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1 Introduction

1.1 Introduction and background

This annual public disclosure (APD) has been created by Brunel Pension Partnership Limited (Brunel) in compliance with MIFIDPRU 8 of the Financial Conduct Authority (FCA) handbook.

The MiFIDPRU sourcebook was created alongside various other changes to the FCA handbook (such as SYSC) as part of the rollout of the Investment Firm Prudential Regime (IFPR) which came into force on January 1, 2022.

IFPR has replaced IFPRU and BIPRU sourcebooks and the accompanying Pillar 1, 2 and 3 assessments under the old regulations, with MiFIDPRU and the accompanying Internal Capital and Risk Assessment (ICARA) and APD (which replaces Pillar 3).

The APD is an opportunity for investment firms to provide material information for clients, investors and other stakeholders. The information allows such stakeholders to gain an understanding of the firm in relation to: how it manages its risks, by whom and how it is governed, the nature of its own funds, its own fund and liquidity requirements, its overall framework to assess its own funds and liquidity and its remuneration policy and practices.

1.2 Frequency and scope of disclosure

In-scope companies need to publish their APDs on at least an annual basis alongside their annual accounts. However, should a firm determine that there has been a material change to the business, such as change in governance structure, additional public disclosures are recommended. ¹

Brunel has reviewed the content of this disclosure and will publish follow up disclosures if a material change to its business occurs that would change its accuracy.

This disclosure and subsequent disclosures will be published on our website, allowing us to ensure it is easily accessible. The detail of this disclosure can be adapted on a firm-by-firm basis in relation to the firm’s size and complexity of business model/structure.²

Brunel is defined as a non-SNI investment firm for the purposes of MiFIDPRU. As such, we are in-scope of all aspects of the MiFIDPRU 8 regulations, with the exception of investment policy disclosures.³ For clarity, each section of this disclosure corresponds with the regulatory requirements in corresponding order.

1.3 Reference date, reporting period and performance period

¹ See MiFIDPRU 8.1.10 and 8.1.11
² See MiFIDPRU 8.1.8
³ See MiFIDPRU 8.1.1 (4).
The reference date for this disclosure is October 1, 2022, covering Brunel’s financial year starting October 1, 2021, to that date. Brunel’s performance period is June 2021-2022.

1.4 Transitional provisions

As part of the FCA’s transitional provisions for implementing IFPR, the following sections do not need to be disclosed in line with the current regulatory requirements:

- Risk Management objectives and policies
- Remuneration

Remuneration, however, needs to be disclosed in line with the old Pillar 3 disclosure requirements.

2. Risk Management Objectives and Policies

Brunel does not currently need to disclose our Risk Management Objectives and Policies within this APD. We will include these disclosures in all APD’s where the reference date for the information falls after December 2022.

3. Governance

3.1 Brunel’s governance overview

Brunel is atypical, in the sense that the firm’s clients are also the only and equal shareholders in the business. As such, the firm’s business model is designed to facilitate controlled, organised and effective decision making to achieve good outcomes for our clients and the market.

The Governance model also promotes transparency across the business, alongside clear and formal lines of responsibility and escalation routes of decision making to the board and key stakeholders, as appropriate.

To achieve this, Brunel is managed by its board of directors, comprising an Independent Chair, four non-executive directors and three executives. Members of the board are responsible for ensuring the success of the business and setting the strategic direction and owning the implementation of the business plan.

Underneath the board sits a variety of committees at 3 levels: Board sub-committees, executive committees and operational committees. Members of the board are members and chairs of various committees, including the shareholder group where relevant. Running parallel to Brunel’s internal governance is the shareholder group, consisting of the Client group, Brunel oversight board and the Shareholder forum.

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4 See MIFIDPRU TP 2.6 R; MIFIDPRU TP 12.8 R
5 See Footnote 4
The Board are responsible for setting and monitoring the effectiveness of the governance of Brunel. The Governance Framework is owned by the CEO, which is reviewed at least annually, and any changes are approved by the Strategic Executive Committee.

With approved terms of references for each committee, the committee structure, in conjunction with the board’s statements of responsibility, allows for clear segregation of roles and responsibilities. Conflicts of interests are also mitigated via the strategic composition of the committees, alongside an internal policy and procedure for managing conflicts of interest across the company.

