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Annual MIFIDPRU8 disclosure report

31 December 2023

Introduction

This disclosure report has been prepared by Bordier & Cie (UK) PLC (hereafter referred to as "Bordier UK" or "the company") to meet its regulatory responsibilities set out by the Financial Conduct Authority ('FCA') in the Prudential sourcebook for MiFID Investment Firms ('MIFIDPRU') Chapter 8.

This replaces the previous 'Pillar III' reports, which were in a different required format but served a similar disclosure purpose.

All figures referred to are as at 31 December 2023, the company's year-end date. These MIFIDPRU8 disclosures will be produced annually.

The report is published on Bordier UK's website (www.bordieruk.com/statements-and-risk-warnings/#MIFIDPRU8).

Background to Bordier UK

Bordier UK was founded as Berry Asset Management by Jamie Berry in 1981. It is a specialist investment manager focused on providing investment management services and solutions for private (retail) investors, as well as firms, trusts, charities and City of London livery companies.

In 2001, Bordier UK entered into a strategic alliance with Swiss private bank, Bordier & Cie. Berry Asset Management rebranded as Bordier & Cie (UK) PLC on 1 September 2014. Bordier & Cie currently controls 97.5% of the UK company.

Established in Geneva in 1844, the Bordier Group operates in six countries across three continents. Bordier & Cie is an independent private bank that has been managed by the Bordier family since 1844 *(please note that Bordier UK is not a bank)*. The Bordier Group has assets under management of circa £15.2 billion and is built on solid foundations, with a strong Tier 1 capital ratio ('CET1') of 35.9% as at 31 December 2023. The strength of the Group stands behind Bordier UK.

Bordier UK management and staff work closely with Group colleagues from around the world (and vice-versa), but it is emphasised that Bordier UK is financially and operationally independent of its Swiss parent.

Bordier UK's Board of Directors on 31 December 2023 were:

- Jamie Berry, Executive Chairman
- Jamie MacLeod, Chief Executive Officer
- Grégoire Bordier, Non-Executive Director
- Mark Robinson, Chief Investment Officer
- Ian Heap, Director of Portfolio Management
- Anthony Clewlow, Chief Operating Officer

No executive Board members hold other directorships of organisations with commercial objectives.

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Diversity and equality

Bordier UK is not required to have a formal policy on equality and diversity, as it falls below the legal thresholds relating to turnover and numbers of staff. However, the Board and Senior Managers actively monitor performance in relation to all aspects of equality, diversity and inclusion.

Candidates for employment or promotion will be assessed objectively against the requirements for the job, taking account of any reasonable adjustments that may be required for candidates with a disability. The company will also make reasonable adjustments to its standard working practices to overcome barriers caused by disability.

The company will monitor the ethnic, gender and age composition of the existing workforce and of applicants for jobs (including promotion), and the number of people with disabilities within these groups, and will consider and take any appropriate action to address any problems that may be identified as a result of the monitoring process.

The company cannot discriminate in the selection of employees for recruitment or promotion, but the company may use appropriate lawful methods, including positive action, to address the under-representation of any group that the company identifies. Board membership is determined solely by reference to the individual's skills and competence.

Every employee is required to assist the company to meet its commitment to provide equal opportunities in employment and avoid unlawful discrimination.

Risk management at Bordier UK

The Board of Directors determine the business strategy and risk appetite of the company.

The Board has implemented a risk management framework that recognises all risks that the company faces. Those risks are assessed on an ongoing basis to determine the adequacy and effectiveness of the controls and procedures in place to mitigate those risks.

The outputs from these continuing assessments are reviewed by the Operational Risk Committee of the Board. Issues and exceptions are escalated to the Board, who retain ultimate responsibility for the firm's risks.

Risks are debated at each meeting of the Board as part of the risk mitigation programme, and any new risk that is identified is analysed and managed to reduce the likelihood of it materialising. The Board considers these risk management arrangements to be proportionate and effective for the business.

