LPP
Local Pensions Partnership Investments

MIFIDPRU Disclosures

to 31 March 2022

Published December 2022

Contents

Introduction

Local Pensions Partnership Investments (“LPPI”) is authorised and regulated by the Financial Conduct Authority (the “FCA”). LPPI is a UK domiciled discretionary investment manager to professional clients. LPPI is a full scope Alternative Investment Fund Manager (“AIFM”) and categorised as a Collective Portfolio Management Investment (“CPMI”) firm by the FCA for capital purposes.

This document provides LPPI’s required annual disclosures on risk management, own funds, governance, and remuneration as at 31 March 2022; fulfilling LPPI’s obligation under MIFIDPRU 8 in the FCA's Prudential Source book for MIFID Investment Firms. The FCA’s MIFIDPRU regulation was introduced on 1 January 2022. LPPI reports on an unconsolidated basis.

LPPI is permitted to omit required disclosures if we believe that the information is immaterial, such that omission would be unlikely to change or influence the decision of a reader relying on that information. In addition, we may omit required disclosures where we believe that the information is regarded as proprietary or confidential. In our view, proprietary information is that which, if it were shared, would undermine our competitive position. Information is considered to be confidential where there are obligations binding us to confidentiality with our customers, suppliers, and counterparties.

LPPI has made no omissions of information on the grounds that it is immaterial, proprietary, or confidential.

Up until 31 December 2021, LPPI was a BIPRU Firm on the basis that it is a firm authorised to provide execution of orders on behalf of clients and/or portfolio management (may also receive and transmit orders and/or provide investment advice, but not other MIFID investment services and activities) without holding client money and securities and it does not provide the ancillary services.

As a BIPRU firm, LPPI was not subject to CRD IV and is subject to Capital Adequacy Directive (2006/49/EC).

From 1 January 2022, under the FCA's MIFIDPRU regulation investment firms are categorised as either 'small and non-interconnected' (SNI) or non-SNI, LPPI is a non-SNI MIFIDPRU investment firm. Additionally, LPPI is a CPMI on the basis that LPPI is an AIFM investment firm with a Part4A permission for managing investments.

As a CPMI, LPPI is also subject to the requirements set out in IPRU(INV)11 which, inter alia, set out the requirements of the Alternative Investment Fund Managers Directive (“AIFMD”).

LPPI is part of the Local Pensions Partnership group (“LPP”), which includes the pension administration business, Local Pensions Partnership Administration (“LPPA”).

1. Risk Management

1.1 Risk management framework

The LPPI Board ("the Board") controls and monitors risk through the application of a risk governance framework, and through setting risk appetite and limits for the principal risks across a number of strategic objectives and critical success factors, and through the control of the risk profile. These are determined as part of the Internal Capital Adequacy and Risk Assessment ("ICARA") process.

LPPI adopts an enterprise-wide perspective on risk facilitated through commitment to a strong risk culture. LPPI's ambition is to protect its obligations to clients and treat them fairly, whilst making better risk-return based business decisions resulting from a balanced awareness of the opportunities and threats; only taking risks it has the capability to understand and manage.

LPPI achieves this by linking the business's strategic objectives and approach to risk management through to the key business processes. This approach is supported by:

- The ability to understand and frame decisions in the context of its strategy and appetite for taking risks.
- The understanding of the environment in which it operates and makes decisions, including the culture and information flows that support those decisions.
- Understanding that once a risk is taken, it needs managing in a way that acknowledges not all decisions to take risk result in positive outcomes. Some risks will crystallise, and LPPI needs to accept this as a possible outcome. LPPI needs to know about them in a timely manner so it can react and protect the business, either now or in the future.
- How decision making is influenced, including how risk and return are measured.
- How people are incentivised.

1.2 Business strategy and risk appetite statements

As part of the strategic planning process, the Chief Risk Officer ("CRO") leads the ICARA process that supports the understanding of the amount of capital required to support the objectives within the plan on a forward-looking basis. The process includes:

- Considering and assessing the key risks as recorded through use of the LPPI's risk registers and identified in the strategic planning process.
- Determining appropriate scenarios and the key risks to determine which risks could cause LPPI to incur losses within that stressed scenario, and project capital requirements to identify the maximum capital impacts.
- Identifying credible management actions that could be taken to mitigate the stress impacts and the capital requirements that may arise in the scenario after such actions.
- Additionally, determining the capital required should LPPI face such an event that would lead to its orderly wind down.

