



Schroders Personal Wealth MIFIDPRU Disclosures

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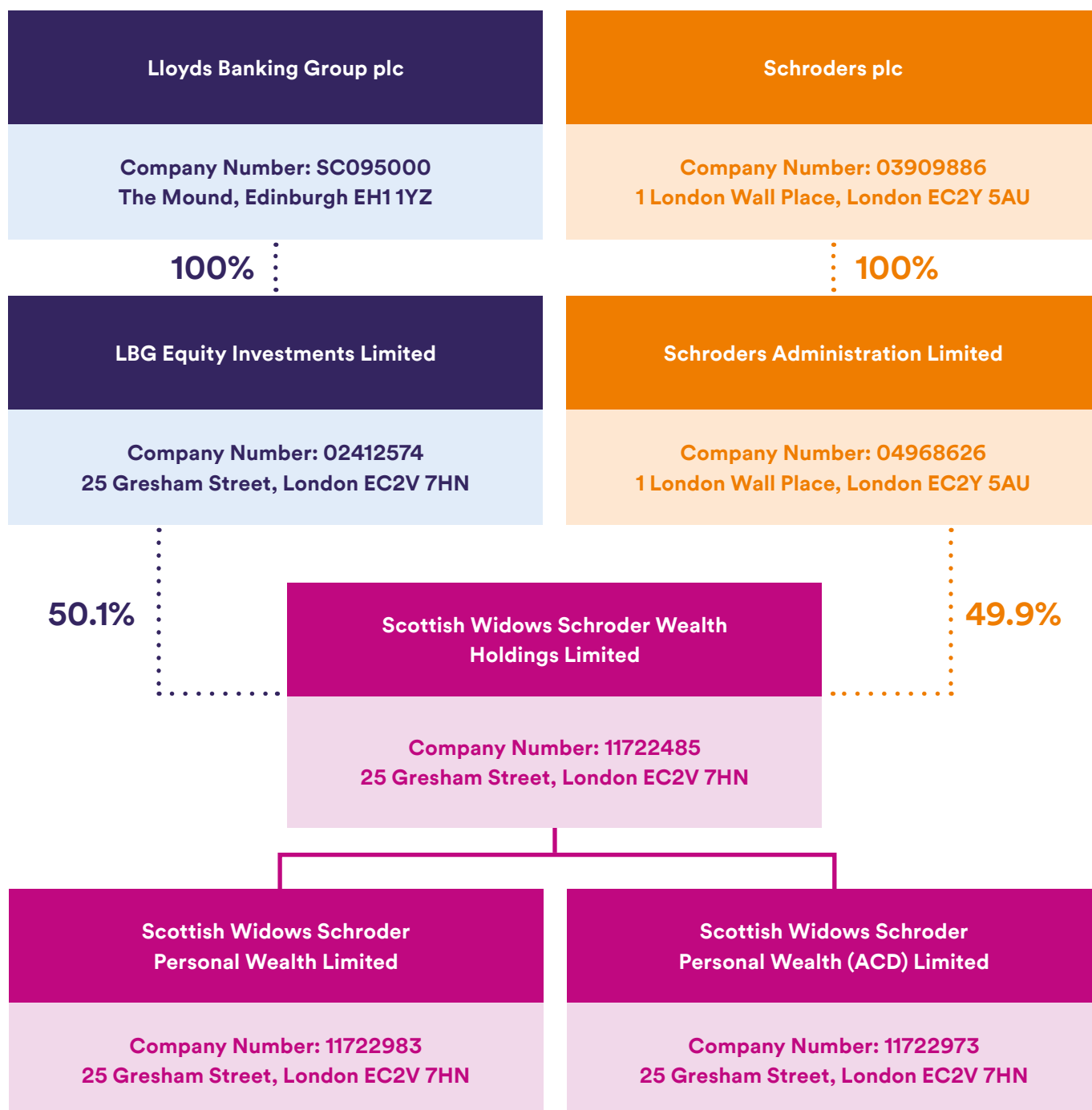


Overview

1.1 Group Structure

Schroders Personal Wealth (“SPW”) is a wealth management joint venture between Lloyds Banking Group plc (“LBG”) and Schroders plc (“Schroders”). The corporate structure is shown in Figure 1.

