

MIFIDPRU Disclosures

Embark Investment Services Limited
Year Ending 31 December 2025

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1 Introduction

This document sets out the public disclosures required under the Investment Firm Prudential Regime (IFPR) for Embark Investment Services Limited (the 'Company') as at 31 December 2025 and as defined under the Financial Conduct Authority (FCA) prudential handbook, MIFIDPRU. The Company forms part of Scottish Widows Group Limited (SWG), a wholly owned subsidiary of Lloyds Banking Group plc (the 'Group'). The Company contributes to the results of the Insurance, Pensions, and Investments (IP&I) division of the Group. Under Chapter 2 of MIFIDPRU, the Company is part of an IFPR consolidation group.

Basis of Disclosures

The Company undertakes activities within the scope of the UK Markets in Financial Instruments Directive (MiFID) and is therefore subject to the prudential requirements of the IFPR contained in the FCA's MIFIDPRU handbook. The Company is required to publish disclosures in accordance with the provisions outlined in Chapter 8 of the FCA's MIFIDPRU Handbook.

The Company is classified as a Non-Small & Non-Interconnected ("Non-SNI") £150k MIFIDPRU Investment Firm that is not subject to extended remuneration, governance committee and investment policy disclosure rules due to meeting the exception conditions in MIFIDPRU 7.1.4.

Although the Company is part of an IFPR Consolidation Group, this disclosure is prepared on a solo basis. A separate disclosure is published for each MIFIDPRU entity within the group.

Frequency of Disclosures

The Company makes available its disclosures on an annual basis and a standalone copy of these disclosures is located on the Lloyds Banking Group plc website: [Financial downloads - Lloyds Banking Group plc](#). All calculations are determined in line with the Company's financial year end reference date 31st December 2025.

Verification of Disclosures

The disclosures required under Chapter 8 of the MIFIDPRU handbook are not required to be subjected to an external audit. The disclosures are subject to external verification only to the extent that they are taken from the audited annual financial statements. The disclosures are approved by the Company's governing body prior to being published.

2 Risk Management Objectives and Policies

As part of the IP&I Division of Lloyds Banking Group, the Company follows the Insurance Group Risk Management Framework (RMF). The Insurance Group RMF arrangements utilise the LBG plc Risk Management Framework, adjusted to address and support compliance with Insurance-specific requirements. The LBG RMF defines a proportionate and materiality-based approach to risk management that can be consistently applied across LBG. The Insurance Group's Risk department has worked collaboratively with LBG Group to ensure the RMF reflects Insurance-specific needs and regulatory expectations.

Further details on the approach to risk management can be found in the Solvency and Financial Condition Report (SFCR) which is published annually.

The principal risks faced by the Company and its strategy are detailed in its strategic report within the statutory accounts.

The SFCR and the statutory accounts can both be found here: [Financial downloads - Lloyds Banking Group plc](#)

Own Funds Requirements

A MIFIDPRU investment firm must at all times maintain own funds that are at least equal to its own funds requirement being the highest of:

- its permanent minimum capital requirement ('PMR'), which for the Company is £150,000; or
- its fixed overheads requirement ('FOR'), which amounts to 25% of its most recently audited annual expenditure less permissible deductions; or
- its K-factor requirement

The fixed overheads requirement drove the Company's own funds requirement as at 31st December 2025.

The principal potential harm relating to the Company's own funds is the risk that it may be unable to absorb severe but plausible stress events, thereby adversely affecting the viability of its ongoing business model. These potential harms are assessed within the framework of the Company's Internal Capital Adequacy and Risk Assessment (ICARA). Where appropriate, additional own funds requirements have been determined and applied.

Liquidity Risk

Liquidity risk is the risk that The Company does not have sufficient financial resources to meet their commitments as they fall due or can only secure them at excessive cost. The potential for harm in relation to liquidity risk could be that the Company is unable to make payments to policyholders, make payments to third party suppliers or make payment of shareholder expenses. Liquidity risk is mitigated by applying the liquidity risk policy, which includes controls to maintain liquidity at appropriate levels after an allowance for liquidity requirements plus a buffer. The liquidity requirement is reviewed as part of the Company's annual ICARA process.

Concentration Risk

The Company has determined that as at 31st December 2025 it did not have any concentrated exposures to any client or group of connected clients or any concentration of business for revenue on a particular product, in a particular market, or a geographic location exposes an organisation to loss due to any adverse changes. The Company's concentration risk is considered accordingly as part of the continuous management of its capital and liquidity. The potential for harm in relation to concentration risk could be that the Company suffers a sudden loss in income due to a single event.

