



Border to Coast Pensions Partnership Limited

Joint Committee

Date of Meeting: 25 March 2025

Report Title: Annual Review of Governance Charter

Report Sponsor: Amanda Blacker-Laybourn, Head of Legal and Governance

1 Executive Summary

- 1.1 This report presents the annual review of the Governance Charter (“the Charter”). The document has been updated throughout to ensure clarity and accuracy in alignment with current practices. It is noted that an in-year review might be necessitated by the anticipated announcement of new Government requirements later in 2025.
- 1.2 The Charter sets out the governance of the relationship between Border to Coast and Partner Funds, and between Partner Funds themselves. It is a public document jointly owned by the Board and Partner Funds (in their roles as both investors and shareholders), and it is published on both the Border to Coast and Joint Committee websites. The Charter was last reviewed in Q1 2023; the 2024 review was postponed pending implementation of the new funding model and approval of the 2030 Strategy.
- 1.3 As part of this annual review, the Charter was reviewed by the Company Secretary, Head of CRM, Head of Compliance, Head of Operations, Head of Strategy, Deputy Chief Investment Officer, and Executive Committee. It was then submitted to the Board on 7 March 2025 and has been shared for review by Partner Fund officers. It is now presented for approval by the Joint Committee on the recommendation of the Board.
- 1.4 A summary of the substantive proposed changes is outlined at Section 3. The draft document is attached at Appendix 1.

2 Recommendation

- 2.1 That the Joint Committee approves the Governance Charter.

3 Summary of key changes to the Governance Charter

- 3.1 Wording throughout has been amended to reflect the Company’s maturity.
- 3.2 References to Border to Coast Pensions Partnership Limited (i.e. the legal and regulated entity) have been updated throughout the document to “the Company” and collective references to the Company and Partner Funds have been updated to “the Pool”, which is not a legal or regulated entity.

- 3.3 'Document Control' has been updated to reflect that Partner Fund pension committees do not approve the Governance Charter but rather receive it for information (it is approved by both the Board and the Joint Committee).
- 3.4 Section 1: Introduction
- a) Further details on the legal and regulated entity have been included for clarity.
 - b) The founding principles have been updated as agreed with Partner Funds in 2023.
 - c) Reference to the "implementation and ongoing management of the sub-funds" has been deleted and reference to Partner Funds as "investors" has been amended to "customers" to reflect the move towards wider service provision for Partner Funds.
 - d) The governance structure wording and related diagrams have been updated to improve ease of understanding, given the more common usage of 'senior' rather than 'statutory' Officer, to reflect the second authorised contractual scheme (ACS) for UK Real Estate, and to incorporate new propositions. A new governance structure diagram has been included on Global Real Estate.
- 3.5 Section 2: Border to Coast Strategy
- a) The founding principles have been updated as refreshed by Partner Funds in 2024.
 - b) The section has been updated to refer to the 2030 Strategy.
- 3.6 Section 3: The Role of the Partner Funds as Investors
- a) Wording has been amended to reflect that the individual Administering Authorities (rather than their pension committees) are ultimately responsible and accountable for ensuring that pension liabilities are appropriately funded and can be paid, and these responsibilities are discharged through the pension committees.
 - b) Section 3.1: Governance Structures Supporting the Pension Committees has been updated for clarity, to reflect current practice (including the new Investment and Responsible Investment Officers Operations Groups), and to provide a more logical flow. Definitions of 'Section 151 Officer' and 'Monitoring Officer' have been added. We also highlight the potential creation of an 'LGPS Senior Officer' and consideration of future governance arrangements.
 - c) Section 3.2: Investor Interaction with Border to Coast has been updated to reflect current reporting.
- 3.7 Section 4: The Role of the Partner Funds as Shareholders
- a) Reference has been made to the Procurement Act 2023.
 - b) Reference to the annual 'Strategic Plan' process outlined in the Shareholders' Agreement has been maintained and will be reviewed if/when the Shareholders' Agreement is updated to reflect the new process.
- 3.8 Section 5: Border to Coast's Governance Structure
- a) Section 5.2: The Role of the Border to Coast Management Team has been updated to reflect the current executive governance structure, including the new Climate Change Strategy Committee.

- b) Section 5.4 The Role of the Depositary has been updated to include two additional duties following the launch of the Real Estate propositions:
 - (i) “Undertaking due diligence on direct investments in properties and holding legal title”
 - (ii) “In addition to the duties listed above, and in respect of an unauthorised Alternative Investment Fund such as the Company’s Global Core Real Estate fund, the Depositary’s duties include verifying the title of the general partner entity to non-custody assets and maintaining a record of the other assets (i.e. any assets other than cash and custody assets) for which it is satisfied that the general partner holds title.”

3.9 Appendix I: Terms of Reference of the Border to Coast Joint Committee

- a) The Joint Committee Terms of Reference have been updated in line with the Inter-Authority Agreement executed in March 2023.

3.10 Appendix II: Schedule of Matters Reserved for Decision by the Shareholders has been updated in alignment with the current Shareholders’ Agreement.

3.11 Appendix III: Legal and Regulatory Duties of the Board

- a) The following new paragraph has been added to provide context: “Border to Coast is a full-scope UK Alternative Investment Fund Manager (“AIFM”) and a collective portfolio management investment firm. It manages two authorised contractual schemes (“ACSs”) that are Qualified Investor Schemes (“QISs”). It also operates several Scottish limited partnerships (“SLPs”).”
- b) The FCA Principles for Business have been updated to include Consumer Duty (while noting that the Consumer Duty principle does not apply to the Company as it does not have retail customers).
- c) Wording related to the FCA Conduct Rules has been updated for clarity.

4 Risks

- 4.1 There is a risk that the governance of the relationship between Border to Coast and Partner Funds, and between Partner Funds themselves, is not clearly set out, accessible or understood. This is mitigated by the Charter, which seeks to provide a clear and concise summary of governance arrangements. A robust internal corporate governance framework acts to further strengthen governance arrangements and associated oversight. All documents are reviewed regularly to ensure alignment with strategic, legal and regulatory requirements as well as best practice.

5 Author

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6 March 2025

6 Supporting Documentation

Appendix I: Draft updated Governance Charter (clean)

Important Information

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