Border to Coast Pensions Partnership Limited

MIFIDPRU 8 DISCLOSURE

(Based on the audited financial statements as at 31 March 2024)

Contents

1. Introduction

Border to Coast Pensions Partnership Limited (the "**Company**") is authorised and regulated in the UK by the Financial Conduct Authority (the "**FCA**") and is classified as a Collective Portfolio Management Investment Company ("**CPMI**"). The Company is a full-scope Alternative Investment Fund Manager and has permissions to conduct Markets in Financial Instruments Directive ("**MiFID**") activities.

The provisions for public disclosure of the Company's risk management objectives and policies, governance arrangements, own funds and approach to remuneration are set out in MIFIDPRU 8. Under the Investment Firms Prudential Regime ("**IFPR**") and the MIFIDPRU section of the FCA Handbook, the Company is categorised as a non-small and non-interconnected ("**Non-SNI**") investment Company and this document has been produced in order to meet the MIFIDPRU 8 disclosure obligations as applicable to Non-SNI Companies.

The Company does not fall within MIFIDPRU 7.1.4R as the relevant thresholds are not met. As such MIFIDPRU 8.7 (Investment Policy) does not apply to it.

This public disclosure has been prepared on an individual Company basis and is based on the audited financial statements for the year ending 31 March 2024.

2. Governance Arrangements

The Board ("the Board") is collectively responsible for promoting the success of the Company by directing and supervising its affairs with due regard for the interests of its shareholders, customers, employees and other stakeholders. The Board's role is to provide entrepreneurial leadership within a framework of prudent and effective controls which enable the Company to assess and manage risk. The Board sets the Company's strategic aims, values and standards, ensures the necessary financial resources and people are in place for the Company to meet its objectives, reviews executive performance, and ensures the Company understands and meets its obligations to stakeholders.

The Board comprises the Chair, four independent non-executive directors, two non-executive directors who are nominated by the Company's shareholders (the Partner Funds), and two executive directors. The Chair and the executive directors perform senior management functions ("SMF") under the Senior Managers and Certification Regime.

The Company has a Conflicts of Interest Policy which outlines robust arrangements it has put in place to ensure all reasonable steps are taken to prevent potential conflicts of interest from affecting the interests of investors in the authorised contractual scheme (ACS) sub funds and the private market vehicles. The policy ensures that all colleagues, including Board members, pay due regard to customer interests and take steps to identify and manage any actual or potential conflicts fairly and effectively. Colleagues are responsible for reporting any actual or potential conflicts to a named person and each conflict is prevented or managed using a register of interests. If a conflict of interest cannot be managed or prevented, the conflict will be clearly disclosed to the affected customers. A list of all directors' interests is put to the shareholders at the annual general meeting (AGM) and shareholders are responsible for approving any potential conflicts of interest the directors may have.

Subject to MIFIDPRU 8.3.2R, the number of directorships held by each member of the Board are outlined in the table below:

Member	Position	Additional Board roles	Directorships[1]
Chris Hitchen	Non-Executive Director	Chair, Board Member, Risk Committee Member, Remuneration and Nomination Committee	1
Tanya Castell MBE	Independent Non-Executive Director	Chair, Risk Committee Member, Audit Committee	0
Cllr David Coupe	Partner Fund nominated Non-Executive Director	Member, Audit Committee	0
Rachel Elwell	Chief Executive Officer	-	0
Kate Guthrie	Independent Non-Executive Director	Chair, Remuneration and Nomination Committee	0
Richard Hawkins	Independent Non-Executive Director	Member, Risk Committee	1
Cllr John Holtby	Partner Fund nominated Non-Executive Director	Member, Remuneration and Nomination Committee	1
Andrew November	Independent Non-Executive Director	Chair, Audit Committee Member of the Risk Committee	1
Fiona Miller	Deputy Chief Executive Officer	-	0

The Company has established a risk committee under MIFIDPRU 7.3.1. In accordance with this requirement, the Board Risk Committee is chaired by an independent non-executive director. To support its effective operation, the Board has also established four further Board committees: the Board Audit Committee, the Remuneration and Nomination Committee, the Board Risk Escalation Committee, and the Administration Committee.

