. The policies and control documents that are reviewed by the Board providing the control framework that is relied upon to escalate and mitigate risks; and
3. The risk processes that flow from the control documents that are themselves the checks and balances to monitor a compliant and risk aware business.

PGIM Risk Management facilitates a holistic view of risks across the organisation, ensuring significant risks and issues for the Group are brought to the attention of senior management and that appropriate governance forums operate effectively.

The risk management framework for PPA is based on a “Three Lines of Defence” model and is summarised below:



The **first line of defence** is management within the Business Units, which through the implementation of the risk framework is responsible for the identification, assessment and management of risk.

The **second line of defence** is comprised of independent risk and compliance functions embedded within each Business Unit. These functions are accountable for challenging and guiding the units in managing risk exposures. These functions are represented by the various risk teams which then feed to the appropriate Business Unit committees. PGIM Risk Management (also referred to as Centre Risk Management within PGIM) also provides additional independent risk advisory and oversight within the second line. A Chief Risk Officer (CRO) oversees the PGIM Operational Risk platform across Business Units and PGIM-wide.

The **third line of defence** provides independent assurance to the PGIM Private Alternatives (UK) Ltd Board via the external audit and internal audit functions regarding the adequacy and effectiveness of systems and controls in the first and second lines in identifying and managing risk.



### 3.5 Strategy and Risk Appetite

PGIM's business strategy is adopted by PPA and the PGIM UK/EU Group. The ICARA process sets a risk appetite on the amount of risk the PGIM UK/EU Group is willing to tolerate in the achievement of its business and strategic objectives. PPA's risk appetite is based on PGIM UK/EU Group's approach to risk. There are certain risks that PPA is willing to run and be opportunistic to achieve strategic objectives and growth. In that respect, PPA has adopted the "Risk Appetite Framework" set out in the ICARA, which comprises tangible risk appetite statements – focusing on capital, liquidity and profitability. This sets associated limits that define the level of risk each of the PGIM UK/EU entities including PPA are willing to accept in pursuit of the achievement of business and strategic objectives. As such, PPA's risk appetite refers to PPA's attitude towards risk taking and whether PPA is willing and able to tolerate either more or less exposure to specific risks.

PPA's Board ensures that the Firm's strategy and its ambitions are aligned with its capacity and appetite for risk. Risk appetite statements and key risk indicators are in place for areas of potential risk. All risk areas and risk appetite statements are linked to each of the associated strategies and regularly reviewed to ensure alignment. Assessments of potential harm to client, harm to markets and harm to the business are made for each risk that are considered when determining tolerance levels for each risk.

The risk appetite framework fosters a strong risk culture by creating an environment where risks can be openly discussed at all levels of the organisation. They provide guidance regarding the appetite for risk and instil a risk culture throughout the organisation by aligning risk appetite and capacity with business planning and execution, performance measurement and remuneration and reward decisions.

Overall, the firm's risk appetite commits to reducing the potential for harm by maintaining a balance sheet that remains strong in terms of capital and liquidity throughout market cycles and meets or exceeds the expectations of our major stakeholders, including our clients, shareholders, employees, and regulators.

### 3.6 Effectiveness of Risk Management Processes

PPA's assessment of the effectiveness of its risk management processes is based principally on: (i) the governance arrangements in place to identify and set the Firm's risk appetite and overall risk appetite framework as described in section 3.6; and (ii) the control environment in place for the continued oversight and monitoring of the risks faced by the business. Risk appetite reports are provided to the Board on a quarterly basis. The effectiveness of risk management processes is reviewed as part of the ICARA process (see section 3.7).

PPA's Risk Committee also provides another layer of control on the oversight governance structure (see section 4 below). The governance and control frameworks are designed to ensure appropriate systems and controls are in place to identify, monitor and, where proportionate, reduce all potential material harms that may result from the ongoing operations of the business or from winding down the business and to hold adequate financial resources for the business it undertakes.

