

# **EMBARK INVESTMENT SERVICES LIMITED**

Task Force on Climate-related Financial Disclosures  
(TCFD) Report 2024

Member of Lloyds Banking Group

# INTRODUCTION

Embark Investment Services Limited (EISL) is part of Scottish Widows Group. EISL provides an investment administration platform to financial advisers under the brand "Scottish Widows Platform" and a white-label solution for distribution partners. Built on market leading technology, the platform offers a range of pension and investment products and wide choice of investment solutions and makes extensive use of straight-through processing to fully automate major processes.

Ambitions and targets are set at the level of Scottish Widows Group. Scottish Widows Group is part of Lloyds Banking Group.

Scottish Widows has been helping people prepare for the future since 1815. Now more than 200 years on, we look after over 10 million customers across the UK. Today we remain as committed as ever to empowering our customers to make the most of their financial future.

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## OUR 2024 REPORTING

This is the Embark Investment Services Limited (EISL) annual Task Force on Climate-related Disclosures (TCFD) Report and is intended as a supplement to the 2024 EISL Annual Report and Accounts. It covers the period from 1 January 2024 to 31 December 2024.

This entity level reporting for EISL is prepared in accordance with the Financial Conduct Authority's (FCA's) Environmental, Social and Governance (ESG) Sourcebook (set out via PS21/24) - see the compliance statement on page 9.

The report covers our progress against the TCFD recommendations and recommended disclosures, along with our approach to addressing the broader environmental and associated governance areas. Scottish Widows Group is reported as part of the Lloyds Banking Group's Sustainability Report. This report, therefore, includes cross references to sections of the Lloyds Banking Group's Sustainability Report where necessary for compliance with the ESG Sourcebook, mainly in the areas of strategy, governance and risk management.

Please see the disclaimer on pages 10 to 12 for further information about the basis on which this document, and the information contained within it (including forward-looking statements), has been prepared.

## Additional links

[EISL Annual Report and Accounts 2024](#)

[Scottish Widows Climate Action Plan](#)

[Lloyds Banking Group Sustainability Report 2024](#)

[Lloyds Banking Group Annual Report and Accounts 2024](#)

## 2024 HIGHLIGHTS

Scottish Widows' ambition is to align all its investments with the goals of the Paris Agreement, reaching net zero carbon emissions by 2050 or sooner (from a 2019 baseline). To support this, Scottish Widows has set targets, which are applicable at the Scottish Widows Group level. Targets are not set at entity or product level. EISL's AUM has not yet been incorporated into the Scottish Widows' Climate Action Plan and is not, therefore, included in the baseline or targets and metrics at this time. The Climate Action Plan is being updated, due to be published later in 2025.

For the Climate Action Plan, please refer to [Scottish Widows Climate Action Plan](#). Progress against Scottish Widows' ambition and targets can be viewed in the [Scottish Widows Limited TCFD Report 2024](#) on pages 4 and 5.

## OUR PROGRESS AGAINST TCFD RECOMMENDATIONS

The following table provides an overview of our disclosure progress. We will continue to assess and develop our disclosures against the TCFD recommendations and recommended disclosures, considering relevant TCFD guidance and materials along with evolving best practice. Some of the disclosures are contained within the 2024 Lloyds Banking Group Sustainability Report (LBGSR), which refers to the 2024 Lloyds Banking Group Annual Report (LBGAR) for certain matters. Cross references to the LBGSR and LBGAR have been included in the table where applicable. Although the sections referred to relate to Scottish Widows Group, these are deemed applicable at entity level as our approach towards strategy, risk management and governance is not materially divergent between entities unless otherwise stated.