The Company is fully committed to preventing unlawful and unfair discrimination and values the benefits that a diverse workforce brings to the organisation. The Company maintains a Diversity and Inclusion Policy which is reviewed on an ongoing basis. The Company is pleased to have achieved a good gender balance on its Board and continues to exceed the requirement resulting from the Hampton-Alexander Review that women should make up at least 40% of FTSE company boards.

[1] MIFIDPRU 8.3.2 R 01/01/2022 - The following directorships are not within the scope of MIFIDPRU 8.3.1R(2):
(1) executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives; and
(2) executive and non-executive directorships held within the same group or within an undertaking (including a non-financial sector entity) in which the Company holds a qualifying holding.

3. Risk Management Objectives and Policies

Border to Coast's Risk Management Framework forms an integral part of the processes and decision-making of our Board and Executive. Based on the financial industry's standard 'three lines of defence' model, helping our business functions to identify and manage risks in line with our risk appetite and to take reasonable steps to mitigate those risks that could result in a significant impact to our operations or financial loss or harm to our Partner Funds, or reputational damage to the company.

Governance and culture are fundamental underpins to the risk management framework. The Board and Executive have striven to build a culture that is open and committed to learning when it comes to identifying and managing risk.

Risk management governance structure

The Board has ultimate responsibility for ensuring the adequacy and effectiveness of risk management, and the Board Audit Committee and Board Risk Committee provide regular oversight, challenge and guidance. In addition to assurance provided from internal and outsourced functions, certain third parties provide additional assurance, for example our external auditors KPMG LLP and United Register of Systems, which provides our ISO27001 certification.

The Company's Board seeks to ensure that robust risk management and internal controls are delivered through the risk management framework This framework enables the Board to draw assurance that risks are being appropriately identified and managed within risk appetite, and that risks that may present significant financial loss, harm to our Partner Funds or reputational damage to the company are being minimised.

The framework is built on the principle that the Policy suite, Risk Appetite Framework, and the propositions' governing documents provide the boundaries for risk taking, with each functional business area identifying managing and reporting on the risks they are responsible for.

Assurance is provided to the Board on the effectiveness of the risk management framework and the management of the internal control systems through the following: (1) Each business function performs a twice yearly Risk and Control Self-Assessment (RCSA), (2) Company policies are reviewed and maintained in line with a Board approved Policy Governance Framework, (3) Assurance and review activities undertaken by the Compliance Function, the Risk Management Function, Internal Audit, and external audit where relevant, and (4) On an annual basis the CRO reports to the BRC providing a view of all assurance activities undertaken in the current year and those planned for the forthcoming year.

The Board:

1. Monitors that the design and implementation of the Risk Management Framework is effective in identifying the principal risks relating to the Customer, Company, and Markets, ensuring that a robust assessment of these risks can be performed;

2. Sets and approves annually the risk appetite which forms a main component of its risk strategy, used to provide direction and assistance in key decision making relating to risk, capital, and liquidity management, including business planning, project and resource prioritisation, proposition design, risk management, performance management and external reporting;

3. Ensures that senior management maintains and implements an appropriate suite of risk policies, delivers the business plan, and manages the Company's risk profile within risk appetite

4. Principal Risks

The Executive management team is ultimately responsible for the identification and management of potential harms the company creates. We have identified 12 principal risks which can be categorised into four types of risk:

- Strategic risk; the risk that we are unable to meet our strategic objectives, or that they become misaligned with our mission and values. They are overseen by the Chief Executive Officer, Deputy Chief Executive officer, Chief Risk Officer and the Chief Stakeholder Officer and are presented to the Executive Committee for review and challenge on a quarterly basis
- Investment risk; the risk that the propositions we manage underperform or breach the risk parameters set out in the propositions' governing documentation, and are presented to the Investment Committee for review and challenge on a quarterly basis
- Financial risk; the risk that we maintain insufficient liquid capital and/or financial resources to meet our financial and regulatory obligations, and are presented to the Executive Committee for review and challenge on a quarterly basis
- Operational risk; the risk of loss or missed opportunity resulting from inadequate or failed internal processes, people or systems, or from external events, including legal risk , and are presented to the Executive Risk Committee or Executive Committee for review and challenge on a quarterly basis.

