

Governance Charter

Border to Coast Pensions Partnership



April 2025

Document Control

Version and Review History

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Governance Approvals

Approved By	Version	Date
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Joint Committee	4.4	25 March 2025

Key Dates

Event	Date
Effective Date	31 March 2025
Next Review Date	31 March 2026

Key Roles – Border to Coast Pensions Partnership Limited

Stakeholder	Role	Status
Company Secretary	Document drafter responsible for the management and amendment process, along with ensuring implementation of the framework	Drafter
CEO, HO CRM	Review ongoing drafts to ensure completeness	Reviewer
HO Legal and Governance	Document owner	Owner
Border to Coast Board	Approve the framework and any material alteration made thereafter	Approver
Border to Coast Colleagues	Informed of framework and manage delivery in practice	Informed

Key Roles – Border to Coast Partner Funds

Stakeholder	Role	Status
Officers Operations Group and Section 151 Officers	Review ongoing drafts to ensure completeness	Reviewer
Joint Committee	Approve the framework and any material alteration made thereafter	Approver
Partner Fund Pension Committees	Informed regarding the framework and any material alteration made thereafter	Informed

Document Contents

1.	Introduction	4
1.1	Purpose of this Document	7
1.2	Application	7
2.	Border to Coast's Strategy.....	7
3.	The Role of the Partner Funds as Investors.....	8
3.1	Governance Structures Supporting the Pension Committees	9
3.2	Investor Interaction with Border to Coast.....	10
4	The Role of the Partner Funds as Shareholders	11
4.1	Shareholder Interaction with Border to Coast.....	12
4.2	Partner Fund Nominated Non-Executive Directors	12
5	Border to Coast's Governance Structure.....	13
5.1	The Role of the Board.....	13
5.2	The Role of the Border to Coast Management Team.....	14
5.3	The Role of the Regulator.....	14
5.4	The Role of the Depositary	15
	Appendix I: Terms of Reference of the Border to Coast Joint Committee	16
	Appendix II: Schedule of Matters Reserved for Decision by the Shareholders.....	17
	Appendix III: Legal and Regulatory Duties of the Board	20

1. Introduction

Border to Coast Pensions Partnership (“the Pool”) was established in 2017 to enable the pooling of assets of certain administering authorities (“Administering Authorities”) of Local Government Pension Scheme (“LGPS”) pension funds (“Partner Funds”).

In order to effect the pooling of assets, in 2017 the Partner Funds incorporated Border to Coast Pensions Partnership Limited (“the Company”) as a private limited company registered in England and Wales (company number 10795539). Since 2018, the Company has been authorised and regulated by the Financial Conduct Authority (“FCA”) as an Alternative Investment Fund Manager (“AIFM”) and operator of collective investment vehicles (FRN 800511). The Company’s registered office address is 5th Floor, Toronto Square, Leeds, England LS1 2HJ.

The Company is wholly owned by the Partner Funds, who are its customers and its shareholders. The following **founding principles**, set out by Partner Funds and updated in 2024, have been reflected in the governance structure:

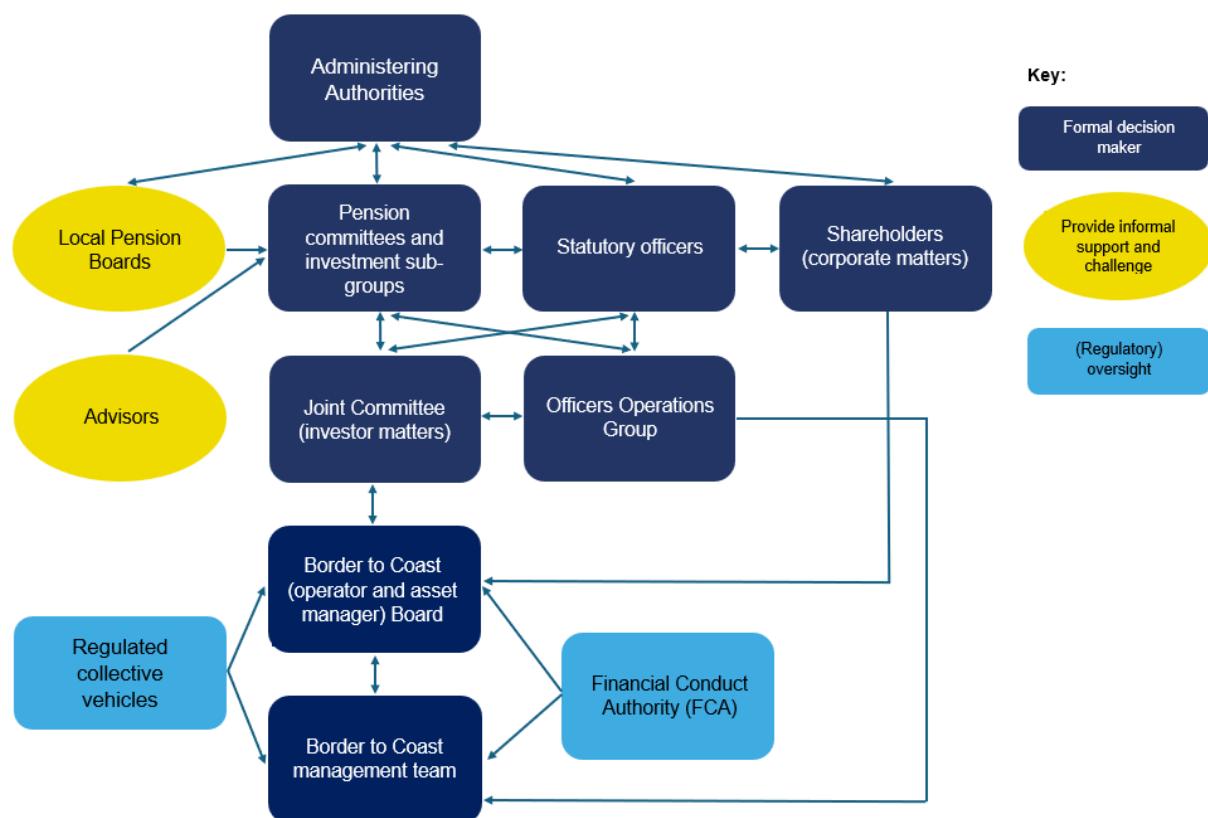
“As a group of equal partners, we commit our assets and collective efforts alongside Border to Coast to responsibly deliver better outcomes for our stakeholders. This will be achieved by all parties involved committing to the following:

