

Investment Funds Direct Limited (IFDL)
MIFIDPRU 8 Disclosure

Year ending 31 December 2025

Approved 24 June 2026

IFDL Disclosure
Capital adequacy

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Introduction

Investment Funds Direct Limited (IFDL) undertakes activities within the scope of the UK Markets in Financial Instruments Directive (MIFID) and is therefore subject to the prudential requirements of the Investment Firms Prudential Regime (IFPR) contained in the Prudential sourcebook for MIFID Investment Firms of the FCA Handbook (MIFIDPRU). Therefore, IFDL is required to publish disclosures in accordance with the provisions outlined in MIFIDPRU 8 which replaces previous disclosure requirements applicable under the Capital Requirements Regulations (CRR).

This document sets out the public disclosures required for IFDL as at 31 December 2025.

Disclosure

This information has been prepared purely for the purpose of explaining the basis on which IFDL has prepared and disclosed certain capital requirements and information about the management of risks relating to those requirements, and for no other purpose. It therefore does not constitute any form of financial statement on IFDL, nor does it constitute any form of contemporary or forward-looking record or opinion of the IFDL business.

These disclosures have been taken from historical and projected information based on the year end statutory accounts as at 31 December 2025.

IFDL regards information as material in disclosures if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. If IFDL deems a certain disclosure to be immaterial, it may be omitted from this Statement.

IFDL regards information as proprietary if sharing that information with the public would undermine its competitive position. Proprietary information may include information on products or systems which, if shared with competitors, would render the firm's investments therein less valuable. Further, IFDL must regard information as confidential if there are obligations to customers or other counterparty relationships binding the firm to confidentiality. In the event that any such information is omitted, we shall disclose such and explain the grounds why it has not been disclosed.

This document has been subject to internal review and approval but has not been independently reviewed by external auditors.

Although disclosures are intended to provide transparent capital disclosures on a common basis, the information contained in this document may not be directly comparable with other companies of a similar nature.

Further disclosures will be issued on an annual basis in line with the IFDL financial statements, or more frequently in the light of relevant activity in the business.

Disclosures on Diversity and Inclusion required by MIFIDPRU 8.3 are published separately on the M&G Plc corporate website. **https://www.mandg.com/who-we-are/diversity-and-inclusion**

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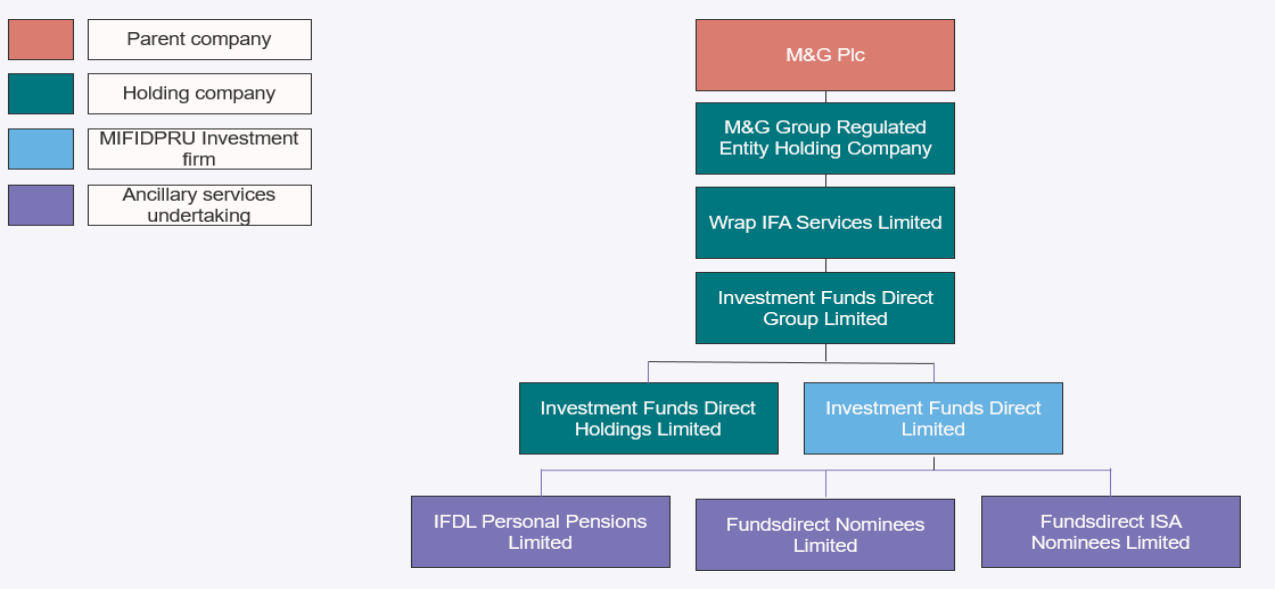
Business Overview