Figure 1. SPW Corporate Structure



1.2 Prudential Classification

The prudential classification of SPW entities as at 31 December 2024 is detailed below:

Figure 2. Prudential Classification of SPW entities

Schroders Personal Wealth	Prudential classification
Scottish Widows Schroder Wealth Holdings Limited (firm 11722485)	UK parent financial holding company
Scottish Widows Schroder Personal Wealth Limited (firm 11722983)	Prudential Sourcebook for MIFID Investment Firms ("MIFIDPRU") 75k firm
Scottish Widows Schroder Personal Wealth (ACD) Limited (firm 11722973)	Collective Portfolio Management ("CPM") subject to IPRU-INV chapter 11

1.3 Name and Contact Details of the Supervisory Authority

Financial Conduct Authority ("FCA")

12 Endeavour Square
London
E20 1JN

1.4 Name and Contact Details of the External Auditor

Deloitte LLP

1 City Square
Leeds
LS1 2AL

1.5 Regulatory Framework

SPW as a Group and Scottish Widows Schroder Personal Wealth Limited ("SPW OpCo") are required to comply with the provisions of the FCA Prudential Sourcebook for MIFID Investment Firms ("MIFIDPRU") and the Investment Firms Prudential Regime ("IFPR"). For the purpose of MIFIDPRU, SPW has been classified as a non-small and non-interconnected ("non-SNI") firm.

1.6 Basis of Disclosure

SPW OpCo as the individual MIFIDPRU Investment Firm, meets the level of application as defined in MIFIDPRU 8.1.7. The MIFIDPRU disclosures have been prepared in accordance with the rules and requirements applicable to non-SNI firms.

1.7 Frequency of Disclosure

The MIFIDPRU disclosures are updated on an annual basis, or more frequently if required, and should be read in conjunction with the SPW's Annual Report & Accounts dated 31 December 2024.

1.8 Approval and Verification

The disclosures are not subject to an external audit. They provide an overview of the capital structure of SPW OpCo, as well as its risk management, and remuneration practices. The disclosures do not constitute financial statements and should not be relied upon for any other purpose other than that intended.

1.9 Location

The MIFIDPRU disclosures are available on the SPW website (www.spw.com).

1.10 Reporting Period

The report covers the financial position as at 31 December 2024.

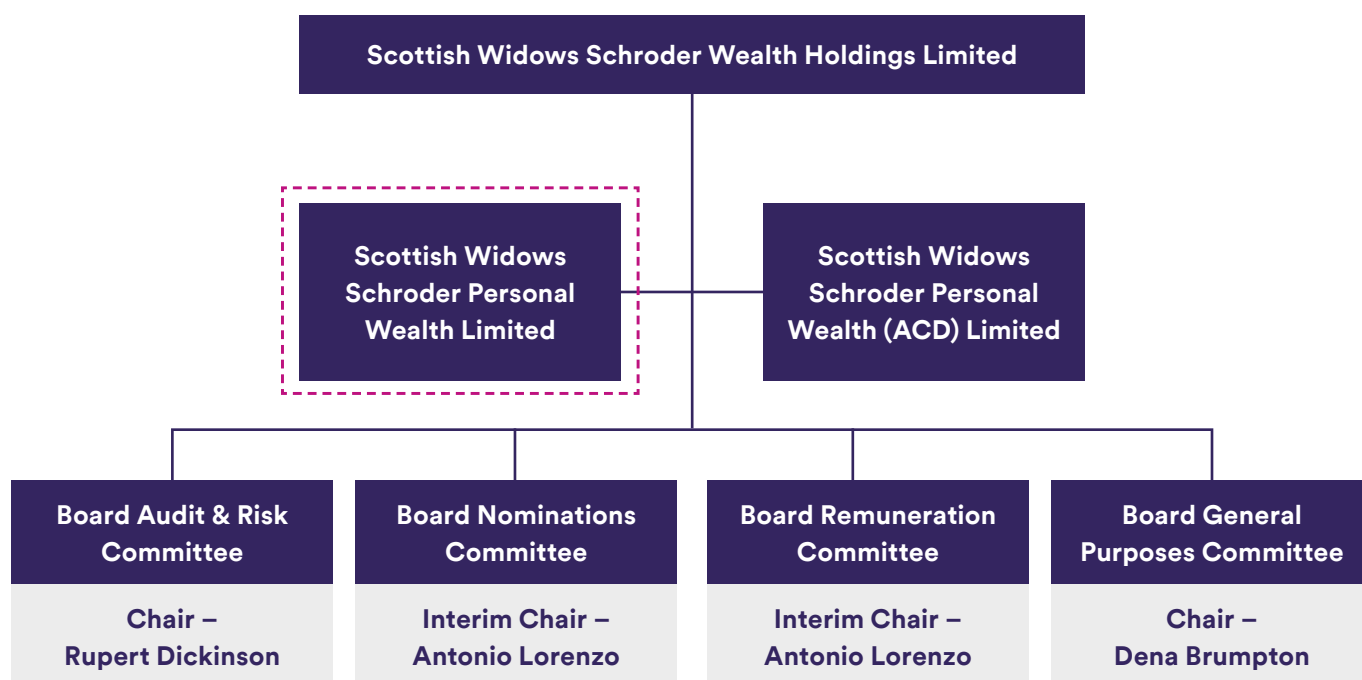
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Governance Framework

This section applies to the entire SPW Group. The Board and Executive operate the following Board and Committee structure to oversee the SPW business.

