

Blackstone

**The Blackstone  
Group International  
Partners LLP  
Investment Firms  
Prudential Regime  
("IFPR") Disclosures**

DECEMBER 2022

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## **1. Governance Arrangements**

### **1.1 Introduction**

The Blackstone Group International Partners LLP (“BGIP” or the “Firm”) is a limited liability partnership (“LLP”) registered in England and Wales. BGIP’s immediate controlling corporate member is Blackstone Group International Holdings LLC, a company incorporated in Delaware in the United States of America, and its ultimate parent and controlling party is Blackstone Inc., a corporation listed on the New York Stock Exchange.

BGIP is regulated by the Financial Conduct Authority (“FCA”) as a non-small non-interconnected MIFIDPRU investment firm under the UK Investment Firms Prudential Regime (“IFPR”). These disclosures have been prepared to comply with MIFIDPRU 8.3 of the FCA Handbook regarding internal governance arrangements.

### **1.2 Governance Structure**

The Executive Committee (“ExCo”) is BGIP’s governing body, with responsibility for the supervision and oversight of BGIP’s business, strategic objectives, internal governance, senior management and compliance with all applicable laws and regulations. The ExCo is ultimately responsible for BGIP’s risk management and is supported by business functions for day-to-day and periodic monitoring and maintenance of risk management controls within BGIP. The ExCo meets at least quarterly (and more frequently as required) and receives updates regularly from relevant business functions and activities including, but not limited to: business initiatives, finance updates including financial reports, internal and external audit reports, legal & compliance updates and human resources related updates. Certain members of the ExCo are also members of global governance committees, which allows for issue escalation within BGIP and Blackstone. The governance framework is in place to ensure that the ExCo defines, oversees and is accountable for the implementation of arrangements to ensure effective and prudent management of the Firm, including the segregation of duties within BGIP and the prevention of conflicts of interest, and in a manner that promotes market integrity and client interests.

The ExCo has 9 members as of 1 December 2022 who are part of BGIP’s senior management.

BGIP is not subject to the MIFIDPRU requirements requiring firms to have Risk, Remuneration and Nomination Committees.

### **1.3 Conflicts of Interest**

BGIP has a conflicts of interest policy which is reviewed and approved by the ExCo on a periodic basis. The policy sets out how BGIP seeks to prevent and address conflicts of interest.

Conflicts of interest are mitigated through measures including but not limited to:

- Information walls between business units;
- Independent management structures and reporting lines;
- Remuneration structures that ensure staff are not incentivized in a way where conflicts of interest may arise;
- Ensuring a strong information exchange among the ExCo and the key control and support functions; and
- Disclosure of any business interests which may result in actual or potential conflicts of interest.

## 1.4 External Appointments

The table below sets out the number of external directorships, within scope of MIFIDPRU 8.3.1R(2), held by the ExCo members.

#	Name	Title	Senior Management Function ("SMF")	Number of External Directorships
1	Qasim Abbas	Senior Managing Director, Tactical Opportunities	SMF27 - Partner	3
2	Lionel Assant	Senior Managing Director, Private Equity	SMF27 - Partner	0
3	Marc Bolland	Chairman of Blackstone Group International Partners LLP	SMF9 - Chair of the Governing Body SMF27 - Partner	4
4	Paulo Eapen	Senior Managing Director, Credit	SMF27 - Partner	1
5	Farhad Karim	Chief Operating Officer of Blackstone Europe	SMF27 - Partner	0
6	Rashmi Madan	Senior Managing Director, Private Wealth Solutions	SMF27 - Partner	0
7	Olivier Meyohas	Senior Managing Director, BAAM	SMF27 - Partner	0
8	Anna Mignot	Managing Director, Human Resources	SMF27 - Partner	0
9	Kim Percy	Managing Director, Finance	SMF27 - Partner	0

As of 1 December 2022

## 1.5 Diversity and Inclusion

Diversity and inclusion have long been priorities at BGIP and the Firm is committed to a highly inclusive work environment for people of all races, genders, religions, sexual orientations, ethnicities, nationalities, socio-economic and geographic backgrounds. The Firm is committed to attracting, retaining, and advancing talent from the broadest universe possible.

BGIP's human resources diversity procedures serve to outline specific processes intended to promote diversity among its employees, including among members of the ExCo, and assist BGIP in setting measurable diversity objectives.