### 3.7 ICARA Summary

#### ICARA Governance

- *The Boards* - Ultimate responsibility for the supervision and preparation of the ICARA rests with the Board of Directors of PFL as the PGIM UK Group has chosen a consolidated basis for its ICARA. Specific aspects of the ICARA are delegated by the PFL Board to the ICARA Committee, a committee of the PFL Board. Separate Board meetings by each regulated company and PFL are held to discuss and challenge the ICARA.
- *The ICARA Committee (“IC”)* - At each quarterly Board meeting, an overview of the adequacy of own funds and liquid assets to meet threshold requirements is provided. The ICARA is prepared within the Risk and Finance departments. The Risk department coordinates the process and ensures that all aspects of the ICARA are covered, and expertise is brought in to assist with the ICARA or regulatory matters.

The ICARA is an ongoing and embedded process. Efficient escalation from Business Units and top-down horizon scanning for material risks and themes enable the identification of potential key risk scenarios that warrant a review and update to the ICARA. It is the responsibility of the IC to recommend whether a revised assessment should be prepared. The IC meets regularly to discuss the ICARA process, any amendments and anticipated changes or requirements.

#### ICARA Process

The Firm’s ICARA Process includes the following:

- a detailed review of the Firm’s history and current and projected financial position, including the construction of a financial forecast model for the next 5 years in respect of the Firm’s business;
- a review of the risks that face the business and the identification of measures which are being, or could be put in place, to mitigate these risks. Particular attention has been paid to assessing whether increasing the levels of capital or liquid assets held by the Firm would provide substantive additional protection against these risks;
- a review of the medium-term plans and strategy of the business and the impact this may have (if any) on the risk profile and financial projections of the business;
- analysis of a number of possible scenarios that the business could face and their financial impact modelled to consider how the Firm’s business (including its own funds and liquid assets) would be affected; and
- documentation of the above (via the ICARA Document) and its review by the IC and the Board.

The ICARA process operates over the PGIM UK/EU Group of companies and a single ICARA document represents all UK regulated entities and the PGIM UK/EU Group. Risk assessments and analysis are performed

at group level and appropriately apportioned to represent each regulated entity, or where risk is specific to legal entities, this is assessed at the legal entity level and aggregated up for the PGIM UK/EU Group view.

Own funds and liquid asset thresholds are determined and monitored at regulated entity levels. Separate wind down plans exist for each UK regulated entity (including PPA) and the PGIM UK Group.

### 3.8 Material Risks

The UK/EU PGIM Group is principally exposed to credit, operational, business, and market risk. The risks associated with the UK/EU PGIM Group's regulated activities are more closely aligned with the various products and services offered, strategies, and operations of the Business Units than with specific legal entities. In order to adequately analyse its overall risk profile, risk of harm assessments are made for all principal risks. Harm to client, harm to market and harm to the business are assessed for each risk. Control effectiveness is assessed and assessments are derived representing the residual risk of harm to client, market and the business.

Summary of key risks assessed through PGIM's ICARA process	
<b>Credit Risk</b> (MIFIDPRU 4)	<p>Credit risk refers to the potential financial losses the firm may face due the potential default of banks holding our cash deposits and / or clients and affiliates defaulting on their payments.</p>
<b>Operational Risk</b> (MIFIDPRU 4)	<p>Operational risk arises from the failure of people, processes, technology, or external causes. The Risk Framework and risk processes embedded within the business enable the identification, assessment, monitoring and reporting of potential or actual risk exposures. Operational risks are identified through processes and controls established within the business. The approach can be described as "Top-down" with the identification of Key Risk Scenarios and validated "Bottom-up" with the Business Units and their supplementing risk registers.</p>
<b>Business / Strategic Risk</b> (MIFIDPRU 4)	<p>The risk of adverse change in the performance of the business against strategy resulting from external factors e.g. changes to the competitive landscape or a failure to implement strategy.</p> <p>Business / Strategic risks are subject to stress testing whereby factors and variables are applied that will stress the financial revenue, costs and profitability of the business. Generally, these business stresses will be a negative impact / reduction of Assets Under Management ("AUM") that will have direct impact to revenue, e.g. Loss of key client / client concentration risk, or a market downturn.</p> <p>The UK/EU PGIM Group is resilient, diversified and insulated from many short-term market risks. It has a highly regulated SEC listed parent on which it can call for additional cash or capital as well as strong, well-positioned immediate U.S.A. parent, PGIM, Inc. Its Business Units are highly integrated with their parent businesses and can benefit from the increased support and oversight that scale brings. However, business strategy or strains to business fundamentals can drive business risks. The business is predicated on providing investment services with differentiated returns to a broad range of clients. Revenues are driven by the valuation of AUM and sustained positive investment outperformance. Business risks of note include:</p> <ul style="list-style-type: none"> <li>▪ Group Risk: Revenue streams for most entities operate through a cost-plus mechanism. A material reduction or removal of these revenue streams from the US parent would have a significant impact on the UK PGIM Group;</li> </ul>