2.1 Board and Board Committee Structure

Figure 3. SPW Board and Committee Structure



Each Board Committee has its own Terms of Reference, which are held centrally by the Company Secretariat. In summary, the functions of these Committees are as follows:

- **Board Audit & Risk Committee (“BARC”):** Oversees the integrity of financial reporting, controls and both internal and external audit functions. It is also responsible for monitoring the effectiveness of the risk management framework.
- **Board Nominations Committee:** Responsible for assessing the suitability of independent non-executive Board members and the approval of new independent non-executive Board members.
- **Board Remuneration Committee:** Oversees the remuneration policy for senior management, ensuring alignment with regulatory expectations and business objectives.
- **Board General Purposes Committee:** An ad hoc Board Committee that can be convened at any time to conduct Board Committee business outside of the regular quarterly meeting schedule.

2.2 Executive Committee Structure

Figure 4. SPW OpCo Executive Committee Structure



The following Committees form the OpCo Executive governance model depicted above:

- **Group Executive Committee (chaired by the Group Chief Executive Officer (“CEO”)):** Supports the Group CEO in executing strategy and managing day to day operations of both SPW Group and SPW OpCo.
- **The Opco Client Committee (chaired by the Chief Client Officer (“CCO”)):** Responsible for overseeing client outcomes, advocating for client needs and embedding a client centric culture across SPW.
- **The Opco Operating Committee (chaired by the Chief Operating Officer (“COO”)):** Drives the SPW’s operating agenda and monitors management information, including the quality of services provided by external suppliers.
- **The Opco Investment Committee (chaired by the CCO):** Responsible for formulation, review, recommendation, implementation and monitoring of the SPW’s investment strategy.
- **The Opco Risk Committee (chaired by the Chief Risk Officer (“CRO”)):** Oversees the SPW Group’s enterprise-wide risk profile across all risk categories and provides challenge and oversight of the organisation’s risk and compliance culture.
- **The Opco Proposition Governance Committee (chaired by the CCO):** Ensures that SPW’s Proposition – both at a holistic and product level – delivers fair value & good client outcomes, is effectively managed, and that risks and issues are appropriately identified and mitigated.

2.3 Board of Directors

Figure 5 shows the members of the Board and the number of directorships held by those members as at 31 December 2024. For the purpose of MIFIDPRU disclosures, this section discloses SPW Group (Scottish Widows Schroder Wealth Holdings Limited) and SPW OpCo (Scottish Widows Schroder Personal Wealth Limited) only.

Figure 5. Board of Directors

Scottish Widows Schroder Wealth Holdings Limited				
Name	Role	Date of joining/leaving	No. of directorships held within the SPW Group	No. of directorships held external to the SPW Group
Antonio Lorenzo	Chairman & Non-Executive Director	Joined 30/05/2019	1	1
Dena Brumpton	Independent Non-Executive Director	Joined 24/06/2019	3	3
Martin Andrew	Independent Non-Executive Director	Joined 29/10/2024	1	1
Helen Bierton	Non-Executive Director	Joined 26/09/2024	1	2
Nigel Drury	Non-Executive Director	Joined 18/12/2024	1	3
Donald MacKechnie	Non-Executive Director	Joined 30/05/2019	1	3
Karan Sejpal	Non-Executive Director	Joined 06/04/2023	1	2
Mark Duckworth	Executive Director	Joined 02/11/2020	2	3
Joel Ripley	Executive Director	Joined 11/12/2018	2	0

Scottish Widows Schroder Personal Wealth Limited

Name	Role	Date of joining/leaving	No. of directorships held within the SPW Group	No. of directorships held external to the SPW Group
Dena Brumpton	OpCo Chair & Independent Non-Executive Director	Joined 28/11/2022	3	3
Rupert Dickinson	Independent Non-Executive Director	Joined 22/06/2021	1	2
Mark Duckworth	Executive Director	Joined 02/11/2020	2	3
Joel Ripley	Executive Director	Joined 11/12/2018	2	0
Ben Waterhouse	Executive Director	Joined 29/11/2022	1	0

2.4 Board Diversity

The SPW Group appreciates the value and importance of diversity, both in the boardroom and throughout the SPW Group where the Diversity, Equality and Inclusion strategy, monitored through the Board Remuneration Committee, is currently focused on:

- (1) data and measurement,
- (2) building a more diverse senior leadership cohort,
- (3) raising awareness in areas beyond gender and ethnicity, and
- (4) developing a more diverse recruitment pipeline.