The policy captures the Firm's approach to recruitment, pay, training, appraisals, promotion, conduct at work, disciplinary and grievance procedures, and termination of employment.

Outside of this policy and as detailed on Blackstone's [website](#), BGIP's commitment to diversity takes several forms:

- **Recruiting Diverse Talent:** Widening the funnel of applicants through expanding the number of universities Blackstone proactively works with and engaging talent early through diverse recruitment programmes
- **Retention and Engagement:** Providing tailored talent development opportunities for Blackstone employees through mentorship programmes, competitive benefits and engagement in Blackstone's affinity networks and partnering with external affiliates to support these efforts
- **Value Creation:** Blackstone leverages the scale of its portfolio to create more value through two key initiatives dedicated to making its portfolio company boards more diverse and finding career opportunities for under-represented populations
- **Giving Back:** Supporting student entrepreneurs at universities through the Blackstone Charitable Foundation's flagship LaunchPad program and partnering with charitable organizations committed to helping diverse communities

Across all of Blackstone's offices (including BGIP), the group creates a supportive environment through high-impact affinity groups: BX Women's Initiative, BX Diverse Professionals Network, OUT BX, Veterans Network, and BX Working Families Network to foster the recruitment, retention, and development of employees. Each business group appoints Diversity Champions who partner with human resources and the employee affinity networks to help drive diversity and inclusion efforts.

With respect to the ExCo, BGIP is committed to ensuring female representation and striving for ethnic diversity. The ExCo is made up of ~30% (3 of 9) women. As of December 2022, BGIP does not collect ethnicity data of the ExCo members.

To further enhance diversity at the ExCo level, BGIP is committed to:

- Review at appropriate intervals the structure, size, and composition of the ExCo (including the skills, knowledge, independence, experience, and diversity of this population);
- Collect ethnicity data of ExCo members;
- Oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing BGIP;
- Keep under review the setting of measurable diversity objectives for the ExCo; and
- Evaluate the balance of skills, knowledge, experience, independence, and diversity on the ExCo and consider it where an appointment to the ExCo is proposed. When identifying suitable candidates, BGIP:
  - a. Considers candidates from different genders and a wide range of backgrounds; and
  - b. Considers candidates on merit and against objective criteria and with due regard for the benefits of diversity on the ExCo.

## 2. Own Funds

BGIP's own funds consists of members' capital classified as equity<sup>1</sup>, retained earnings and other reserves, which are Common Equity Tier 1 ("CET 1") capital, the highest form of Tier 1 capital. The following tables below<sup>2</sup>, in compliance with MIFIDPRU 8.4 of the FCA Handbook, disclose:

- The composition of BGIP's own funds;
- A reconciliation of own funds to the balance sheet per the audited financial statements of the Firm; and
- A description of the main features of the CET 1 capital issued by the Firm.

The financial information presented in the tables in the following is based on BGIP's Members' Report and audited Financial Statements as at 31 March 2022.

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<sup>1</sup> As BGIP is an LLP, members of the partnership are required to contribute to "members' capital". The LLP does not issue shares to members. For the purposes of this disclosure, members' capital have been disclosed in "Item 4 - Fully paid up capital instruments" in section 2.1.

<sup>2</sup> BGIP's financial statements are presented in \$ United States Dollar which is its functional currency. For the purposes of the MIFIDPRU disclosures all values have been translated to Pound Sterling at the rate of 1.3138.

## 2.1 Composition of Own Funds

#	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements <sup>3</sup>
1	OWN FUNDS	248,820	
2	TIER 1 CAPITAL	248,820	
3	COMMON EQUITY TIER 1 CAPITAL	248,820	
4	Fully paid up capital instruments	9,895	Members' capital classified as equity
5	Share premium		
6	Retained earnings	77,218	Other reserves classified as equity
7	Accumulated other comprehensive income		
8	Other reserves	161,707	Other reserves classified as equity
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1		
19	CET1: Other capital elements, deductions and adjustments		
20	ADDITIONAL TIER 1 CAPITAL	-	
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	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		

