

Brunel Pension Partnership Limited Annual Public Disclosure 2025

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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.

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

The reference date for this disclosure is 30/09/2024. Quantitative disclosures relating to our own funds and remuneration are based on our 2023-2024 audited financial accounts, which will be updated in line with all future published audited financial statements. Brunel's performance period runs from June to the following June on an annual cycle.

¹ See MIFIDPRU 8.1.10 and 8.1.11

² See MIFIDPRU 8.1.8

³ See MIFIDPRU 8.1.1 (4).

2. Risk Management Objectives and Policies

2.1 Brunel's Risk Management Overview.

Brunel maintains an overall risk management framework and policy, which is embedded into the organisational structure and culture of Brunel. Our framework and risk processes and tools are designed to allow the business to take an informed and balanced approach to dealing with risks that Brunel faces in achieving its business objectives and minimising the risk of harm.

Brunel operate a 'three lines of defence' model which works in conjunction with the governance framework to implement the risk management objectives (see section 3 for more details).

The 'first line' are the operational business units carrying out activities to achieve Brunel's strategic objectives. The 'second line' are the Legal, Risk and Compliance team, headed by Kevin Jones, Director of Risk and General Counsel (DRGC) who monitor and challenge the first line, and the 'third line' are internal and external audit, currently outsourced to Deloitte Ltd and PKF Littlejohn LLP.

The risk management framework has 6 key components:⁴

Risk Appetite:

Brunel's board sets the risk appetite for all of our high-level risks. The risk appetite statements are reviewed by the board sub-committee, the Audit, Risk and Compliance Committee (**ARC**) who make recommendations to the board.

Risk identification assessment and measurement:

Brunel maintains a risk taxonomy (categorisation), significant risk register, emerging risk register, key risk indicators and risk and control self-assessments (**RCSAs**). Brunel's high-level risks include:

- Strategic risks
- Financial Risks
- Operational Risks
- Conduct Risks

All risks in our taxonomy are owned by a relevant person in Brunel of sufficient seniority. Our Executive Directors are owners of the risks of their respective areas of oversight. They must ensure that all risks identified for every level of the taxonomy have appropriate oversight, mitigants and controls in line with our risk appetite.

Risk Mitigation and control:

Brunel has implemented a framework for controls to mitigate risks within the agreed appetite, these are grouped into:

⁴ See MIFIDPRU 8.2.2 R (2)

- Governance controls: policies and procedures, governance oversight arrangements
- Preventative controls: controls that reduce the risk of occurrence or impact
- Detective controls: controls that identify and address risks that have materialised to reduce harm and impact.

Risk Event management:

Brunel has procedures in place for errors and incidents to be reported, managed and escalated where necessary. The process ensures formal second line oversight, including ensuring root cause analysis and remediation is carried out.

Risk monitoring and reporting:

Both the first and second line have risk monitoring and reporting responsibilities, these are:

- First Line monitoring and reporting:
 - RCSAs
 - Key performance indicators (**KPIs**)
 - Risk escalation
 - Policies
- Second Line monitoring and reporting
 - Key Risk Indicator (**KRI**) reviews
 - Quarterly Risk Report (**QRR**) which is reviewed by our executive committees, Risk and Compliance Committee and the board sub-committee, Audit and Risk Committee (**ARC**)
 - First line RCSA reviews
 - Risk event reviews
 - Policy governance reviews and oversight
 - Legal Risk and Compliance KPI's.

Internal capital adequacy and risk assessment (**ICARA**) process

See section 5.2.1 for details on our ICARA process.

2.2 Objectives for key risks categories⁵

As part of our risk management processes, Brunel assesses the probability and impact of risks across the taxonomy. The ICARA process ensures detailed quantitative and qualitative assessments of potential financial harm to Brunel, clients, and market. Brunel conducts scenario and sensitivity analysis where appropriate to determine the additional own funds and liquidity required to mitigate residual financial impact.

⁵ See MIFIDPRU 8.2.1R

It is the objective of all of our risk management strategies to monitor and manage all risk within our risk appetite.

2.2.1 Own Funds Risk

Brunel has identified the key categories of risk to our own funds:

Market Risk:

Market risk has been defined as the risk of market variables to the firm's assets and liabilities. Brunel does not operate a trading book or hold debt. Exposure to market risk limited to: currency exchange rates, interest rates and inflation.