	<ul style="list-style-type: none"> <li>Contagion Risk: This would be a significant unforeseen event originating from subsidiaries or group entities that results in a contagion effect to the reputation and operations of the UK PGIM Group;</li> </ul> <p>Contagion Risk / Group Risk is considered a potential winddown scenario. Stress test results inform the internal monitoring thresholds for levels of own funds and liquid assets.</p>
<b>Market Risk</b> (MIFIDPRU 4)	<p>Market risk represents the risk that a significant market downturn will impact PPA's revenue and non-GBP cash balances. PPA has a low appetite to take market risk on its balance sheet.</p> <p>PPA does not undertake trading on its own account and, as a result, for PPA, market risk is the risk associated with the loss resulting from fluctuations in the market value of net FX positions attributable to changes in FX rates.</p> <p>PPA is exposed to FX risk on all income, expenditure, and transfer pricing (both income and expenditure) that arises in currencies other than the Pound Sterling ('GBP').</p> <p>FX hedging processes are in place to reduce FX risk exposure. Market downturn and FX stress scenarios and stress tests are performed to determine their inclusion in the OFTR and LATR and also additional internal own funds and liquid assets thresholds to mitigate these risks.</p>
<b>Proprietary Concentration Risk</b> (MIFIDPRU 5)	<p>Concentration risk is the risk arising from the strength or extent of a firm's relationships with, or direct exposure to, a single client or group of connected clients.</p> <p>Stress tests are performed on the loss of 'Assets Under Management' ("AUM") that demonstrate the resilience of PPA to large AUM losses. PPA's largest client is the parent company PGIM Inc. The withdrawal of support by the parent company is modelled as the trigger scenario for the firm's orderly wind down scenario. Adequate capital and liquid assets are always held to be able to wind down the firm. Surpluses of capital and liquid assets are determined by the board that are monitored. Should the level of own funds or liquid assets go below the internal monitoring thresholds, recovery plans are in place to restore a viable position. Should these plans be ineffective, the Board would consider triggering an orderly wind down of the firm.</p>
<b>Proprietary Liquidity Risk</b> (MIFIDPRU 6)	<p>Liquidity risk for PPA relates to the potential of not having sufficient liquid assets to meet its financial obligations and day to day operating expenses or to wind down the firm in an orderly manner.</p> <p>As part of the ICARA process, the Board of PPA determine the liquidity risk appetite for the business. The type of assets that can be held by the business are set out and used to calculate available liquid assets. The levels of suitable liquid assets are monitored against regulatory requirements, the 'Basic Liquid Asset Requirement' ("BLAR") and the 'Liquid Asset Threshold Requirement' ("LATR"). In addition to regulatory requirements, the board sets additional internal levels of liquid assets that should be held in excess of the regulatory</p>

	<p>requirement. The additional monitoring thresholds are informed by stress tests that are performed as part of the annual ICARA process.</p> <p>As set out in the Liquidity Policy, liquid resources are monitored against the LATR on an on-going basis as follows:</p> <ul style="list-style-type: none"> <li>• Weekly bank reconciliations</li> <li>• Bi-weekly cash flow meetings where cash is forecast forward over a 12 month period and explicitly measured against the internal liquidity threshold</li> <li>• Monthly monitoring of liquid assets against the liquid asset threshold requirement</li> <li>• Quarterly monitoring and reporting of liquid assets against the liquid asset threshold requirement to the Regulator</li> <li>• Quarterly Key Risk Indicator monitoring with reporting to the board</li> <li>• Annual review of the Liquid Asset Threshold Requirement as part of the ICARA process</li> <li>• Ad hoc monitoring as part of the approval process for significant transactions</li> </ul>
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## 4 Governance Arrangements

### 4.1 Corporate Governance

MIFIDPRU 8.3.1 (1): an overview of how the firm complies with the requirement in SYSC 4.3A.1R to ensure the management body defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the firm, including the segregation of duties in the organisation and the prevention of conflicts of interest, and in a manner that promotes the integrity of the market and the interests of clients.