## 2.2 Own Funds: Reconciliation of Own Funds to Balance Sheet in the Audited Financial Statements

#	Item	Balance sheet as in audited/published financial statements - as at period end	Cross-reference to table in 2.1
<b>Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements</b>			
1	Tangible Assets	18,836	
2	Debtors: amounts falling due after more than one year	11,850	
3	Debtors: amounts falling due within one year	34,714	
4	Cash at bank and in hand	239,629	
5	<b>Total Assets</b>	<b>305,029</b>	
<b>Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements</b>			
1	Creditors: amounts falling due within one year	36,902	
2	Creditors: amounts falling due after more than one year	71	
3	<b>Total Liabilities</b>	<b>36,973</b>	
<b>Shareholders' Equity</b>			
1	Members' capital classified as a liability	19,236	
2	Members' capital classified as equity	9,895	Box 4
3	Other reserves classified as equity	238,925	Box 6, 8
4	<b>Total Shareholders' Equity</b>	<b>268,056</b>	

## 2.3 Own Funds: Main Features of Own Instruments Issued by the Firm

BGIP's Tier 1 capital comprises of corporate members' capital that is credited to a regulatory capital account. As of 31 March 2022, the amount of capital credited to the regulatory capital account is £9,894,961. Pursuant to BGIP's Limited Liability Partnership Deed (as amended, supplemented, restated or otherwise modified from time to time), capital can only be withdrawn

<sup>3</sup> As BGIP is an LLP, members of the partnership are required to contribute to "members' capital". The LLP does not issue shares to members. For the purposes of this disclosure, members' capital have been disclosed in "Item 4 - Fully paid up capital instruments" in section 2.1.

from the regulatory capital account by a member in the following circumstances: (i) if the member ceases to be a member and capital is repaid to that member, an equivalent amount of capital is paid into the regulatory capital account; (ii) if BGIP is dissolved or wound down and ceases to be authorised by the FCA; or (iii) the FCA grants a waiver permitting the capital to be withdrawn.

### 3. Own Funds Requirements

This section has been prepared to comply with MIFIDPRU 8.5 of the FCA Handbook regarding BGIP’s compliance with the own funds requirements and approach to assessing the adequacy of its own funds in accordance with the Overall Financial Adequacy Rule (“OFAR”).

#### 3.1 K-Factor Requirement (“KFR”) and Fixed Overheads Requirement (“FOR”)

	£’000
<b>K-factor requirement</b>	
Sum of K AUM, K CMH and K ASA	861
Sum of K COH and K DTF	-
Sum of K NPR, K CMG, K TCD and K CON	-
<b>Total K-factor requirement</b>	<b>861</b>
<b>Fixed overhead requirement</b>	<b>31,473</b>

- **KFR:** K-factors are a series of quantitative measures that aim to represent the impact of risks that a MIFIDPRU investment firm may pose to the Firm, its clients, and markets in which it operates. Due to BGIP’s limited regulatory permissions, only the K-AUM requirement applies. The regulatory definition of ‘assets under management’ includes assets managed under discretionary portfolio management and non-discretionary arrangements constituting investment advice of an ongoing nature. BGIP does not provide discretionary portfolio management; however, it does provide non-discretionary investment advice on a recurring basis, hence the K-AUM is relevant to BGIP.
- **FOR:** The FOR requires firms to hold own funds equal to 1/4 of its fixed overheads for the previous year, using its audited financial statements. BGIP has calculated its FOR based on this rule.

#### 3.2 Approach to Assessing the Adequacy of Own Funds

BGIP’s approach to assessing the adequacy of its own funds in accordance with the OFAR is outlined in BGIP’s internal capital adequacy and risk assessment (“ICARA”) document to ensure it remains viable throughout the economic cycle, with the ability to address any potential harms from its ongoing activities and to allow its business to wind-down in an orderly manner. The ICARA process is a risk management process and focuses on the following:

- **Risk Monitoring:** BGIP has assessed the risks of harms applicable to its business model and conducted scenario testing for material risks of harms identified to assess the potential capital impact should these risks materialize.
- **Stress Testing:** BGIP has considered severe but plausible stress scenarios that could impact its business model / financial forecasting and assessed the impact on its capital positions.
- **Reverse Stress Testing:** BGIP has considered reverse stress testing to identify adverse circumstances which could cause its business model to become unviable.
- **Recovery and Wind-Down Planning:** BGIP has considered the financial and non-financial resources required for the business to wind-down in an orderly manner.

Following the above assessment, through its ICARA process, BGIP has concluded that it holds adequate own funds.