

Pillar 3 Disclosures

Embark Investment Services Limited Year Ending 31 December 2020

Embark Platform

T: 0330 024 2345 **E:** service@embarkplatform.co.uk **W:** embarkplatform.co.uk

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

Contents

1	Background and Scope	3
1.1	Background	3
1.2	Scope	3
2	Corporate Governance	3
2.1	Principal Governance Bodies	4
2.1.1	Embark Group Board and Committees	4
2.1.2	EISL Board and Committees	4
2.2	Directorships held by members of the management body	5
2.3	Recruitment policy for selection of members of the management body	5
2.4	Board Diversity Policy	5
2.5	Flow of Risk Information to the Management Body	6
3	Risk Management Objectives and Policies	6
3.1	Risk Management Framework and Policies	6
3.2	Risk Management Structure and Organisation	6
3.3	Risk Categories	7
3.3.1	Market Risk	7
3.3.2	Credit Risk	7
3.3.3	Business and Strategic Risk	7
3.3.4	Operational Risk	8
3.3.5	Liquidity Risk	8
3.3.6	Group Risk	8
3.3.7	Other Risks	9
4	Own Funds and Capital Requirements	9
4.1	Own Funds	9
4.2	Capital Requirements	9
4.2.1	Own Funds (Pillar 1)	9
4.2.2	Pillar 2	10
4.2.3	Credit Risk Adjustments	10
4.2.4	Asset Encumbrance	10
5	Remuneration	10
5.1	Link between Pay and Performance	10
5.2	Design Characteristics	11
5.3	Remuneration Framework Structure	11
5.3.1	Base Salary	11
5.3.2	Variable Remuneration	11
5.3.3	Quantitative Remuneration Information	12

Embark Platform

T: 0330 024 2345 E: service@embarkplatform.co.uk W: embarkplatform.co.uk

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

1 Background and Scope

1.1 Background

Embark Investment Services Limited (the Company), hereafter 'EISL', is supervised by the Financial Conduct Authority (FCA) and is subject to the Capital Requirements Directive (CRD). The CRD framework consists of three "pillars":

- Pillar 1 sets out the minimum capital that investment firms are required to hold for credit, market and operational risk;
- Pillar 2 is a capital adequacy assessment performed by the regulated entity, requiring it to have a process for assessing capital adequacy in relation to its actual risk profile and to hold additional capital to cover these risks if required; and
- Pillar 3 focuses on disclosure requirements, including the key information required to allow external parties to assess the capital adequacy of the regulated entity.

EISL is subject to the Pillar 3 requirements and as such must publicly disclose certain information relating to risk and risk management. In addition to the disclosures, an investment firm must adopt a formal disclosure policy and have policies for assessing the appropriateness of its disclosures, including their verification and frequency and whether its disclosures convey its risk profile comprehensively to market participants.

The financial information within these disclosures is as at 31 December 2020 and calculated in accordance with the rules set out in the Capital Requirements Regulation (CRR), IFPRU and GENPRU.

1.2 Scope

This document sets out the Pillar 3 disclosures for EISL. EISL is a platform operator and a manager for Individual Savings Accounts (ISAs), General Investment Accounts (GIAs) and Self Invested Personal Pensions (SIPPs) in the UK. The Company operates a retail platform, which was launched in 2016 to expand the Embark Group from bespoke SIPP into broader platform activities as part of the acquisition of customers from Avalon Platform. Since that point, EISL has successfully introduced a number of white label partners to the platform and is the destination for the Advised and Partnership clients migrated from Alliance Trust Savings.

The FNZ platform is aimed at Advisers seeking the latest technology at an affordable price as well as corporate partners seeking to white label their products and services. The Partnership proposition is an Execution Only trading solution powered by the JHC Figaro Platform (also owned by FNZ) trading under the Stocktrade brand, providing dealing solutions for corporate partners.

EISL is a wholly owned subsidiary company of Embark Group Limited, hereafter 'Embark Group'. Embark Platform is a trading name of Embark Investment Services Limited. EISL is a limited licence investment firm and is authorised and regulated by the Financial Conduct Authority (Reg. No. 737356).