These risks have a potential for harm for Brunel and no material risk of harm on our clients or markets. If inflation rises considerably, costs of external services may rise, alongside staff pay expectations. Furthermore, should exchange rates change rapidly, it may make paying for services in foreign countries more expensive.

To mitigate risk, we use: exchange rate contract provisions and forex hedging, budget and cashflow forecasting and monitoring, money market funds, budget contingencies and loss recovery arrangements with our shareholders.

Pension obligation risk:

Pension obligation risk has been defined as risk to firm's liabilities from our defined benefit pension scheme. Higher than forecasted pension liabilities and unfunded liabilities may reduce Brunel's regulatory capital.

These risks have a potential for harm for Brunel and no material risk of harm on our clients or markets. Brunel's shareholders have agreed to cover pension liabilities should Brunel be unable to meet them, we hold regulatory capital for any deficit in coverage.

Credit Risk:

Credit risk is defined as failure of debtors to meet obligations. Brunel has not issued any loans. Brunel has credit risk associated with cash deposits, outstanding invoices or insurance, pre-paid services, or deferred tax. If a banking partner is unable to fulfil withdrawal requests, it may make Brunel unable to pay operating costs. If a third party is unable to deliver paid services, it may lead to additional costs which could harm our financial position, and clients if we are unable to deliver certain services.

We manage this risk by only depositing with institutions with a sufficient credit rating, depositing with multiple institutions with limits and regular ongoing assessments. Brunel have a treasury strategy to minimise our credit and concentration risk with counterparties.

Operational and Conduct Risk:

Operational risk is defined as exposure or loss that may arise from inadequate, inappropriate, insufficient, or otherwise failed internal processes or systems, human error, or external events. Conduct risk is the risk associated with the way Brunel and its staff engage with clients and the broader financial markets.

Brunel has conducted scenario analysis on operational and conduct risk areas and have determined financial risks are most associated with client dealing, product governance, regulatory compliance and office damage. The harm could apply to Brunel and our clients. For example, a regulatory fine or wiping of fixed assets. Dealing risk presents a risk to clients and Brunel, as market changes may lead to significant losses which need to be compensated by Brunel.

We have implemented numerous controls for our operational and conduct risk across the taxonomy. We maintain comprehensive dealing and product governance procedures which are overseen at an executive level.

Regulatory compliance with market abuse controls are managed by the first line and overseen by our Legal, Risk and Compliance directorate. They include system access permissions, information classification and rules, staff-wide training, KRIs, compliance monitoring, risk reviews and internal audits. Office damage controls include business continuity and disaster recovery process, planning and testing.

2.2.2 Liquidity Risk

Liquidity risk has been defined as the risk Brunel will be unable to meet its financial obligations as they fall due or may do so only at a disproportionate or excessive cost. Brunel's main risk comes from paying our staff costs and ad-hoc invoices and insurance premia. Brunel does have a complex business model and unpredictable short-term liabilities, and we are reliant on quarterly invoices from our clients, public sector bodies, for fulfilment of necessary costs.⁶

The risk of harm for Brunel would be if we were unable to maintain significant regulatory liquidity, or unable to fund ongoing operations in delivering services to our clients.

Brunel maintains various controls, policies and processes to manage our liquidity risk. These include detailed risk assessment via our ICARA process, including stress and reverse stress testing, ongoing monitoring, credit risk management, KPIs and KRIs. We also ensure purchases are controlled; client billings are planned in advance (with exception to 1st quarter).

2.2.3 Concentration Risk

Concentration risk is defined as the risk arising from concentration of Brunel's financial assets and income. Brunel's two areas of concentration risk arise from bank deposits and earning sources (10 clients). There is a risk of harm if Brunel is unable to withdraw cash from our banking partners to pay our staff costs and invoices with third parties. If a client were to leave the Pool or refuse to pay an invoice, it may have a larger proportionate impact to Brunel's ability to pay our ongoing operating costs.

See our controls concerning credit risk and liquidity risk above, as these are primary controls to manage concentration risk given Brunel's business model. However, Brunel also conduct

⁶ Other risks relate to credit and market risk, see 2.2.1 own funds risk.

scenario testing for our concentration risk as part of our ICARA process, see section 5.2.1 for more details.