SPW has set objectives related to these measure to track progress.

In relation to Board appointments, the Board Nominations Committee considers all aspects of diversity (including skillset, experience, gender and ethnicity) amongst many other factors prior to making any changes to any SPW Group Board composition. At the current time and given the Diversity, Equality and Inclusion strategy focus across the wider SPW Group, the Board Remuneration Committee does not have prescriptive targets either for gender or ethnicity on the SPW Group Boards.

Both of the SPW Group shareholders also have their own publicly disclosed Board Diversity Policies, which they adhere to when nominating candidates for SPW Group Board positions.



Risk Management Objectives and Framework

3.1 Risk Management Framework

Managing risk is central to the delivery of SPW’s strategic objectives and whilst we accept the risks inherent in our core business model and strategy, our Risk Management Framework (“RMF”) aims to ensure a robust and consistent approach to controlling risk and avoiding harm across the business.

The RMF consists of components that help our business to manage and govern risks in a structured and holistic way across the business whilst striving to achieve our strategic goals. These components incorporate our culture, governance and organisation arrangements including our 3 lines of defence model, risk appetite setting and policies, risk and control assessments, risk event tracking (operational losses and near misses), scenario analysis, key risk indicator monitoring and enterprise wide risk reporting. These components are underpinned by risk management technology applications, the information from which feeds into our capital risk management processes.

Figure 6. Risk Management Framework



3.2 SPW Culture

The SPW RMF is a product of the risk culture and tone set by the senior management team throughout the business. SPW is committed to the proactive identification and assessment of risk and uses risk information to inform its decision-making and risk management processes. The SPW Board is responsible for the system of internal controls, including the approval of appropriate risk appetite, ensuring clear accountability and approving overall risk limits.

SPW's purpose is to help more clients achieve their financial plans and close the advice gap. Everyone at SPW has a vital role to play in shaping and embedding a healthy culture, driven by a need to understand the risks we face and potential harms to clients, the business and the wider market that could result. Putting clients first is at the heart of everything SPW does, consistently ensuring every action taken benefits our clients, putting them first to provide the best possible experience in line with the Consumer Duty.

3.3 Risk Governance & 3 Lines of Defence Model

The SPW Board is the ultimate authority in the oversight of risk management and control. It is supported by the Board level committees. Below Board level, all authority and accountability for risk decision-making is delegated to individuals in full compliance with the FCA's Senior Managers Regime. The CEO and Senior Management are supported in their decision-making responsibilities by the Executive Committee and the executive-level committees.

The SPW three lines of defence model is activity based, where the activities of most colleagues across the business will form part of our first line risk management. We strongly believe that risk management occurs as part of everyday business activity, and that ultimately getting it right first time and rapidly responding when things go wrong is best when it is done at the heart of our business and by every SPW colleague.

To encourage and foster active risk management, we have explicit roles and responsibilities within our three lines of defence model, which are assigned and owned by individual SPW colleagues across the business. These role holders are fully empowered to undertake their responsibilities, with the expectation that they will take all reasonable steps to meet these essential responsibilities and deliver good outcomes to our clients and business as a result.

Figure 7. Three Lines of Defence





3.4 Risk Hierarchy

SPW has developed and documented a three-level risk hierarchy, which is key in providing a standardised framework for identifying, categorising and assessing our material risks. This systemic approach helps SPW prioritise our risk management efforts and implement appropriate mitigation strategies, allocating resources effectively through assigning first line risk owners and second line risk stewardship roles. The risk hierarchy aids in the accountability, tracking and reporting of risks over time, enabling continuous improvement in risk management practices. The Level 1 risk type is used only to differentiate the main 4 risk categories and is otherwise not used for specific day to day risk management activity. It is however used to structure Risk reporting to BARC and Board. Ownership for risk accountability is assigned at Level 2 of the hierarchy, along with where we set risk appetite and for aggregation of risk information in all other reporting. Level 3 risk is the lowest level of the hierarchy and where the requirement for Risk & Control Self-Assessments (RCSA) is defined, the Control Library is structured with all key controls identified as relevant to SPW assigned to each of the Level 3 risks and where SPW policies are primarily aligned to.

3.5 Risk Appetite

Risk appetite is a core component of the RMF. Risk appetite is holistic and it is defined as the amount and type of risk that our company is prepared to tolerate or accept. Risk Appetite Statements (“RAS”) have been defined for each of SPW’s Level 2 risks in the hierarchy.

Each RAS comprises a qualitative statement of SPW’s stance for the respective risk, supported by a set of Risk Appetite Metrics (“RAMs”) and Key Risk Indicators (“KRIs”) where required, to monitor our actual risk exposure as to whether it is increasing, static or reducing. Both RAMs and KRIs are updated monthly and are issued to the SPW OpCo Executive Risk Committee members for review and scrutiny along with other Risk Management Information (“MI”).