EISL has a non-regulated single subsidiary company, Embark Investment Services Nominees Limited, whose sole function is to hold legal title to assets on behalf of EISL's customers. The Financial Statements for EISL are completed on a standalone legal entity basis, with no requirement to produce consolidated accounts.

2 Corporate Governance

The Board of Directors of EISL are responsible for ensuring an appropriate corporate governance regime exists within EISL and that there is a clearly defined structure and management framework designed to address its risks and take decisions. This includes, but is not limited to, the approval and endorsement of an appropriate risk policy, ensuring clear accountability for risk management, approving overall risk limits and ensuring compliance with the Embark Group Risk Policy. EISL policies and procedures are set at the corporate level by the EISL Board of Directors and, as delegated by the Board, to executive and business line management, advised by risk and compliance management.

Embark Platform

T: 0330 024 2345 **E:** service@embarkplatform.co.uk **W:** embarkplatform.co.uk

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

2.1 Principal Governance Bodies

EISL's governance structure principally comprises the following bodies:

2.1.1 Embark Group Board and Committees

As a wholly owned subsidiary of Embark Group, EISL is aligned to Embark Group's internal organisational structure. The Embark Group Board is responsible for the governance of the Embark Group businesses and, in conjunction with its Risk and Regulatory Compliance Committee, Remuneration Committee and Nomination Committee, will carry out the duties below for the parent company, subsidiary undertakings (including EISL) and the Embark Group as a whole, as appropriate:

- The Embark Group strategy and policy for risk management;
- Financial Reporting and controls;
- Board membership and other appointments;
- Remuneration;
- Maintaining a statement of Embark Group risk appetite at all times, for the direction of Embark Group Executive Management;
- Reviewing the effectiveness of Embark Group's internal controls and risk management systems; and
- Ensuring that all Embark Group business risks are adequately identified and monitored.

2.1.2 EISL Board and Committees

The EISL Board derives its collective authority by direct delegation from its shareholder. Its key purpose is to ensure EISL's prosperity by collectively directing company affairs whilst meeting the appropriate interests of its key stakeholders, including its customers, employees and the shareholder.

The EISL Board has two overarching responsibilities:

- To ensure EISL remains compliant with local law and meets the expectations of its regulators, paying due regard to jurisdictional best practice; and
- To maintain EISL's business as a going concern in line with its strategic aims and targets or, if it was ever to be required, manage its orderly closure. In either respect, the directors should ensure full regard is paid to the interests and expectations of all of EISL's customers and other stakeholders.

The responsibilities of the EISL Board extend to services that are provided by Embark Group functions or third parties, Where reliance has been placed on these services, the EISL Board retains responsibility for ensuring that the service being provided to EISL is adequate and effective.

EISL's Board is composed of executive directors and an independent non-executive director.

On the basis of proportionality, the EISL Board has not established any standing committees. However, with the expansion of the business through the acquisition of the ATS assets, during the course of 2021, EISL will establish a Risk Committee, an Audit Committee, a Nomination Committee and a Remuneration Committee, which will assist the Board in carrying out its responsibilities as follows:

- **Risk Committee:** responsibilities in relation to the oversight of risk management;
- **Audit Committee:** responsibilities in relation to financial reporting, internal control and governance;
- **Nomination Committee:** responsibilities in relation to providing oversight and guidance relating to the structure and composition of the Company's Board and assisting in identifying issues requiring Management's attention; and
- **Remuneration Committee:** responsibilities in relation to the oversight of the Company's Remuneration Policy.

Embark Platform

T: 0330 024 2345 E: service@embarkplatform.co.uk W: embarkplatform.co.uk

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

2.2 Directorships held by members of the management body

The table below shows the number of directorships held by members of EISL's management body as at 31 December 2020:

Name	Position within EISL	No. of Embark Group Directorships (excluding EISL)	No. of Directorships held outside Embark Group
David Etherington	Chairman, Independent Non-Executive Director	5	0
Phil Smith	Executive director	6	3
Peter Docherty	Executive Director	0	0
Toby Larkman	Executive Director	4	0
Craig Wood	Executive Director	4	0

2.3 Recruitment policy for selection of members of the management body

Appointments to the EISL Board follow a formal procedure. As EISL is a wholly owned subsidiary of the Embark Group, proposals for appointments to the EISL Board are made to the Embark Group CEO. This is in accordance with the relevant procedures set out in the Embark Group policy pertaining to the governance of subsidiary companies. Any appointment of an Independent Non-Executive Director to the EISL Board is also approved by the Embark Group CEO.