The management of the Company monitors and controls its concentration risk using sound administrative and accounting procedures and robust internal control mechanisms. This is not limited to monitoring trading book exposures but also includes any concentration in assets not recorded in a trading book (for example, trade debts) or any off-balance sheet items. It also includes any concentration risk that may arise from:

- the location of client money
- the location of custody assets
- a firm's own cash deposits
- earnings

Summary of Capital Risk Appetite and Capital Buffers

The Company holds an internal capital buffer such that regulatory capital requirements can be covered after the consideration of stress event scenarios. Using the four-year operating plan as a baseline, scenario testing evaluates the impact of a number of unique combinations of harms that the Company could cause to customers, the market, or the Firm itself over a three-year time horizon. The purpose is to identify all significant exposures the Company has to internal and external risks, including macro-economic impacts, and to understand the ability of capital reserves and liquid assets to absorb their impacts.

Risk Appetite

Where own funds of the Company cover the regulatory capital requirement and the internal capital buffer, the capital position is assigned a 'green' rating. In this case, excess capital is positive.

The capital position is rated 'amber' where own funds are below this level, but above the 'red-amber threshold' as defined below. The red-amber threshold is the regulatory capital requirement, plus a minimum capital buffer. Below this level, risk appetite would be 'red.'

Reporting of the Company's Risk Appetite is frequently presented to internal committees, including IP&I Risk Committee, Risk Oversight Committee, IP&I Asset and Liability Committee.

The 'amber' threshold determines the point at which appropriate action should be considered. Any action taken will be dependent on the circumstances at the time.

In accordance with the Group's policy, the Company maintains its risk profile on the Group's One Risk & Control Self-Assessment (RCSA) system which documents the key financial and non-financial risks to the business, and which is kept under regular review.

The risk profile is subject to review of inherent and residual risk assessments; control effectiveness assessment; and risk acceptance on a continuous basis and reported via risk committees.

3 Governance Arrangements

The Company is required to meet the high standards of corporate governance set out in the Corporate Governance Framework in place for SWG and its subsidiaries as outlined below.

Company Background

The Company is a subsidiary of Scottish Widows Group Limited (Scottish Widows) and contributes to the results of the Insurance, Pensions and Investments (IP&I) Division of Lloyds Banking Group.

The Company provides a low-cost investment administration platform to financial advisers and, in white-label format, execution only distribution partners. Built on market leading technology, the 'Scottish Widows Platform' offers a wide range of wrap products and investments and makes extensive use of straight-through processing to fully automate major processes. There have been no changes to the principal activities of the Company throughout the year.

The Company is authorised and regulated by the Financial Conduct Authority (FCA) and has obtained the necessary regulatory permissions to undertake its activities.

Directors

The Directors who served in the year and up to the date of this report, except as noted, were:

Name	Position within the Company	Number of Directorships outside the Company*
C Barua	Executive Director	0
S T Nyahasha	Executive Director	0
W L D Chalmers	Non-Executive Director	0
J S Wheway (Resigned 31 October 2025)	Independent Non-Executive Director	0
M H Cuhls	Independent Non-Executive Director	2
J K Harris (Resigned 4 June 2025)	Non-Executive Director	0
C J G Moulder	Independent Non-Executive Director	2
K A Cooper	Independent Non-Executive Director	1
P G McNamara	Independent Non-Executive Director	0
G E Schumacher	Independent Non-Executive Director	1
D L Davis (Resigned 18 March 2025)	Independent Non-Executive Director	4
M H Trussell	Independent Non-Executive Director	4
D J Brumpton (Appointed 2 February 2026)	Independent Non-Executive Director	2

* Excluding those within Lloyds Banking Group plc or in organisations not pursuing commercial objectives

Appointment and Induction of Directors

The Company is governed by its Board of Directors (the 'Board'). Directors are appointed by the Board, in accordance with the Group's internal governance processes applicable to subsidiary companies, and subject to required regulatory notifications or approvals.

All new Directors (both Executive and Non-Executive) are provided with a tailored induction programme which includes a session on their duties and responsibilities. Directors are required to complete relevant annual mandatory training and will participate in further information/development sessions on specific topics of interest/ relevance as appropriate either individually or collectively, delivered by both internal Group personnel and external third parties.

Directors

The Insurance Board is the Insurance Group's ultimate authorisation body for matters which concern the operation of the Group's IP&I business. The Company's Board shares common membership and meets concurrently with the boards of other individual subsidiaries which constitute the Insurance Board, recognising however that individual subsidiary boards are authorisation bodies in respect of their subsidiary's business.