1. Deliver central government’s objectives for pooling while seeking to create a future of our own that benefits scheme members and employers.
2. Work together openly as equal partners with a one-team ethos, focused on delivering mutual benefit.
3. Invest responsibly.
4. Respect the sovereignty of individual Partner Funds over strategic asset allocation and deliver effective oversight of the operation of the Company and the wider partnership.
5. Work collaboratively with each other and the Company to achieve the best possible sustainable risk adjusted returns and ensure payment of pension benefits as they fall due.
6. Improve resilience and capacity for partners both through the Company and through our own collective efforts to exploit opportunities to both improve efficiency and effectiveness and learn from each other, sharing good practice nationally and internationally.
7. Deliver investment choices for partners through maintaining and developing the Company’s capacity to manage money internally, through the procurement of external managers, or hybrid solutions.
8. Maintain a shared team with a common culture.
9. Use our collective voice to support both the achievement of our responsible investing goals and to advocate for the positive benefits of collaboration and pooling within the Local Government Pension Scheme.”

Partner Funds oversee the Company’s investment performance and capability on a day-to-day basis via Partner Fund officers and on a quarterly basis via the Joint Committee, which is constituted of elected member representatives from each of the Partner Funds.

Partner Funds oversee the Company's broader performance via Partner Fund senior officers, shareholder representatives from the Administering Authorities of the Partner Funds on an ongoing basis, quarterly through informal shareholder meetings, and formally once a year at its annual general meeting (AGM).

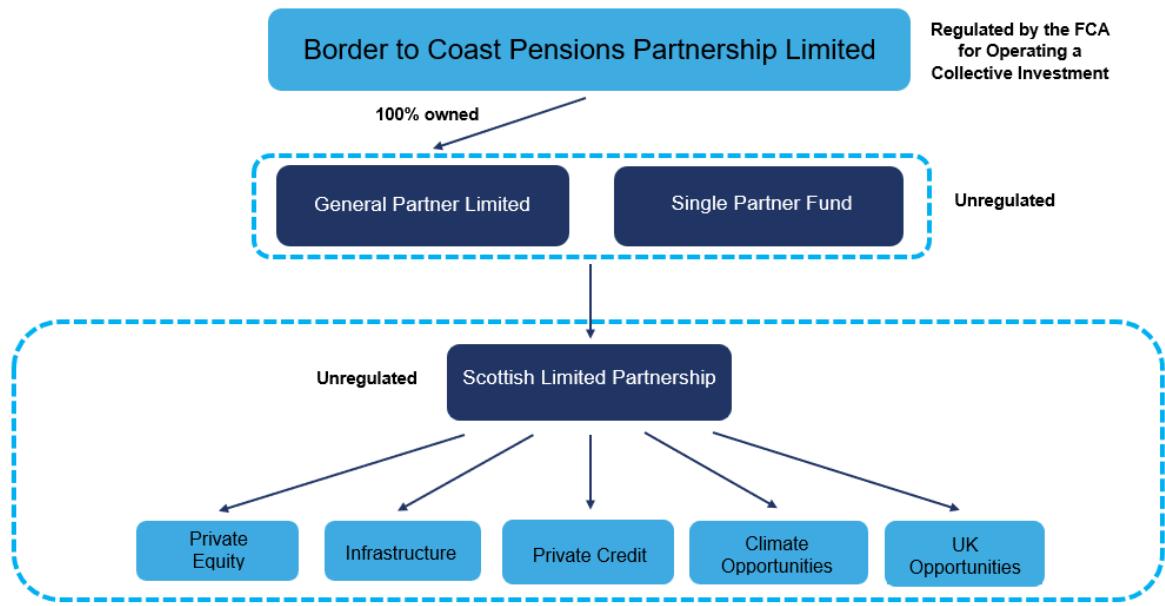
Partner Funds and the Company work collaboratively to build the investment capabilities required to ensure that Partner Funds can efficiently and effectively deliver strategic asset allocations in line with the guiding principles. To hold the Company to account and to meet FCA requirements for a regulated asset manager, the governance structure is designed to ensure sufficient independence between the Partner Funds and the Company, as shown in the diagram below.



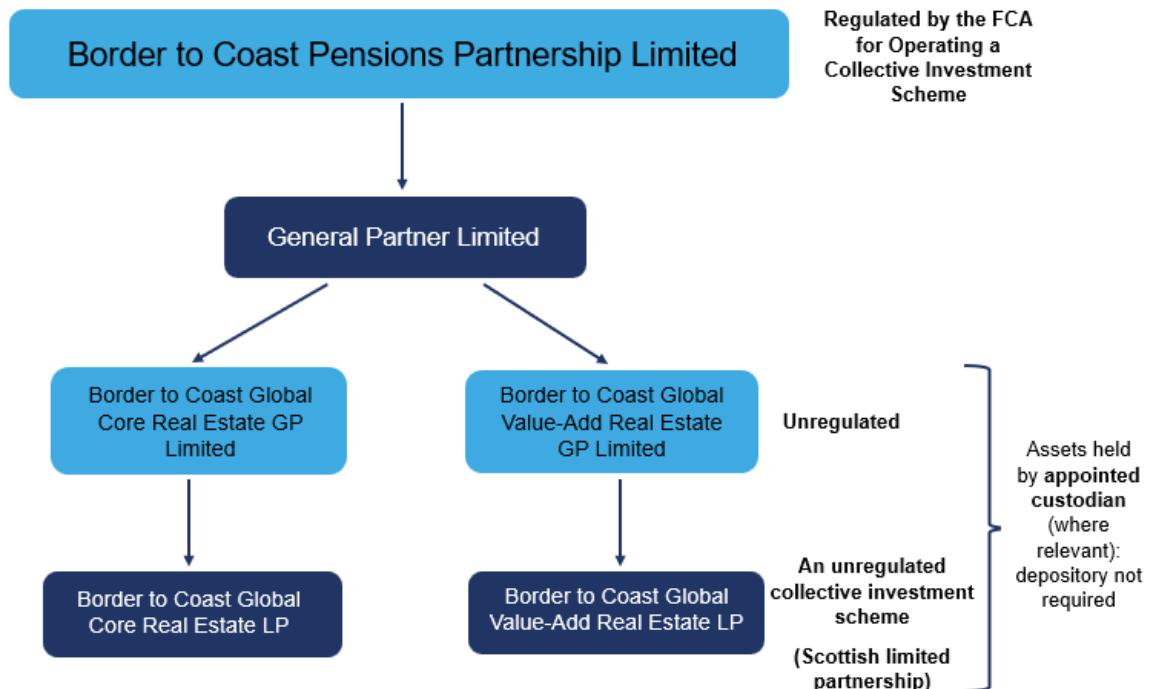
The Company has established two authorised contractual schemes ("ACSs") as collective investment schemes in which Partner Fund assets are held and managed: one for its public market propositions; and one for its UK Real Estate proposition, which launched in 2024.