All proposals submitted to the EISL Board take account of the collective competence of the Board to ensure that there is sufficient experience and technical expertise and to ensure that the Board and its Committees are, at all times, adequately staffed and compliant with applicable legal and regulatory requirements, and take account of the diversity policy. Proposals to the EISL Board also take account of whether the individual:

- Is of sufficiently good repute;
- Possesses sufficient knowledge, skills and experience to perform the duties of a Director; and
- Is willing and able to commit sufficient time to discharge his or her responsibilities to the Company.

As part of the formal Director appointment process, a number of additional checks are undertaken which include, but are not necessarily limited to: criminal records searches; Regulator Register searches; an electoral register check; a financial probity check; a UK directorship check; and a sanction list check. The overall competence of the individual is also validated by educational qualification checks, verification of professional body memberships and relevant employment references.

2.4 Board Diversity Policy

The Embark Group Board sets a policy promoting diversity throughout the Company, including on the EISL Board. The key principles of the policy are set out below. The Board:

- Recognises that diversity can bring insights and behaviours that make a valuable contribution to the effectiveness of the Company and the Board;
- Believes in equal opportunities and supports the principle that due regard should be given to the benefits of diversity, including gender, when undertaking a search for both executive and non-executive candidates;

Embark Platform

T: 0330 024 2345 E: service@embarkplatform.co.uk W: embarkplatform.co.uk

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

- Believes that the Board should have a blend of skills, experience, independence and knowledge amongst its individual members that is appropriate to its needs;
- Will take overall Board diversity and collective contribution into account in the selection and recruitment of new Board members;
- Will aim to use future vacancies to improve diversity within senior management, to provide more diverse succession potential for executive Board positions; and
- Is committed to evaluating, on an annual basis as part of a wider effectiveness review, the balance of skills, experience, independence and knowledge of EISL on the Board, and its diversity, including gender.

2.5 Flow of Risk Information to the Management Body

Risk information flows through to the EISL Board primarily via reporting from the Chief Risk Officer, who is a standing ex officio attendee at Risk Committee meetings. Significant or material issues may also be reported to the EISL Board by the Chief Executive, Chief Finance Officer or Chief Operating Officer.

As noted in 2.1.2 above, during the course of 2021 EISL will establish a Risk Committee. The new Committee will play a key role in the flow of regular risk reporting to the EISL Board, including the escalation of any significant risk issues.

3 Risk Management Objectives and Policies

3.1 Risk Management Framework and Policies

Effectively managing risks is one of the Embark Group's core strengths. The Embark Group has a comprehensive enterprise risk management framework to identify measure, manage, report and mitigate risks. EISL is subject to this framework, as set out in the "Group Operational Risk Management Policy" and has access to Embark Group systems and resources to assist with its application. The Embark Group's risk review for 2020, including details of the risk management framework, is set out in its Annual Report 2020.

EISL implements and adapts the Embark Group's policies appropriately, allowing for its specific risk profile, whilst maintaining compliance with the overarching Embark Group policies.

The Directors of EISL ensure that the specific risks EISL is subject to are documented, together with their appetite for these risks. The Directors' appetite for risk is expressed in terms of the type and amount of risk that they are willing for EISL to take. This Risk Appetite Statement and the associated monitoring and reporting framework are reviewed annually and approved by the Directors.

Risks are assessed both in terms of their potential financial impact to EISL and of any potential impact upon the delivery of good customer outcomes. Consideration of the customer is central to EISL's culture. Procedures that ensure the delivery of good customer outcomes are embedded into EISL's processes. In addition, a senior manager is responsible for assessing, challenging and concluding on EISL's performance against agreed customer outcomes and extensive management information is used to monitor ongoing compliance. This information is reported to the EISL's Executive Management Team, the EISL Board and, where appropriate, the Embark Group Board and/or Embark Group Risk and Regulatory Compliance Committee.