Understanding the capital implications of strategic proposals and informed by stress and scenario testing, the Board defines factors critical for the successful delivery of the plan and statements of risk appetite in achieving these ambitions. These factors and statements are converted into metrics to which risk limits are established to articulate the framework and acceptable bounds within which management can operate and escalate to ensure the safe delivery of the plan.

1.3 Identification of new and emerging risks, and monitoring of existing risks

The monitoring of existing risks and identification of new and emerging risks is considered in a range of ways, including:

- Formal senior management and governance meetings.
- Through ongoing incident management and reporting.
- The Risk and Control Self-Assessment.
- Ad hoc Risk, Compliance and/or Internal Audit reviews.
- By LPPI's risk culture whereby managers and staff are encouraged to report to the Risk Function any change to a risk or any new or emerging risks.

1.4 ICARA risk categories

LPPI considers the following as key risks to its business within its ICARA capital assessment:

Market Risk

The risk of volatility in LPPI's income and/or balance sheet as a result of changes in values of the assets managed by LPPI. The exposure to market risk arises from:

- Investments held or managed on behalf of clients.
- Assets held on the corporate balance sheet.

Counterparty Default Risk

The risk that a party may fail to fulfil its obligations. Within the funds managed by LPPI due to adverse performance that reduces the investment fee income to LPPI; on the corporate balance sheet, LPPI holds cash with banks and other third parties, whose default could give rise to a direct loss to the balance sheet.

Liquidity Risk

The risk that assets on the balance sheet are invested in such a way that LPPI is unable to meet its obligations in a timely manner without incurring excessive cost.

Concentration Risk

The risk of material loss resulting from the adverse movement in value, or failure of, a risk exposure. This concentration risk may arise in one of the funds resulting in a loss in fee income from the associated adverse impact on performance, or on the corporate balance sheet.

Pension Obligation

The risk of a decrease in pension scheme funding position on an accounting basis which adversely impacts LPPI's balance sheet and in turn capital adequacy as defined by the FCA Prudential Sourcebook.

Operational Risk

The risk of loss arising from inadequate or failed internal processes, from personnel or systems, or from external events.

Business Risk

The risk arising from exposure to factors or events connected with our business which, if allowed to crystallise, could materially reduce revenue, or increase expenses.

2. Governance

2.1 The Committees

The Board provides oversight of LPPI and is authorised to exercise all the necessary powers within applicable legislation and the provisions of its articles of association, including meeting the requirements of SYSC4.3A.1R. The following section provides a high-level summary of the governance committees in operation.

Board

The Board determines the strategy for the business taking account of the potential risks and mitigating actions. In doing this, the Board sets out its expectations for LPPI's governance arrangements including segregation of duties and management of conflicts of interest, attitude to risk and statements about its appetite for taking these risks. The Board sets these expectations with due regard to ensuring effective and prudent management and promoting market integrity and clients' interests.

The Board delegates day-to-day operational management of the business to the Chief Executive Officer ("CEO"), who is supported by a team of senior managers forming the Management Committee.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is at group level committee which provides support to both LPPI and LPPA. It provides oversight of recruitment, retention, training, performance, and reward. This includes the maintenance of the appropriate skills and competence mix to meet the strategic aims of the organisation.

Audit and Risk Committee

The Audit and Risk Committee provides oversight of the statutory financial reporting process and the operational control environment. In addition, it recommends the risk strategy, risk appetite and risk limit framework that should operate across LPPI and oversees the ICARA process.

Management Committee (executive)

The Management Committee is the senior management body that oversees and co-ordinates day-to-day management of activities across the business. The CRO is a member of the Management Committee and has a direct reporting line to the CEO.

Investment Committee (executive)

The Investment Committee has delegated authority from the Board to carry out specific duties such as to determine capital allocation to sub-advisors (internal and external), approve sub-advisory mandates (internal and external), approve new investment proposals (purchases and sales), and portfolio construction. The Committee provides both client and fund investment management.

Funds Launch and Product Governance Committee (executive)

The Funds Launch and Product Governance Committee oversees the systems and controls required for the design, approval, marketing, and ongoing management of investment products and approves material new product developments subject to appropriate risk assessment.

Fair Value Pricing Committee (executive)

The Fair Value Pricing Committee recommends and monitors compliance with the Valuation Policy, approves and monitors third party valuation providers and models (internal and external), approves valuation models, and acts as the escalation point for valuation issues. Additionally, the Committee acts as the independent reviewer of proposed valuations for certain groups of assets.