The company's principle risks and how they are mitigated are:

Strategic Risks	Mitigants
1. Strategic plans The risk that our strategy is flawed, or we are unable to execute the strategy and fail to deliver our strategic objectives.	Our strategic plan is developed in collaboration with our Partner Funds and is subject to review and challenge. Progress against the plan is monitored by the Executive and Board.
2. Partner Fund concentration The risk that the viability of individual propositions could be impacted should a particular proposition become over-reliant on a one Partner Fund.	We work closely with our Partner Funds to create and maintain suitable propositions that meet their strategic objectives and are sustainable through the economic cycle.
3. Change management implementation and oversight The risk of not delivering our strategic change programme as we intend, leading to the material failure of our strategy to deliver the benefits of pooling.	We have a robust change methodology in place, supported where relevant by qualified asset transition managers and advisors, to enable us to oversee programme delivery and to manage the associated risks.
4. External political environment The risk that our Partner Funds are impacted by a range of government policy initiatives, from climate change reporting, pooling consultation, Sustainability Disclosure Requirements, to the Good Governance Review and Divestment & Sanctions legislation. We also recognise the additional risks brought about by local government re-organisation and reform, and a range of FCA consultations.	We work closely with our Partner Funds, like-minded asset owners/managers and other third parties to understand the implications of the changing external environment on strategic objectives and how this might change the strategic capabilities required to support our Partner Funds.
5. Climate change The risk that our approach to climate change does not adequately reflect our Partner Funds aims, is inappropriate or inadequate and becomes detrimental to achieving our strategic objectives and supporting our Partner Funds with the challenges they face.	We have well-developed and effective RI Policies, Corporate Governance & Voting Guidelines and a dedicated Climate Change Policy. These cover: how climate risks and opportunities are assessed and integrated within our investment process; engagement with portfolio companies directly, through our partnership with Robeco, via collaborations with other asset owners, and by engaging with policy makers; and how we vote on climate-related issues.