3.2 Risk Management Structure and Organisation

The Group's risk management framework is overseen by the Embark Group Board and the Embark Group Risk Committee. The EISL Board is responsible for the oversight of risk management by:

- Providing oversight and guidance to EISL and its management in relation to risk management and assisting in identifying matters requiring management's attention;
- Acting as a focal point for discussion and communication of matters regarding risk management; and
- Giving sufficient attention to presented issues and information to determine which areas might require further review and additional attention.

Embark Platform

T: 0330 024 2345 E: service@embarkplatform.co.uk W: embarkplatform.co.uk

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

EISL's system of governance and approach to risk management is intended to ensure that EISL promptly identifies, evaluates and reports to senior management and the directors all relevant risk profiles, emerging risks and current issues including formally documented risk opinions on significant strategic initiatives or plan developments. This approach means that the EISL Board routinely considers a wide range of risk issues and provides challenge to management over the response. The effectiveness of EISL's risk framework is demonstrated through the engagement of the EISL Board both with outputs of the risk framework on a regular basis as well as engagement on specific topics.

EISL makes appropriate use of the Embark Group's risk management resources and processes to assist with risk management. The Embark Group's risk management governance and organisation is set out in more detail within the Embark Group's financial report.

3.3 Risk Categories

In the case of each of the categories of risk set out below, EISL applies the risk and control processes described in section 3.1 to manage the risks within its risk appetite. EISL holds risk capital against each category of risk for which capital is an appropriate mitigant, as calculated through the ICAAP described in section 4.2.

The most important risk category for EISL is currently operational risk. This is consistent with its business model and the risk exposures that would be expected from its activities including third party risk, cyber risk and exposure to legal and regulatory risks. EISL therefore holds a larger amount of Pillar 2 risk capital to protect itself against operational risks than it does against the other risk categories.

3.3.1 Market Risk

Market risk is the risk associated with balance sheet positions where the value or cash flow depends on financial markets. EISL accepts a small amount of interest rate risk associated with holding relatively high cash at bank for liquidity purposes, but its policy is to avoid market risk associated with equity, property, corporate credit, illiquid debt, commodities, government bonds, currency, inflation and derivatives.

EISL does not have a trading book. However, it accepts an element of market risk in relation to cash holdings denominated in foreign currency which are held to facilitate client non-GBP dealing on the Stocktrade book. For operational efficiency it operates a float position in a number of major foreign currencies for this purpose.

Market risk also affects the values of customer accounts which consequently impacts EISL through the potential to reduce future fees for assets under administration. From EISL's perspective this risk is considered as a business risk rather than a market risk.

3.3.2 Credit Risk

Credit risk is the risk associated with a loss or potential loss from counterparties failing to meet their obligations. Credit risk should be relatively predictable and EISL's appetite for credit risk is to not allow it to increase significantly beyond the expected exposure.

EISL's policy is to manage the direct credit risks that it faces through the individual agreements that are in place with each of its debtors. Processes are in place to ensure that these agreements are applied appropriately, and further mitigates its direct credit risks through its debt recovery processes which are applied in appropriate circumstances.

3.3.3 Business and Strategic Risk

Business risk is the risk that EISL fails to achieve its business plan, which aims to anticipate future levels of new business, expenses, profitability and solvency. This plan can be impacted by a number of factors, referred to as "business risks", including the risk that market fluctuations reduce the value of customer accounts resulting in a reduction in the anticipated fund management charge rebate and annual charge income. EISL uses its Primary Risk Assessment process to capture the risks to it achieving its business plan and strategy.

Embark Platform

T: 0330 024 2345 E: service@embarkplatform.co.uk W: embarkplatform.co.uk

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

EISL cannot completely avoid expense risk as this is a part of doing business, and therefore accepts a level of business risk compatible with its strategic objectives of selling new business and retaining the existing book currently under administration. EISL therefore has processes in place to regularly monitor its performance against the business plan and to detect potential breaches of its risk appetite. Where an increased level of business risk is detected, EISL's Directors decide whether mitigating action is required or whether the increased level of risk is acceptable. Avoiding unexpected expenses and reducing cost base where possible is essential to the achievement of these strategic goals.