Risk appetite is reviewed by both the Risk Committee and BARC and is formally set following approval by the SPW Board. This process takes place at least annually and is based on joint proposals from the Business and Risk teams. Ad-hoc updates are also made following the same approval process. Risk Appetite is dynamic and so examples of instances whereby ad-hoc updates may be required include changes to operational structures, regulatory requirements and business strategy. Any changes to SPW’s risk appetite are communicated across the business by the Risk Function.

The impact on SPW’s risk appetite must be considered when determining desired business culture, strategy and business plans (including major change and acquisitions), competitive positioning in the market place and responses to events. Breaches of SPW’s risk appetite are identified and escalated in a timely manner for senior management attention. Each breach requires a statement and/or appropriate action from the relevant Level 2 Risk Owner.

Risk appetite is translated into mandatory requirements through policies, standards and procedures, which the business must adhere to.

3.6 Continuous Risk Management

SPW operates a continuous risk management approach in order to support strategic and operational decision making. New and emerging risks are identified through horizon scanning activities and tracked to assess mitigation requirements, including relevance for enhancements to the control environment. Scenario analysis is undertaken to support the calculation of appropriate risk capital to be set-aside and feeds into our top-down risk identification and assessment process.

Existing risks are managed to identify changes to any controls, whether impacting our clients, business objectives or the wider market, and re-assessed on an annual basis. Risks are categorised by type using the SPW Risk Hierarchy, and self-assessed (using the Risk and Control Self-Assessment (“RCSA”)) by first line risk and control owners.

SPW’s RCSA uses a Risk Prioritisation matrix scoring methodology to determine the level of risk. The key steps in the RCSA process include initial risk identification, assessment of inherent risk, effectiveness of associated key mitigating controls, residual risk, and capture of actions required to remediate control weaknesses. Risk stewards provide oversight to the completeness and reasonableness of risk assessments, providing suitable challenge to the outputs before their approval at ExCo and upload to the system of record.

RCSAs are monitored and reported regularly to senior management, with relevant supporting MI. Where trigger events occur, these prompt timely re-evaluation of relevant risks and controls.

Risk data, including event analysis (such as operational losses and near misses), broader risk appetite metrics, and key risk indicators, is recorded in SPW’s Risk Management System. This data is used by both first line business functions and second line Risk functions to monitor SPW’s risk profile, challenge self-assessments of risks and controls, as well as agree and track any necessary decisions and actions.

Based on the risks and harms recorded in our Risk Management System, SPW formulates risk scenarios (severe but plausible events) to model and stress test the balance sheet. This informs our risk-based capital requirements.

Enterprise-wide risk reporting is produced on a monthly basis and the SPW Risk Committee convenes on a quarterly basis with the CRO giving his overview of the key elevated Risks across the firm. Topics requiring more in-depth review are allocated dedicated agenda time during Risk Committee and discussion of these is led by the first line.

3.7 Risk Management System

SPW contracts with Riskconnect to use its Risk Management Application to support the key components of our RMF.

The system affords SPW many benefits and efficiencies. By bringing all risk information together in one place and having the ability to link risks, harms, controls, indicators and actions, it saves time, provides real time information and enables more sophisticated data analysis and reporting.

Riskconnect helps the Executives and Senior Managers to demonstrate reasonable steps as required by the FCA’s Senior Managers and Certification Regime (“SMCR”) requirements.



3.8 Key Risks

The following outlines the key risk categories relevant to SPW OpCo under the MIFIDPRU 4, 5 and 6.

Own Funds Requirement – MIFIDPRU 4

Own funds are a measure of a firm's financial resources, after allowing for its liabilities (i.e. the amount that it owes to others). SPW OpCo as the individual MIFIDPRU Investment Firm, must at all times maintain own funds that are at least equal to its Own Funds Requirement ("OFR"). The quantitative disclosure for OFR is set out in Section 5.

In addition, SPW OpCo has further assessed any risks facing its business operations within its Internal Capital Adequacy and Risk Assessment ("ICARA") process and quantified additional own funds, where required. The principal risk categories identified include ongoing operational risks, particularly those that could result in harm to clients. These risks could arise from incorrect investment management decisions, poor conduct and execution, and the failure of third-party service providers.

Concentration risk – MIFIDPRU 5

Concentration risk refers to the potential harm resulting from excessive exposure to a single counterparty, a limited group of clients, or a specific sector or geographic region.

SPW OpCo does not conduct any trading on its own account and does not have regulatory permissions for dealing as principal. The firm therefore does not have concentration risk on or off-balance sheet.