Pillar	Recommended disclosures	Reference	Summary of progress
<b>STRATEGY</b>  Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.	LBGSR pages 118 and 136. LBGAR pages 50 and 150 to 153	<ul style="list-style-type: none"> <li>Defined the key climate-related risks and opportunities and identified the potential time horizons over which these may arise.</li> </ul>
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	LBGSR pages 115 to 120. LBGAR pages 53 and 60	<ul style="list-style-type: none"> <li>EISL's AUM has not yet been incorporated into the Scottish Widows' Climate Action Plan and is not, therefore, included in the baseline or targets and metrics at this time.</li> <li>Embark Group recognises that the TCFD recommendations provide an important framework for stronger engagement on climate-related risks and opportunities with the management teams of companies represented in its investment solutions. There are additional ongoing efforts to providing financial advisers and customers who access the Embark platform with tools and information to foster greater awareness of where and how they can allocate capital to support investment in ways which represent their views on ESG matters.</li> </ul>
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	LBGSR pages 131 to 134 (excluding Homes physical risk and Homes transition risk sections). LBGAR page 53	<ul style="list-style-type: none"> <li>A wide range of scenario analysis is used to produce outputs that aids the understanding of climate risk and can be used to support business decisions.</li> <li>The combination of both qualitative and quantitative analysis provides insight on potential future outcomes related to climate risk.</li> <li>Updated our scenario analysis modelling to 1 January 2024.</li> </ul>
<b>METRICS AND TARGETS</b>  Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Page 8	<ul style="list-style-type: none"> <li>Scope 1 and 2 operational emissions are calculated at a Lloyds Banking Group level and are provided in the 2024 Lloyds Banking Group Annual Report (see pages 59-60).</li> </ul>
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	Page 8	<ul style="list-style-type: none"> <li>Scope 1 and 2 operational emissions are calculated at a Lloyds Banking Group level and are provided in the 2024 Lloyds Banking Group Annual Report (see pages 59-60).</li> <li>Include links on our website to Product level TCFD reporting produced by our asset managers, providing granularity to customers.</li> </ul>
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Page 4	<ul style="list-style-type: none"> <li>We have not disclosed any metrics in respect of the EISL business. Targets are not set at entity level. We are considering the appropriateness of targets at this level given the nature of the business (wealth platform) and how best to incorporate into the wider Scottish Widows' targets and metrics, to be considered as part of the future Scottish Widows Climate Action Plan.</li> </ul>

Pillar	Recommended disclosures	Reference	Summary of progress
<b>GOVERNANCE</b>  Disclose the organisation's governance around climate-related risks and opportunities	Describe the board's oversight of climate-related risks and opportunities.	LBGSR page 141  Page 7	<ul style="list-style-type: none"> <li>On 1 August 2024, EISL integrated into the Insurance, Pensions and Investment (IP&amp;I) business unit of Scottish Widows Group and EISL's governance formally moved across on 1 September 2024 following regulatory approval. For details of the governance in place prior to this, please refer to the EISL TCFD Report 2023.</li> <li>Our governance structure provides clear oversight and ownership of the sustainability strategy and management of climate risk at Insurance Board and Insurance, Pensions and Investments Executive levels.</li> <li>The Insurance Board is engaged on a regular basis on our sustainability agenda.</li> </ul>
	Describe management's role in assessing and managing climate-related risks and opportunities.	LBGSR page 141  Page 7	<ul style="list-style-type: none"> <li>During 2024, IP&amp;I made changes to how it manages its responsibilities for sustainability matters. The responsibilities of the IP&amp;I Responsible Business Committee (RBC) were mapped to successor bodies within IP&amp;I's governance structure, supporting the transfer of IP&amp;I's sustainability and responsible investment responsibilities within the broader Insurance Board and IP&amp;I executive committee governance. With its responsibilities mapped to relevant successor bodies the IP&amp;I RBC was disbanded in 2024.</li> </ul>
<b>RISK MANAGEMENT</b>  Disclose how the organisation identifies, assesses, and manages climate-related risks	Describe the organisation's processes for identifying and assessing climate-related risks.	LBGSR pages 118, 136, 137 (Assessment of risks). LBGAR pages 150 to 153	<ul style="list-style-type: none"> <li>Assessment of climate risk has been undertaken to understand key risks.</li> <li>Ongoing development of climate risk assessment data and methodologies.</li> </ul>
	Describe the organisation's processes for managing climate-related risks.	LBGSR pages 118, 136 to 137. LBGAR pages 150 to 153	<ul style="list-style-type: none"> <li>Consideration of climate risk incorporated within our existing risk management processes, developing and considering relevant controls to mitigate these risks.</li> <li>Key risks relevant to EISL which incorporate climate include market, regulatory and conduct risk.</li> </ul>
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	LBGSR pages 118, 136 to 137. LBGAR pages 150 to 153	<ul style="list-style-type: none"> <li>Climate risk is embedded into our Enterprise Risk Management Framework (ERMF), through consideration of climate risk as its own principal risk, and integration into other principal risks materially impacted.</li> <li>The Lloyds Banking Group Climate Risk Policy and Insurance Procedures provide an overarching framework for the management of climate risks across the Insurance Group.</li> </ul>