3.3.4 Operational Risk

Operational risk is the risk of loss arising from failures in systems, people, processes, people and external events. This definition covers a wide range of different risks, from administrative errors to a failure in the Company's IT systems, and includes risks arising indirectly through EISL's various outsource suppliers.

EISL's policy is that operational risks are reduced to an acceptable level through controls and other risk management actions. Operational risks are monitored to ensure that they are well understood and that mitigating actions can be put in place where appropriate if changes in the risk environment occur. EISL is committed to placing the best interests of customers at the heart of its operations. Unintentionally poor customer outcomes are addressed promptly and efficiently.

EISL's operational resilience strategy encompasses both the ability to prevent disruptions from occurring and the ability to respond quickly and recover in instances where disruption has been experienced in key business processes. Emphasis is placed on the maintenance of robust relationships with key outsourced service providers, to facilitate timely service improvement/ recovery should a material issue arise.

Regulatory risk is a key component of operational risk. EISL is exposed to regulatory risk due to its status as a limited licence investment firm, authorised and regulated by the Financial Conduct Authority (Reg. No. 737356). EISL aims to maintain an open and constructive relation with the FCA, and strongly avoids regulatory risk whilst ensuring active interpretation of FCA rules and regulations, to ensure the best customer outcomes. EISL also actively monitors legislation and tax-related developments.

3.3.5 Liquidity Risk

Liquidity risk is the risk of not having sufficient liquid financial resources to meet obligations when they fall due or having to incur excessive costs to do so. Liquidity risk is inherent to the nature of the business that EISL operates. While small amounts of liquidity risk are unavoidable, EISL's appetite for this is to ensure sufficient liquidity to meet realistic outflows so that available liquid resources do not fall below forecast cash outflows in the short and medium term.

EISL has a policy of minimising liquidity risk by maintaining appropriate levels of very liquid assets such as cash. Daily liquidity monitoring processes monitor the current liquidity position and ensure that any emerging liquidity trends or future liquidity needs are captured. If necessary, mitigating action can be taken to protect the EISL's liquidity position. EISL does not rely on lines of credit to meet its liquidity requirements.

3.3.6 Group Risk

Given EISL's business model and role within the wider Embark business, group risk is largely unavoidable however there are also significant advantages to being part of a strong and focused Group which is a leading independent digital retirement platform in the UK combining the technology strengths of the Wrap Platform market, with the deep pension expertise of the traditional SIPP and SSAS players. Management consider that these advantages outweigh potential group risks, which are taken on a well-informed and conscious basis, with the Board recognising that the risks arising from the failure of an Embark Group entity to provide services are identified and considered.

Embark Platform

T: 0330 024 2345 **E:** service@embarkplatform.co.uk **W:** embarkplatform.co.uk

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

3.3.7 Other Risks

Other risk categories include insurance risk, concentration risk, securitisation risk, and pension obligation risk. These categories are not material for EISL and so information relating to them is not disclosed.

4 Own Funds and Capital Requirements

4.1 Own Funds

EISL's own funds consist of Tier 1 capital: ordinary share capital and retained profit and loss account.

Breakdown of Own Funds	£000
Capital Instruments	21,855
Retained Earnings	(2,766)
Other Reserves	49
Profit in current financial year	(4,667)
Remove Intangibles & Associated Tax	(9,592)
Total Tier One Capital	4,879
Tier Two Capital	0
Total Own Funds	4,879

EISL had total own funds of £4.9m at 31 December 2020.

4.2 Capital Requirements

EISL is required to maintain a capital position with an excess of capital resources above its capital requirements at all times. In accordance with Embark Group's capital management policy, EISL is required to maintain a minimum Capital Adequacy Ratio of at least 110% of its minimum regulatory capital requirement (based on current calculations) and to set an operating standard of maintaining an average Capital Adequacy Ratio of at least 125%.

EISL is required to calculate its capital position on two bases – an own funds basis (known as Pillar 1) and an ICAAP basis (known as Pillar 2).