Other executive committees / fora

In addition to the above committees, LPPI also has a number of other fora, such as the Management Forum, which, whilst not formal governance bodies, have been set up to enable the senior management to exercise effective governance, communication and decision making.

2.2 Segregation of Duties

The Board requires LPPI to operate a three lines of defence risk management model. The three lines of defence model is a way of apportioning and being transparent about roles and responsibilities. It provides a separation of origination and day-to-day management of risk - from advice, oversight, and challenge - both being separate from the provision of independent assurance. The benefit of the model is that it provides a way of ensuring decisions are made with independent opinion providing balance to any potential behavioural bias created by incentives or emotions associated with the origination of risks for which we aim to make a return.

The 'First Line' includes the business operating areas which have prime responsibility for:

- Delivering actual performance aligned with the plan.
- Making day-to-day decisions for the management of risks within the risk management framework.
- Complying with policies and risk appetite and limits.

The 'Second Line' consists of the Risk and Compliance Functions which:

- Develop the risk frameworks with the Board and its Committees within which the strategy is delivered.
- Provide information (including to the first line to enable first line responsibility), insight, advice, support, and independent views to decision making.
- Advise the Board on forward looking assessment of threats and opportunities.
- Monitor compliance with the framework approved by the Board.

The 'Third Line' consists of the Internal Audit Function and External Auditors which provide:

- Independent assurance on the overall systems of internal control.
- Independent view of the associated culture towards the operation of the control environment.

2.3 Conflicts of Interest

Identifying and managing conflicts of interest is central to the duty of care LPPI owes to its clients. LPPI uses all reasonable endeavours to identify conflicts of interest and takes steps to either avoid or manage them effectively.

LPPI is committed to a strong culture of managing conflicts of interests, supported by a range of processes and policies. All staff are provided with training to ensure awareness and understanding of how conflicts could arise and to enable staff to identify, report and adequately manage such conflicts.

Steps taken to manage actual and potential conflicts include:

- Procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients.
- The separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict.
- The removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities.
- Reporting lines which limit or prevent any person from exercising inappropriate influence over the way in which a person carries out their responsibilities.
- All employees are required to identify and disclose any personal associations that may give rise to an actual or perceived conflict of interest.
- Internal guidance and training on how to identify, prevent and/or manage potential and actual conflicts of interest.

2.4 Directorships

As part of its governance process, LPPI maintains a record of the number of directorships (executive and non-executive) held by each member of the LPPI Board. The following directorships are outside the scope of this disclosure requirement and are therefore not disclosed:

- Executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives.
- Executive and non-executive directorships held within the same group or within an undertaking (including a non-financial sector entity) in which the firm holds a qualifying holding.

The table below sets out the number of directorships (executive and non-executive) held by each member of the LPPI Board.

Name of Director	Executive directorships	Non-Executive directorships
Margaret Ammon	Legal and General (Unit Trust Managers) Limited	None
Sally Bridgeland	Bridgeland Advisory Limited	Regent Bidco Limited Royal and Sun Alliance Insurance Limited RSA Insurance Group Limited Pension Insurance Corporation plc Impax Asset Management Limited Impax Asset Management (AIFM) Limited Impax Asset Management Group plc Royal London Mutual Insurance Society Limited
Malcolm Cooper	None	Southern Water Services Limited MORhomes plc Morgan Sindall plc Custodian REIT plc
Sarah Laessig	None	United Trust Bank Limited Nest
Tom Richardson	None	None
Chris Rule	None	None
Adrian Taylor	None	None
Richard Tomlinson	None	None
Martin Tully	BT Pension Scheme Management Limited Park End Advisory Ltd	None

2.5 Diversity

The LPPI Board comprises four executive directors and five non-executive directors. Both the LPP and LPPI Boards have female Chairs. Gender diversity is balanced across the non-executive population and two new directors were appointed to the LPPI Board in September 2021; Margaret Ammon, and Malcolm Cooper.

Creating a diverse and inclusive workplace sits at the heart of LPPI's Business Plan. A set of objectives has been agreed by the LPPI Board and progress is monitored by the Chief People and Culture Officer. An example objective is to increase female representation at senior levels and implement targeted development plans to strengthen diversity on the succession pipeline for Management Committee positions.

Turning to ethnic diversity, LPPI has participated for a second year in the 10,000 Black Interns programme, taking three interns during the summer of 2022 (compared with two interns in 2021). Creating a diverse talent pipeline at entry role level will be a key strategy to delivering a diverse senior management pipeline for the future.