Separately, the Company has established subsidiary companies for its Alternatives and Global Real Estate propositions. These subsidiary companies act as the general partners for each of the Scottish limited partnerships ("SLPs"), which have been established for the purposes of managing investments using the "portfolio management" FCA permission, with the Company as the appointed AIFM.

For illustration purposes, an example of the Alternatives structure is included below:



For illustration purposes, the Global Real Estate structure is included below:



1.1 Purpose of this Document

This “**Governance Charter**” is intended as a summary of the governance arrangements in place for the Pool, including capturing the structure and roles, responsibilities and authority of the following in relation to the Pool (as operator and asset manager):

- Administering Authorities (section 3)
- Pension Committees (section 3)
- Advisors to Pension Committees (section 3.1)
- Local Pension Boards (section 3.1)
- Joint Committee (section 3.1)
- Officers Operations Group (“OOG”) (section 3.1)
- Statutory Officers (including Section 151 Officers and Monitoring Officers) (section 3.1)
- Shareholders (section 4)
- Border to Coast Board (section 5.1)
- Border to Coast Management Team (sections 3.2, 4.1 and 5.2)
- The FCA (section 5.3)
- Depositary (in respect of regulated collective vehicles such as the ACSs and Global Real Estate) (section 5.4).

The detailed provisions of the governance structure and arrangements can be found in the following core documents:

- Border to Coast Articles of Association (as adopted on 31 March 2023)
- Border to Coast Shareholders’ Agreement (as executed on 1 April 2024)
- Inter Authority Agreement (establishing the Border to Coast Joint Committee) (as amended on 31 March 2023).

Further details are included in the Joint Committee Terms of Reference and OOG Terms of Reference. Additional provisions specific to particular investment sub-funds can be found in each sub-fund’s governing documentation (such as an ACS prospectus).

To the extent that these documents differ from the Governance Charter, the underlying documents should be taken as correct.

1.2 Application

The Governance Charter is applicable to all within the Pool and is published on both the Company’s and Joint Committee’s websites. It is reviewed annually by the Company’s Company Secretary and the OOG and updated as required to reflect any changes in governance arrangements in agreement with the Company’s Board, the Joint Committee and shareholders.

2. Border to Coast’s Strategy

The Company was established by the Partner Funds in 2017 to deliver the overall pooling agenda set out by central Government in 2015. LGPS pooling is intended to provide improved performance and investment outcomes for the participating funds and the Company’s strategic goal and objectives reflect this purpose.

The Company’s aim is to make a difference for the LGPS. This will be achieved by working in partnership for a sustainable and better tomorrow through innovation, expertise, scale and good governance.

In the current strategic phase (to 2030), this is delivered through five strategic pillars: risk, investment, resilience, people, and governance. These are delivered through the development of the necessary strategic capabilities and underpinned by culture and values.

The Company's 2030 Strategy envisages three strands of activity: maintaining the effective and efficient delivery of the original remit; considering how the Company can better support Partner Funds; and ensuring that Partner Funds are placed to take advantage of any future collaboration opportunities.

The Company's Board is responsible for setting the strategic direction and objectives for the Company to inform the annual implementation plan and budget for approval by the shareholders. The Board has delegated the day-to-day management of the Company to the Chief Executive Officer (CEO), who in turn works with Executive to deliver to the Partner Funds (as both investors and shareholders). The responsibilities of the Company's Board and Executive are considered further in section 5.

3. The Role of the Partner Funds as Investors

Each Administering Authority acts as the scheme manager for each pension fund and is responsible for investing and managing LGPS assets, setting employer contribution rates, collecting employer and employee contributions, paying pension benefits as they fall due, and dealing with various other aspects of administration.

Individual Administering Authorities are ultimately responsible and publicly accountable for ensuring that pension liabilities are appropriately funded and can be paid in accordance with LGPS regulations as they fall due. These responsibilities are discharged through the pension committees. Specifically, with respect to investment matters, this includes:

- setting funding and risk management strategies
- formulating investment strategy as set out in the Investment Strategy statement, including the management of cashflow requirements
- developing an approach to responsible investment and maintaining an appropriate policy framework
- complying with regulations which require the pension committee to take advice in determining the fund's investment policy and making investment decisions
- overseeing that asset managers, to whom the delegation of day-to-day investment matters is made, follow the pension committee's policies and that investment strategy is implemented in accordance with the investment strategy statement
- approving and monitoring performance targets for the pension fund.

To enable Partner Funds (as investors) to effectively and efficiently implement investment strategy, the Company, in partnership and working closely with the Partner Funds, is responsible for designing sub-funds with certain risk / return / liquidity characteristics that provide the strategic "building blocks".

Once the design is agreed, the Company becomes the asset manager responsible for tactical matters such as implementation and ongoing management of each proposition, management of internal investment capability, appointment and oversight of external managers, implementation of responsible investment policies (including the corporate governance and voting guidelines and the climate change policy), and tactical asset allocation within risk parameters agreed with the Partner Funds.