4.2.1 Own Funds (Pillar 1)

As at 31 December 2020 EISL's own funds capital requirement was calculated in accordance with the rules set out in the CRR. According to these rules, EISL is required to determine its own funds requirement as the higher of the fixed overheads requirement and the credit risk requirements. At 31 December 2020, it was the fixed overheads requirement that gave the higher value and therefore it was this calculation that determined EISL's own funds requirement. Hence, at 31 December 2020, the own funds requirement was equivalent to the fixed overhead position of £1.7m. EISL therefore had an excess of own funds over the own funds requirement of £3.2m at that date.

In addition, the CRR requires institutions at all times to satisfy the following own funds requirements:

- Common Equity Tier 1 (CET1) capital ratio of 4.5%;
- Tier 1 capital ratio of 6%; and
- Total capital ratio of 8%

As at 31 December 2020, EISL had the following ratios:

- CET1 capital ratio of 22.78%;
- Tier 1 capital ratio of 22.78%; and
- Total capital ratio of 22.78%

These are all comfortably in excess of the required minimum levels.

Embark Platform

T: 0330 024 2345 E: service@embarkplatform.co.uk W: embarkplatform.co.uk

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

4.2.2 Pillar 2

The Company's overall approach to assessing the adequacy of its internal capital is set out in its Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP is an ongoing process that analyses the risk exposures for the Company, as offset by the mitigating controls and risk framework, and calculates appropriate risk capital.

This risk capital is assessed by considering the impact of adverse events on the Company's balance sheet. These adverse events include events arising from market, credit, business and operational risks. 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 ICAAP, the capital assessment process is complemented by:
- Identification of operational key risks for EISL;
- Selection of operational risk scenarios for modelling, based on those key risks; and
- Agreement of stress test components and assumptions used in scenarios to enable financial modelling.

This process is undertaken at least annually and is challenged by both the EISL Risk Committee and EISL Board.

EISL's Pillar 2 capital requirement, which is its own assessment of the minimum amount of capital that it believes is adequate against the risks identified, has been assessed as higher than its own funds requirement. There is a surplus of reserves above the capital resource requirement deemed necessary to cover the risks identified.

4.2.3 Credit Risk Adjustments

EISL has calculated the risk weights for exposure classes using the standardised approach, where this approach is available, for the calculation of its credit risk capital component. Exposures to corporates, institutions and other items totalled £0.12m, £3.14m and £3.21m respectively. This gave rise to the following effective credit risk requirements, being 8% of the credit risk weighted exposure amounts for these standardised credit risk exposure classes: corporates £0.00m, United Kingdom institutions £0.05m and other items £0.26m.

4.2.4 Asset Encumbrance

EISL does not have any encumbered assets, and therefore no disclosure is made over the level of asset encumbrance.

5 Remuneration

As a subsidiary of Embark Group, EISL applies Embark Group's remuneration philosophy and agreed Remuneration Approach. The Remuneration Policy serves as a framework for the governance, design, implementation and monitoring of the Embark Group's remuneration and is designed to support the business strategy, risk management framework and operational and financial plans for Embark and its subsidiaries.

The Embark Group Board of Directors is responsible for the design, implementation and monitoring of the Embark Group's overall remuneration framework, and has established a Remuneration Committee to oversee the design of the Embark Group's remuneration framework, the implementation of the Remuneration approach and the respective monitoring process on behalf of the Embark Group Board. The Embark Group Directors review the Remuneration Policy regularly, at least once a year.

5.1 Link between Pay and Performance

As a subsidiary of Embark Group, EISL follows the company approach and operates a balanced and effectively managed remuneration approach that provides for competitive total remuneration

Embark Platform

T: 0330 024 2345 E: service@embarkplatform.co.uk W: embarkplatform.co.uk

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

opportunities that are designed to attract, retain, motivate and reward the employees to deliver high performance. The link between pay and performance is supported by fixed pay (i.e. base salary and benefits) and performance related pay (short and long-term bonus schemes as applicable).

The remuneration approach is an important element of the Embark Group's risk management framework and is designed to discourage inappropriate risk taking through effective governance and a clearly defined performance management process which supports the Embark Group's overall strategy, values and long-term interests. Performance related pay is designed to promote sound risk management and does so by ensuring an appropriate balance between fixed and performance-based elements and ensuring sufficiently competitive fixed pay to allow non-payment of the performance-based component.