3. Own Funds

The following table provides a summary of the calculations performed in accordance with the requirements of the FCA's Prudential Sourcebook.

Total Own Funds	**23,568,963**
Common Equity Tier 1 Capital	23,568,963
Additional Tier 1 Capital	0
Tier 2 Capital	0
Capital requirement – MAX (PMR, FOR, K-factor, ICARA, Wind-down)	**8,996,001**
Permanent Minimum Requirement (PMR)	75,000
Fixed Overhead Requirement (FOR)	6,040,892
K-factors	3,972,284
Internal Capital Adequacy and Risk Assessment (ICARA)	8,996,001
Wind-down assessment	6,500,000
Excess Own Funds	**14,572,962**
Coverage ratio	**262%**

The amount 'Own Funds' are determined in a manner defined within the FCA's regulations. A reconciliation of the 'Own Funds' items with the statutory accounts is contained in Appendix A.

The FCA requires a firm to hold an amount of capital which is the higher of regulatory prescribed approaches and the firm's own internal assessments.

The Permanent Minimum Requirement is an amount specified in the regulation.

The Fixed Overhead Requirement is prescribed in regulation and relates to a proportion of the firm's expenses.

K-factors are parameters prescribed by the FCA under its Prudential Regime which are used to determine an amount of capital that should be held against risks resulting from the activities of investment firms. Definitions are contained in Appendix B. A break-down of these is provided below:

Required breakdown	£
The sum of K-AUM, K-CMH, K-ASA	3,972,284
The sum of K-COH, K-DTF	0
The sum of K-NPR, K-CMG, K-TCD, K-CON	0

LPPI undertakes its own internal capital adequacy and risk assessment process, specific to its operations, which results in the following assessment of capital requirements under the ICARA.

ICARA capital requirements	£
Market (including credit)	2,047,139
Counterparty default risk	491,267
Business risk	2,886,668
Pension obligation risk (market and longevity risk)	4,415,638
Operational risk	4,000,000
Total before diversification	13,840,713
Value of diversification benefits	4,844,712
Total ICARA capital requirement	8,996,001

Additionally, the firm is required to assess the capital required to safely manage the firm in wind-down should such a decision be made. This is illustrated as the wind-down assessment capital requirement.

4. Remuneration Policy and Practices

LPP's senior management bodies are responsible for developing and managing LPP's business in accordance with the strategic business and operational plans. This includes developing a Remuneration Policy and framework for all employees, including Executive Directors and Code Staff, which is agreed with the Remuneration and Nomination Committee, the LPP Board and Shareholders.

The Remuneration and Nomination Committee takes full account of LPP's strategic objectives in setting remuneration policy and is mindful of its duties to its shareholders. Some matters are shareholder reserved matters. The Committee is formed of non-executive directors from across LPP, appointed to the Committee by the LPP Board. It seeks to preserve shareholder value by ensuring successful recruitment, retention, and motivation of all employees throughout LPP and particularly those senior employees covered by the Code. Robert Head, from MCR Consultancy, acts as an independent advisor to the Chair.

Code staff are defined as those employees who perform a significant influencing function, a senior manager and/or risk taker whose professional activities could have a material impact on LPPI's risk profile. Remuneration is made up of fixed pay (i.e. salary and benefits) and performance related variable pay. Variable pay decisions are made annually based on performance, taking into account the employee's achievement of agreed individual, team and organisational objectives aligned with the strategic Business Plan.

There is a requirement for a remuneration statement to form part of the annual report of any Alternative Investment Fund ("AIF") to which the firm acts as AIFM and which is either domiciled in the European Economic Area ("EEA") or marketed in the EEA.

4.1 Design characteristics of the remuneration framework

Fixed pay

Salary increases are linked to benchmarking against the market including industry inflation levels for cost of living. Individual capability, talent potential and flight risk are other factors that are considered in salary decisions.

Salary decisions are communicated to individuals in April and paid with effect from the end of April payroll. Promotions and salary increases above inflation are discussed and approved by the Management Committee.

Variable pay

All employees have the opportunity to be considered for variable pay in the form of cash awards. The wording of employment contracts is clear that any actual award is entirely discretionary and dependant on a number factors including firm and individual performance and individual conduct. There are no other variable pay arrangements available to employees, therefore LPPI has taken reasonable steps to ensure that those under the Remuneration Code (Material Risk Takers) do not use personal hedging strategies or remuneration and liability related contracts of insurance to undermine the FCA's remuneration rules.