Partner Funds are responsible for the review of whether the built proposition meets strategic needs and, reflecting fiduciary duty, the review the Company's capability to deliver the objectives.

Partner Funds then collectively oversee the performance of the Company as described below. To ensure that the Company can effectively be held accountable, it is important there is an appropriate degree of separation of duties between the Company and Partner Funds. The strategies to support this are detailed in this Governance Charter.

3.1 Governance Structures Supporting the Pension Committees

The following groups and individuals support the Partner Fund pension committees in working with and overseeing the Company:

- The **Joint Committee** is the collaborative vehicle through which individual Partner Funds provide collective oversight of the investment performance of the Company. Its remit includes oversight of the pooling of Partner Fund assets.

The Committee is constituted from the 11 Partner Fund pension committee chairs, or an alternate councillor nominated by the Partner Fund, and meets quarterly. The Committee's Chair and Vice Chair are elected by the Committee members on a biennial basis.

Two scheme member representatives attend as non-voting members to make the Committee aware of scheme member views on issues it is considering and to enable feedback to scheme members on its decisions and debates. Scheme member representatives are elected by Partner Fund pension boards, with each board able to nominate one candidate from its scheme member representatives, for periods of three years with no term limits. To be eligible, an individual must be a member of one of the Partner Funds and a scheme member representative on a Partner Fund pension board.

As a Section 102 Committee¹, the Committee has terms of reference (see Appendix I to this Governance Charter) and its meetings are held in public. The Committee does not have any delegated authority and therefore any matters requiring decision must be considered and approved by each Partner Fund pension committee.

South Yorkshire Pensions Authority provides secretariat support to the Committee and Tyne & Wear Pension Fund acts as host authority for all other matters.

- **Officer groups** – the Joint Committee is supported by Administering Authority Section 151 Officers², Monitoring Officers³ and the OOG, which is constituted from 11 designated Partner Fund senior officers⁴. These groups meet to discuss issues and give input to both elected members and the Pool as required. The OOG works collaboratively to carry out due diligence over the Company's investment capabilities. To support this, Investment and Responsible Investment sub-groups of the OOG have been established. The OOG and its respective sub-groups each meet quarterly, part attended by representatives of the Company and part in closed session.
- **Local Pension Boards** – In line with their role in other administrative and governance matters, the local pension boards provide support and challenge to Partner Fund pension committee decisions and decision-making process in relevant investment areas and aim to ensure appropriate governance is in place to provide effective monitoring.

¹ A Committee established under section 102(1) of the Local Government Act 1972 (LGA), which permits local authorities to discharge their functions through committees.

² Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Section 151 Officer, also known as a Chief Financial Officer (CFO), to have responsibility for those arrangements.

³ A Monitoring Officer is the statutory officer responsible for the legal governance of a local authority in much the same way that a Section 151 officer is responsible for a council's finances. Most of the role is set out under section 5 of the [Local Government and Housing Act 1989](#).

⁴ In the 'Fit for the Future' consultation, the Government suggests the creation of a 'LGPS Senior Officer'. If progressed, consideration of this new role will be considered in future Governance arrangements.

- **Advisors** – Regulations require that pension funds take professional advice in respect of investment decisions, and this is generally provided through funds appointing independent investment advisors and/or consultants. They work with the pension committee and officers to provide advice on matters such as how to ensure that strategic asset allocation can be effectively implemented using the propositions available at the Company.

3.2 Investor Interaction with Border to Coast

To enable the appropriate scrutiny of the Company by the Joint Committee and, ultimately, the individual Partner Fund pension committees, the Company has committed to providing the following support and materials, developed in collaboration with the Partner Funds, in addition to reporting required by regulation:

What	To Whom**	Frequency
Reporting		
Fund factsheets	Public	Monthly
Performance reporting (generic and Partner Fund specific)	OOG, Joint Committee, pension committees	Quarterly
Responsible investment reporting, including stewardship and voting reports	Public	Quarterly
Environmental, Social and Governance (ESG) / carbon reporting	OOG	Quarterly
Ongoing engagement		
Operational update emails	OOG	Weekly
CEO newsletter (circulation facilitated by OOG)	All stakeholders	c. 8 pa
Attendance* at meetings of the OOG, and respective sub-groups, by Border to Coast representatives	OOG	Quarterly or as required
Update on progress through longer-term transition to pooling (there are ongoing discussions with officers during this period)	Joint Committee, pension committees	Quarterly
Workshops to discuss Border to Coast investment fund performance	OOG and advisors	Quarterly
Attendance* at Joint Committee meetings by the CEO and Chair (and other representatives as required)	Joint Committee	Quarterly
Membership of Joint Committee (on a co-opted and non-voting basis) of the shareholder nominated non-executive directors	Joint Committee	Quarterly
Attendance* at pension committee meetings by a Border to Coast Customer Relationship Management (CRM) Team member (and others as appropriate)	Pension committees	Quarterly or as required
Facilitation of sessions to enable pension committee advisors to input and challenge	Advisors	Six-monthly
Organisation of an investment conference for all Pool stakeholders	All stakeholders	Annually
Invitation for all pension committees to hold a meeting at Border to Coast's offices to meet the team and receive presentations	Pension committees	Annually or as required
Facilitation of collaborative workshops to enable build of strategic capability, including development of investment capabilities, customer reporting and approach to transition management	OOG and advisors (as appropriate)	Ad hoc (as required)
Provision of due diligence information to support the review by officers and advisors of the launch of new investment sub-funds	OOG and advisors	Ad hoc (as required)

* "Attendance" includes preparation and presentation of ad hoc reports as required.

** OOG includes officers working separately and working parties with attendees nominated by OOG.

To support the Partner Funds, the Company has appointed a Customer Relationship Management (CRM) Team with experience in pensions investment and asset management. Its role is to:

- provide a single point of contact for Partner Funds to access the investment capabilities of the Pool, including access to underlying asset managers
- ensure that Partner Fund requests and requirements are appropriately serviced, including that reporting needs are serviced in line with agreed service level agreements
- support the Partner Funds in meeting their training needs with respect to investment
- understand and represent the Partner Funds in internal Company meetings to ensure that customer needs are reflected in all decision-making processes
- provide a first port of call for the resolution of any concerns or queries.