2.3 Policies

Brunel maintains a policy framework, which links policies to our risk categorisation model. We maintain the following policies to manage the risks described above:

Risk Category	Risk Owner	Policies
Market	Chief Operating Officer	Scheme of Delegations Policy Procurement Policy Outsourcing and Vendor management policy and strategy Accounting and Disclosure Policy
Pension Obligation	Chief Operating Officer	Discretionary Pension Policy Accounting and Disclosure Policy
Credit	Chief Operating Officer	Treasury Strategy Procurement policy Insurance Policy
Operational	Chief Operating Officer	Risk Framework Risk Event and Incident Management Policy and Procedures Operational risk assessment policy Insurance Policy
Liquidity	Chief Operating Officer	Corporate Liquidity Policy
Concentration	Chief Operating Officer	Treasury Strategy Partnership Pricing Policy

3 Governance

3.1 Brunel's governance overview

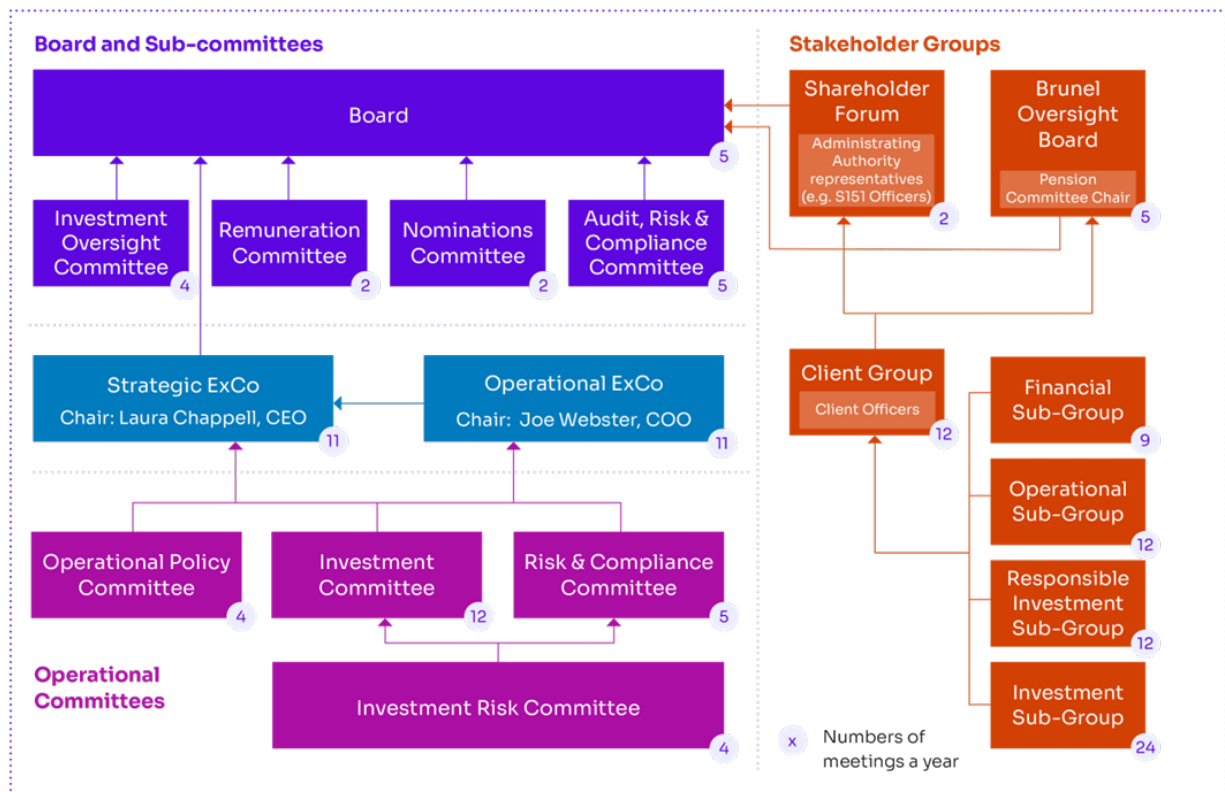
Brunel is atypical, in the sense that the firm's clients are also the only and equal shareholders in the business. As such, the firm's business model is designed to facilitate controlled, organised and effective decision making to achieve good outcomes for our clients and the market.

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 committees to provide oversight of specific areas such as risk. 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, Oversight Board and the Shareholder Forum.

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 board.