The firm monitors client, geographic, product and revenue concentration as part of the annual ICARA process. It is not exposed to material levels of concentration risk from a business risk perspective.

SPW OpCo separately considers counterparty risk through the investment of cash and cash equivalents. This risk is managed through policy limits on the amounts OpCo can hold with individual counterparties.

Liquidity – MIFIDPRU 6

SPW OpCo maintains minimum liquidity at all times in compliance with the Basic Liquid Asset Requirement ("BLAR"), being at least one-third of its Fixed Overheads Requirement ("FOR"). The firm does not provide any client guarantees, therefore its entire liquidity requirement is captured by the FOR. As part of the ICARA process, SPW OpCo identifies and maintains additional liquidity required to support the ongoing business activities of the firm and to satisfy its net wind down costs. Liquidity management is further described in Section 5.6.





Capital Adequacy

4.1 Own Funds Resources

This section applies to SPW OpCo, classified as the MIFIDPRU investment firm.

The audited own funds of SPW OpCo comprise exclusively of Common Equity Tier 1 (“CET1”) capital. CET1 capital is composed of fully issued ordinary shares, that meet all criteria for a CET 1 instrument in accordance with the Investment Firm Prudential Regime (“IFPR”).

The following tables comply with MIFIDPRU 8 disclosure requirements:

- Figure 8 details the composition of regulatory own funds for the year ended 31 December 2024.
- Figure 9 details a reconciliation of own funds to the capital reported in the balance sheet in the audited financial statements of SPW OpCo.
- Figure 10 provides a description of the main features of the CET1 capital issued by SPW OpCo for the year ended 31 December 2024.

Figure 8. Capital Resources

OF1: 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	57,894	Note 21
2	TIER 1 CAPITAL	57,894	
3	COMMON EQUITY TIER 1 CAPITAL	63,667	
4	Fully paid up capital instruments	1	Note 16
5	Share premium	0	
6	Retained earnings	63,666	Note 16
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	(5,773)	
19	CET1: Other capital elements, deductions and adjustments	(5,773)	Note 9 & 13
20	ADDITIONAL TIER 1 CAPITAL	0	
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		
25	TIER 2 CAPITAL	0	
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		

Figure 9. Reconciliation of Regulatory Own Funds

OF2: 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	Property, plant and equipment	1,224		
2	IFRS16 Right of Use Asset	2,031		
3	Intangible assets	4,458		Item 19
4	Deferred tax asset	1,315		Item 19
5	Cash and cash equivalents	60,959		
6	Trade and other receivables	24,674		
7	Deferred Bonus asset	6,491		
8	Current tax asset	1,850		
	Total Assets	103,002		
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Trade and other payables	25,158		
2	Provisions for liabilities and charges	6,276		
3	Deferred Bonus liability (current)	3,449		
4	Current lease liability	741		
5	Current tax liability	0		
6	Non-current lease liability	1,477		
7	Deferred Bonus liability (non-current)	2,233		
	Total Liabilities	39,334		
Shareholders' Equity				
1	Share capital	1		Item 4
2	Retained Earnings	63,666		Item 6
	Total Shareholders' equity	63,667		

Figure 10. Own Funds: main features of own instruments issued by the firm

Own funds: main features of own instruments issued by the firm	
<p>The SPW OpCo own funds are comprised predominantly of ordinary shares. All ordinary shares rank equally ('pari-passu') in all respects, including the right to receive all dividends and other distributions declared, made or paid on the ordinary share capital of SPW OpCo.</p>	



Own Funds Requirement

5.1 Own Funds Requirement

This section applies to SPW OpCo, which is classified as the MIFIDPRU investment firm.

SPW OpCo's Own Funds Requirement ("OFR") is determined in accordance with the provisions applicable to non-SNI firms under MIFIDPRU 4.3.

The SPW OpCo's OFR is the highest of:

- Permanent Minimum Requirement under MIFIDPRU 4.4;
- Fixed Overheads Requirement under MIFIDPRU 4.5; or
- K-Factor Requirement under MIFIDPRU 4.6.

The prescribed regulatory minimum requirement is presented in the table below.

Figure 11. Own Funds Requirement

Own fund requirement as at 31 December 2024	£'000
(A) Permanent minimum requirement ("PMR")	75
(B) K-Factor requirement, broken down as follows:	2,454
Sum of K-AUM, K-CMH and K-ASA	2,453
Sum of K-COH and K-DTF	1
Sum of K-NPR, K-CMG, K-TCD and K-CON	
(C) Fixed Overhead Requirement ("FOR")	20,407
Total Capital Requirement (highest of A, B, C)	20,407
Surplus over Own Funds	37,487

5.1.1 Permanent Minimum Requirement

The PMR represents the minimum level of capital that SPW OpCo must maintain at all times. PMR is specified in MIFIDPRU 4.4 and for SPW OpCo, the PMR is £75,000.