PPA is managed by its Board who are responsible for the Firm's long-term success. The Board defines, oversees and is accountable for the implementation of governance arrangements to ensure the effective and prudent management of the Firm. PPA's Board terms of reference provides that the Board:

- i. has overall and collective responsibility for the Firm;
- ii. sets, approves and oversees implementation of the Firm's strategic objectives, risk strategy and internal governance;
- iii. ensures the integrity of the Firm's accounting and financial reporting systems, including financial and operational controls and compliance with the regulatory system;
- iv. oversees the process of disclosure and communications;
- v. has responsibility for providing effective oversight of senior management;
- vi. monitors and periodically assesses:
  - a. the adequacy and the implementation of the firm's strategic objectives in the provision of investment services and/or activities and ancillary services;
  - b. the effectiveness of the firm's governance arrangements;
  - c. the adequacy of the policies relating to the provision of services to clients;
- vii. takes appropriate steps to address any deficiencies; and
- viii. has adequate access to information and documents which are needed to oversee and monitor management decision-making.

The members of the Board are required to have appropriate knowledge, experience and leadership qualities to operate the business effectively and sufficient resources to oversee the activities conducted by the Firm. The directors are required to act in accordance with the best interests of the Firm and the business connected with it. Quarterly board meetings are in place for PPA to oversee significant matters and provide a regular forum for discussion and challenge on the decision-making process.

PPA is able to leverage and benefit from the resources of its affiliated companies including PFL and PGIM. PPA operates in accordance with the same core values as its ultimate parent company, PFI which are: being worthy of trust; being customer focused; having respect for each other and becoming the unrivalled industry leader by achieving superior results for customers, shareholders and communities and adhering to PFI's code of conduct entitled "Making the Right Choices". The Board is responsible for the implementation and control of both the enterprise-wide principles and policies, as laid out by PFI.

The Firm is assisted by several committees which are established at PFL or PGIM such as the ICARA Committee that assists the Board in setting group objectives in line with the PGIM's strategy.

## 4.2 Governing Body Membership

Membership of the Board of PPA is detailed in the following table, and in accordance with MIFIDPRU 8.3.1(2), sets out the number of external directorships (executive and non-executive) held by each Board Member:

Name	Title	Number of External Directorships <i>(exec and non-exec)</i>
Zita Bachmann	Vice President, Business Group Risk Management	0
Mathew Crowther	Managing Director, PGIM Real Estate Europe Business	0
Heather Day	Managing Director, PGIM Real Estate Europe Business	0
Mark Fresson	European Finance Director	1
Shaun Hose	Managing Director, PGIM Real Estate Europe Business	0
Andrew Macland	Managing Director, PGIM Real Estate Europe Business	1
Ibtissem Sfaxi	Managing Director, PGIM Real Estate Europe Business	0



### 4.3 Board Diversity Policy

In accordance with the requirements under MIFIDPRU 8.3.1R (4), the following sets out a summary of the policy promoting diversity on the Board.

PPA appreciates the importance of diversity at Board level and recognises the benefits of a balanced Board which makes good use of differences in social and ethnic backgrounds as well as race, gender and skills. PPA's Board Diversity Policy aims to ensure that the Board is engaged and committed to having a broad set of qualities and competencies with a variety of views and experiences which facilitates independent opinions/perspectives and sound decision-making within the Board. The Board is tasked with ensuring that it considers, amongst other things, diversity when making recommendations of new members to the Board. The Board's Diversity Policy seeks to increase ethnic and gender representation on the Board over time although no specific targets have been set at this stage.

The Board uses a skills matrix to analyse the diversity of skills and perspectives on the board and new Board appointments effected this year considered diversity, amongst other things, in the selection process. The Board will continue its objectives of increasing ethnic and gender representation on the board over time.