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 operates with a model that is designed to be transparent, robust and efficient in ensuring prudent management of the firm's operations.⁷

3.2 Board of directors⁸:

Executive:

Laura Chappell: Chief Executive Officer (**CEO**)

David Vickers: Chief Investment Officer (**CIO**)

Joe Webster: Chief Operating Officer (**COO**)

Non- Executive (**NED**):

Sally Bridgeland: Independent Chair

Miles Geldard: Non-Executive Director

Liz McKenzie: Shareholder Non-Executive Director

Patrick Newberry: Non-Executive Director

Roelie van Wijk: Non-Executive Director

During the period, Brunel appointed Sally Bridgeland as a new Independent Chair. She joined as non-executive director and Depuy Chair and took on the role of Chair on the departure of Denise Le Gal on the 1st of October 2024.

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 the wider market.

⁷ See MIFIDPRU 8.3.1 and SYSC 4.3A 1R.

⁸ For more information on who we are, please access the 'people' page on our website: [People - Brunel Pension Partnership](#)

3.3 Table showing the board, their SMF/Role in Brunel, the scope of that role and total number of personal directorships. ⁹

Name	Significant management Function (SMF)/Role	Total Directorships
Laura Chappell	SMF1, SMF3 / CEO	2
David Vickers	SMF3 / CIO	1
Joe Webster	SMF3 / COO	2
Sally Bridgeland	SMF9 / Independent Chair (non-executive)	5
Miles Geldard	NED	1
Liz McKenzie	Shareholder NED	2
Patrick Newberry	NED	3
Roelie Van Wijk	NED	2

* 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 their business areas in a prudent manner. They are responsible for risk management identification and oversight and take an active role in the ICARA process to embed its requirements within their business areas. Executive directors 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.

⁹ 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.

Executive directors work closely with the CEO and the board in reporting back relevant information under the scope of their business area, and to deliver their objectives.¹⁰

NEDs 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. Other people 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.

In the period, Brunel added an additional board sub-committee, the 'Investment Oversight Committee'

Audit, Risk and Compliance Committee (ARC)

ARC's primary functions are:

- To assess and review statutory financial and narrative reporting, alongside additional reporting through board requests. For example, the Annual Report and Accounts, ICARA and Wind Down Plan, to recommend for board approval.
- To set and approve the firm's risk management framework and systems.
- To assess and review internal and external audits to assess the strength and integrity of areas within its scope.
- To set and approve Brunel's procedures for whistleblowing, detecting fraud and prevention of financial crime.
- To assess and review the adequacy and effectiveness of Brunel's compliance function and compliance monitoring arrangements.
- To assess and review Brunel's compliance with its capital adequacy and wind down requirements.

Remuneration Committee (RemCo)

RemCo's primary functions are:

- To set the remuneration, including pension arrangements and policy for the executive directors and the Chair of the board.
- To assess and review the application of the remuneration policy at annual pay-review cycles.
- To assess and review the appropriateness and relevance of the remuneration policy.

¹⁰ 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.

- To approve the design of any performance-related pay schemes and approve the level of variable remuneration distributed to all staff based off the Value For Money (VFM) Balanced Scorecard.

Nomination Committee (NomCo)

NomCo's primary functions are:

- 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.

Investment Oversight Committee (IOC)

IOC's primary functions are:

- To provide oversight on investment activities and fiduciary responsibilities to clients.
- To ensure compliance with product governance obligations and Brunel's Responsible Investing principles.
- To review investment-related issues, risks, opportunities, and development investment-related strategy.
- Assess and review the performance of our investment products.

3.5 Executive Committees

The executive committees are responsible for the oversight and management of operations within Brunel, 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, Director of Risk and General counsel and Head of Investment Business Management. Operational ExCo implements the strategic decisions from Strategic ExCo and is chaired by the COO; its members are the department heads from across Brunel.

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.
- Supports the CEO in setting pay outcomes prior to RemCo review.
- Approves special and reserve matter requests before circulation to shareholders for approval. It also provides an opportunity for the CIO, COO and DR&GC to report ahead of various committee and Investment board meetings.

Operational Executive Committee (OpExCo)

OpExCo 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 Other 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 has formally changed to Operational Policy Committee, with OpExCo taking ownership of its function outside of policy approvals.

The **Operational Policy Committee (OPC)** is chaired by the COO and includes senior representatives of each directorate. The core responsibilities of OPC are to review and approve key operational policies.

The **Risk and Compliance Committee (BRCC)** is co-chaired by the DRGC, HORC and Operational Risk Manager. 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; it is attended by members of the second line.