Whilst we expect most issues will be able to be addressed via day-to-day interactions, there is also a formal complaints procedure which is provided to all investors.

4 The Role of the Partner Funds as Shareholders

Each Partner Fund exercises corporate control and oversight through its Administering Authority's ownership of the Company as an equal shareholder. Each Partner Fund, as a shareholder, owns a single equity voting share, and through the exercise of its voting rights across a range of reserved matters demonstrates its exercise of "significant control" as required under the Procurement Act 2023.

The shareholders' role in the governance of the Company includes approving the Board's appointment of directors, appointing the external auditors, and satisfying themselves that an appropriate governance structure is in place. Shareholders also retain certain rights under a Shareholders' Agreement which was entered into by all shareholders at the time of the Company's incorporation and has since been reviewed and amended as appropriate. These rights include approval of a 'Strategic Plan' (annual budget, cash flow, balance sheet, cost sharing, regulatory capital and liquidity assessments), Company employee pensions provision, admission of new shareholders, and cost sharing. The matters reserved to shareholders are set out in Appendix II.

As noted in the legal advice provided to the Partner Funds by [Eversheds in January 2017](#)⁵, a shareholder representative must be nominated because the Administering Authority cannot physically appear at the Company's shareholder meetings. Further, "such a person is representing the Administering Authority and acting on instructions from the Authority. It does not therefore matter legally whether that person is a member or an officer since no delegated powers are being exercised."

Eversheds also advised that ordinarily conflicts of interest were not expected to arise between the customer and shareholder roles and it was therefore possible in the ordinary course of events for the same representative to hold both shareholder and Joint Committee roles. However, Eversheds did recommend that each Administering Authority may wish to have a conflicts of interest policy in place.

The Company's Board has also invited the Joint Committee to nominate two non-executive directors of the Company, who can broadly be said to provide a shareholder perspective on the operation of the Company on behalf of all Partner Funds (see section 4.2).

⁵ <http://lincolnshire.moderngov.co.uk/documents/s17734/BCPP%20Report%20Appendix%20B.pdf>

4.1 Shareholder Interaction with Border to Coast

Shareholders carry out the duties under the Shareholders' Agreement, typically by written resolution, with advice from the senior officers, Section 151 Officers (where different) and Monitoring Officers as deemed appropriate for each Partner Fund. It should be noted that these written notifications of consent to actions made under the Shareholders' Agreement are to comply with the terms of that Agreement and are not resolutions of the Company made under the Articles of Association which would require shareholder votes in a general meeting or in accordance with the Articles. These regimes operate alongside one another.

In addition, the Company holds an AGM to provide the shareholders with a forum for discussion about its performance against its objectives and to hold directors to account. Where appropriate, the AGM can also provide a forum for discussion regarding future strategic capability build and agreement for changes to the budget to support such developments.

The Company provides the shareholders with such financial information as is necessary to keep each shareholder informed about performance, including quarterly financial information, the annual audited accounts, the outcome of efficiency reviews, and a report on the Company's progress against objectives or milestones in the strategic plan. Strategy meetings take place every six months.

The primary Company contacts for shareholders are the Chair, CEO and Deputy CEO.

4.2 Partner Fund Nominated Non-Executive Directors

The Pool recognises the importance of having diverse voices on the Company's Board. To support this, it has sought to include representation from the Company's shareholders, the Partner Funds. Partner Funds may nominate a total of two individuals as non-executive directors to offer insights and ensure the voice of shareholders and customers are heard in the Board's decision-making process.

These individuals are appointed as directors of the Company and provide expert input based on their knowledge and experience. They do not hold office as representatives of individual Partner Funds and are expected to act in the best interests of the Company.

In January 2018⁶ Partner Funds, via a sub-group of the Joint Committee, considered the implications and mechanics of having such representation on the Board. The sub-group was strongly of the view that any representation on the Board should be drawn from elected members of the Partner Funds and it was made a qualification of retaining a directorship that the Partner Fund directors remained elected members of their Administering Authority.

The Joint Committee commissioned advice regarding the potential conflict of interest in such individuals holding a directorship of the Board, given Administering Authority oversight responsibilities. It was agreed that Joint Committee members who were appointed as a non-executive director of the Company would need to nominate a suitable deputy to the Joint Committee for the term of such an appointment. The Board has also requested that prior to any selection process, the Joint Committee and nominees should satisfy themselves that there are no unacceptable conflicts of interests should a nominee continue their role on the Partner Fund pension committee and join the Company's Board.

⁶[https://meetings.sypensions.org.uk/celistdocuments.aspx?MID=1226&DF=16%2f01%2f2018&A=1&R=0&F=embed&view%20the%20full%20minutes%20text%20for%20item%203.\\$.htm](https://meetings.sypensions.org.uk/celistdocuments.aspx?MID=1226&DF=16%2f01%2f2018&A=1&R=0&F=embed&view%20the%20full%20minutes%20text%20for%20item%203.$.htm)

The Partner Fund non-executive director nomination process takes place via the Joint Committee, which considers applications from nominees evidencing how they meet the role requirements. The Joint Committee will, by exhaustive ballot, nominate for the Board's consideration the candidate they feel is best suited for the role. The Board will carry out its review, in line with FCA requirements for non-executive directors of FCA-regulated entities, before deciding on an appointment and recommending this to the shareholders for approval. The Board reserves the right to not make an appointment or recommend one for approval if it is believed that the nominee does not meet the role profile criteria. Further information regarding this can be found on the [Joint Committee website](#)⁷.

Once the shareholders approve the appointment to the Board, the non-executive director will generally be appointed for a term of three years and may be re-appointed for a second term of three years with the support of the Joint Committee, the Board and the shareholders.

5 Border to Coast's Governance Structure

The Company's Board is committed to maintaining high standards of corporate governance and believes that a sound corporate governance framework enables efficient and effective decision making with clear accountabilities, contributing to achieving the Company's objectives and delivering long-term and sustainable value to its customers and shareholders. The Board's intention is to achieve general adherence to the UK Corporate Governance Code⁸ ("the Code"), cognisant of the Company's size and closed shareholding.