### 4.4 Segregation of Duties and Prevention of Conflicts of Interest

The segregation of duties and prevention of conflicts of interest described below are all designed to ensure, amongst other things, that PPA meets its regulatory obligations and the wider objectives of conducting its business with integrity, due skill, care and diligence. These governance arrangements and other measures implemented by the Firm ensure the promotion of the integrity of the market and the interests of clients.

#### Segregation of Duties

As described at Section 3.4, the risk management framework is based on a "Three Lines of Defence" model. Business leadership (the First Line of Defence) is responsible for the day-to-day management, operation and execution of risks and controls within their respective area of management. Risk management and compliance teams perform separate but complementary roles within the Second Line to identify, measure, track and escalate areas of risk.

The Compliance Department operates to independently provide guidance and assess, monitor and test the design and operational effectiveness of the PPA's first Line controls required to appropriately support risk-based oversight of business growth that meets the firms values and regulatory requirements.

The scope of the Compliance Program includes the following risks:

- Market conduct requirements in the design and sale of products and services;
- Privacy requirements in managing consumer and employee data;
- Financial crime requirements regarding money laundering, economic sanctions, and anti-bribery and corruption;
- Institutional and personal conflicts of interest;
- Investment guideline and management regulations;
- Material non-public information and information barriers; and
- Ethical conduct consistent with our values

The Compliance Department primarily reports along functional lines globally through to the Chief Ethics and Compliance Officer (CECO) who oversees the Compliance Program and the adequacy of resources devoted to it across Business Units and firm-wide. Notwithstanding, and consistent with regulatory guidance that a firm's governing body should be knowledgeable about the content and operation of the Compliance Program, regular Compliance reports are provided to the PPA Board.

#### Prevention of Conflicts of Interest

PPA strives to identify potential risks, including conflicts of interest, that are inherent in its business and conducts annual conflict of interest reviews. PPA seeks to address conflicts through one or more of the following: elimination of the conflict; disclosure of the conflict; or management of the conflict through the adoption of appropriate policies, procedures or other mitigants.

PPA has adopted a Conflicts of Interest Policy which sets out the framework and organisational controls applied by PPA for the identification, recording, monitoring and effective management/prevention of conflicts of interests. The Conflicts of Interest Policy applies to the directors and senior management of PPA and to all other individuals who are employed by, or seconded to PPA (whether on a full or part-time basis) or who are otherwise authorised to act on behalf of PPA in the conduct of its business. In accordance with its obligations as an SEC registered investment adviser, PPA has also identified and made further disclosures regarding conflicts of interest as set out in PPA's "Form ADV Part 2A brochure" which can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

PPA's Compliance Department provides quarterly reports to the Board which sets out identified conflicts of interests and the proposed controls and management thereof. PPA maintains a conflicts register setting out the actual and potential conflicts and the Board reviews and approves the Conflicts of Interest Policy (including the register) on an annual basis to ensure the Board has appropriate governance and oversight of (a) the actual and potential conflicts; and (b) the effectiveness of the mitigating controls and processes to manage the said conflicts.

## 5 Own Funds

### 5.1 MIFIDPRU 8.4.1 R Disclosure Requirements

The Firm is required to disclose the following under MIFIDPRU 8.4.1 R:

- a) a reconciliation of common equity tier 1 items, additional tier 1 items, tier 2 items, and the applicable filters and deductions applied in order to calculate the own funds of the Firm.
- b) a reconciliation of (a) with the capital in the balance sheet in the audited financial statements of the Firm; and
- c) a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the firm.

The reconciliations and description are shown in the tables below.

The Firm's own funds are calculated in accordance with MIFIDPRU 3 and comprise of common equity tier 1 ("CET1") items and tier 2 items.

### 5.2 Common equity tier 1

The Firm's CET1 is comprised of share capital and retained earnings.

The Firm's called up share capital is comprised of 10,000,000 allotted, called up and fully paid ordinary shares of £1.00 each and are wholly owned by its immediate parent, PGIM Financial Limited ("PFL").

Profits included in retained earnings are included in CET1 once verified by an independent auditor. Losses are included as and when incurred.

### 5.3 Deductions from CET1

There were no CET1 deductions for the Firm.

### 5.4 Tier 2

There is no Tier 2 capital.