The Board's responsibilities include carrying out an assessment of emerging and principal risks that the Company faces. Principal risks include those that might threaten the Company's business model, future performance, solvency or liquidity, and reputation, taking account of the potential impact and probability of the events, circumstances, and timescales over which they may occur. The Board's responsibilities also include ensuring active engagement with, understanding the views of, and seeking participation from key stakeholders, and promoting and monitoring of the wider Insurance Group's corporate culture and values.

The Company forms part of the IP&I division of the Group, which manages its consolidated capital position as an integrated business. For the Insurance Group as a whole, the Board has defined a framework and system for the management and reporting of risk and approved a set of risk appetite statements which cover financial risks (earnings, capital, insurance, credit, market and liquidity), climate risks, data risks operational risks, people risks, conduct risks, regulatory and legal risks, and financial reporting and governance risks.

Although the Company is not required to have a Risk Committee under MIFIDPRU rule 7.3.1R, the Company has elected to appoint a Risk Committee. The Insurance Board is supported by its Risk Oversight Committee (ROC) and Insurance Audit Committee (IAC), which makes recommendations to the Insurance Board on matters delegated to them, in relation to internal control, risk, financial reporting, governance, legal and tax. This enables the Insurance Board to spend a greater proportion of its time on strategic, forward looking agenda items. The ROC and IAC are both chaired by experienced independent chairs who each provide a report to the Insurance Board on key matters discussed at their meetings.

Insurance Board Diversity

The Board Inclusion Policy (the "Policy") sets out the Board of Scottish Widows Group's (the "Board") approach to diversity and inclusion for the Board and provides a high-level indication of the Board's approach to this in senior management roles which is governed in greater detail through the [Lloyds Banking]Group's policies.

The Board places great emphasis on ensuring that its membership reflects diversity in its broadest sense. Consideration is given to the combination of diversity demographics, skills, experience, educational, socio-economic and professional background, and other relevant personal attributes on the Board to provide the range of perspectives, insights and challenge needed to support good decision making.

New appointments and succession plans are made on merit, taking account of the specific skills and experience, independence and knowledge needed to ensure a rounded Board and the diverse benefits each candidate can bring to the overall Board composition. They should promote diversity, inclusion, and equal opportunity.

Objectives for achieving Board diversity are reviewed on a regular basis, ensuring an inclusive approach. On gender balance, the Board aspires to maintain 45-55% female representation on the Board, higher than the FTSE Women Leaders recommendation of 40%, while recognising the limited numbers involved. On ethnicity, the Board is committed to meeting the Parker Review recommendation of having at least one Black, Asian or Minority Ethnic Board member, which the Board currently exceed. Currently, the Policy is not applied to the Board committees individually, although the diversity in the Board is expected to be reflected across the committees.

The Board places high emphasis on not only its own diversity composition but also on overseeing alignment with Lloyds Banking Group's wider Inclusion approach and ambitions, and expects to be kept updated on progress. Any material changes to the [Lloyds Banking] Group's approach to Inclusion are approved by the [Lloyds Banking] Group Executive Committee, noted by the [Lloyds Banking] Group Responsible Business Committee and approved at the [Lloyds Banking Group] Board level. This includes material changes in inclusion ambitions and supporting plans.

4 Own Funds

The Company's own funds comprise exclusively of Common Equity Tier 1 (CET1) capital which is the most robust category of financial resources. It is comprised of fully issued ordinary shares and retained earnings.

Composition of regulatory own funds			
	Item	Amount (GBP thousands)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	46,165	
2	TIER 1 CAPITAL	46,165	
3	COMMON EQUITY TIER 1 CAPITAL	46,165	
4	Fully paid-up capital instruments	70,855	Share Capital, note 12 of statutory accounts
5	Share premium		
6	Retained earnings	(20,791)	
7	accumulated other comprehensive income		
8	Other reserves		
9	Adjustments to CET1 due to prudential filters		
10	Other funds		
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	3,899	
19	CET1: Other capital elements, deductions, and adjustments	3,899	Deferred tax assets, note 7 of statutory accounts
20	ADDITIONAL TIER 1 CAPITAL		
21	Fully paid up, directly issued capital instruments		
22	Share premium		
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1		
24	Additional Tier 1: Other capital elements, deductions and adjustments		
Composition of regulatory own funds (continued)			
25	TIER 2 CAPITAL		
26	Fully paid up, directly issued capital instruments		
27	Share premium		
28	(-) TOTAL DEDUCTIONS FROM TIER 2		
29	Tier 2: Other capital elements, deductions and adjustments		

Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements				
		a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross-reference to template OF1
		As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Deferred Tax Assets	3,899		Item 19
2	Trade & other receivables	15,114		
3	Reinsurance Contract Assets	409		
4	Current Tax Assets	1,924		
5	Cash and Cash Equivalents	42,182		
	Total Assets	63,528		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Trade and other payables	12,263		
2	Provisions	792		
3	Current Tax liabilities	0		
4	Insurance contract liabilities	409		
	Total Liabilities	13,464		
Shareholders' Equity				
1	Share Capital	70,855		Item 4
2	Retained Earnings	(20,791)		Item 6
	Total Shareholder's equity	50,064		
Own funds: main features of own instruments issued by the firm				
The Company's own funds are made up of Common Equity Tier 1, capital comprising of fully paid-up Share Capital and Retained Earnings.				