Brunel therefore operates with a model that is designed to be transparent, robust and efficient in ensuring prudent management of the firm’s operations.6

3.2 Board of directors7:

Executive:

Laura Chappell: Chief Executive Officer (CEO)
David Vickers: Chief Investment Officer (CIO)
Joe Webster: Chief Operating Officer (COO)

6 See MiFIDPRU 8.3.1 and SYSC 4.3A 1R.
7 For more information on who we are, please access the ‘people’ page on our website: People - Brunel Pension Partnership
Non-Executive (NED):

Denise Le Gal: Independent Chair

Miles Geldard: Investment non-executive Director

Liz McKenzie: Shareholder Non-Executive Director

Patrick Newberry: Non-Executive Director

Roelie van Wijk: Investment Non-executive director

The board has a wealth of knowledge across the financial services sector. With decades of collective experience in financial services at various senior and executive levels, the board are well positioned to direct and manage the overall strategy of the business, to challenge senior management when appropriate to drive operations that deliver good outcomes for our clients and market.

3.3 Table showing the board, their SMF/Role in Brunel, the scope of that role and total number of personal directorships.  

<table>
<thead>
<tr>
<th>Name</th>
<th>Significant management Function (SMF)/Role</th>
<th>Scope of Role</th>
<th>Total Directorships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laura Chappell</td>
<td>SMF1, SMF3 / CEO</td>
<td>To develop and deliver Brunel’s corporate strategy and objectives as agreed by the board. Ensure Brunel is resourced adequately financially and non-financially. To assign clear responsibilities and roles for executive functions in Brunel’s operations and delivery of strategic objectives. To maintain proactive relationships with all key Brunel stakeholders. To provide overall leadership and to set the cultural tone and managing the business through the executive team.</td>
<td>1</td>
</tr>
<tr>
<td>David Vickers</td>
<td>SMF3 / CIO</td>
<td>To lead the Investment directorate, overseeing and implementing our strategic investment objectives. Oversee the internal controls and governance around products, including signing-off all new products. Oversight of all delegated investment managers and due-diligence sign-off. Overall responsibility on delivering our client’s investment objectives.</td>
<td>1</td>
</tr>
<tr>
<td>Joe Webster</td>
<td>SMF3 / COO</td>
<td>To lead the Operations directorate: overseeing and implementing our strategic operational objectives and business planning across the firm. To oversee and monitor all in-scope outsourcing arrangements. Overall responsibility for Brunel’s operating framework</td>
<td>2</td>
</tr>
</tbody>
</table>

A number higher than 1 will be for external directorships unconnected to Brunel. Directorships in organisations that are not commercially driven or within companies of which Brunel has qualifying holdings can be excluded. See MIFIDPRU 8.3.2 R.
<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denise Le Gal</td>
<td>SMF9 / Independent Chair</td>
<td>and delivering the strategic business plan across operations and investment operations, Finance, Tax, HR, IT, Change management and facilities. To ensure Brunel’s strategy is formulated clearly and is well understood externally and internally. Provide counsel and challenge to the board and CEO. Evaluate the performance of the board and its members and ensure board meetings occur with sufficient frequency and length. Maintain a cooperative relationship with the CEO to manage internal and external stakeholders in conjunction.</td>
</tr>
<tr>
<td>Miles Geldard</td>
<td>Investment NED</td>
<td>Chair the investment advisory group (IAG) in an effective and efficient manner in line with the Terms of Reference (ToR). Promote debate and challenge around the macro environment and the investment strategy. Provide assurance back to the board on investment strategy. Provide general advice and assurance to the CIO on investment matters.</td>
</tr>
<tr>
<td>Liz McKenzie</td>
<td>Shareholder NED</td>
<td>Act as the shareholders’ representative on the board. Ensure the board’s strategy maintains appropriate level of shareholder engagement and consideration. Meet shareholder representatives individually at least annually, attend Brunel stakeholder engagement events as appropriate and maintain oversight of all escalated matters to the board by shareholders; ensuring they are appropriately and effectively handled.</td>
</tr>
<tr>
<td>Patrick Newberry</td>
<td>NED</td>
<td>Chair the Audit and Risk Committee (ARC) in an effective and efficient manner in line with the ToR. Safeguarding the effectiveness, oversight and independence of the risk &amp; compliance directorate and relevant policies and procedures. Supervision and managing the work of outsourced audits, and conflicts of interest between the provision of external and internal audit services.</td>
</tr>
<tr>
<td>Roelie Van Wiik</td>
<td>Investment NED</td>
<td>Chair the Remuneration Committee (RemCo) in an effective and efficient manner in line with the ToR. Ensure appropriate challenge of the people strategy. Ensure independence, autonomy and effectiveness of the firm’s HR policies. Supervision and management of director pay outcomes. Manage potential conflicts of interest between shareholders and the board on remuneration. Provide general advice and assurance to the CIO on investment matters.</td>
</tr>
</tbody>
</table>
* The required SMF functions, SMF16 and SMF17 are attributed to the Head of Operational Risk and Compliance (HORC), Katherine Farrell and Director of Risk and general counsel (DRGC), Kevin Jones respectively.