IFDL is an ISA Manager, SIPP Operator and platform provider which provides a range of tax wrappers, investment solutions and third party products to underlying customers via Financial Advisers. Tax wrappers include a taxed account (GIA), ISA, Onshore Bond, SIPP and Offshore Bond. Investment vehicles include funds, stocks and shares, bonds, structured products and cash.

IFDL operates as a wholly owned subsidiary of M&G plc. M&G plc is a publicly listed entity, consisting of a number of subsidiaries, some of which are authorised and regulated, as applicable, by the Prudential Regulation Authority and/or the Financial Conduct Authority. M&G plc is a company incorporated and with its principal place of business in England, and its affiliated companies constitute a leading savings and investments business. M&G serves more than 4.2 million retail customers and over 1000 institutional clients such as pension funds and insurance companies around the world. They offer a range of financial products and services through our **Asset Management** business and our **Life** business**,** supported by our Corporate functions. These component parts work together to deliver in the best possible way for our customers, clients and shareholders.



A full list of the M&G Group subsidiaries can be found in Note 2 to the **M&G Annual Report 2025**

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Governance

The Board of Directors

The FCA's Principle for Business No. 3 requires the firm to take reasonable care to organise and control the affairs of the company responsibly and effectively, with adequate risk management systems.

IFDL has a strong governance structure which is appropriate to its status as a regulated entity. The IFDL Board has responsibility for the overall strategy and risk governance and management of IFDL; with ultimate responsibility for defining the IFDL risk appetite, benchmarks, tolerances and controls. Systems of internal control are designed to ensure effective operations, including financial reporting, and compliance with laws and regulations. The IFDL Board is responsible for the continuing success of the company and must make a wide range of important decisions relating to risk and capital management.

The IFDL board is made up of three Directors: two of whom are independent Non-Executive Directors one of whom is the Chair of the board and one Executive Director. Each of the Directors were appointed according to their industry knowledge and experience.

At the date of approval of this disclosure, the IFDL Board of Directors consisted of the following members:

Member	Role
Clare Thompson	Independent Non-Executive Director/ Chair
Mariken Tannemaat	Independent Non-Executive Director
Thomas Bischler	Executive Director

The IFDL Executive Committee

The Board delegates operational management of the business to the IFDL SMF 1 who is supported by a team of Executives forming the IFDL Platform Executive and Risk Committee. An IFDL Governance Framework is in place to oversee all key activities, and supports the IFDL Platform Management and Risk Committee and the IFDL Board. This is set out below. The IFDL management committees are established by the relevant executive to collectively approve or provide support or advice to the respective executive in line with their delegated authority.