Bordier UK is also subject to independent review by Compliance consultancy, FMConsult, Bordier Group internal audit, the company's UK auditors (Blick Rothenberg) and the Bordier Group auditors (EY).

The company's overall risk profile is considered low, ensuring that good client outcomes and robust capital resources are at the heart of the company's culture. This has been embedded into the remuneration structure as well as at all levels of the company's corporate governance.

Assessments on the adequacy of the regulatory capital held are made by the Board where risks are considered material. These assessments form part of the annual Internal Capital and Risk Assessment ('ICARA'), which also sets out what capital sums have been provided against each stated risk.

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Operational risk (the risk of loss resulting from people, systems, inadequate or failed internal processes, or from external events) is managed under the Risk Governance Framework and within the Risk Appetite Statement, which defines effective management of operational risk and ensures that there are appropriate, people, processes and technology to mitigate risks. This is the responsibility of the Operational Risk Committee ('ORC'). The ORC meets the company's requirement to have a Risk Committee under MIFIDPRU7.3.1R.

Concentration risk is best characterised as "putting all your eggs in one basket". The company does not hold on its own account any financial instruments that are subject to market fluctuations. The company does not hold currency for hedging purposes. Any foreign currency accumulated through collection of fees and commissions is exchanged on an ad-hoc basis. As at the financial year end, there was very little foreign exchange exposure. The main risk connected to market movements is that of global stockmarket devaluation. Bordier UK consider this to be a business risk.

Liquidity risk is the risk that the company will not have enough cash to meet its obligations as they fall due. The company must consider whether it needs to hold additional liquid assets to fund its ongoing business and ensure it can be wound down in an orderly way. The total amount of liquid assets it requires is known as its *'liquid assets threshold requirement' ('LATR')* and if this minimum amount of liquidity is not met the company will be in breach of threshold conditions. The LATR is based on the company's Fixed Overhead Requirement.

For Bordier UK, the situation at 31 December 2023 was:

Core liquid assets held by Bordier UK	£4,856,000
Liquid assets threshold requirement	£618,000
Surplus over requirement	£4,238,000

Own Funds held by Bordier UK

As part of the MIFIDPRU rules the FCA require that the company undertakes three main calculations to establish what constitute the minimum levels of capital that have to be held (the Own Funds Threshold Requirement or 'OFTR').

- The FCA state a minimum amount of capital a company of this type must hold (which for Bordier UK is £150,000). The is the *Permanent Minimum Capital Requirement ('PMR')* which is set by the FCA.
- The company then has to undertake three calculations to see how much additional capital must be added to the minimum amount.
- Firstly, there is a calculation of additional capital based on average Assets Under Management ('AUM'), and average levels of client money and client assets held over a period of years. These are referred to as *K-Factor calculations*.
- Secondly, the *Fixed Overhead Requirement ('FOR')* is one quarter of the company's previous financial year's annual relevant expenditure after the distribution of profits, taken from the report and accounts.
- Third, the Risk to Firm assessment is based on a systematic assessment by the company of the main risks and concerns faced by the company, with the company allocating additional capital as needed to meet those risks. This assessment forms the core of the ICARA process each year.

The company then takes whichever of those three figures is as its *Own Funds Threshold Requirement ('OFTR')*. The following table shows those calculations for Bordier UK.

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Capital requirements		
1. Permanent minimum capital requirement		£150,000
2. Fixed overhead requirement		£1,855,000
3. Risk to client	K-AUM	£0
	K-CMH	£0
	K-ASA	£0
	K-COH	£0
4. Risk to market	K-DTF	£0
	K-NPR	£0
	K-CMG	£0
	K-TCD	£0
	K-CON	£0
5. Risk to firm		£1,903,0000
6. Orderly wind-down requirement		£816,000
7. Economic downturn		£0
Own funds threshold requirements		£1,903,000

The company's Capital Position on 31 December 2023 can be summarised as shown below.

