Turner Pope Investments (TPI) Limited

Pillar 3 Disclosure & IFPRU Remuneration Code Disclosure

Regulatory Framework

Turner Pope Investments (TPI) Limited ('Company' or 'Firm') complies with the relevant prudential rules in accordance with the Basel III accord enacted under Capital Requirements Directive IV (CRD IV) which came into effect on 1st January 2014. The rules are encapsulated in the Financial Conduct Authority (FCA) Handbook under the following sections:

- The Capital Requirements Regulation (CRR);
- The Prudential Sourcebook for Investment Firms (IFPRU); and
- The Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU) (in respect of BIPRU 12 liquidity provisions only);

The main body of rules in respect of CRR is to be found within regulation 575/2013 of the European Parliament and Council published 26th June 2013 (the Articles).

Compliance with the Rules is a three stage process:

- Pillar 1 sets out the minimum capital requirements that Firms will be required to meet for credit, market and operational risk;
- Pillar 2 is the process where Firms have to take a view on whether they should hold additional capital against risks not covered in Pillar 1 (determined via the Internal Adequacy Assessment Process (ICAAP)) and where the FCA, in response to the ICAAP, can instruct the Firms to hold additional capital under Individual Capital Guidance (IGC); and
- Pillar 3 is in respect of market discipline requiring Firms to publish certain details of their risks, capital and risk management.

The Pillar 3 disclosure requirements are contained in Articles 431 to 455 of the CRR and intended to ensure that disclosures are sufficient to allow market participants to form an assessment of the Firm's risk profile.

Disclosure Policy

CRR Article 432(1) allows that a Firm may omit one or more disclosures if the information provided by such disclosures is not regarded as material. Information shall be regarded as material if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions.

CRR Article 432(2) provides that a Firm may omit one or more items of information included in the required disclosures if those items include information which is regarded as proprietary or confidential. Information shall be considered as proprietary to a Firm if disclosing it publicly would undermine its competitive position.

Where information has been omitted from these disclosures in accordance with either CRR Article 432(1) or Article 432 (2) this has been stated in the relevant section.

Frequency

The Pillar 3 disclosures will be reviewed and published on an annual basis as a minimum in conjunction with the conclusion of the ICAAP and the publication of the Firm's financial statements.

Publication

The Firm's Pillar 3 disclosure reports are published on the website www.tunerpope.com.

Scope of Disclosures

These disclosures relate to Turner Pope Investments (TPI) Limited only, which is the only regulated entity that is required to be assessed. Turner Pope Investments (TPI) Limited is authorised and regulated by the FCA (FRN 739104) and is classified as an IFPRU €125k Firm for prudential purposes.

Risk Management Objectives and Policies

The core objective of the Company is the effective management of risk to protect investors and stakeholders and to ensure that the Firm has adequate capital and liquid resources in place.

The Directors of the Company determine its business strategy and risk appetite. The Firm has in place a comprehensive risk management framework that both recognises the risks that the Firm faces.

The Firm's risk management framework operates under the three lines of defence model.

The first line of defence requires the Firm to identify and mitigate risks and to implement an adequate control environment to manage those risks effectively. The risks facing the Firm are identified and considered both from the perspective of the likelihood of their occurring and from the perspective of their potential impact on the Firm should they occur.

The second line of defence is that of control oversight managed by the Compliance Officer who oversees compliance within regulatory and legal requirements as well as monitoring risk.

The third line of defence is designed to provide independent assurance through external audit by way of reviewing the overall effectiveness of the risk management framework and control environment.

Risk Assessment and Risk Disclosures

The Company considers the following as the key risks to its business:

1. Credit Risk

   Credit risk is the risk of loss through failure of a counterparty with which cash balances are deposited or the failure of clients.

   The Company employs industry standard credit procedures to limit credit risk and exposure and has taken the standardised approach to determining credit risk capital required under Pillar 1.

2. Market Risk

   Market risk calculations are required to be calculated on the Firms trading book apart from in respect of foreign exchange exposures which are also calculated on the non-trading book.

   As the Firm does not invest on its own account, nor have any exposure in foreign currencies it is therefore not a consideration for Pillar 1.

3. Operational Risk

   Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. It is inherent in every business operation and covers a wide range of potential issues.

   The Firm manages this risk by operating a controls based environment in which processes are documented, authorisation is independent and transactions are reconciled and monitored.

4. Liquidity Risk

   Liquidity risk refers to the risk that the Firm is unable to meet its obligations as they fall due owing to insufficient financial resources. Liquidity risk is managed by maintaining a strict working capital cycle and preparing detailed cash flow forecasts.

   As the Firm does not trade on its own account the majority of the Firm's assets are held in cash and as such are readily realisable. The Firm's ongoing financial projections show the Firm to be positive in terms of cash generation.