All executive directors are responsible for running the directorate of which they are head in a prudent manner. They are responsible for their directorate’s risk management identification and oversight and take an active role in the ICARA process to embed its requirements within their business areas. Executive functions are also responsible for setting the strategy for, and delivering Brunel’s responsible investment strategy, including commitments to climate change and pledge to be net-zero by 2050. Executive functions that report to the CEO work closely with the CEO and the board in reporting back relevant information under the scope of their directorate, and to deliver their directorates strategic plan and objectives.9

Non-executive directors have the same general legal responsibilities to Brunel as any other directors. NEDs are expected to commit sufficient time to fulfil expectations of their roles and the Board undertakes an annual review of the minimum number of days required for the proper discharge of their responsibilities. NEDs are responsible for contributing to, assessing and challenging on the following areas: Strategy, Performance, Risk, Products, People, Culture, Skills, Standards and information.

3.4 Board Sub-Committees

Board sub-committees’ constituent members and chairs are NEDs, in order to limit conflicts of interest and to ensure objectivity in carrying out their functions. Board members are invited to attend sub-committee meetings when appropriate, however their role as guests is to provide additional support to the committees. The Board’s sub-committees have various powers, such as to call employees into meetings for questioning, alongside obtaining external advice in areas they deem appropriate.

Audit, Risk and Compliance Committee (ARC)
ARC’s primary functions are:

- To assess and monitor all financial and narrative reporting, alongside additional reporting through board requests.
- To assess the adequacy of the firm’s risk management framework and systems.
- To coordinate and oversee internal and external audits to assess the strength and integrity of areas within its scope.
- To review the adequacy of the Brunel’s procedures for whistleblowing, detecting fraud and prevention of financial crime.
- To review and assess the adequacy and effectiveness of Brunel’s compliance function and compliance monitoring arrangements.
- To report all recommendations to the board with regards to the findings within its scope.

Remuneration Committee (RemCo)

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9 Statements of responsibilities must be reported to the FCA for significant management in scope of the significant management functions under SMCR regime; The board’s chair is a non-executive function and has no role and responsibility in the day-to-day running of the business.
RemCo’s primary responsibilities are:

- To set the remuneration policy for the executive directors and the Chair of the Board.
- To recommend and monitor the level and structure of remuneration for senior management.
- To review periodically the appropriateness and relevance of the remuneration policy.
- To determine the individual remuneration for each executive director and other designated senior executives.
- To approve the design of any performance-related pay schemes operated from time to time.
- To determine the policy for pension arrangements for executive directors and other designated senior executives.

**Nomination Committee (NomCo)**

NomCo’s function is to:

- To provide ongoing planning and assessment of the board’s performance (individually and collectively), composition and succession planning.
- To execute new appointments (including planning, due diligence and implementing) and manage succession planning for the board and senior management.
- To make recommendations to the board in areas within its scope, including NED appointments and the appointment of any director. Report to the board on its proceedings after every meeting.
- To report on nomination matters to the Shareholder Forum.

### 3.5 Executive Committees

The executive committees are responsible for the oversight and management of operations within each directorate, to ensure the board’s strategy, budgets and targets are implemented throughout the business.

**Strategic ExCo** provides the executive leadership of Brunel. It is chaired by the CEO and is made up of all executive directors, Head of Client Relationship and the Director of Risk and General counsel. **Operational ExCo** implements the strategic decisions from Strategic ExCo and is chaired by the COO; its members are the operational department heads.

**Strategic Executive Committee (StratExCo)**

- StratExCo executes the firm’s strategic objectives as agreed by the board, including devising and assessing the business plan, budget setting and resource allocation.
- Conducts initial staff pay reviews prior to RemCo review.
- Approves special and reserve matter requests before circulation to shareholders for approval. It also provides an opportunity for CIO, COO and DR&GC to report ahead of various committee and Investment board meetings.
Operations Executive Committee (OpsExCo)

OpsExCo is tasked with:

- Implementing decisions and take direction from StratExCo.
- Reviewing and managing strategic, business critical and client-related risks raised through various channels.
- Developing and reviewing progress of the business-plan, including key projects and financial management through agreeing allocation of resources for day-to-day and unique operations.
- Making and/or approving strategic and key cross-directorate decisions or make recommendations to StratExCo including but not limited to: procurement, new business proposals, strategies and policies, product launches.
- Escalating out-of-tolerance unmitigated risks to StratExCo.
- Reviewing and determining appropriate response to Management Information reports, in order to maintain Brunel's delivery objectives and promote the culture and values set by the board.