Own Funds Requirements

The Company is required to disclose the K-factor requirement ('KFR') and the fixed overhead requirement ('FOR') amounts in relation to compliance with the own funds requirements as set out in MIFIDPRU4.3 as at 31st December 2025.

Item		Total amount in GBP (thousands)
KFR	K-AUM (assets under management), K-CMH (client money held) and K-ASA (assets safeguarded)	12,775
	K-DTF (daily trading flow) and K-COH (customer orders handled)	60
	K-NPR (net position risk), K-CMG (clearing margin given), K-TCD (trading counterparty default) and K-CON (concentration risk)	0
	Total KFR	12,835
FOR		19,558

Approach to assessing the adequacy of its own funds in accordance with the overall financial adequacy rule

The purpose of the Company's ICARA is to ensure that the Company has appropriate systems and controls in place to identify, monitor and reduce all potential material harms arising from its ongoing operations or wind down; and holds financial resources that are adequate for the business it undertakes.

The FCA determines whether a firm holds adequate financial resources using the Overall Financial Adequacy Rule (OFAR). This states that a firm must hold own funds and liquid assets which are adequate in amount and quality (MIFIDPRU 7.4.7) to remain financially viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and, ensure that the firm's business can be wound down in an orderly manner, minimising harm to consumers or other market participants.

The Company prepares an ICARA document annually, supported by attestations throughout the year to reflect changes in the business or its wider operating environment. If a material change to the Company's strategy or risk profile is identified through the attestation process, then the document would be fully refreshed mid-cycle and presented to the Board for approval. This is in line with the FCA's expectations under MIFIDPRU7.8.2 (R) where a firm must review the adequacy of its ICARA process and ensure that this is documented.

This risk capital held is assessed by considering the impact of adverse events that could arise from the material harms that may arise from the Company's ongoing activities. Scenario testing is also performed, and capital plans put in place to respond to possible future events. The Company is required to hold sufficient capital resources to meet the overall assessment of risk capital on this basis.

Within the ICARA, the capital assessment process is complemented by:

- Identification of material harms for the Company;
- Selection of risk scenarios for modelling, based on those material harms; and
- Agreement of stress test components and assumptions used in scenarios to enable financial modelling.

This process is undertaken annually and is challenged by both ROC and the Insurance Board and approved at Insurance Board.

5 Remuneration Policy and practices

Remuneration

The Company is a FCA solo regulated entity firm that is subject to the MIFIDPRU Remuneration Code. However, as a non-SNI MIFIDPRU investment firm not meeting the conditions in SYSC 19G.1.1R(2) the Company is not subject to the regulatory provisions relating to shares, instruments and alternative arrangements, retention policy, shares and discretionary pension benefits.

The Company is part of the wider Lloyds Banking Group ("the Group").

As a Capital Requirements Directive (CRD) firm, the Group is required to apply a firm-wide policy, which includes the Company, and complies with CRD requirements as well as all other regulations that are applicable to its regulated subsidiaries, including the MIFIDPRU Remuneration Code (SYSC 19.G of the FCA Handbook).

The Group's Remuneration Policy is set by the Group Remuneration Committee comprising solely independent directors (and is adopted Group-wide through the legal entity committees).

The Company's Chief Executive Officer is accountable for establishing, implementing and maintaining remuneration policies, procedures and practices which adhere to the Group's Remuneration Policy, and are consistent with and promote principles of effective risk management. Support is provided by the Insurance People Committee which is responsible for ensuring that remuneration related activity is effectively monitored.

The Group operates a separate identification process for the identification of its CRD Material Risk Takers (MRTs) and its MIFIDPRU Identified Staff.

The Identification of MIFIDPRU Identified Staff is undertaken on a solo basis for each legal entity e.g. the Company.

The MIFIDPRU Identified Staff methodology is based on eleven criteria, which satisfy the requirements in SYSC 19.G.5.3 - 5.5 of the FCA Handbook.