## 5.5 Composition of Regulatory Own Funds

Item		Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	<b>OWN FUNDS</b>	<b>23,258</b>	
2	<b>TIER 1 CAPITAL</b>	<b>23,258</b>	
3	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>24,016</b>	
4	Fully paid up capital instruments	10,000	13
5	Share premium	-	
6	Retained earnings	13,518	
7	Accumulated other comprehensive income	-	
8	Other reserves	-	
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(260)	
19	CET1: Other capital elements, deductions and adjustments	-	
20	<b>ADDITIONAL TIER 1 CAPITAL</b>	-	
21	Fully paid up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier1: Other capital elements, deductions and adjustments	-	
25	<b>TIER 2 CAPITAL</b>	-	
26	Fully paid up, directly issued capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

The Firm is a subsidiary of PFL, the UK parent entity, and together with other regulated subsidiaries forms an investment firm group and is subject to prudential consolidation under MIFIDPRU 2.5.

## 5.6 Reconciliation of regulatory own funds to balance sheet in the audited financial statements

Item		Balance sheet as in published/audited financial statements (GBP thousands)	Cross-reference to template OF1
	<b>Assets</b> - Breakdown by asset classes according to the balance sheet in the audited financial statements		
1	Trade and other receivables	14,643	
2	Cash and cash equivalent	39,530	
3	<b>Total Assets</b>	<b>54,173</b>	
	<b>Liabilities</b> - Breakdown by liability classes according to the balance sheet in the audited financial statements		
1	Trade and other payables	30,472	
2	Income tax liability	183	
3	<b>Total Liabilities</b>	<b>30,655</b>	
	<b>Shareholders' Equity</b>		
1	Called up share capital	10,000	4
2	Profit and loss account	13,518	6
3	<b>Total Shareholders' equity</b>	<b>23,518</b>	

## 5.7 Main features of own instruments issued by the Firm

Instrument type:	Ordinary shares
Placement type:	Private
Amount recognised in regulatory capital (GBP thousands):	£10,000
Nominal amount of instrument:	£1 each
Issue price:	£1 each
Accounting classification:	Called up share capital
Original date of issuance	08/10/1996
Perpetual or dated	Perpetual

## 5.8 Overall financial adequacy rule (OFAR) compliance

As a minimum to comply with the OFAR, PPA must meet its own funds requirement ("OFR") and its basic liquid assets requirement ("BLAR").

Under MIFIDPRU 4.3, PPA is required to maintain at all times own funds that are at least equal to its OFR, which is calculated as the highest of:

- The permanent minimum capital requirement ("PMR") (set out in MIFIDPRU 4.4);
- The fixed overheads requirement ("FOR") (set out in MIFIDPRU 4.5);
- The k-factor requirement ("KFR") (set out in MIFIDPRU 4.5).

Own funds requirement		Amount (GBP thousands)
1	PMR	75
2	FOR	10,448
3	KFR (sum of (a), (b) and (c))	558
	a) sum K-AUM, K-CMH and K-ASA	558
	b) sum K-DFT and K-COH	-
	c) sum K-NPR, K-CMG, K-TCD and K-CON	-
	<b>Own funds requirement (higher of 1, 2 and 3)</b>	<b>10,448</b>

The Firm's PMR is determined by its regulatory permission profile which is based on the activities it undertakes.

The Firm's FOR is calculated as one quarter of the previous year fixed expenses based on the most recent audited financial statements.

If there is a material change to projected relevant expenditure during the year this revised FOR is applied.

Under the IFPR regime investment firms are to use quantitative indicators (K-factors) to reflect the potential harm that it can cause to its clients, the markets in which it operates and to itself.

All K-factors may not necessarily apply to any one firm as they are specific to its business activity.

The KFR relevant to the Firm is K-AUM. The remaining K-Factors are not applicable.

In addition, PPA is required to perform an internal assessment through the ICARA to establish if additional own funds and liquid assets are required to support their ongoing operations and/or an orderly wind-down, as prescribed by MIFIDPRU 7. This assessment determines PPA's own funds threshold requirement ("OFTR") and liquid assets threshold requirement ("LATR"). The assessment of own funds and liquid assets against OFTR and LATR, respectively, ensures the full compliance with the OFAR.

PPA maintains own funds and liquid assets which are adequate, both in amount and quality, to ensure it remains financially viable.