5.1.2 Fixed Overheads Requirement

In accordance with MIFIDPRU 4.5, the FOR has been calculated based on total adjusted expenditure, less deductions for discretionary expenditure, as reported in the latest audited financial statements for year ended 31 December 2024.

5.1.3 K-Factor Requirement

The K-Factor requirement reflects a combination of activity and exposure-based requirements, tailored to the nature of the MIFID services provided by the firm. The K-Factors applicable to SPW OpCo are K-Assets Under Management ("K-AUM") and K-Client Order Handled ("K-COH").

5.2 Overall Financial Adequacy Rule (“OFAR”)

To comply with the Overall Financial Adequacy Rule (“OFAR”) as laid out in MIFIDPRU 7.4, a firm must maintain adequate capital and liquidity at all times, both in terms of amount and quality, to ensure that:

- The firm is able to remain financially viable throughout the economic cycle, with the ability to address any material potential risks from its ongoing activities; and
- The firm’s business can be wound down in an orderly manner, minimising harm to clients or to other market participants.

SPW OpCo conducts its own capital and liquidity assessment through the ICARA process in line with MIFIDPRU 7.9.5. The ICARA is designed to be an ongoing process, embedded within the RMF, that continuously ensures the firm’s financial resources adequacy. The ICARA identifies and assesses SPW’s material harms through scenario analysis, stress testing and wind down planning to determine the level of own funds and liquid assets SPW needs to hold. The process is formally reviewed on an annual basis, or more frequently should a material change in the firm’s business model or operating model arise.

5.3 Harms Assessment

In accordance with the OFAR, SPW OpCo has completed an internal assessment of harms (that may result from its ongoing activities) and mitigating actions to determine if additional capital should be held against those risks not fully captured by the OFR (K-Factor requirement). The process examines key harm categories to identify exposures that could result in detriment to SPW OpCo’s capital through the residual risk of harm.

5.4 Wind Down

As part of the ICARA, SPW OpCo has also assessed the level of own funds and liquid assets that it would need to support an orderly wind down. The plan sets out the timeline and resources (both financial and non-financial) that are required to ensure the business can be wound down in an orderly manner, while ensuring minimal adverse impact to clients, markets or its counterparties.

5.5 Stress Testing

Stress testing is an integral component of the ICARA and supports the identification, analysis and management of risks within the business. It is performed on the business plan and considers the impact of a number of stress events crystallising over the assessment period.

5.6 Liquidity

Liquidity risk refers to the possibility that SPW, while solvent, may lack sufficient financial resources to meet obligations as they fall due - either due to an inability to liquidate assets or secure short-term funding, or only being able to secure such financial resources at an excessive cost.

While the business is exposed to liquidity risk through the normal course of business, liquidity risk has been considered as part of the ICARA process and compliance with the OFAR. It has resulted with the identification of a minimum amount of liquid assets to maintain, and any additional liquidity requirements to determine the Liquid Asset Threshold Requirement (“LATR”). Additional liquidity requirements have been identified based on specific liquidity stress scenarios and through wind down planning.

SPW OpCo’s liquidity is held in high quality liquid assets and bank accounts. This is supported by robust Treasury policies that safeguard financial resources, alongside continuous monitoring of both forecasted and actual cash flows to ensure prudent liquidity oversight.



Remuneration Disclosure

6.1 Remuneration Policy

The SPW Remuneration Policy and the associated Reward Governance Framework define the remuneration policies, procedures and practices that apply in full to all colleagues. The policy supports the long-term business strategy and recognises the interests of all relevant stakeholders. It supports consistent and effective risk management that accepts risk-taking in line with the risk appetite of SPW.

In accordance with the Shareholder Agreement, SPW continues to seek the views of shareholders and the Remuneration Committee with regard to Remuneration Policy, which seeks to motivate, incentivise and retain talent. The SPW remuneration approach has a particular focus to recognise and reward high-performing colleagues who successfully achieve client objectives. The Remuneration Committee reviews the policy at least annually.

An essential component of SPW's approach to remuneration is the governance process that underpins it. The Remuneration Committee is made up of independent non-executive directors, as well as non-executive directors of both LBG and Schroders. The Remuneration Committee reviews all compensation decisions for Executive Directors, senior management, high earners and any other Material Risk Takers ("MRTs").

For the purpose of this disclosure, SPW as a Group and SPW OpCo are treated as a non-SNI firm under the IFPR. The SPW Authorised Corporate Director ("ACD") is subject to the Undertakings for Collective Investment in Transferable Securities ("UCITS") and Alternative Investment Fund Managers Directive ("AIFMD") FCA Remuneration Codes.