Capital resources		% age of own funds threshold requirement
Core Tier One	£5,091,000	267.5%
Additional Tier One	£0	
Sum of Tier One Capital	£5,091,000	267.5%
Tier Two	£0	
Total Capital	£5,091,000	267.5%

The company therefore meets the capital requirements set out in the FCA rules.

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Remuneration disclosure

Bordier UK is classed as a non-SNI (small and non-interconnected) MIFIDPRU investment firm, and therefore has to meet the conditions in MIFIDPRU 7.1.4R(1) for reduced disclosure requirements on the basis that the value of the company's on and off-balance sheet items over the preceding four-year period is a rolling average below £300 million, and the company has no trading book assets.

Whilst it is not obliged by the rules to have Remuneration Committee, Bordier UK's remuneration decisions are made by the Remuneration Committee made up of the Executive Chairman, the Senior Non-Executive Director and the Chief Executive Officer. The Remuneration Committee reports to Bordier UK's shareholders.

There are two remuneration schemes operating relevant to the company's Remuneration Policy:

- One includes all staff and is based on the criteria set out in their contract of employment. This offers a base salary and a discretionary performance-related bonus.
- The other is aimed at the most senior levels of staff in the organisation and is based on the performance of the parameters set out in the letter that invites them into the bonus scheme. This scheme offers a base salary and a discretionary performance-related bonus as set out in their contract of employment, with performance measured against parameters agreed by the Remuneration Committee at the start of each bonus period. The decision as to whether to pay any particular employee a bonus under the Bonus Scheme and, if so, the amount of any such bonus to be paid, is at the absolute discretion of the company, but taking into account the performance of the individual, the relevant business area, and the overall results of the company. In assessing individual performance, the company will take into account both financial and non-financial criteria. Payment of a bonus to an employee in one year does not mean that any other employees will necessarily be awarded a bonus in the same year, and it does not mean that the employee will necessarily be given a bonus for future years.

Some staff have also contractual bonus arrangements, which are agreed upon offer of employment. These are usually performance related and are often only payable after completion of one-years service with the company, however terms vary depending on the individual contract of employment.

All bonus schemes allow payments to be deferred until most risks relating to the performance have crystallised or become clearer, and for payments to be clawed back if issues are identified in the future. Neither scheme allows the level of performance related "variable" pay to exceed the fixed ("salary") payments.

Staff are classed by the FCA rules as either "Material Risk Takers" ('MRTs'), whose actions could materially impact the risk profile of the company, and all other staff.

Aggregate remuneration of staff

	Total remuneration
Material Risk Takers	£2,318,929
Others	£1,237,235

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Aggregate quantitative information on remuneration for Material Risk Takers

Number in category	14
Number of individuals receiving more than €1 million	None
Total	£2,318,929
Variable to Fixed Pay Ratio	21.3% variable / 78.7% fixed

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Appendix 1 - Reconciliation to Bordier UK balance sheet

Own Funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements as at 31 December 2023			
	Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to table on page 4
Assets - breakdown by asset classes according to the balance sheet in the audited financial statements			
1. Tangible Fixed Assets	£48,000		
2. Trade Receivables falling due in one year	£197,000		
3. Other receivables	£334,000		
4. Prepayments and Accrued Income	£1,010,000		
5. Deferred Tax	£129,000		
6. Debtors due after one year	£72,000		
7. Cash and cash equivalents	£4,856,000		
Total assets	£6,646,000		
Liabilities - breakdown by liability classes according to the balance sheet in the audited financial statements			
1. Trade payables	£101,000		
2. Taxes and social security costs	£118,000		
3. Other payables	£24,000		
4. Accruals and deferred income	£1,009,000		
5. Accruals and deferred income due after one year	£176,000		
6. Provision for dilapidations	£127,000		
Total liabilities	£1,555,000		
Shareholders' equity			
1. Allotted, called up and fully paid Ordinary Shares of £1 each	£71,000		
2. Profit and Loss account	£4,818,000		
3. Share Premium account	£200,000		
4. Capital Redemption reserve	£2,000		
Total shareholders' equity including liabilities	£5,091,000		See table on page 4