## GOVERNANCE

### Board and executive responsibilities

The Lloyds Banking Group Sustainability Report 2024 sets out overall governance arrangements for Scottish Widows on page 141 at both Insurance Board and IP&I executive level. The arrangements described are for the Scottish Widows Group, of which EISL forms part. For more information on how climate related issues have influenced decisions taken by the Insurance Board during 2024, see the Embark Investment Services Limited Annual Report and Accounts Year End 2024 on page 4 (Climate Change) and 8 (Communities and the environment).

### Divisional roles and responsibilities

IP&I's structure provides clear oversight and ownership of our sustainability strategy and management of climate risk across the three lines of defence. To strengthen ownership of climate and ESG risks, a new ESG operating model was developed in early 2024 to ensure ongoing alignment with the Scottish Widows executive roles and responsibilities. We are continuing to embed this model into our business-as-usual operations in tandem with wider enhancements to our risk management taxonomy which are set out in more detail in the Lloyds Banking Group Annual Report and Accounts 2024, page 138.

In the first line, our proposition teams are responsible for developing our strategic response to climate risk, including setting the business strategy, ambitions and product level response to support the Insurance Group's sustainability strategy. The Finance division is responsible for the calculation of financed emissions and related disclosures and developing appropriate climate models for scenario analysis.

The Risk division (second line) is responsible for overseeing the risks arising from climate change and for ensuring alignment with regulatory expectations. This includes, ownership of climate-related methodologies and frameworks, including material assumptions to quantify climate risk and generate scenarios and stress testing, integration into risk management processes and setting the Climate Risk Appetite.

Internal Audit (third line) provides independent assurance to the Audit Committee and the Board, providing coverage of sustainability and climate risk. Internal Audit also attend key sustainability and climate risk governance committees and forums.

Across the Solvency II regulated entities, the Finance Director has Senior Management Function (SMF) responsibility for managing the risks from climate change whilst the Chief Risk Officer has SMF responsibility for overseeing the management of risks from climate change. Both report to Board level committees on a regular basis on how climate risk and related issues are being managed.

### 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 2024 sets out skills and training delivered for colleagues in 2024 on page 142.

### Remuneration

Remuneration is set at the Lloyds Banking Group parent entity level. The Lloyds Banking Group Sustainability Report 2024 sets out details of the remuneration and balanced scorecard on page 140, including the weighting related to ESG performance measures.

## METRICS AND TARGETS

EISL's operational Scope 1 and 2 emissions are included as part of Lloyds Banking Group emissions and reported in detail within Lloyds Banking Group's Annual Report (pages 59 to 60 and page 28).

We have not disclosed any Scope 3 financed emissions metrics in respect of the EISL business. Targets are not set at entity level. We are considering the appropriateness of targets at this level given the nature of the business (wealth platform) and how best to incorporate into the wider Scottish Widows' targets and metrics, to be considered as part of the future Scottish Widows Climate Action Plan.