3.6 Operational Committees

The purpose of the operational committees is to provide formal pipelines for decision making and operational oversight and control. They are delegated day-to-day operational responsibilities by the executive committees.

The Operations Committee (BOC) is chaired by the COO and includes senior representatives of each directorate. The core responsibilities of BOC are to review detailed elements of Brunel’s operations.

The Risk and Compliance Committee (BRCC) is co-chaired by the DRGC and the HORC. Its core functions are to oversee and review the effectiveness of risk management arrangements in the first line, the ongoing execution of Brunel’s first line controls and to assess the adequacy of proposed management actions to address risks and issues identified.

The Investment Committee (BIC) is chaired by the CIO and is made up of all investment staff. It meets monthly to provide an authoritative forum on investment matters, in order to support the CIO. BIC ensures investment decisions and governance framework get adequate scrutiny through authoritative challenge and review.

The Investment Risk Committee (BIRC) is chaired by the Head of Listed Markets and includes Investments leads, COO, Head of operations (HoO) and DRGC as a non-voting attendee. The purpose of BIRC is to provide assurance on the management of investment risks within Brunel, in order to support the CIO.

Specifically, it provides authoritative challenge and insight in the analysis of investment risk exposures generally and ensures that each Portfolio and sub-investment manager mandate is managed within its respective risk profile and overall portfolio objectives.

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10 Brunel has a full product governance policy to ensure effective management of products, which includes granular prescriptions of committee roles.
3.7 Shareholder Group

The Shareholder Group, which is constituted of the Brunel Oversight Board, Client Group and shareholder Forum, provide independent oversight over Brunel and its Company Board, voicing the needs of both Shareholders and Clients.

The Shareholders’ Forum meets twice a year and provides an opportunity for the shareholders to meet with the Shareholder Non-Executive Director (SNED). It aims to support the communications and relationship building between the Shareholders and SNED. It also provides an opportunity for communication between the shareholders as a group.

The Brunel Oversight Board is responsible for ensuring Brunel delivers the services required to achieve the investment pooling. It also provides independent assurance and oversight to shareholders on key operational controls (including audit, finance, budget, risk, compliance, operations and IT).

The Client Group provides practical and technical support, guidance and assistance to the Oversight Board. It is made up a at least one appointee from each Client.

3.8 Leveraging the governance structure to provide robust Systems and Controls.

The overall governance framework as detailed above allows the board and firm to maintain appropriate and robust systems and controls in line with FCA SYSC regulations:

- Overall Oversight and direction: strategic direction, risk management and appetite and governance (including financial arrangements) alongside monitoring of the above\(^{11}\)
- Oversight, management and control of operations, products and policies\(^{12}\)
- Fitness and propriety of management and employees\(^{13}\)

3.9 Risk Committee

Brunel is not strictly required to have a risk committee under applicable company law and governance codes. However, several committees, including most notably ARC, have dedicated functions to support risk identification and management within the business. Moreover, our risk management framework is designed for risk to be considered across every level of the business, which all internal committees consider where appropriate in order to carry out their duties\(^{14}\).

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11 SYSC 4.3A.1R
12 SYSC 4.3A.1A R
13 SYSC 4.3A.3R; Brunel has processes for assuring the Fitness and Propriety of its staff, including F&P and appraisals for certified staff.
14 MIFIDPRU 7.1.4 R
3.10 Ethical considerations in relation to the Board

3.10.1 Diversity and Inclusion

Brunel maintains a framework for ensuring we provide equality, diversity and inclusion in the workplace. The objective of this policy, which applies to all employees and associated persons of Brunel, is to promote and protect the ethical standards and values set by the board. The policy sets out the expectations of all staff in respect of the treatment of staff, alongside the process by which action is taken in the event of a breach of those expectations. The policy gives enhanced information on the protected groups that may be at particular risk of discrimination and highlights the various forms discrimination can take. The policy highlights how diversity and inclusion is considered in the appointment of staff, and points to guidance for managers in hiring campaigns in relation to the Equality Act 2010; alongside how internal promotion and appraisal processes avoid unethical and unlawful discrimination.

Since Brunel is not a listed company, it is not currently subject to the FCA’s board-level diversity targets. However, NomCo considers the current level and benefit of diversity in the board when making any appointments.

3.10.2 Conflicts of Interest

Brunel also maintains a framework and process for managing conflicts of interest across the business. The Chief Executive Officer (CEO) has overall accountability for the underlying policy and for reviewing the effectiveness of actions in response to conflicts raised. All new staff must attest that they have read and understood the policy, and refresher training is administered when appropriate.