Bonus awards typically range from 2-75% of salary. Variable pay awards of 0% to 100% are possible, wholly dependent on under/over performance and ensuring the fixed and variable components of total remuneration are appropriately balanced.

There are no roles within LPPI for which remuneration is 100% variable.

The Remuneration and Nomination Committee has delegated powers to approve the total annual payments made under any approved performance-related scheme (within budget). There is scope for the LPP CEO to recommend a reduction of up to 20% of the LPPI, LPPA and LPP bonus pools individually. The Remuneration and Nomination Committee approves the recommendations for onward submission to the respective Boards for approval. The Committee does not have the authority to increase the bonus pool value.

Objective setting and assessment of actual performance

At the start of each performance year, around April, the business priorities for the coming year are communicated by the Chief Executive Officer, including Key Performance Indicators that will be used to measure actual business performance.

Management Committee members then lead conversations with their respective teams to agree the team priorities for the year and these are cascaded into individual objectives. Typically, individuals agree around 5/6 objectives which will differ in terms of their duration. Progress against objectives is then discussed at frequent one-to-one discussions.

LPPI uses a two-part ratings scale which separately considers performance against agreed objectives and behaviours/conduct. Both elements can contribute towards an upward or downward revision in the actual bonus allocation, with zero bonus being one potential outcome. The separate conduct rating directly aligns with the FCA’s objective of promoting good conduct across financial services and is an important part of year-end performance review discussions.

The process for individual performance review is as follows:

- Employee prepares a self-assessment with a proposed rating.
- Manager reviews the self-assessment and has a one-to-one discussion to compare with their own view and ask questions/seek clarifications.
- Manager submits a proposed rating (covering both performance and conduct) to the People and Culture team.
- Moderation process reviews the ratings spread across the firm to ensure good differentiation of performance and ensure LPPI is fairly and consistently rewarding high performance. There are four steps:
  1. Review by manager’s manager.
  2. Review by head of function.
  3. Review by Management Committee.
  4. Final review by CEO. A summary of the outcomes is shared with the Group Remuneration and Nomination Committee at the May meeting.
- Group CEO and LPPI Executive Director ratings and awards are subject to Board approval via the Remuneration and Nomination Committee.

Deferral mechanisms within variable pay framework

Within the schemes there are two types of deferral that may be applied to the actual award, and these are described in the Remuneration Policy. For those individuals falling within the scope of the Remuneration Code (as described in the FCA Handbook SYSC 19B. LPPI has no requirement to defer under SYSC19G but applies the principles of SYSC19B as the more stringent requirement) there are specific conditions set by the FCA where bonuses may need to be deferred. The current requirements are that bonuses will need to be partially deferred where total compensation exceeds £500k and/or the bonus awarded equates to more than 33% of total compensation. Total compensation for the purposes of this calculation will be based off the standard definition of fixed and variable pay related to a specific role and will not include, for example, any other legal obligation to make payments arising after the date that LPPI adopted the relevant remuneration policy.

For Remuneration Code staff (Material Risk Takers) 40% of the bonus will be deferred for three years. This means 60% of the bonus will be paid immediately subject to income tax and other withholdings in the normal way and 40% will be deferred and paid ("vest") in equal instalments over the following three years.

Where deferral is not required by regulation, LPPI will nevertheless apply deferral rules for any bonus awards in excess of 40% of salary. The portion in excess of 40% of base salary will be deferred and paid ("vest") one year later.

For the avoidance of doubt, employees will normally be required to be in employment on the payment or vesting date to receive a bonus award. Employees who leave prior to the payment or vesting date of the bonus will normally forfeit their entitlement.

4.2 Aggregate quantitative information on remuneration

Total remuneration for the year to 31 March 2022 was as follows:

	£
Investments – direct and indirect roles including CEO	5,351,744
All other functions e.g., Risk, Compliance, IT, Investment Operations, Investment Performance and Analytics, CoSec, People and Culture, Legal, Board emoluments and other central costs	6,508,232
TOTAL	11,859,976

Disclosures relating to material risk takers

For the purposes of this disclosure, the population has been aligned with the relevant categories of the Senior Manager and Certified Persons populations as defined by the Senior Manager and Certification Regime. Total remuneration for the year to 31 March 2022 was as follows:

	Fixed Pay £	Variable Pay £	Number of individuals
Board and Management Committee	1,585,360	619,000	8
Other Material Risk Takers	3,138,417	909,769	27
TOTAL	**4,723,777**	**1,528,769**	**35**

Of the above, £323,579 of variable pay was deferred for a period of one to three years under either the internal LPPI deferral rules or the FCA deferral rules. This impacted nine individuals.