	We also recognise that we face direct climate risks to our organisation. At the operational level, Border to Coast has a low carbon footprint; we have a single office in central Leeds, with electricity sourced from renewables. As a result, our operational emissions are minimal.
Investment Risks	**Mitigants**
6. Partner Fund outcomes The risk that our propositions do not meet our Partner Funds' desired outcomes.	Our propositions are extensively tested prior to launch and reviewed annually to assess their continued appropriateness for Partner Funds' requirements. This is monitored through our Investment Committee, which also oversees ongoing performance of the propositions. Performance reporting is prepared for quarterly review meetings with our Partner Funds.
7. Liquidity The risk that our collective investment vehicles do not hold sufficient liquidity to meet Partner Funds' requests within their required timeframes.	The ACS Prospectus, the Investment Risk Management Policy and the liquidity monitoring framework set out management and oversight arrangements. The proposition design process incorporates an assessment of investment capacity and redemption liquidity risk profile.
Financial Risks	**Mitigants**
8. Credit and liquidity The risk of an adverse impact on the Company's balance sheet due to credit risk exposure and a failure of institutions where company assets are held, or having insufficient resources to meet financial obligations as they fall due.	We hold a prudent level of capital, with a buffer over our minimum regulatory requirements, including those assessed using our ICARA process. Liquidity metrics are monitored against risk limits. Monitoring is via the Executive Committee with oversight by the Board Risk Committee.
Operational Risks	**Mitigants**
9. IT systems availability, cyber threats, and performance The risk that the IT systems operated and relied on by the Company do not operate as intended. This includes modelling the stability, resilience, and capacity of our IT platforms and systems.	We undertake an annual review of our business continuity and disaster recovery plans and consider our operational resilience. We have effective processes in place that comply with ISO 27001 accreditation under the information security standard and require all material outsource providers have this, or an equivalent, accreditation.
10. People: key person availability and dependency The risk that we are unable to recruit and retain the right calibre of people, especially given our base , outside the traditional asset management hubs.	We work with recruitment partners to identify cost-effective approaches to attracting high-calibre candidates. Succession planning, performance review and personal development are integral to a positive colleague journey, with colleague wellbeing being central to our culture. We continuously undertake coordinated capacity and resource management across the company,
11. Outsourcing Our key risk in this area is the third parties to which we have outsourced critical operational functions, fail to deliver agreed services, leading to material operational disruption, a failure to deliver our business objectives and severe reputational damage.	Our outsourcing framework includes monitoring and management of arrangements, with established controls in place, to ensure Partner Funds do not face an increased level of risk due to outsourcing. Third parties are monitored and held to account in regular management and service meetings. Associated risk information is prepared by management and monitored, with governance via our Executive and Board Risk Committee.
12. Regulatory compliance and change The risk of failing to meet requirements and keep pace with the broad and evolving regulatory environment for financial services, and our obligations to certain public sector regulations, through the Company activities, polices, processes and procedures we adopt.	We carefully manage the implementation of regulatory change, which receives Executive and Board committee-level oversight. The Senior Managers and Certification Regime is embedded across the Company, which supports regulatory compliance. The annual compliance monitoring plan reviews adherence to applicable FCA regulatory requirements, and the compliance team oversees adherence to non-UK financial services regulations.

5. Own Funds

Under MIFIDPRU 8.4, the Company discloses:

- 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 Company – see Table 1 below;
- a reconciliation of 1 (above) with the capital in the balance sheet in the audited financial statements of the Company – see Table 2; and
- a description of the main features of the common equity tier 1 instruments, additional tier 1 instruments and tier 2 instruments issued by the Company – see Table 3.

These are presented in the three tables below based on audited figures as at 31 March 2024.

All of the Company's capital resources are held in the form of Common Equity Tier 1 capital; it does not hold any Additional Tier 1 Capital or Tier 2 capital. The Company's **CET1** capital consists of share capital and audited retained earnings.

As at the financial year ending 31 March 2024, the Company complied with the relevant capital regulatory obligations as outlined in the IFPR.

Table 1: Composition of regulatory own funds			
	Item	Amount (£'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**15,955**	
2	**TIER 1 CAPITAL**	**15,955**	
3	**COMMON EQUITY TIER 1 CAPITAL**		
4	Fully paid-up capital instruments	13,000	Page 75 Share Capital
5	Share premium	-	
6	Retained earnings	3,011	Page 61 Statement of Changes in Equity
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	-	
19	CET1: Other capital elements, deductions and adjustments	(56)	Page 70 Intangible assets
20	**ADDITIONAL TIER 1 CAPITAL**	-	
21	Fully paid-up, directly issued capital instruments	-	
22	Share premium	-	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24	Additional Tier 1: Other capital elements, deductions and adjustments	-	
25	**TIER 2 CAPITAL**	-	
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	-	

Table 2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
		Balance sheet as in published/audited financial statements as at 31 March 2024	**Under regulatory scope of consolidation**	**Cross-reference to template OF1**
Assets - *Breakdown by asset classes according to the balance sheet in the audited financial statements*				
1	Intangible	56	N/A	
2	Tangible	361	N/A	
3	Investments		N/A	
4	Debtors – amounts falling due within one year	4,521	N/A	
5	Debtors – amounts falling due over one year	0	N/A	
6	Cash at bank and in hand	22,580	N/A	
	Total Assets	**27,518**	N/A	
Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors: Amounts falling due within one year	11,105	N/A	
	Creditors: Amounts falling due after one year	402	N/A	
	Total Liabilities	**11,507**	N/A	
Shareholders' Equity				
1	Called up share capital	13,000	N/A	
2	Share premium account	-	N/A	
3	Other reserves	-	N/A	
4	Profit and loss account	3,011	N/A	
	Total Shareholders' equity	**16,011**	N/A	