Operationally, the Legal, Risk and Compliance team maintains a log of all raised conflicts of interest, which provides sufficient details of the conflict, alongside any appropriate actions taken to either avoid, mitigate manage and disclose conflicts. This includes maintaining accurate record-keeping on all of the executive and non-executive related party affiliations. This process helps mitigate any harm to clients or market that could occur from external conflicts of interests. Conflicts of interest are also mitigated within the board sub-committees via their composition being made up of non-executive directors.

This is particularly important when assessing the board’s performance, remuneration and general adequacy of the processes and directorates for which they are responsible.

4. Own Funds

Own funds of a firm are the sum of its: common equity tier 1 capital, additional tier 1 capital, and tier 2 capital. A lack of suitable own funds and liquidity was seen as a key driver of the 2007/08 economic crisis. The FCA has outlined classifications of the types of capital that are used in the calculation of own funds. The defined ‘capital tiers’ also facilitates the FCA providing regulations around the type of capital a firm can hold to satisfy its regulatory requirements.
### 4.1 Composition of Regulatory own funds

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount (£’000)</th>
<th>Source based on reference numbers/letters of the balance sheet in the audited financial statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 OWN FUNDS</td>
<td>6,691</td>
<td></td>
</tr>
<tr>
<td>2 TIER 1 CAPITAL</td>
<td>6,691</td>
<td></td>
</tr>
<tr>
<td>3 COMMON EQUITY TIER 1 CAPITAL</td>
<td>6,691</td>
<td></td>
</tr>
<tr>
<td>4 Fully paid-up capital instruments</td>
<td>0</td>
<td>Note 22</td>
</tr>
<tr>
<td>5 Share Premium</td>
<td>8,400</td>
<td>Note 23</td>
</tr>
<tr>
<td>6 Retained Earnings</td>
<td>-2,860</td>
<td>Note 23</td>
</tr>
<tr>
<td>7 Accumulated other comprehensive income</td>
<td>1,427</td>
<td>Note 23</td>
</tr>
<tr>
<td>8 Other Reserves</td>
<td>102</td>
<td>Note 23</td>
</tr>
<tr>
<td>9 Adjustments to CET1 due to prudential filters</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>10 Other Funds</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>11 (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1</td>
<td>378</td>
<td></td>
</tr>
<tr>
<td>19 CET1: Other capital elements, deductions and adjustments</td>
<td>378</td>
<td>Note 11</td>
</tr>
<tr>
<td>20 ADDITIONAL TIER 1 CAPITAL</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>21 Fully paid up, directly issues capital instruments</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>22 Share Premium</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>23 (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>24 Additional Tier 1: Other capital elements, deductions and adjustments</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>25 TIER 2 CAPITAL</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>26 Fully paid up, directly issues capital instruments</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>27 Share premium</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>28 (-) TOTAL DEDUCTIONS FROM TIER 2</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>29 Tier 2: Other capital elements, deductions and adjustments</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

### 4.2 Own Funds: Reconciliation of regulatory own funds to balance sheet in the audited financial statements.
## Balance sheet as published/audited financial statements

### Assets – Broken down by asset classes (£'000)

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Amount (£'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tangible Fixed assets</td>
<td>133</td>
</tr>
<tr>
<td>2</td>
<td>Long term debtors</td>
<td>152</td>
</tr>
<tr>
<td>3</td>
<td>Deferred tax asset</td>
<td>378</td>
</tr>
<tr>
<td>4</td>
<td>Current debtors</td>
<td>1,025</td>
</tr>
<tr>
<td>5</td>
<td>Cash at bank and in hand</td>
<td>10,810</td>
</tr>
<tr>
<td></td>
<td><strong>Total Assets</strong></td>
<td><strong>12,498</strong></td>
</tr>
</tbody>
</table>

### Liabilities – Broken down by liability classes (£'000)

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Amount (£'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Current Liabilities</td>
<td>5,207</td>
</tr>
<tr>
<td>2</td>
<td>Net defined benefit obligations</td>
<td>102</td>
</tr>
<tr>
<td>3</td>
<td>Provisions for other liabilities</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td><strong>Total Liabilities</strong></td>
<td><strong>5,429</strong></td>
</tr>
</tbody>
</table>

### Shareholder’s Equity (£’000)

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Amount (£’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Called up share capital</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>Share premium account</td>
<td>8,400</td>
</tr>
<tr>
<td>3</td>
<td>Pension reimbursement reserve</td>
<td>102</td>
</tr>
<tr>
<td>4</td>
<td>Retained earnings</td>
<td>-1,433</td>
</tr>
<tr>
<td></td>
<td><strong>Total Shareholders’ Equity</strong></td>
<td><strong>7,069</strong></td>
</tr>
</tbody>
</table>

### Own funds: main features of own instruments issued by the firm

Private Company limited by shares.

