

A photograph of a stack of six smooth, rounded stones of varying colors (dark blue, light blue, tan, and brown) balanced on a sandy beach. The stones are stacked vertically, with the largest at the bottom and the smallest at the top. The background is a blurred beach scene with more stones and sand. A white geometric line graphic is overlaid on the left side of the image, consisting of several overlapping shapes that resemble a stylized 'E' or a series of connected lines.

**TASK FORCE
ON CLIMATE-RELATED
FINANCIAL DISCLOSURES
(TCFD) REPORT**

2023

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Introduction

Embark Investment Services Limited is the Wealth Platform business within Embark Group Limited, which is a subsidiary of Scottish Widows Group (Scottish Widows). Scottish Widows is itself a subsidiary of Lloyds Banking Group and as such Embark Investment Services Limited is part of the UK's largest retail bank. Lloyds Banking Group issued its climate disclosures in its 2023 Annual Report, starting on page 33.

The principal activities of Embark Group are the provision of savings business and associated investment activities in the United Kingdom. The Company offers a range of investment products, including Self-Invested Personal Pensions, Individual Savings Accounts, and direct investments. These products are marketed under a variety of brands including the Embark brand and other white-labelled brands that are brands of Lloyds Banking Group and third-party companies. Embark's products are marketed across a range of distribution channels independent financial advisors, third-party distributors and directly to customers. Embark Investment Services Limited as a distributor of funds is committed to ensuring that our advisers and our customers have the right information available to them to make informed investment decisions in line with their sustainability objectives.

Embark Investment Services Limited principally markets its wealth platform services to independent financial advisers under the Scottish Widows Platform brand,

which is the largest segment for Embark. Scottish Widows has been helping people prepare for the future since 1815. More than 200 years on, Scottish Widows looks after almost six million customers across the UK, remaining as committed as ever to empowering our customers to make the most of their financial future.

Millions of customers entrust Scottish Widows with their pension savings, and we have a duty to them to make good decisions, which will aid their long-term prosperity and help to build their financial resilience. Our promise to them extends to us considering the impact of our decisions on the planet and Britain's transition to net zero. As part of Scottish Widows, Embark believes that, over the long-term, investing in companies that are working hard on things like reducing their impact on the environment and improving people's wellbeing will ultimately result in better returns for our customers. This means that we aim to prioritise investing in such companies, and excluding investment in those that are causing severe harm to the planet or society.



The report can
be found [here](#)



TCFD Compliance statement

We have set out our disclosures on climate related change in line with regulation and the recommendations of the Task Force for Climate-related Financial Disclosures.

Embark Investment Services Limited is part of Lloyds Banking Group and is integrating within the Scottish Widows metrics and analysis for 2024.

This statement has been signed by Jackie Leiper, confirming that the disclosures in respect of Embark Investment Services Limited and any third parties or group disclosures cross referenced comply with the requirements under the FCA's Policy Statement PS21/24.

Jackie Leiper

Chief Executive Officer

20 June 2024





Governance

Board oversight of climate related risks and opportunities

The Board maintains oversight of climate-related risks as part of its responsibility for Embark Investment Services Limited policy and strategy. The Board delegates some climate related decisions to the Risk Committee, which currently has four members (three independent non-executive directors and one non-executive director). Updates on climate-related risks are provided to the Risk Committee on a quarterly basis. All members of the Risk Committee are members of the Board. The Board retains the powers relating to, and responsibility for approval of the annual risk appetite statement, regulatory reporting on climate related risks and opportunities, including the Internal Capital and Risk Assessment ("iCARA") and this report on our climate change progress.

These continued responsibilities and approvals give the Board confidence that its regulatory requirements and fiduciary duties are being met. The Board has delegated responsibility for review of the above matters to the Risk Committee, and, where relevant, the Committee gives its recommendation to the Board. In addition, the Risk Committee has responsibility for:

- **Annual recommendation of the risk appetite statement.**
- **Oversight of climate specific controls related to the avoidance of greenwashing**
- **Active tracking and reduction of the carbon footprint across all activities of Embark Group Limited.**

Management is responsible for the annual MIFIDPRU disclosures

The Embark Board is responsible for the governance of the Embark Group businesses including Embark Investment Services Limited and is supported by a Risk Sub-Committee. The Chair of the Risk Committee (or other individual nominated by the Committee) will report formally to the Board and will escalate any matters it deems appropriate on any area within its remit where action or improvement is needed, including as they pertain to Embark's climate related risks.

Management's role in assessing and managing climate related risks and opportunities

Embark Investment Services Limited is part of Scottish Widows Group which is a subsidiary of the Lloyds Banking Group. The Lloyds Banking Group Sustainability Report 2023 sets out overall governance arrangements for Scottish Widows on page 163 at both board and executive level. The arrangements described are for the Scottish Widows Group, with Embark represented where applicable on climate-related issues at the various bodies noted.

From 2024, the Embark Group Board will also track a range of Key Reporting Indicators on a quarterly basis in relation to Embark Investment Service Limited's specific climate related risks. These are presented and reviewed at executive management committees on a quarterly basis and are presented in the context of the Board's pre-set risk appetite to climate risk.