Embark Group recognises that the TCFD recommendations provide an important framework for stronger engagement on climate-related risks and opportunities with the management teams of companies represented in its investment solutions. There are additional ongoing efforts to providing financial advisers and customers who access the Embark platform with tools and information to foster greater awareness of where and how they can allocate capital to support investment in ways which represent their views on ESG matters.

Links to TCFD Reports and climate disclosures produced by fund managers for the funds offered on our platform are available on the TCFD page on our website.



## EISL COMPLIANCE STATEMENT

The FCA ESG Sourcebook (set out via PS21/24) regulates compliance with TCFD guidance for all entities and products in-scope.

For the product level reporting, links to fund level reports are published on the Embark website, outlining key metrics for each in-scope fund. These reports are produced by our fund managers and use their own methodology to calculate these metrics.

We have not disclosed any metrics in respect of EISL's financed emissions. Targets are not set at entity level. We are considering the appropriateness of targets at this level given the nature of the business (wealth platform) and how best to incorporate into the wider Scottish Widows' targets and metrics, to be considered as part of the future Scottish Widows Climate Action Plan.

The content in this section, including any disclosures cross referenced, sets out the reporting in accordance with the requirements of the FCA ESG Sourcebook Chapter 2 'Disclosure of climate related financial information'.



Teddy Nyahasha  
Finance Director, June 2025

## DISCLAIMERS AND FORWARD-LOOKING STATEMENTS

The reader should be aware that this document, and the information contained within it, has been prepared on the following basis: (i) this document and its contents are not externally audited; (ii) all material contained in this document is subject to change without notice; (iii) the material in this document does not constitute any investment, accounting, legal, regulatory or tax advice or an invitation or recommendation to enter into any transaction; (iv) estimates expressed in this document should be regarded as indicative, and for illustrative purposes only; and (v) this document has been prepared using models, methodologies and data which are subject to certain limitations (as explained in the “models, methodologies and data” section below). Expected and actual outcomes may differ from those set out in the document (as explained in the “forward-looking statements” section below).

### Public information

Some information appearing in this document may have been obtained from public and other sources and it has not been independently verified by the Company and no representation or warranty is made by the Company as to its quality, completeness, accuracy, fitness for a particular purpose or non-infringement of such information.

### Opinions and views of third parties

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### Models, methodologies and data

The data contained in this document reflects best estimates at the relevant time. The models, methodologies and data used in information in this document, including in relation to the setting of Scottish Widows Group Limited and its subsidiaries (the Group) emissions targets, net-zero transition strategy, climate scenario analysis and transition plan, are subject to certain limitations. These include (i) that they are subject to future risks and uncertainties which may change over time, (ii) for external data, or methodologies and models developed by a third party, they could be subject to adjustment which is beyond the Group's control; (iii) the quality of data can vary, which may impact the outputs of models and methodologies; (iv) in respect of climate-related models, methodologies and data in particular, are not of the same standard as those available for other financial information, nor subject to the same standards, benchmarks or standardised accounting principles, and historical data may not be an accurate indicator of the future trajectory of climate change impacts. Moreover, measurement technologies and analytical methodologies are in constant development; there is a lack of international coordination on data and methodology standards, and there exists future uncertainty, which includes (amongst others) developing global and regional laws, regulations and policies and evolving classification frameworks and climate science knowledge and data.

Where the Group has used the methodology and tools developed by a third party, the application of the methodology (or consequences of its application) shall not be interpreted as conflicting with any legal or contractual obligations and such legal or contractual obligations shall take precedence over the application of the methodology. Where the Group has used underlying data provided or sourced by a third party, the use of the data shall not be interpreted as conflicting with any legal or contractual obligations and such legal or contractual obligations shall take precedence over the use of the data. Further development of reporting or other standards could impact the metrics, data and targets contained in this document. From one reporting period to another, direct comparisons of each statement of information or data may not always be possible, and information may be updated from time to time.