Any instance of failure to comply with relevant legislation, regulations or internal policy will impact upon the level of any element of variable remuneration which might otherwise have been awarded. Adherence to company values and delivery of good customer outcomes are also directly linked to an individual's remuneration.

5.2 Design Characteristics

Total remuneration and its composition may be influenced by factors such as scope and complexity of the role, level of responsibility, risk exposure, business performance and affordability, individual performance, internal equity and legal requirements. The key design characteristics of Embark Group's remuneration arrangements include:

- Aligning remuneration structures to the delivery of good customer outcomes and adherence to corporate values
- Being simple, transparent and implementable
- Ensuring the structure and level of total remuneration are aligned with risk policies and risk-taking capacity
- Promoting a high-performance culture by differentiating total remuneration based on the relative performance of businesses and individuals
- Defining the expected performance through a structured performance management system and using this as the basis for remuneration decisions
- Linking variable remuneration awards to key performance factors which include the performance aspects of both EISL and the wider Embark Group businesses, as well as individual achievements.

5.3 Remuneration Framework Structure

Total remuneration for EISL employees can include the following elements:

5.3.1 Base Salary

Base salary is the fixed pay for the role performed determined by the scope and complexity of the role and is reviewed regularly. It is policy to pay base salaries at a level which is sufficient to attract and retain suitably qualified and experienced staff. There must be no discrimination on grounds of age, sex, race or any other irrelevant factor. Basic salary for employees within the control functions is ultimately determined independently of the business units they oversee.

5.3.2 Variable Remuneration

To align the remuneration architecture with the achievement of key financial objectives, the execution of the business strategy, the risk management framework and operational plans, the company operates variable short-term and long-term incentive plans.

Variable remuneration is structured such that typically there is a higher weighting towards the longer-term sustainable performance of the most senior employees, including the individuals with the most impact on the company's risk profile. Variable remuneration includes both short-term incentive plans (Embark Group STIP) for which all employees are eligible to join and long-term incentives (Embark Group LTIP) for selected employees:

Embark Platform

T: 0330 024 2345 E: service@embarkplatform.co.uk W: embarkplatform.co.uk

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

5.3.2.1 Embark Group Discretionary Bonus Plan (GDBP)

Payments through the GDBP are dependent upon the financial performance of the Embark Group and the contribution made by the underlying business units (including EISL). The bonus amount subsequently awarded to individuals is determined by their contribution to the overall performance of the business and their individual contribution, including evidence of those behaviours associated with Embark Group values.

5.3.2.2 Embark Group LTIP (Long Term Incentive Plan)

To support the achievement of the Embark Group and EISL's longer term financial goals, long-term incentives are utilised for a defined group of executives and senior managers, whose specific roles focus on the performance drivers of long-term shareholder value. This group contains the individuals with the highest levels of total remuneration, as well as those individuals whose activities have a significant influence on the risk profile of the Embark Group. In alignment with the Embark Group's risk profile and business strategy, long-term incentives are provided with deferred effect taking into account material risks and the time horizon thereof.

5.3.3 Quantitative Remuneration Information

Embark has identified those employees who are deemed to be Code staff with reference to their managerial and influence on the company's overall risk profile of the FCA regulated business.

For 2020, four 'Code' staff were identified, all of whom were also directors of the company during the year. The remuneration disclosed below relates to the amounts they received in 2020 for their services to Embark as a whole.

Remuneration includes salary, benefits, bonus awards, compensation in respect of loss of office and long-term incentive schemes.

Remuneration Component	No. of recipients	£
Fixed Remuneration	4	£913k
Variable Remuneration Awarded		
Cash	4	£915k
Shares	4	£2,800k
Total Variable Remuneration		£3,715k
Total Remuneration		£4,628k
Ratio between Fixed and Variable Remuneration		16%
Shares		
Awarded during 2020	4	£2,800k
Lapsed		£0k
Exercised in 2020		£0k
Outstanding Deferred Remuneration at Year End		
Outstanding Unvested	4	£12,620k
Outstanding Vested		
Conditional Awards	3	£255k
Severance Payments Paid in 2020		
Severance payments Awarded in 2020		

END OF DOCUMENT

Embark Platform

T: 0330 024 2345 E: service@embarkplatform.co.uk W: embarkplatform.co.uk

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