The Board's responsibilities include promoting the long-term sustainable success of the Company, establishing the Company's purpose, values and strategy and satisfying itself that these, and its culture, are aligned. The Board must provide the leadership, and ensure that the necessary resources are in place, to put these objectives into effect; supervising the management of the business; and reporting to shareholders on their stewardship. In addition, the Board should ensure effective engagement with, and encourage participation from, its shareholders and other stakeholders. The Board's actions are subject to laws, regulations and the direction of the shareholders whose role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place.

5.1 The Role of the Board

The Board is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs, having due regard to its shareholders, customers, and other stakeholders as a whole. The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews management performance. The Board sets the Company's values and standards, risk appetite and strategy, and ensures that its obligations to its shareholders, customers and other stakeholders are understood and met.

In carrying out these responsibilities, the Board must have regard to what is appropriate for the Company's business and reputation, the materiality of the financial and other risks to the Company, its customers, the markets and other stakeholders, inherent in the business and the relevant costs and benefits of implementing specific controls.

⁷ <https://meetings.sypensions.org.uk/mgGeneric.aspx?MD=bordertocoast&bcr=1&zTS=D>

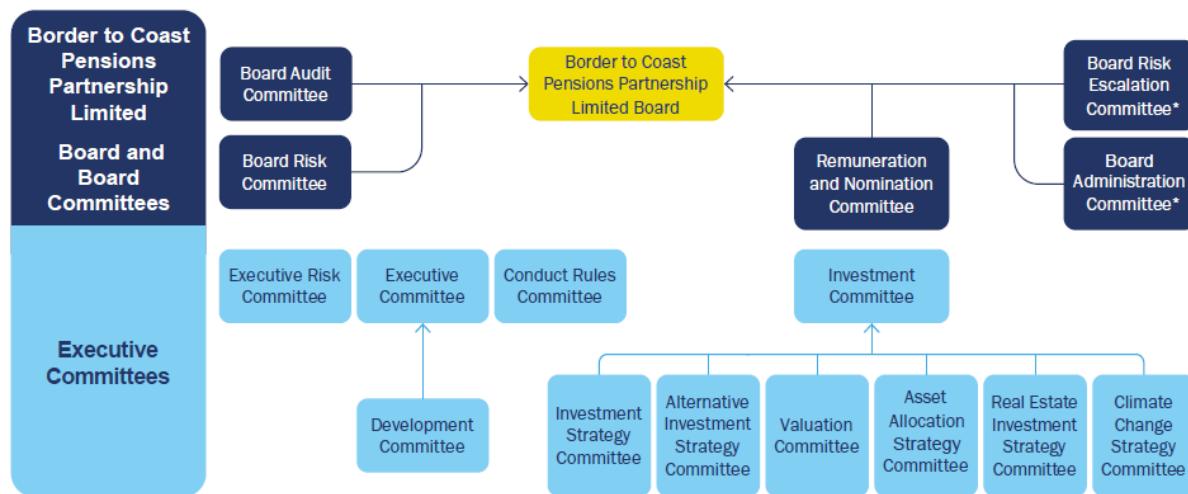
⁸ <https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code/>

The Board should be comprised of suitably skilled and experienced individuals who collectively have sufficient knowledge and understanding of all the Company's markets and propositions to be able to discharge all their responsibilities in an effective, efficient and compliant manner.

5.2 The Role of the Border to Coast Management Team

The Board has delegated to the CEO the management of the Company on a day-to-day basis, subject always to those matters reserved for decision by the Board or its committees.

The CEO has in turn delegated certain responsibilities to specific colleagues. The CEO has also established a number of executive committees to help inform their decision-making and/or to monitor certain activities (note that executive committees hold no delegated authority). The CEO has delegated the management and chairing of certain executive committees to specific colleagues as shown in the governance diagram below.



* The Board Risk Escalation Committee and Board Administration Committee are not standing committees; they are called to meet as business requires.

The CEO reports regularly to the Chair and the Board with appropriate, timely and quality information so that they can discharge their responsibilities effectively. The CEO's specific responsibilities include the following:

- strategy and business planning
- leadership and corporate governance
- people, including colleague pensions
- risk management and controls
- finance
- customer services and conduct risk, including treating customers fairly
- communications and shareholder liaison
- investment management.

5.3 The Role of the Regulator

The Company is approved and regulated by the FCA as an AIFM. This means the Company and its employees must meet certain standards of conduct in the operation of its business as set out in Appendix III. The regulator may carry out investigations if it believes an organisation is not meeting the appropriate standards and it has wide-ranging powers of intervention and sanction.

5.4 The Role of the Depositary

In a regulated collective investment vehicle such as the Company's ACSs, a depositary is appointed to act on behalf of investors. Northern Trust has been appointed as the depositary for both the Company's ACSs and the Global Real Estate propositions. Its duties include:

1. Safeguarding assets of the authorised funds via its custody services or utilising a sub-custodian
 - oversight of manager activities e.g. unit pricing, dealing, portfolio management
 - oversight of how the manager is discharging its responsibilities
 - cash flow / liquidity oversight
 - distributions
 - protecting the best interests of investors
2. Reporting breaches of FCA rules to the FCA (including any due diligence findings).
3. Undertaking due diligence on direct investments in properties and holding legal title.
4. 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.