The **Investment Risk Committee (BIRC)** is chaired by the Head of Listed Markets and includes investments leads, Head of Investment Operations and DRGC. 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 objectives¹¹

3.7 Partner Funds

The Shareholder Group, which is constituted of the Brunel Oversight Board, Client Group and Shareholder Forum, provide independent oversight over Brunel and the board, voicing the needs of our partner funds.

The Shareholders' Forum meets a minimum of 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 considers and addresses relevant matters on behalf of our partner funds and acts as a conduit and focus of partner fund requirements and views.

The Client Group provides practical and technical support, guidance and assistance to the Oversight Board. It is made up of at least one appointee from each partner fund and has various sub-groups that focus in detail on specific areas or themes.

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 above¹²
- Oversight, management and control of operations, products and policies¹³
- Fitness and propriety of management and employees.¹⁴

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

¹¹ Brunel has a product governance policy to ensure effective management of products, which includes granular prescriptions of committee roles.

¹² SYSC 4.3A.1R

¹³ SYSC 4.3A.1A R

¹⁴ SYSC 4.3A.3R; Brunel has processes for assuring the Fitness and Propriety of its staff, including F&P and appraisals for certified staff.

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.¹⁵

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 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.

¹⁵ MIFIDPRU 7.1.4 R

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

	Item	Amount (£'000)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	7,013	
2	TIER 1 CAPITAL	7,013	
3	COMMON EQUITY TIER 1 CAPITAL	7,013	
4	Fully paid-up capital instruments	0	Note 22
5	Share Premium	8,400	Note 23
6	Retained Earnings	-2,207	Note 23
7	Accumulated other comprehensive income	1,308	Note 23
8	Other Reserves	-	Note 23
9	Adjustments to CET1 due to prudential filters	-	
10	Other Funds	-	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	205	
19	CET1: Other capital elements, deductions and adjustments	205	Note 11
20	ADDITIONAL TIER 1 CAPITAL	-	
21	Fully paid up, directly issues 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 issues capital instruments	-	
27	Share premium	-	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
29	Tier 2: Other capital elements, deductions and adjustments	-	

4.2 Own Funds: Reconciliation of regulatory own funds to balance sheet in the audited financial statements.

		a	c
		Balance sheet as in published/audited financial statements	Cross-reference to template OF1
		as at 30/09/2024	
Assets – Broken down by asset classes (£'000)			
1	Tangible Fixed assets	126	
2	Long term debtors	50	
3	Deferred tax asset	205	19
4	Current debtors	1,716	
5	Cash at bank and in hand	12,758	
	Total Assets	14,855	
Liabilities – Broken down by liability classes (£'000)			
1	Current Liabilities	7,213	
2	Net defined benefit obligations	0	
3	Provisions for other liabilities	141	
	Total Liabilities	7,354	
Shareholder's Equity (£'000)			
1	Called up share capital	0	4
2	Share premium account	8,400	5
3	Pension reimbursement reserve	0	8
4	Retained earnings	-899	6+7
	Total Shareholders' Equity	7,501	
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**), which is calculated as 1/4 of a firm's fixed overheads for the previous year.¹⁶

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).

5.1 K-factor requirements

Item		Amount (£'000)
K-Factor Sums	Σ K-AUM C-CMH – K-ASA	1,172
	Σ K-COH K-DTF	2
	Σ K-NPR K-CMG K-TCD K-CON	-
Fixed overhead requirements (FOR)		3,326

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.¹⁷

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

¹⁶ 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

¹⁷ See MIFIDPRU 7.8.7 R

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.

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:

The assessment of 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.

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 and funding 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.¹⁸

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).¹⁹

¹⁸ See MIFIDPRU 7.4.7 R

¹⁹ See MIFIDPRU 7.6.4 G

The 'Liquid Asset threshold requirement' (**LATR**) is the sum of the basic liquid asset requirement (1/3 of FOR) + 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.²⁰

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 2024 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.²¹

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 2024-2026 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 Brunel 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 FY25 if it suffered a full year loss of income of up to c23% (subject to it implementing a programme of cost saving measures).

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.

²⁰ See MIFIDPRU 7.7.4 G; MIFIDPRU 7.7.5 G

²¹ 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.

Wind down planning²²

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's 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 adequate financial resources 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 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 2025 version of the ICARA document was reviewed by the Audit, Risk and Compliance committee and was approved by the board on 16/01/25.