Authorised, allotted, and fully paid – 20 ordinary shares of £1 each.

Ordinary shares issued in October 2016, July 2017, and December 2017 for a total premium of £8,399,980

## 5 Own funds requirements

The own funds requirement details the regulatory minimum of own funds it needs to always hold to mitigate the risk of harm from ongoing operations and wind down, including the associated calculation methodologies.

To calculate the baseline risk of ongoing operations, the FCA uses K-factors, which allow for a scale in potential harm to clients and markets. To calculate the minimum own funds required for orderly wind down, the FCA uses the Fixed Overhead Requirement (FOR).

The own fund requirement is the highest of: Permanent Minimum Requirement (PMR), K-factor requirements and FOR.
Brunel has calculated that given our operational business model, the two K-factors that apply to us are K-AUM (relating to assets under management) and K-COH (relating to client orders handled). Brunel’s fixed overhead requirement has been assessed to be 1/4 of fixed overheads for the previous year. 15

5.1 K-factor requirements

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount (£’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>∑ K-AUM C-CMH – K-ASA</td>
<td>694</td>
</tr>
<tr>
<td>∑ K-COH K-DTF</td>
<td>56</td>
</tr>
<tr>
<td>∑ K-NPR K-CMG K-TCD K-CON</td>
<td>-</td>
</tr>
<tr>
<td><strong>Fixed overhead requirements (FOR)</strong></td>
<td><strong>3,280</strong></td>
</tr>
</tbody>
</table>

5.2 Overall Financial adequacy assessment

5.2.1 ICARA

Ensuring that Brunel is maintaining appropriate levels of own funds is an integral part of its Risk Management Framework. Under the IFPR regulations, this takes the form of our Internal capital adequacy and risk assessment (ICARA) process.16

This is an ongoing process of assessing the level of own funds and liquidity we are required to maintain, through financial, risk and scenario assessments.

The sum of these assessments is the ICARA document, which includes the methodologies and results from the process, alongside an assessment of the process itself. The ICARA process ensures that we hold and will be able to hold the appropriate level of own funds and liquidity to comply with MIFIDPRU and to protect the shareholders, clients, and markets from harm in the event of unmitigated risk events and/or wind-down.

Therefore, any material changes to Brunel’s business or operating model, or wider risk assessment and framework would trigger an ICARA impact assessment, the findings of which would be presented by the board for review. This is supported by our change management policy, which includes a requirement to review impacts on risk landscape and ICARA.

15 See MIFIDPRU 4.5.1 R: The FCA’s definition is ‘an amount equal to one quarter of the firm’s relevant expenditure during the preceding year’ which is calculated in accordance to MIFIDPRU 4.5.3 R
16 See MIFIDPRU 7.8.7 R
5.2.2 ICARA Key Components:

**Business model, Strategy**

Maintaining reference to our overarching business model, strategy and plan is important in the overall ICARA process. Our model has a large influence on the amounts of capital and liquidity we can hold and are likely to hold in future, given the nature of our revenue stream and costs. The governance and business model also informs the development, oversight and application of our risk management framework, shaping the nature and ownership of risks, i.e. income concentration.

**Financial & Capital Position:**

Our current and projected financial & capital position is an essential component for us to be able to assess our ability to meet our own funds and liquidity requirements. Brunel also undertakes monitoring of financial adequacy, including threshold triggers and the appropriate actions should relevant thresholds be breached, which is incorporated into Brunel’s existing Risk management framework.

**Risk Management and ICARA:**

Brunel’s risk management framework underpins the ICARA process by providing the underlying risk assessments which inform the scenario analyses required to calculate additional own funds and liquidity requirements, derived from the risk to Brunel from ongoing operations and wind down.

Our risk management framework facilitates our ability to identify, assess and mitigate risks at each level of our risk taxonomy in line with our risk appetite. In conjunction with analysis of our business model, this allows us to analyse ‘severe but plausible’ scenarios for the purposes of calculating additional own funds and liquidity requirements.

**Own Funds and Liquidity Assessment:**

All MIFIDPRU firms must comply with the overarching Overall Financial Adequacy Rule (OFAR), where a firm must, at all times, hold adequate amounts and quality of own funds and liquidity.17

The total amount of own funds required is the ‘Own Funds threshold requirement’ (OFTR). The OFTR uses the constituent basic own funds requirement calculations (Ongoing operations (K-factor) & Wind down (FOR)) and requires additional firm-led risk assessments of those two factors, to determine the total amount of own funds needed to be held.