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

1. The primary purpose of the Joint Committee is to exercise oversight over investment performance of the collective investment vehicles operated by Border to Coast.
2. The Joint Committee will provide effective engagement with the [Administering] Authorities as the investment vehicles are established and ultimately operated by Border to Coast. It will encourage best practice, operate on the basis that all partners have an equal say and promote transparency and accountability to each [Administering] Authority.
3. The remit of the Joint Committee is:
 - 3.1.1. To provide support and guidance to the work being undertaken by the Officer Operations Group.
 - 3.1.2. To consider issues and provide feedback on relevant proposals as they are developed, ensuring effective engagement with the [Administering] Authorities to scrutinise and monitor project management arrangements and proposals for the appointment of advisers by the [Administering] Authorities.
 - 3.1.3. To formulate processes and policies for appointment and termination of membership to the Joint Committee.
 - 3.1.4. To facilitate the adoption by the [Administering] Authorities of relevant contracts and policies.
 - 3.1.5. To review and comment on requests for the creation of investment propositions and to make recommendations to the Border to Coast Board as to the creation of additional investment propositions.
 - 3.1.6. To review and comment from time to time on the range of investment propositions offered and the winding up and transfer of investment propositions.
 - 3.1.7. To formulate and propose any common voting policy for adoption by the [Administering] Authorities and to review and comment on any central policy adopted by Border to Coast.
 - 3.1.8. To formulate and propose any common ESG [environment, social and governance] / RI [responsible investment] policy for adoption by the [Administering] Authorities and to review and comment on any central policy adopted by Border to Coast.
 - 3.1.9. To formulate and propose any common conflicts policy for adoption by the [Administering] Authorities.
 - 3.1.10. To review and comment on each individual [Administering] Authority's high level transition plans for the transfer of assets to the vehicles established and operated by Border to Coast in accordance with the Shared Objectives.
 - 3.1.11. To oversee performance of the vehicles established and operated by Border to Coast as a whole and individual investment propositions by receiving reports from Border to Coast and taking advice from the Officer Operations Group on those reports along with any external investment advice that it deems necessary.
 - 3.1.12. To procure and employ, through an [Administering] Authority, any professional advisor that the Joint Committee deems necessary to secure the proper performance of their duties.

Appendix II: Schedule of Matters Reserved for Decision by the Shareholders

PART A – Matters for approval by all of the Shareholders (unanimous consent required)

1. subject to FCA rules, extend the activities of the Company outside the scope of the Business or close down any operation of the Business;
2. subject to FCA rules, give any guarantee or indemnity outside the ordinary course of the Business to secure the liabilities of any person or assume the obligations of any person (other than a wholly owned subsidiary) (e.g. guaranteeing a lease that does not relate to the Business of the Company);
3. subject to FCA rules and save for any Permitted Contract, enter into or vary any contracts or arrangements with any of the Shareholders or any person with whom any Shareholder is connected (whether as director, consultant, shareholder or otherwise) on terms which could give preferential rights to a specific Shareholder. For the purposes of this paragraph a **“Permitted Contract”** means any advisory or management agreement that puts into effect services to be provided to a Shareholder as a customer of the Company that are approved under the Strategic Plan and, where applicable, the agreement is on materially the same terms that have been agreed with any other Shareholder that is a recipient of the same services;
4. enter into any agreement not in the ordinary course of the Business and/or which is not on an arm's length basis;
5. enter into or vary any agreement for the provision of consultancy, management or other services by any person which will, or is likely to result in, the Company being managed otherwise than by its directors;
6. change the name of the Company;
7. pass a resolution or present a petition to wind up the Company or apply for an administration order or any order having similar effect in a different jurisdiction in relation to the Company unless in any case the Company is at the relevant time unable to pay its debts within the meaning of section 123 Insolvency Act 1986;
8. reduce or cancel any share capital of the Company, purchase its own shares, hold any shares in treasury, allot or agree to allot, whether actually or contingently, any of the share capital of the Company or any security of the Company convertible into share capital, grant any options or other rights to subscribe for or to convert any security into shares of the Company or alter the classification of any part of the share capital of the Company (in each case other than as expressly permitted by this Agreement and/or the Articles where no prior consent shall be required including, without limitation, pursuant to either **clause 4 (Finance & Regulatory Capital)** and/or **clause 16. (Consequences of Breach)** and/or **Article 26** of the Articles (**Issue of Shares and Pre-Emption Rights**));
9. other than as expressly permitted by this Agreement and/or the Articles, redeem or buy any existing Shares or otherwise reorganise the share capital of the Company;
10. admit any person as a member of the Company or an investor in the Border to Coast pool;
11. enter into any partnership, joint venture or profit sharing arrangement with any person (excluding entering into any investment or investment vehicle);

12. Save in the event of a Required Amendment, alter any of the provisions of the Articles or any of the rights attaching to the Shares. For the purposes of this paragraph a "Required Amendment" means any amendment to the Articles that is either (i) required pursuant to a direct request from the FCA; or (ii) the Company has received written advice from its legal advisers that a change to the Articles is required to comply with FCA rules;
13. amalgamate or merge with any other company or business undertaking;
14. sell, lease (as lessor), license (as licensor), transfer or otherwise dispose of any of its material assets otherwise than in the ordinary course of the Business;
15. commence, settle or defend any claim, proceedings or other litigation brought by or against Border to Coast, except (i) in relation to debt collection (not exceeding £500,000) in the ordinary course of the Business and (ii) in relation to any investment related claims or proceedings relevant to the investment sub-funds or other collective investment vehicles established by Border to Coast; or (iii) in respect of non-material claims, proceedings or other litigation which involve actions for losses of less than £1,000,000 or such lower amount as the Company and the Shareholders may determine from time to time;
16. take out any third-party loan(s) in respect of Border to Coast which (in aggregate) exceed the sum of £5,000,000;
17. form any subsidiary of Border to Coast, or acquire any shares in any other company, whether through subscription or transfer, such that the company concerned becomes a subsidiary of Border to Coast other than where such action is taken in accordance with the Strategic Plan;
18. determine the composition, governance arrangements and limits of authority of any and all subsidiaries of Border to Coast in such a way that will not invalidate the continued application to Border to Coast of the "Teckal exemption" codified under Regulation 12 of the Public Contracts Regulations 2015;
19. make any capitalisation, repayment or other distribution of any amount standing to the credit of any reserve of the Company or pay or declare any dividend or other distribution to the Shareholders;
20. register the transfer of Shares on the replacement of any Shareholder as the administering authority of an LGPS fund pursuant to clause 15.1.5 of the Shareholders' Agreement.