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

6.1 Remuneration overview²³

Objectives and philosophy

²² See MIFIDPRU 7.5.7 R.

²³ See MIFIDPRU 8.6.2 R

The primary purpose of the Remuneration Policy ('the policy') is to incentivise directors and employees to deliver Brunel's business plan and strategic goals in a way which promotes sound, effective risk management and good corporate governance.

The aim of the policy is to provide a remuneration framework based on the following principles:

- ensure a fair approach to remuneration; including consideration of statutory duties in relation to equal pay and non-discrimination attract, motivate and retain directors, senior management and employees
- reward delivery of Brunel's business plan and strategic goals
- provide good corporate governance, and compliance with prevailing regulations and appropriate risk management;
- alignment of long-term shareholder interest and other Brunel stakeholders

For this performance year, Brunel moved to the variable compensation scheme based on the VFM balanced scorecard and phased out the 'special-recognition awards' which formed Brunel's variable remuneration in the previous disclosures.

6.2 Remuneration Governance²⁴

The remuneration policy is approved by RemCo and Shareholders. The remuneration policy sets out the key components, alongside the strategy of remuneration for Brunel. This has been designed to comply in-full with the MIFIDPRU remuneration code.²⁵

Please see section 3.4 for details on RemCo. Furthermore, given Brunel's structure, Shareholders also approve Brunel's 3-year budget, which includes salary budget.

Brunel StratExCo members meet annually to support the CEO in determining compensation outcomes for staff (excluding StratExCo members). RemCo oversee the decision making of the StratExCo, to ensure compliance with the remuneration policy and people strategy.

The second-line compliance function conducts independent compliance monitoring annually on Brunel's compliance with MIFIDPRU remuneration code, alongside less frequent internal audits.

More detailed information on the role of various governance committees and processes relating to Remuneration are included in the relevant sections in this disclosure.

6.3 Material Risk Takers²⁶

Material Risk Takers (**MRTs**) are defined as individuals whose professional activities could have a significant impact on the risk profile of the firm and the assets it manages.

²⁴ See MIFIDPRU 8.6.2 R (3).

²⁵ Noting SYSC 19G.1.26, which provides requirements to apply the MIFIDPRU Remuneration Code in a way which is proportionate to the firm's business activities and size

²⁶ See MIFIDPRU 8.6.4 R.

Brunel applies the regulations in SYSC 19G to our business model and organisational structure, and broadly determines MRTs to be heads of functions (assuming there is not an MRT who supervises on a day-to-day basis) and members of decision-making committees²⁷, for example BIC or ExCo. The list of MRTs is reviewed annually.

Brunel has identified 21 members of staff who are Material Risk Takers.

6.4 Remuneration policy and in practice

Remuneration Policy²⁸

Brunel's remuneration policy is designed to achieve its objectives and philosophy.

In practical terms, Brunel offers all staff²⁹:

Fixed: Base salary, LGPS defined benefit pension scheme³⁰ and a defined contribution scheme opt-in.³¹

Variable: Variable bonus distributed evenly to all employees, discretionary pension arrangements, long service awards and other discretionary benefits and payments³²

Brunel also offers various non-cash benefits such as private healthcare, electric vehicle scheme.

RemCo is able, in exceptional circumstances, to provide additional compensation for executive directors in the event of forfeiture of salary/benefits, relocation and the amount would be limited to the forfeiture.

The policy has been written in consultation with PwC.³³

Performance Criteria

Brunel uses a corporate grading and competency framework for all staff, on which salary benchmarking and corporate planning determinations are based. In order to move up a corporate grade or competency, an employee must demonstrate competency.

Brunel operates a robust performance review process to assess employees' performance, taking account of:

- the scope of the role;
- the level of experience;

²⁷ As per SYSC 27.8.5, classification of an MRT as a certified function.

²⁸ See MIFIDPRU 8.6.6 R.

²⁹ With exception to non-executive directors, contractors and fixed-term staff.

³⁰ This scheme is administered by Wiltshire Pension Fund

³¹ If a member of staff earns over £145,000 p/a salary, they will be unable to access the LGPS DB pension scheme and will instead have an option to join Brunel's DC scheme.

³² See subsection titled, 'variable remuneration and performance' for more details on the VFM scorecard and the limit on variable remuneration; other discretionary benefits are rare and always assessed in detail on a case-by-case basis.