The Firm also states and monitors additional internal thresholds over and above the OFTR and the LATR. These additional internal thresholds are determined using a number of stress tests performed on a range of key business and market risks. Any triggers or breaches would be immediately escalated in line with the internal escalation framework.

## 6 Remuneration Policy and Practices

PPA is subject to the FCA's MIFIDPRU Remuneration Code set out in SYSC 19G as a non-SNI MIFIDPRU investment firm subject to the standard remuneration requirements.

### 6.1 Remuneration Policy

PPA has adopted a group-wide Remuneration Policy in conjunction with its immediate parent company, PFL. The Remuneration Policy applies to all staff providing services to PPA and has been designed to account for the following guiding principles:

Principle	Commentary
<b>Service</b>	The firm rewards staff for the value they provide and the impact they have on its clients and its businesses, whilst reflecting the accountability the firm has to its clients.
<b>Expertise</b>	The firm's success is dependent on the expertise and skillsets of its employees. The design of compensation programmes are flexible and segmented to respond to the unique talent profiles and expertise of employees.
<b>Integrity</b>	The Remuneration Policy is designed to drive behaviours that focus on both realising the firm's business strategy and the way in which it is achieved.
<b>Aligned with business strategy</b>	The design and delivery of the Remuneration Policy aligns with the short- and long-term business strategy, objectives, values and interests of the firm, the accounts/funds it manages and the services it provides.
<b>Performance oriented and client centric</b>	<p>The firm's compensation programmes provide distinct recognition and differentiated rewards to its highest performers who consistently achieve superior results.</p> <p>The compensation programmes are results-focused, differentiated, and driven by individual, team and firm wide performance. To support a pay-for-performance orientation, a portion of total compensation for most staff is variable and performance-based. The firm will generally reduce/contract its total variable remuneration where the financial performance of the firm or PGIM Group is subdued or negative.</p>
<b>Market competitive</b>	The firm's compensation programmes are designed to be market competitive, enabling it to attract and retain talent needed to deliver on the firm's strategy.
<b>Risk balanced</b>	Risk mitigation is an essential part of the firm's culture, and compensation programmes. Processes and governance are designed to discourage imprudent risk-taking and appropriately consider risk factors in reward decisions. The input of the firm's Risk Management, Legal, Compliance and Finance functions were sought in developing the Remuneration Policy. Policies and procedures have been adopted to mitigate any potential conflicts that may arise between staff members and the firm, staff members and the funds or other accounts the firms manages and between one fund/account and another.
<b>Aligned with regulatory expectation</b>	The Remuneration Policy is designed to comply with applicable regulations governing remuneration and does not facilitate the avoidance of the requirements contained within those regulations.



## 6.2 Assessing performance

PPA's performance management and annual appraisal process provides a direct link between performance assessment and remuneration outcomes. In assessing performance of the individual, several factors based on both quantitative and qualitative criteria are considered which are specific to the individual's role, including:

- complying with standards of good conduct,
- acting with integrity and in the best interests of clients,
- annual agreed performance objectives set during an appraisal.

In addition, and where relevant, the following factors may also be included: growth of assets under management, Business Unit and fund investment performance, development of business opportunities, meeting of certain environmental, social and governance targets and competency-based factors that are identified in the individual's annual appraisal. Some of these factors will consider adjustments for current and potential risks as well as the cost and quantity of the capital and liquidity required. Serious compliance concerns are also considered when assessing performance.

## 6.3 Providing reward

PPA pays both fixed and variable remuneration to staff. The fixed remuneration paid principally consists of salary which reflect the individual's relevant professional experience and organisational responsibility, and benefits which are aligned to the local market.

PPA aligns employee interests to those of its clients and shareholders via its variable remuneration structures, principally the annual bonus. PPA ensures that the factors to be used in setting bonuses are risk adjusted and take into consideration the business and fund strategy, objectives, values and long-term interests of the firm.

In addition, eligible staff may be rewarded through long-term incentive plans which align compensation with the performance realised and interests of investors in the funds or accounts they manage, or via share awards to align compensation with that of the broader PRU group and its shareholders.

Certain employees may further participate in carried interest and co-investment arrangements which seek to align their interests with those of external investors. In the case of carried interest arrangements, employees would share in the carried interest earned from a fund/product, which is typically calculated as a share of the investment returns once and to the extent that a performance hurdle has been exceeded.