PART B – Matters for approval by a Shareholder Majority (66.6%)

1. enter into or materially vary any licence or other similar agreement relating to intellectual property to be licensed to or by the Company which is otherwise than in the ordinary course of the Business;
2. appoint or remove the auditors of the Company;
3. alter the Company's accounting reference date;
4. make any significant change to any of the Company's accounting or reporting practices other than conforming with any changes made to the accounting standards adopted by the Company;
5. any proposal not to table the annual accounts of the Company at the Company's annual general meeting;

6. approve the remuneration policy for any directors from time to time and to assist in the approval of the policy the Company will provide such information to support the Shareholders in exercising their authority with respect to the reserved matter as may be reasonably required and at all times in line with good remuneration disclosure practice in the United Kingdom, including but not limited to the UK Corporate Governance Code, and shall confirm indications of remuneration amounts implied under the policy;
7. establish any pension scheme (i.e. for employees of the Company);
8. incur in any financial year any item or series of items of capital expenditure including finance leases (but excluding operating leases) of more than £5,000,000 (unless provided for in the Strategic Plan);
9. enter into or vary any operating lease either as lessor or lessee, of any plant, property or equipment of a duration exceeding 5 years or involving aggregate premium and annual rental payments in excess of £500,000 (unless provided for in the Strategic Plan or such other amount as the Company and the Shareholders may determine from time);
10. approval of any conflict or potential conflict of interest any director may have which would preclude him or her from being included in the quorum of any meeting of the directors;
11. appointment of the Chair and any director, any alternate director (who is not at the time a director of the Company) and including, for the avoidance of doubt any subsequent Chair in accordance with the Companies Act 2006 or otherwise;
12. removal of any director and, for the avoidance of doubt, the Chair in accordance with the Companies Act 2006 or otherwise; and
13. approving and adopting a Strategic Plan (including the Annual Budget) and/or amending any such Plan.

Appendix III: Legal and Regulatory Duties of the Board

Border to Coast's Regulatory Position

As an asset management company, Border to Coast is authorised and regulated by the Financial Conduct Authority ("FCA").

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").

Border to Coast directors either hold roles which are classified as FCA Senior Management Functions ("SMFs") or are non-executive directors under the FCA's Senior Management and Certification Regime ("SMCR") for regulatory purposes and are required to act in accordance with the principles issued by the FCA.

The FCA requires directors and senior managers to take appropriate practical responsibility for all matters likely to be of interest to the FCA and expects the Board to:

- determine the Company's strategy and risk appetite
- identify and assess risks, implement controls, and monitor how the controls are operating
- have reporting lines that are clear and appropriate, with the extent and limits of delegation made clear to all concerned
- have regard to such generally accepted principles of good governance as it is reasonable to regard as applicable to it.

Further guidance can be found in the [FCA's handbook](#).

The FCA Principles

Border to Coast's directors are responsible for the governance and oversight of the Company in relation to the [12 FCA Principles for Business](#):

1 Integrity	A firm must conduct its business with integrity.
2 Skill, care and diligence	A firm must conduct its business with due skill, care and diligence.
3 Management and control	A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
4 Financial prudence	A firm must maintain adequate financial resources.
5 Market conduct	A firm must observe proper standards of market conduct.
6 Customers' interests	A firm must pay due regard to the interests of its customers and treat them fairly.
7 Communications with clients	A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.
8 Conflicts of interest	A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.

9 Customers: relationships of trust	A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgment.
10 Clients' assets	A firm must arrange adequate protection for clients' assets when it is responsible for them.
11 Relations with regulators	A firm must deal with its regulators in an open and cooperative way, and must disclose to the FCA appropriately anything relating to the firm of which that regulator would reasonably expect notice.
12 Consumer Duty	A firm must act to deliver good outcomes for retail customers. [Note that the Consumer Duty principle does not apply to the Company as it does not have retail customers (Partner Funds are elective professional clients). The Head of Compliance reviews this assessment on annual basis.]

The Company operates its business in accordance with standards outlined above. The Head of Legal and Governance, Company Secretary, Chief Risk Officer and Head of Compliance support the Board in fulfilling its responsibility for the governance and oversight of the Company in relation to the above FCA Principles.

Duties under the Companies Act 2006

The [Companies Act 2006](#) requires a director to display possession of the knowledge, skill and experience that may reasonably be expected of a person carrying out the role. It also codifies the following directors' duties into law:

- to act within powers
- to promote the success of the company
- to exercise independent judgment
- to exercise reasonable care, skill and diligence
- to avoid conflicts of interest
- not to accept benefits from third parties
- to declare interests in proposed transactions or arrangements.

The second duty requires directors to have regard (amongst other matters) to the likely consequences of any decision in the long-term, the interests of employees, the need to foster relationships with customers, suppliers and other stakeholders, the impact of operations on the community and the environment, the desirability of maintaining a reputation for high standards of business conduct, and the need to act fairly as between shareholders. The Government has stated that promoting success means striving for a "long term increase in value".

The 'conflict of interest' provisions require directors to avoid profiting from their position as a director on an opportunistic basis and include not exploiting an opportunity, property or information, even when the company could not take advantage of it.

Individual Conduct Rules and Standards

Directors who hold roles which are classified as SMFs or are Certified are also subject to the [FCA's Individual Conduct Rules](#). As such, they are subject to the following:

- Rule 1: You must act with integrity.
- Rule 2: You must act with due skill, care and diligence.
- Rule 3: You must be open and cooperative with the FCA, the PRA and other regulators.
- Rule 4: You must pay due regard to the interests of customers and treat them fairly.
- Rule 5: You must observe proper standards of market conduct.

Directors who hold certain SMCR Functions / Controlled Functions are also subject to the following additional FCA Conduct Rules:

- SC1: You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively.
- SC2: You must take reasonable steps to ensure that the business of the firm for which you are responsible complies with the relevant requirements and standards of the regulatory system.
- SC3: You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.
- SC4: You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice.

The Nolan Principles: The Seven Principles of Public Life

The Nolan Principles⁹ are the basis of the ethical standards expected of public office holders. This includes people who are elected or appointed to public office and all people appointed to work in public bodies such as the civil service; local government; the police; the courts and probation services; non-departmental public bodies; and health, education, social and care services. The principles also apply to all those in other sectors that deliver public services.

The principles are Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty; and Leadership. The Board expects all representatives of Border to Coast to abide by these principles.

⁹ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>