Table 3: Own funds - main features of instruments issued by the Company	
Issuer	Border to Coast Pensions Partnership Limited
Instrument type	Ordinary shares
Amount recognised in regulatory capital (£'000)	13,000
Nominal amount of instrument	£1
Issue price	£1
Redemption price	N/A
Accounting classification	Called up share capital
Original date of issuance	Various (oldest 31 May 2017)
Perpetual or dated	Perpetual
Maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date	N/A
Subsequent call dates, if applicable	N/A
Coupons/dividends	N/A
Fixed or floating dividend/coupon	N/A
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Convertible or non-convertible	N/A
Write-down features	N/A
Link to the terms and conditions of the instrument	N/A
Write-down features	N/A
Link to the terms and conditions of the instrument	N/A

6. Own Funds Requirement

As a non-SNI Company, the Company complies with the provisions contained within MIFIDPRU 4.3.2R by holding the highest of:

1) Its permanent minimum capital requirement (per MIFIDPRU 4.4);

2) Its FOR (per MIFIDPRU 4.5); or

3) Its K-factor Requirement (per MIFIDPRU 4.6).

The only K-factor relevant to the Company's activities is K-AUM. The Company does not expect the other K-Factors to be relevant to its calculations given the Company's current permissions and activities.

Category of requirement	As at FYE 31 March 2024 £'000
Permanent Minimum Requirement	75
Fixed Overheads Requirement	7,495
K-Factor Requirement This is determined solely by the Company's K-AUM. There are no other K- Factors applicable to the Company.	836
Basic Own Funds Requirement (the highest of the three rows above)	7,495

Additionally, the rules to determine the level of the Own Funds Threshold Requirement ("**OFTR**") and the Liquid Assets Threshold Requirement ("**LATR**") mandate that additional amounts may have to be held in the event they are needed to support an orderly wind down, and to reflect the assessment of risks that relate to the Company.

Under MIFIDPRU 8.5.2, the Company discloses its approach to assessing the adequacy of its own funds and liquid assets in accordance with the overall financial adequacy rule ("**OFAR**") in MIFIDPRU 7.4.7R.

Under the IFPR and, in particular MIFIDPRU 7, as a CPMI Company, the Company conducts an ICARA, which serves as the means of assessing the key risks to which the Company is exposed.

The ICARA process builds on a number of capital and liquidity requirements to which the Company is subject:

- as a condition of its authorisation, the Company has appropriate resources;
- the Company is subject to the FCA's Principles for Businesses, one of which (Principle 4) is that it maintains adequate financial resources; and
- the Company is required to meet a Basic Own Funds Requirement and a Basic Liquid Assets Requirement.

The Company uses its ICARA process to identify whether it is complying with the OFAR and, if it is not, to identify what steps it should take to remedy this.

The risk of some material harms can be reduced through proportionate measures other than holding additional financial resources, for example implementing additional internal systems and controls, strengthening governance and oversight processes or changing the manner in which the Company conducts certain business.

However, for other harms identified, it may be that the only realistic option to manage them and to comply with the OFAR is for the Company to hold additional own funds and/or additional liquid assets above its Basic Own Funds Requirement and Basic Liquid Assets Requirement.

The Company has therefore formed a judgement about what is appropriate and proportionate in its particular circumstances, informed by its risk appetite. This has led the Company to conclude that it must hold £8,571k as the Company's OFTR which is the higher figure required under the two assessments, namely risk of harm from ongoing operations and risk of harm from wind-down. Furthermore, the amount determined to be the Company's LATR is £14,050k. The own funds held are £15,955k and the eligible liquid assets are £22,547k, which is sufficient to meet the Company's OFTR and LATR respectively.