**No liability**

While reasonable care has been taken in preparing this document, neither the Group nor any of its affiliates, directors, officers, employees or agents make any representation or warranty as to its quality, accuracy or completeness, and they accept no responsibility or liability for the contents of this material, including any errors of fact, omission or opinion expressed.

**FORWARD-LOOKING STATEMENTS**

This document contains certain forward-looking statements, with respect to the business, strategy, plans and/or results of the Group and its current goals and expectations. Statements that are not historical or current facts, including statements about the Group's or its directors' and/or management's beliefs and expectations, are forward-looking statements. Words such as, without limitation, 'believes', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', 'estimate', 'probability', 'goal', 'objective', 'deliver', 'endeavour', 'prospects', 'optimistic' and similar expressions or variations on these expressions are intended to identify forward-looking statements. These statements concern or may affect future matters, including but not limited to: projections or expectations of the Group's future financial position, including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets (RWAs), expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; the Group's future financial performance; the level and extent of future impairments and write-downs; the Group's ESG targets and/or commitments; statements of plans, objectives or goals of the Group or its management and other statements that are not historical fact and statements of assumptions underlying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. There are inherent risks and uncertainties associated with achieving future emissions targets and implementing net-zero transition strategies and plans in a complex, interdependent, and continually evolving global landscape. The Group therefore reserves the right to adjust, amend, or adapt its metrics and targets in response to unforeseen circumstances or changes in external factors and dependencies which impact the feasibility of achieving the stated targets.

Factors that could cause actual business, strategy, targets, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward-looking statements include, but are not limited to: general economic and business conditions in the UK and internationally; acts of hostility or terrorism and responses to those acts, or other such events; geopolitical unpredictability; the war between Russia and Ukraine; the conflicts in the Middle East; the tensions between China and Taiwan; political instability including as a result of any UK general election; market related risks, trends and developments; changes in client and consumer behaviour and demand; exposure to counterparty risk; the ability to access sufficient sources of capital, liquidity and funding when required; changes to the Group's credit ratings; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; volatility in credit markets; volatility in the price of the Group's securities; natural pandemic and other disasters; risks concerning borrower and counterparty credit quality; risks affecting insurance business and defined benefit pension schemes; changes in laws, regulations, practices and accounting standards or taxation; changes to regulatory capital or liquidity requirements and similar contingencies; the policies and actions of governmental or regulatory authorities or courts together with any resulting impact on the future structure of the Group; risks associated with the Group's compliance with a wide range of laws and regulations; assessment related to resolution planning requirements; risks related to regulatory actions which may be taken in the event of a bank or Group failure; exposure to legal, regulatory or competition proceedings, investigations or complaints; failure to comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations; failure to prevent or detect any illegal or improper activities; operational risks including risks as a result of the failure of third party suppliers; conduct risk; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; technological failure; inadequate or failed internal or external processes or systems; risks relating to ESG matters, such as climate change (and achieving climate change ambitions) and decarbonisation, including the Group's ability along with the government and other stakeholders to measure, manage and mitigate the impacts of climate change effectively, and human rights issues; the impact of competitive conditions; failure to attract, retain and develop high calibre talent; the ability to achieve strategic objectives; the ability to derive cost savings and other benefits including, but without limitation, as a result of any acquisitions, disposals and other strategic transactions; inability to capture accurately the expected value from acquisitions; assumptions and estimates that form the basis of the Group's financial statements; and potential changes in dividend policy. A number of these influences and factors are beyond the Group's control. The Group may also make

or disclose written and/or oral forward-looking statements in other written materials and in oral statements made by the directors, officers or employees of the Group to third parties, including financial analysts. Except as required by any applicable law or regulation, the forward-looking statements contained in this document are made as of today's date, and the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document whether as a result of new information, future events or otherwise. The information, statements and opinions contained in this document do not constitute a public offer under any applicable law or an offer to sell any securities or financial instruments or any advice or recommendation with respect to such securities or financial instruments.

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