The Scottish Widows Group Responsible Business Executive was in place throughout the period of this report, from 1 January to 31 December. Sustainability has become further embedded into our committee governance and in 2024, the Scottish Widows of Board of Directors decommissioned the Responsible Business Executive Committee and supported the transfer of its sustainability and responsible investment responsibilities with the broader Board and Executive committee governance.

Executive responsibility for climate related risks and opportunities at Embark Investment Services Limited lies with the Chief Operating Officer. Specific climate risks are reviewed in the context of each of the Embark Group Entities, including Embark Investment Services Limited on a quarterly basis.

Training delivered

We are serious about embedding environmental sustainability into our culture and for all colleagues to understand the role they can play in managing climate risks, helping our customers, and making a positive contribution individually to the transition to net zero. The Lloyds Banking Group Sustainability Report 2023 sets out skills and training delivered in 2023 on page 15.

Remuneration

Remuneration is set at the Lloyds Banking Group parent entity level. The Lloyds Banking Group Sustainability Report 2023 sets out details of the remuneration and balanced scorecard on page 16, including the weighting related to ESG performance measures.





Strategy

Risks and opportunities

The Embark Group Board has identified the specific exposures to climate related risks to the Group as a collective and to each of its legal entities, including Embark Investment Services Limited. These are tracked in the context of agreed risk appetite to each at the Risk Committee.

Risk management process

Embark operates a risk management framework designed to promptly identify, measure, manage, score (based on likelihood and impact relative to the business and the other risks and mitigants that exist), report and monitor all risk types. This includes reviewing the climate related risk profile and giving consideration to the Board's risk appetite to Climate Risk in Embark Investment Services Limited.

The Risk Committee will have oversight of the Embark Group and any subsidiary undertakings, including Embark Investment Services Limited, as appropriate. The purpose of the Risk Committee is to:

- 1 make recommendations and monitor the effectiveness of Embark Group's risk appetite and exposure against that appetite;

- 2 review and challenge the enterprise-wide risk framework within Embark Group;

- 3 monitor adherence to the risk framework and scrutinise its evolution including appropriate consideration of emerging and established risks (including those associated with material environmental, social and governance matters, such as climate change, workforce relationships, supply chains and ethical considerations);

- 4 consider material risk events, amendments to the risk framework, risk concentration and horizon risks in order to generate a view of Embark Group's aggregate risk profile and determine those risks Embark Group is willing to take in achieving its strategic objectives, taking a forward-looking perspective on risk matters and anticipating changes in business conditions; and

- 5 where indicated under these terms of reference, exercise its delegated authority from the Embark Group Board for monitoring risk strategy, risk appetite and limits, risk plan, risk culture, risk management framework (including principles, policies, systems, processes and people), the internal model framework including validation, risk and capital exposures including changes thereto which have or may potentially have a material/strategic impact.





Risks include, but are not limited to the following:

- Embark Investment Services Limited's failure to support sufficiently Lloyds Banking Group's transition to net zero, as a result of emissions being too high, or failure to align climate and strategic objectives to those of the wider Group.
- The misrepresentation of ESG status across Embark Investment Services Limited's investment proposition as a result of failing to meet our obligations as investment distributor.
- The misrepresentation of Embark Investment Services Limited's ESG position within our direct marketing materials as a result of weaknesses within our marketing governance processes.

There is a risk of losses and/or reputational damage as a result of the crystallisation of climate related risks, either directly or through its customers. These losses may be realised from physical weather events, the adaptation required to transition to a low carbon economy, or as a consequence of the responses to managing these changes.

The primary exposure for Embark Investment Services Limited in this respect comes from funds onboarded to Embark Investment Services Limited as distributor which should be screened from a climate perspective in line with the Board's appetite.

As a distributor of funds Embark Investment Services Limited has a responsibility to ensure that investors are provided with accurate and clear information from fund managers available on our platform. This also presents Embark Investment Services Limited with an opportunity to ensure our advisers and customers as investors in these funds, have all information readily available to make their own informed and responsible investment decisions.

Embark Group's Board risk appetite is to take reasonable steps to avoid climate risk. This includes a focus on climate specific controls related to the avoidance of greenwashing as well as active tracking and reduction of the carbon footprint across all activities of the Embark Group in line with Lloyds Banking Group policy.



Scenario analysis

Within Lloyds Banking Group a wide range of scenario analyses is used to provide insights to aid understanding of climate risk and support decisions. Lloyds Banking Group's approach, along with the scenarios chosen, is discussed in the Lloyds Banking Group Sustainability Report on pages 167 and 168.

Embark Investment Services Limited will be incorporated into Scottish Widows scenario analysis as it further integrates within the group.

Metrics and target

Embark Investment Services Limited is part of Lloyds Banking Group and is integrating within the Scottish Widows metrics and analysis for 2024.





Embank Investment Services Limited (EISL), a company incorporated in England and Wales (company number 09955930). Registered office at 100 Cannon Street, London, EC4N 6EU. Embark Investment Services Limited is authorised and regulated by the Financial Conduct Authority (Financial Services Register number 737356).