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Pillar 3 Disclosure

Bordier & Cie (UK) PLC (hereafter referred to as "Bordier UK" or "the firm") is a specialist investment manager that provides discretionary portfolio management services to private investors and trustees, and Bordier Wealth Planning offers a comprehensive wealth planning service. The firm is authorised and regulated by the Financial Conduct Authority (the "FCA").

Under the FCA's Prudential Sourcebook for Investment Firms ("IFPRU"), Bordier UK was (on 31 December 2021) an IFPRU €125k Limited Licence firm and therefore subject to the Capital Requirements Directive ("CRD"), and the detailed regulations set out in the Capital Requirements Regulation ("CRR"). The firm does not trade on its own account, and it is not required to prepare consolidated reporting as it has no UK Consolidation Group for UK regulatory purposes.

In accordance with the disclosure requirements under Part 8 of the CRR, the firm will make these disclosures annually on this website and in conjunction with its statutory accounts. These disclosures relate to the position on 31 December 2021.

Risk Management Objectives and Policies (CRR – Article 435)

The Board of Directors determine the business strategy and risk appetite of the firm. Board membership is determined solely by reference to the individual's skills and competence.

The Board has implemented a risk management framework that recognises all risks that the firm 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 and exceptions are referred to the Board itself. Issues 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.

The firm's overall risk profile is considered low, ensuring that good client outcomes and robust capital resources are at the heart of the firm's culture. This has been embedded into the remuneration structure as well as at all levels of the firm'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 Adequacy Assessment Process (ICAAP).

Operational Risk

Operational risk is the risk of loss resulting from people, systems, inadequate or failed internal processes, or from external events (including legal risk but excluding strategic and reputational risk).

Operational risk 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.

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Credit Risk

Credit risk is the risk of default from counterparties or clients for deposits, loans, commitments, securities, and other assets where the realisation of the value of the asset is dependent on their ability to perform.

Counterparty Credit Risk

Counterparty credit risk applies in relation to an exposure to a counterparty in a derivative contract on the firm's trading book position. As Bordier UK has no trading book, there is no exposure calculated in relation to this.

Market Risk

Market risk is the risk to a firm's financial condition arising as a result of adverse movements in the markets, such as bond prices, foreign currency exchange rates, interest rates and equity and commodity prices. The company does not hold any financial instruments subject to market fluctuations on its own account. 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 stock market devaluation. Bordier UK consider this to be a business risk.

Own Funds

The firm is required to disclose the make-up of its own funds as used in the calculation of its compliance with the CRR. The following sets out the components of the firm's own funds:

	£000s
Common Equity Tier One Capital	
Fully paid Ordinary issued Share Capital	72
Audited Profit and Loss Account and other reserves	4,312
Total	4,384
Tier Two Capital	
Long-term sub-ordinated debt	0
Own funds	4,384

Capital Requirements

The firm is required to calculate its Pillar 1 capital calculation in accordance with the CRR. Pillar 1 is a calculation which is expressed as a percentage.

The common denominator is known as the Total Risk Exposure Amount ("TREA"), which is the higher of:

- Bordier UK's Base Capital Requirement (€125,000 or £104,954); or
- Bordier UK's Variable Capital Requirement ("VCR"). The VCR consists of the higher of the total of the Credit Risk Capital component plus the Market Risk capital requirement, or the Fixed Overhead Requirement ("FOR").

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As shown in the Company's quarterly FCA returns, the FOR (£1,513,826 multiplied by 12.5) is the largest number. This is reflected in the results outlined below.

Under CRD IV the capital requirement for each risk category is generally multiplied by 12.5 to create the TREA (£18,922,826). The firm then compares this TREA against the level of resources held.

There are three ratios that need to be complied with:

Ratio	FCA Minimum Requirement	Bordier UK Actual
Core Tier One Equity Capital	4.5%	23.17%
Tier One Ratio	6%	23.17%
Total Capital Ratio	8%	23.17%

Bordier UK therefore meets the requirements of the FCA CRD IV Rules.

In addition, based upon its risk assessment, the firm challenges the robustness of the capital to meet its budgeted and projected requirements over the next 3 years, as well as certain stress and scenarios envisaged as material as defined by the firm's risk assessment. These stress tests and scenarios are developed by the Operational Risk Committee and challenged by both the Board and senior management.

Remuneration Disclosure

The FCA expects firms to make disclosures regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on its risk profile, as follows:

a. Information concerning the decision-making process used to determine remuneration policies;
b. Information on the link between pay and performance;
c. Aggregate quantitative remuneration, by business area; and
d. Aggregate quantitative remuneration data broken down by reference to senior management and other staff whose actions have a material impact on the risk profile of the firm.

These requirements are set out in the FCA Remuneration Code. There are 3 tiers of firm within the Remuneration Code - Bordier UK is a Tier 3 firm, which is the lowest tier in terms of size, nature and scale of activities.

Bordier UK's remuneration decisions are made by the Remuneration Committee (made up of the Chairman, the Senior Non-Executive Director and the Chief Executive Officer), which reports to Bordier UK's shareholders.

There are two remuneration schemes operating relevant to the firm'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.

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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 1 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.

Aggregate remuneration of staff in respect of whom disclosure is required by business

	Total Remuneration
Wealth Management Business	£2,556,560.91

Aggregate quantitative information on remuneration, broken down by Directors and other members of staff whose actions have a material impact on the risk profile of the firm

	Totals
Number in category	13
Number of individuals receiving more than €1 million	None
Total	£1,843,350.50
Variable to Fixed Pay Ratio	26.9%

During 2021, ten employees received the second half of a bonus earned in 2019, totalling £205,916.50. In addition, ten employees were paid the first half of a bonus earned in 2020, totalling £208,010. These deferred remuneration payments are included in the totals shown above.

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