³³ See MIFIDPRU 8.6.2 R (3)(b)

- responsibility;
- progress in role;
- pay levels for similar roles in comparable companies;
- fairness & equality; and
- regulatory compliance.

In assessing individual performance, financial, as well as non-financial, criteria are taken into account. Non-financial criteria include consideration of Brunel's capability to manage risk, adherence to effective risk management, compliance, regulatory requirements and conduct.

Brunel have a 'red-flag' process, which takes specific criteria, such as absence, conduct, via warnings or e-learning and formal performance reviews which is considered in StratExCo's decision making.

RemCo, in determining fixed remuneration for executive management will also factor performance of the individual's business unit and Brunel.

Though, as per section 2.1, subsection 5, Brunel review KPIs at a business unit level, these are not formally linked to business-unit remuneration determinations.

[Variable remuneration and performance³⁴](#)

Brunel does not have a typical fixed/variable pay structure. The performance-related pay for the financial year came via a variable pool of cash which is distributed evenly to all employees, based on our VFM scorecard.

The determination of performance of Brunel against the VFM scorecard is made by RemCo.

The VFM scorecard uses metrics from across the business, broken into categories such as financial performance via fee savings, client satisfaction, risk management and compliance alongside operational and responsible investment performance and employee growth and development.

The scorecard is therefore designed to promote the values of Brunel and in particular, support the delivery of effective and well-managed services for our clients.

[Risk, Malus and Clawback.³⁵](#)

See section 2 for details on Brunel's risks and our approach to risk management.

[Variable Remuneration:](#)

Ex-Ante and Ex-post risk adjustments for variable remuneration are factored into the VFM scorecard, and in RemCo's determination of Brunel's overall performance against it's metrics., Please see section 6.4 subsection: variable remuneration and performance.

³⁴ See MIFIDPRU 8.6.6 R (2).

³⁵ See MIFIDPRU 8.6.6 R (3).

Due to the nature of our variable compensation scheme, Brunel has determined Malus and Clawback provisions would be very unlikely to need execution, however we do reserve the right.

StratExCo also utilise the 'red flag' process as described; this is an additional risk-based guide for decision making to adjust variable remuneration on an individual basis.

Fixed Remuneration:

As per section 6.4 subsection: performance criteria, Brunel use a corporate grading and competency framework for all members of staff. Risk is considered when determining the level of competency an employee, and therefore commensurate remuneration increases relative to any movement of grade.

StratExCo receive a quarterly risk report which provides an overview of the risks currently facing Brunel. Moreover, the committee receives recommendations from Human Resources and a quarterly report on business-unit KPIs, which are linked to Brunel's risks, including people. StratExCo also take a risk-based approach in determining alignments to benchmarking based on Brunel's risk appetite.

The outcomes of StratExCo will be reviewed by RemCo, to ensure that the policy has been implemented and complied with. RemCo receives an annual report from ARC, with a judgement on if Brunel has operated within its risk appetite. In an event that this has occurred, RemCo is able to adjust variable remuneration on a business-wide and individual basis.

Brunel does not offer guaranteed variable remuneration.

6.5 Total Remuneration broken down by Fixed and Variable:³⁶

MRTs have been identified as explained in section 6.3. Given our central governance arrangements, senior management³⁷ have been determined, broadly, to be voting members of decision-making committees, including the board.

Given our central governance arrangements, all but one member of staff who is an MRT is considered Senior Management. For this reason, we have aggregated Senior Management and MRT to avoid the identification of a single member of staff.³⁸

³⁶ See MIFIDPRU 8.6.8 R

³⁷ As defined by the FCA's definition of 'senior management'

³⁸ In compliance with MIFIDPRU 8.6.8R (7)(a); Brunel made payments as part of our 'refer a friend' scheme, which for full completeness were included in the fixed remuneration disclosures.

Staff Type	Total Remuneration (£'000)	Fixed Remuneration (£'000)	Variable Remuneration (£'000)
Senior Management & MRTs	2,938	2,897	41
Other Staff	4,113	3,974	139

6.6 Guaranteed Variable Remuneration and Severance Payments³⁹

Brunel did not offer or pay any guaranteed variable remuneration or severance to any material risk taker in the period.

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.⁴⁰

³⁹ See MIFIDPRU 8.6.8 R (5).

⁴⁰ See MIFIDPRU 8.7.1 R, and MIFIDPRU 7.1.4R for the conditions for Risk and Nomination Committees