The ICARA is an ongoing process to identify the material harms it can potentially create through administering its day to day business, or as a result of significant business change (including changes to strategy or operational environment), and is documented on an annually and approved at the December Board of each year. For the financial year ended 31 March 2024, taking into account the material harms faced and posed by the Company, as well as the stress tests it has conducted, the recovery and wind-down plans it has prepared, and the governance framework it operates, the Company has determined that it satisfies all of its regulatory capital requirements (liquidity) both its OFTR and LATR, and therefore its OFAR, and, as far as the Company can reasonably determine, it will continue to do so on an ongoing basis.

7. Remuneration Policy and Practices

Qualitative Disclosure

Border to Coast's approach to remuneration is one element in the overall colleague proposition, along with culture, purpose and building a learning organisation. This proposition is focused on attracting, motivating and retaining high calibre employees.

Remuneration at Border to Coast simply consists of salary, pension, benefits and a variable pay scheme that was introduced for the financial year 23/24. The scheme is overseen by the Remuneration and Nominations Committee. The scheme is collective in nature, has relatively moderate discretionary payout levels that are subject to achieving performance defined in a balanced scorecard. The scheme has a Risk Adjustment Framework and complies with regulatory requirements and is designed to support appropriate risk taking and conduct, in the interests of the company's customers. There are no long-term incentive schemes or share based awards.

Target salaries for all roles are determined by benchmarking against the market. The aim is to move colleagues towards target salary, based on performance and contribution. Annual salary awards are determined by market conditions, pay bands, affordability and the performance management approach. The performance approach measures colleagues against a balanced set of measures, including objectives, behaviours, strategy, values and the need of stakeholders.

The company governs reward through the Remuneration Policy, overseen by the Remuneration and Nomination Committee. The Remuneration policy sets out core principles for reward, and has been updated to manage variable pay for financial year 23/24. This policy is reviewed on a regular basis, for approval by the Remuneration Committee. PricewaterhouseCoopers LLP provide advice to the Remuneration Committee and have supported the development of remuneration policies and practices.

Border to Coast (HR, Risk and Compliance) have developed frameworks for the identification of AIFM Code Staff and IFPR Material Risk Takers, in line with the criteria published by the FCA. The frameworks are approved by the Remuneration and Nomination Committee. Individuals are identified on an annual basis and include the Board, members of the Executive Committee and other individuals who could have a material impact on the risk profile of Border to Coast. The lists are updated throughout the year where required and the Remuneration and Nomination Committee notified of any changes. The Remuneration and Nomination Committee approves the lists of individuals at least annually.

Quantitative Disclosure

	Staff No	Remuneration £'000	Fixed £'000	Variable £'000	Severance £'000
Senior Management function holders	4	1,047	796	251	
Other material risk takers	16	3,642	2,901	741	
Other	133	10,748	9,568	1,180	
Total	153	15,437	13,265	2,172	

8. Glossary of terms

Abbreviation	Term	Definition
CET1	Common Equity Tier1 Capital	The highest quality of regulatory capital
LATR	Liquid Asset Threshold Requirement	Basic Liquid Asset Requirement plus the higher of the additional liquidity for future outgoings or the cost of winddown
MRT	Material Risk Taker	staff member at a non-SNI MIFIDPRU investment firm whose professional activities have a material impact on the risk profile of the firm or of the assets that the firm manages
Non-SNI MIFIDPRU firm	Non Small and Non-Interconnected firm	FCA classification of an investment firm under MIFIDPRU Handbook
OFAR	Overall Financial Adequacy Rule	A FCA regulatory requirement to hold adequate financial resources (GENPRU 1.2)
OFTR	Own Funds Threshold Requirement	Own assessment of the harms the Company could cause the Customer, Market or Company.
SMF	Senior Management functions	Part of the Senior Managers and Certification Regime.
SNI MIFIDPRU firm	Small and Non-Interconnected firm	FCA classification of an investment firm under MIFIDPRU Handbook