The OFTR is the highest of: Permanent Minimum Capital Requirement (PMR), Ongoing operations assessment (K-Factor + additional own fund requirements) and Wind down assessment (FOR + additional wind-down risk assessment).18

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17 See MIFIDPRU 7.4.7 R
18 See MIFIDPRU 7.6.4 G
The ‘Liquid Asset threshold requirement’ (LATR) is the sum of the basic liquid asset requirement (1/3 of FOH) + the highest of total liquid assets required to fund ongoing operations (at any given point in time and during periods of stress) and to commence orderly wind down. 19

Brunel has calculated and assessed the level of own funds and liquidity we will be required to hold based on the regulatory calculations and our risk assessments applied to our 2022 financial accounts. We then use projected forecasting to assess whether we will be able to maintain the necessary amounts; given our projected financial accounts and risk appetite & assessment.

Using our current and projected financial accounts, we have been able to forecast our future own funds and liquidity. The board have concluded, based on these projections and our ongoing risk assessment, that we are very likely to be able to maintain the required liquid assets and own funds over the next 3 years.

Stress and reverse stress testing. 20

As part of our compliance with MIFIDPRU, and to test the robustness of our ability to meet our current and projected own funds and liquidity requirements, we conducted stress and reverse stress testing on our own fund and liquidity calculations, using severe but plausible stress scenarios (each scenario being broken down into varying levels of severity). To do this we use our 2022-2025 business plan forecasts.

The two scenarios we used were: 1. Loss of our largest client & 2. Invoiced income not received when due. For both scenarios we highlighted the detail of the assumptions, consequences on our own funds and liquidity, and our recovery plan.

Based on this analysis the board has concluded that, for scenario 1, Brunel will continue to be adequately capitalised. For scenario 2, in all but the most extreme scenarios (over 50% of quarterly invoiced income unpaid), we would remain viable to operate until the next quarterly income invoice.

We also conducted reverse stress testing, in which we used a scenario that could cause Brunel’s business plan to become unviable. This scenario was based on our business model, nature of our clients and income and our risk assessments, namely:

Client dispute resulting in invoices not being raised and therefore no cash receipt for client’s share of costs.

Using a similar methodology for the stress testing, we modelled the impact of the scenario by breaking the scenario down by severity and applying it to our current and projected financial and business forecast.

The reverse stress testing revealed that Brunel could continue to meet its regulatory capital target in FY23 if it suffered a full year loss of income of up to c26% (subject to it implementing a programme of cost saving measures).

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19 See MIFIDPRU 7.7.4 G; MIFIDPRU 7.7.5 G  
20 See MIFIDPRU 7.5.4.3; MIFIDPRU 7.5.4. As Brunel is not a large and complex firm, we are not required to conduct reverse stress testing, however we believe it is best practice in order to mitigate financial risk.
Other additional risk factors, such as macroeconomic, political or operational stress events were considered, but it was concluded that the likely outcome of the scenarios would not impact Brunel in a way that necessitated its own scenario stress-test.

Wind down planning
Brunel has created a wind-down policy which sets out how the firm would oversee a cessation of regulated activities with minimal adverse impact on Brunel clients, counterparties, or the wider markets.

Our wind down governance and plan is detailed within the policy, which includes the steps regarding working with our clients, assessing the situation-specific risks and financial impact, and the planned process and timeline for the investment products and assets to be transferred as Brunel winds down. In addition, it sets out transitional arrangements for clients’ assets to be maintained in a stable pooled structure ensuring compliance with their regulatory obligations.

The financial modelling with respect to our wind down plan allows us to conclude that Brunel is very likely to be able to maintain our OFTR and LATR throughout the wind-down process.

ICARA Process Review
The underlying company-wide risk management framework and procedures on which much of the ICARA is based is owned by the Director of Risk and General Counsel. ARC review the policy and sign-off the policy on behalf of the board at least bi-annually.

Financial adequacy is monitored as a part of our risk management framework by the Finance function against the internally defined Key Risk Indicators and regulatory thresholds, with reporting and oversight within the Operations directorate and the governance committees.

Stress testing is undertaken at least annually. Further stress tests are undertaken on an ad hoc basis in response to concerns about changing external conditions.

Wind down planning is reviewed with the ICARA document at least annually, alongside ad-hoc reviews if there is a material change in the business model or risk profile.

ARC and the board review the entire ICARA document at least annually, including the constituent processes by which the assessment has been made; ensuring it is compliant with MiFIDPRU. The 2023 version of the ICARA document was reviewed by the Audit, risk and Compliance committee on 19 January 2023, and was approved by the Company Board on 19 January 2023.

The ICARA process is also subject to internal audit to provide assurance that the regulatory requirements have been met, in conjunction with external audit of our financial accounts, to ensure that the process is underpinned by prudent and accurate accounting practices.