5. Business Risk

   Business risk is defined as the risk to the Firm arising from changes in its business, including the risk that the Firm may not be able to carry out its business plan and desired strategy.

   The main business risk associated with the Firm is in not achieving projecting revenues as a result of scenarios including, but not limited to, loss of key individuals; inability to attract new clients; failure of IT systems; reputational and regulatory risks. Business risks are assessed and mitigated as part of the ICAAP.

Capital Assessment Summary

The Pillar 1 capital requirement is determined as the higher of fixed overhead requirement or the sum of the credit and market risk requirements.

The Pillar 2 capital requirement is determined where various risks are identified and assessed accordingly, allowing the Firm to calculate and set aside appropriate capital to manage those risks identified.

The Company has assessed that it does not need to hold any additional capital in response to its Pillar 2 capital requirement. Subsequently, the Company holds capital reserves which are sufficient to cover its Pillar 1 capital requirement. These capital requirements have been assessed as part of the Internal Capital Adequacy Assessment Process (ICAAP).

The Company has capital resources of £6,217m compared to its Pillar 1 requirement of £355k, Pillar 2 requirement of £214k a surplus of £5,648m.

The table below lists the Company's Capital Resource Position as follows:

	£000's
Core Tier 1 Capital	
Called up Share Capital	70
Reserves	6,147
Sum Tier 1 Capital	**6,217**
Tier 2 Capital	**-**
Tier 3 Capital	**-**
Sum Tier 1, 2 and 3 Capital	**6,217**

Remuneration Code Disclosures

Overview

The Company is subject to the remuneration rules, which are contained in the FCA's IFPRU Remuneration Code ('Code') within SYSC Chapter 19A.

The code covers all aspects of remuneration, including both fixed and variable remuneration. The Company understands fixed remuneration to consist of payments or benefits without consideration of any performance criteria, whilst variable remunerations refers to additional payments or benefits dependant on performance or contractual criteria.

Governance and Design of Remuneration Practices

Given the size and nature of the Company, the directors do not consider there to be a need to maintain a separate remuneration committee. Remuneration levels are decided on an annual basis and are reviewed in the event of any material changes to the business in line with its risk profile.

Remuneration of the directors and employees is overseen by the CEO in conjunction with the board of directors in relation to:

- setting and approval of the annual remuneration budget;
- reviewing and approving the remuneration practices and policies;
- determining the remuneration of the board and other staff;
- determining the remuneration of the Chief Executive Officer.

Conflicts of Interest

The Company regularly reviews potential conflicts of interest and where appropriate updates its conflict of interest policy.

The Company has an anti-bribery policy which prohibits the offering, giving, solicitation or acceptance of any bribe, whether by way of cash or inducement.

Remuneration Practices and Policies

The Company is required to implement and maintain a remuneration policy, procedures and practices for all directors and employees that are consistent with and promote sound effective risk management in accordance with the FCA's code of practice.

The policy is intended to cover all aspects of remuneration and is subject to the Company's general organisation requirements under the FCA's Senior Management Arrangements, Systems and Controls ('SYSC').

The remuneration practices and policies are intended to:

- promote sound risk management practices in alignment with the Company's risk management principles;
- discourage risk taking that is inconsistent with the Company's risk appetite or risk management policies and principles;
- control fixed costs by ensuring that remuneration expense varies according to profitability and does not place undue constraints on the Company's ability to maintain its capital base;

- link remuneration to the Company's financial and operational performance as well as individual performance;
- provide competitive, but not excessive, levels of remuneration compared to peer Firms of appropriate size, scope and complexity; and
- promote a positive culture towards risk management and compliance.

The remuneration practices and policies are intended to support the Company's business strategy, long term interests and values, and to ensure that risk taking does not exceed the Company's tolerated level of risk.

Periodic benchmarking ensures that remuneration at individual level is not unreasonable or disproportionate to the amount, nature, quality and scope of the work performed.

Base salaries are intended to provide regular cash flow to individuals throughout the year, irrespective of Company or individual performance. Base salaries and benefits constitute the significant proportion of the Company's total remuneration.

The Company runs a discretionary bonus scheme that is based on individual performance as well as the Company's underlying profitability. The bonus does not form part of individual's contractual remuneration.

The Company may facilitate discretionary pension benefits. However, these are neither contractual or performance related.

Where applicable, staff will also receive ancillary benefits including (but not limited to); Group Personal Pension; Private Health Insurance; Private Medical Insurance and Death in Service benefits.

<u>Code Staff Remuneration</u>

The term 'Code Staff' applies to relevant employees of the Company who are included within the Firm's interpretation of 'Code Staff' for the purposes of this disclosure.

The aggregate remuneration for Code Staff for the financial year ended 31st March 2021 was ££919,576. The total number of Code Staff was 10.

The Company has made no omissions on the grounds of data protection.