## 6.4 Performance and risk adjustment

PPA ensures that any measurement of performance used as a basis to calculate pools of variable remuneration considers all relevant types of current and future risks, as well as the cost of capital and liquidity that is required in accordance with the ICARA process. The allocation of variable remuneration components within the group considers all types of current and future risks.

In certain circumstances, PPA has the right to apply in-year adjustments, malus or clawback from a current (or ex-) employee. Malus or clawback will be applied in at least the following circumstances:

- If an employee failed to act in accordance with appropriate standards of fitness and propriety; or
- If an employee participated in or was responsible for conduct which resulted in significant losses to the PPA.

In addition, malus will be applied when, as a minimum:

- There is reasonable evidence of employee misbehaviour or material error;
- PPA suffers a material downturn in its financial performance; or
- PPA suffers a material failure of risk management.

Clawback will be applied in cases of fraud or other conduct with intent or severe negligence which led to significant losses.

## **6.5 Guaranteed reward, severance and retention payments**

PPA can provide a guaranteed variable remuneration award in order to attract someone it considers to be important to the business and to be able to compete for talent. This will only be granted in the first full year of service and if PPA has sound regulatory capital.

Severance pay is at PPA's absolute discretion. Any payments related to early termination of contracts will reflect performance achieved over time and will be designed in a way which does not reward failure.

Retention awards may be considered in exceptional circumstances, and where it is consistent with the Firms remuneration policy to promote sound and effective risk management and does not encourage behaviour that may be detrimental to the interests of clients.

## **6.6 Remuneration Governance**

PPA Board has responsibility for setting the remuneration policies. In doing so, the Board considers the incentives the policies create for managing risk, capital and liquidity. The Board also takes into consideration the long-term interests of shareholders, investors and other stakeholders.

To ensure a strong alignment between risk with reward, PPA has further established a Conduct Panel with a mandate to review any conduct, ethics, risk or compliance breaches of staff providing services to PPA. Where the Conduct Panel consider an issue to be of sufficient importance, the PPA Board would consider the impact such issue would have on an individual's reward. This Conduct Panel consist of directors of the PPA Board, together with senior members of the HR, Risk, Compliance and Legal departments.

## **6.7 Material risk takers**

Under the MIFIDPRU Remuneration Code, PPA must report annually on the remuneration policy and practice for employees identified as Material Risk Takers ("MRTs").

MRTs comprise of senior management, those with responsibility for control functions (such as risk and compliance) and risk takers whose professional activities could have a material impact on PGIM Limited's risk profile. MRTs are defined with reference to managerial responsibility to influence the firm's overall risk profile and follow the identification principles set out in the FCA's SYSC 19G handbook.

An annual review of PPA's risk profile is conducted to allow the firm to determine the MRT population and a record is kept by HR and the Board. PPA identified 10 individuals as MRTs for 2024.

## 6.8 Quantitative Disclosure

PPA are required to publish quantitative remuneration information for its MRTs and other staff providing services to the company for the performance year ending 31 December 2024.

All amounts are in millions pounds sterling.

PGIM Private Alternatives (UK) Limited £M	Senior Management	Other MRTs	Other Staff	Total
<b>Total amount of remuneration</b>	<b>5.60</b>	<b>1.67</b>	<b>30.49</b>	<b>37.76</b>
<i>Total Fixed</i>	1.56	0.73	16.74	19.02
<i>Total Variable</i>	4.05	0.94	13.75	18.74

### Notes:

Whilst MRTs and other staff may provide services to multiple regulated and non-regulated entities, PPA has not apportioned the remuneration paid to UK staff between these different entities.

In preparing the quantitative disclosure, PPA has relied upon the exemptions set out in MIFIDPRU 8.6.8R(7) to aggregate and senior management and other material risk taker information and in relation to severance payments to prevent individual identification of a material risk taker.

All severance payments are made in accordance with the MIFIPRU Remuneration Code and PPA's Remuneration Policy which includes complying with PPA's fixed to variable compensation ratios.

Severance payments made to material risk takers in the 2024 performance year did not exceed 22% of an individual's prior-year total compensation.