6.2 Remuneration and Performance

SPW's reward package is made up of fixed and variable components. Fixed remuneration is made up of base salaries, benefits and pension contributions, and the variable component is made up of bonuses, long-term incentive plans, buy-out awards, severance and retention awards. Base salaries reflect the role, responsibility and experience of a colleague. In order to attract and retain talent, our aim is to pay base salaries in line with UK Wealth Market medians. SPW provides a market-aligned benefits package including pension, benefits and private medical cover to encourage and enable saving for retirement, and to support health and wellbeing. SPW maintains a strong belief that the variable reward should be driven by individual, regional and business performance. The approach to variable reward is intended to provide a clear link between remuneration and delivery of key strategic objectives. Performance measures are embedded throughout the reward structure, which are challenging and reflect overall business performance in addition to personal contribution.

In setting the approach for remuneration, a reasonable balance of fixed versus variable remuneration is applied to ensure that fixed and variable components are appropriately balanced, with the fixed portion representing a sufficiently high proportion of total remuneration. This allows the operation of a flexible policy on variable remuneration components, including the possibility of paying no variable remuneration. The maximum ratio of fixed-to-variable components of total remuneration is 1-to-14.

6.3 Performance Measurement

The Remuneration Policy has four principles that underpin the remuneration approach and strategy:

Figure 12. Remuneration Policy Principles



The use of Key Performance Indicators at firm, business unit and individual level allows the Remuneration Committee to assess the performance in a consistent and performance-driven way, with appropriate attention to risk performance and good client outcomes.

All variable remuneration is performance-dependent, subject to performance against strategic objectives. These Key Performance Indicators include: client satisfaction and retention, investment performance, risk performance, employee satisfaction and financial performance. SPW's robust performance management framework assesses both performance and behaviours, and ensures any ex-ante risk adjustment of variable remuneration. All variable remuneration is subject to deferral in line with our regulatory requirements. Awards for MRTs typically include an element of deferral in phantom SPW fund units, to align interests to those of our clients, and to aid retention.

All variable remuneration is also subject to malus and clawback in line with the SPW Malus and Clawback Policy. The policy includes a non-exhaustive list of triggers under which the Remuneration Committee may consider the application of malus and/or clawback to be necessary.



6.4 Long term remuneration

The SPW Long-Term Incentive Plan (“LTIP”) for senior leadership is intended to align employee interests to the growth in value of SPW over the performance period.

The LTIP will not vest unless stretching Operating Profit targets are met at the end of financial years ending 2025 to 2028 inclusive.

6.5 Variable remuneration

The Remuneration Committee determines whether the proposed bonus pool and proposed long-term incentive plan awards adequately reflect profit and business performance, including:

- the capital adequacy of the business
- risk appetite
- current and future risks

The Remuneration Committee has the discretion to adjust the overall bonus or long-term incentive plan pools (upwards or downwards, potentially to nil) to take into account other factors.

The Remuneration Committee ensures that the aggregate of the variable remuneration for all colleagues is appropriate and balanced with the interests of shareholders and all other stakeholders.

Guaranteed variable remuneration is only paid in exceptional cases. Awards must comply with previous employer terms and require proof of loss and are subject to deferral, retention, and performance adjustment. Payment depends on satisfactory performance, follows prevailing policy, and must be approved under the Reward Governance Framework.

All severance payments follow the prevailing policy, and any amounts greater than contractual entitlement require approval in line with the SPW Reward Governance Framework.

6.6 Quantitative disclosures

For the purpose of the MIFIDPRU disclosures, this section discloses SPW OpCo only.

The aggregate quantitative information on remuneration shown below relates to the 20 MRTs for performance year ending 31 December 2024.

SPW follows the MIFIDPRU criteria when determining MRTs, which includes the following types of staff: Senior Managers, Non-Executive Board members, Executive Committee members, Investment Office team who manage key activities, Heads of Risk, Legal, Finance, Human Resources, Audit, Information Technology, Information Security and outsourcing arrangements.

Figure 13. Quantitative Disclosures

Remuneration	Senior Manager	Other MRT	Non-MRT
Total Fixed Remuneration	£ 2,912,937	£ 963,466	£ 62,406,797
Total Variable Remuneration	£ 1,621,750	£ 174,000	£ 13,704,163
Total	£ 4,534,687	£ 1,137,466	£ 76,110,960

Guaranteed Variable Remuneration	Senior Manager	Other MRT	Non-MRT
Amount awarded	£ -	£ -	£ 432,000
Number of recipients	0	0	8

Severance Payments	Senior Manager	Other MRT	Non-MRT
Amount awarded	£ 15,000	£ 0	£ 1,537,082
Number of recipients	1	0	52
Highest award	£ 15,000	£ 0	£ 145,324



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