6 Remuneration

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21 See MiFIDPRU 7.5.7 R.
6.1 Remuneration Governance

Brunel’s board sub-committee RemCo is responsible for implementing and reviewing the remuneration policy (the Policy). As noted above, RemCo sets the remuneration of executive directors and recommends and monitors the level and structure of remuneration for senior management below Executive Director level. The CEO is responsible for settling the remuneration of other employees in accordance with the Policy, with input from other Executive Directors, as appropriate.

The Policy was created in consultation with PwC. RemCo reviews all remuneration decisions and reviews the Policy annually, and changes to the Policy require unanimous shareholder approval. The Policy is currently being reviewed as part of a wider review of the Company’s People Strategy.

6.2 Remuneration features and the link between pay and performance

The Policy is designed to promote sound and effective risk management as well as good corporate governance. The Policy is therefore designed to incentivise directors and employees to act in ways which do not undermine this primary purpose; and to attract, motivate, and retain employees and directors to deliver Brunel’s business plan and strategic goals.

Brunel remunerates directors and employees via base salary, pension and other non-cash benefits, e.g., optional healthcare coverage, electric vehicle scheme, refer a friend scheme. These are designed and set to ensure the effective implementation of our Policy’s principles and objectives.

Base salaries for all employees are capped, at different levels for executive directors and other employees. Brunel does not offer a typical variable pay structure.

With exception to executive directors, Brunel offers a cash-based ‘recognition award’ which, under IFPR, constitutes variable pay. The award is given to employees who demonstrate cross team collaboration, going above and beyond and embody Brunel’s values.

The recognition award is annually capped individually and across the business and cannot form more than 10% of total compensation. 23

In terms of pension benefits, all staff are offered membership of the Local Government Pension Scheme, as administered by Wiltshire Council, which is a Career Averaged Revalued Earnings scheme.24

6.3 Code staff criteria

Brunel ensures that it applies all of the necessary remuneration requirements with consideration to our size, complexity and risk profile. Code Staff are identified in accordance with the BIPRU

22 See BIPRU 11.5.18 (1)-(5) R.

24 The LGPS scheme is not offered to employees whose salary exceeds a defined amount.
Remuneration Code which establishes qualitative criteria to identify categories of staff whose professional activities have a material impact on the firm’s risk profile (Code staff).25

These categories broadly include the relevant Board of Directors, senior management, senior control function staff and other key risk takers.

Material Risk Takers (MRTs) are board members and voting members of the governance committee, senior managers under SMCR and heads of functions, including control functions and only staff actively performing their role. 20 individuals are MRTs, 13 of which are classified as Senior Management.

6.4 Total Remuneration by Business area:26

<table>
<thead>
<tr>
<th>Business Area</th>
<th>Total Remuneration (£’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>1,056</td>
</tr>
<tr>
<td>Investments</td>
<td>2,107</td>
</tr>
<tr>
<td>Compliance, Risk and Legal</td>
<td>445</td>
</tr>
<tr>
<td>Client Relations</td>
<td>463</td>
</tr>
<tr>
<td>Board</td>
<td>954</td>
</tr>
</tbody>
</table>

6.5 Total Remuneration broken down by MRTs and Senior management:29

<table>
<thead>
<tr>
<th>Staff Type</th>
<th>Beneficiaries</th>
<th>Fixed Remuneration (£’000)</th>
<th>Variable Remuneration (£’000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management</td>
<td>13</td>
<td>1,483</td>
<td>6</td>
</tr>
<tr>
<td>MRTs</td>
<td>7</td>
<td>734</td>
<td>6</td>
</tr>
</tbody>
</table>

25 See SYSC 19C.3.4R
26 See BIPRU 11.5.18 (6) r
27 Includes the teams in: Operations and Investment operations, Finance, Tax, HR, IT, Change management and facilities.
28 As per 3.5.
29 See BIPRU 11.5.18 (7) R. Brunel does not provide: variable remuneration via shares or other non-cash financial instruments, deferred remuneration altered through performance, and severance payments. In exceptional circumstances, NomCo may provide additional rewards to recruited executive directors, in light of forfeited benefits or pay, or to cover costs or benefits as a result of recruitment, or additional exit payments, for example settlement of any claim arising in connection to the termination of a director’s employment.
7. Investment Policy

Given the size of Brunel, we do not currently need to disclose our investment policy. Should we meet the conditions in future, we will disclose it in accordance with applicable requirements.30

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30 See MiFIDPRU 8.7.1 R, and MiFIDPRU 7.1.4R for the conditions for Risk and Nomination Committees