Deferrals from the 2020/21 performance year were paid in May 2022 totalling £159,816 for six individuals in addition to the amounts above.

The total amount of severance payments made to the in-scope population during the 2021/22 performance year was £119,600.

There were no sign-on payments made during this financial year.

Appendix A: Composition of Regulatory Own Fund

MIFIDPRU 8 Annex 1R

Composition of regulatory own funds			
	Item	**Amount (GBP thousands)**	**Source based on reference numbers/letters of the balance sheet in the audited financial statements**
1	**Own Funds**	**23,569**	2+25
2	**Tier 1 Capital**	**23,569**	3+20
3	**Common Equity Tier 1 Capital**	**23,569**	4+5+6+7+8+9+10+11+19
4	Fully paid-up capital instruments	3,000	Share capital
5	Share premium	10,000	Share premium
6	Retained earnings	4,251	Profit and loss account
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	(676)	Intangible assets
19	CET1: Other capital elements, deductions, and adjustments	6,994	Rule Modification REF 00003679
20	**Additional Tier 1 Capital**	**-**	21+22+23+24
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+27+28+29
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	-	

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Own Funds: reconciliation of regulatory Own Funds to balance sheet in the audited financial statement				
Flexible template - rows to be reported in line with the balance sheet included in the audited financial statements of the investment firm. Columns should be kept fixed, unless the investment firm has the same accounting and regulatory scope of consolidation, in which case the volumes should be entered in column (a) only. Figures should be given in GBP thousands unless noted otherwise.				
		a	**b**	**c**
		Balance sheet as in published/audited financial statements	**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 assets	676		11
2	Tangible assets	153		
3	Investments	0		
4	Debtors	7,829		
5	Cash at bank and in hand	23,916		
xxx	**Total Assets**	**32,574**		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Creditors: amounts falling due within one year	4,724		
2	Provisions for other liabilities	479		
3	Creditors: amounts falling due after more than one year	493		
4	Post-employment benefits	9,627		
xxx	**Total Liabilities**	**15,323**		
Shareholders' Equity				
1	Share capital	3,000		4
2	Share premium	10,000		5
3	Profit and loss account	4,251		6
xxx	**Total Shareholders' equity**	**17,251**		

Own Funds: main features of own instruments issued by the firm
Free text. A non-exhaustive list of example features is included below
Private, £1 nominal value, ordinary shares. Each share has full rights in the company with respect to voting, dividends, and distributions.

Appendix B: K-Factor definitions

K-factor	Explanation	LPPI application
K-AUM	This captures the risk of harm to clients from the poor management or execution of client portfolios	K-AUM is the value of assets, that a firm manages for its client's discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature
K-COH	This captures the risk to clients of an investment firm that executes orders in the names of clients, and not in the firm's name, say in providing execution-only services or when a firm is part of a chain of client orders	LPPI only transmits orders in relation to investment management and advice, which are excluded from the COH calculation, as they are covered by the K-AUM factor
K-ASA	This K-factor ensures that an investment firm holds capital in proportion to Client assets safeguarded and administered, regardless of whether they are on its own balance sheet or in third-party accounts	LPPI does not safeguard and administer assets
K-CMH	This captures the risk of harm where an investment firm holds its clients' money, whether on its own balance sheet or in third-party accounts	LPPI does not hold client money
K-NPR	This is a point-in-time measure of net position risk for investment firms with trading books	LPPI does not have a trading book
K-CMG	The clearing margin given factor relates to a MiFID investment firm's derivatives positions that are subject to clearing	LPPI does not have a trading book
K-TCD	This applies to a finite set of transactions within a firm's trading book to determine capital that should be held against counterparty credit risk	LPPI does not have a trading book
K-DTF	This captures the operational risks of a firm executing many trades (on its own account or on behalf of clients) due to inadequate or failed processes, people, and systems, or from external events	LPPI does not have a trading book
K-CON	This captures the concentration risk from individual or highly connected counterparties	This is not applicable for LPPI

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Local Pensions Partnership Investments

Company registration no: 09835244
Incorporated in England and Wales and trading as LPPI

Authorised and regulated by the Financial Conduct Authority
Reference number: 724653