The roles identified include senior management, business and function leaders, regulated roles, control functions and other roles considered to be materially risk-taking.

Principles of the Remuneration Policy

The Group's Remuneration Policy, approved by the Remuneration Committee and adopted across legal entities, is built on four core principles aligned with our business strategy, our values, and long-term interests:

- Performance Driven – Reward should recognise collective success in delivering our purpose and strategy (aligned with the Group's risk appetite and conduct expectations) and individual contribution to that success.
- Talent Focused – Reward should attract and retain skilled colleagues of the highest calibre across the organisation, delivering the workforce of the future.
- Values Based – Reward should be designed so that it is fair and embodies our values: People first, Inclusive, Trusted, Sustainable and Bold.
- Clear and Understood – Reward should be explained clearly and understood by colleagues, enabling increased personalisation and choice.

These principles are reflected in detailed reward policies and procedures which govern specific areas of reward and support the practical operation of the Remuneration Policy.

These policies and procedures reinforce the alignment between business strategy, risk and remuneration and provide a framework for understanding and implementing the Group's remuneration structure.

To support remuneration decision-making, a robust and effective performance management framework is operated. Business performance is assessed across the Group using a balanced scorecard approach comprising financial and non-financial metrics.

Fixed vs variable reward elements

Remuneration is delivered via a combination of fixed and variable remuneration.

Fixed pay reflects role, responsibilities and experience; UK colleagues receive salary and core benefits (e.g., pension, private medical and life insurance) with further options via the Group's flexible benefits plan. For a small number of senior roles, a role-based allowance is paid monthly in cash to keep total fixed pay commensurate with the role, competitively positioned, and appropriately balanced with variable pay in line with regulatory expectations.

Variable remuneration is determined by performance at the individual, business-area and Group levels, with the fixed/variable mix reflecting seniority, role and market practice. For MRT, performance-related pay forms a significant portion of total compensation while maintaining an appropriate balance between fixed and variable pay, alignment to risk and the Group's conduct expectations.

Following the removal of the mandated regulatory fixed to variable cap for MRTs, the Remuneration Committee set an appropriate variable to fixed pay ratio of 8:1 for 2024 and later years.

Variable Reward plans

Group Performance Share Plan

The Group Performance Share (GPS) plan is an annual discretionary bonus scheme linked to Group performance. Individual awards reflect financial and non-financial performance, including risk management, and conduct considerations. Most colleagues and all MRTs participate.

GPS outcomes are determined annually by the Remuneration Committee, considering:

- Underlying financial performance
- Group Balanced Scorecard outcomes
- Market positioning of variable reward
- Risk and other discretionary adjustments

Awards combine cash and shares, with deferral arrangements applied. MRTs' awards are subject to deferral and holding periods in line with regulatory requirements. All Executive grade colleagues and MRTs undergo a combined risk and performance assessment, ensuring alignment between GPS outcomes, individual impact and risk performance.

Awards may be subject to malus and clawback for up to seven years, which may be extended to 10 years in specific circumstances.

Further details can be found in the Directors' remuneration section of the [2025 LBG plc Annual Report](#).

All employee share plans

The Group operates two HMRC tax advantaged all-employee share schemes - Sharematch (a SIP) and Sharesave (a SAYE scheme).

Pension and supplementary schemes

Executive Members of the Insurance Board, its Committees and key function holders, are eligible for Group pension schemes on the same terms as other colleagues.

The Group does not operate an early retirement scheme.

Quantitative disclosures

A non-SNI MIFIDPRU investment firm must disclose the total number of MRTs identified by the firm under SYSC 19G.5. For the year ending 31st December 2025 the total number of MRTs for the Company, including senior management, was 30.

A non-SNI MIFIDPRU investment firm must disclose the following information, split into categories for senior management, other MRT and other staff:

- a) the total amount of remuneration awarded;
- b) the fixed remuneration awarded; and
- c) the variable remuneration awarded.

Quantitative Tables

£	Senior Management	Other Material Risk Takers	Other Staff
Fixed remuneration	£6,086,665	£4,140,673	£9,093,351
Variable remuneration	£6,166,000	£5,772,067	£420,362
Total remuneration	£12,252,665	£9,912,741	£9,513,713

Note: The definition of Senior management is aligned to the regulatory definition contained in Article 3 (9) of DIRECTIVE 2013/36/EU which means those natural persons who exercise executive functions within an institution and who are responsible, and accountable to the management body, for the day-to-day management of the institution. This excludes non-executive directors in their supervisory capacity.

7 Investment Policy

The Company meets the conditions in MIFIDPRU 7.1.4 R(1) and therefore MIFIDPRU 8.7 on Investment Policy does not apply.