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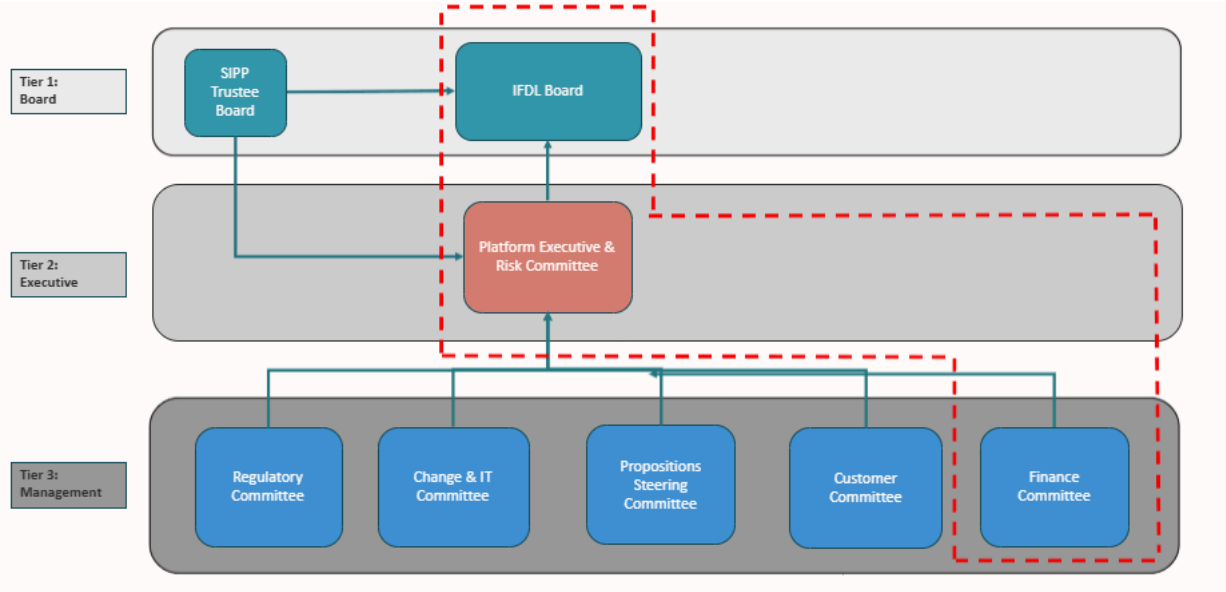


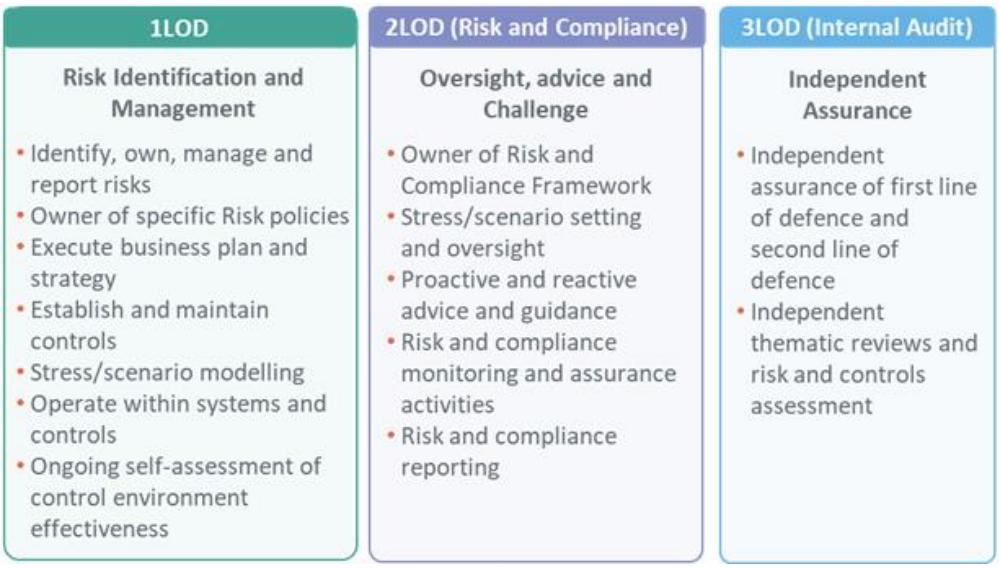
The purpose of each forum is detailed below:

Level	Forum Name	Chair (Position)	SMF	Purpose
Board	IFDL Board	Chairman		The Board holds responsibility for the overall management of the company, implementing its value and standards and approving the long-term objectives, business plan, budgets and commercial strategy.
Executive	Platform Executive & Risk Committee	CEO	SMF1, SMF2, SMF3, SMF4, SMF16, SMF24	The principal responsibilities of the PERC are to: • assist SMFs in meeting their obligations, providing assessment and oversight of the operating environment and holding responsibility for the provision of strategy development and execution, financial performance and services. • Oversight of the risk and control framework, including the monitoring of IFDL's adherence to its Risk and Policy Framework and ongoing regulatory risk compliance.
Management	Customer Service Committee	COO	SMF24	The Customer Service Committee is responsible for: • Oversight of IFDLs customer and adviser service delivery. • Monitoring the quality, efficiency and productivity of customer service areas, customer complaints and the provision of good outcomes. • The effectiveness of controls, root cause analysis and KRIs in respect of IFDLs customer facing activity.
	Finance, Capital and Liquidity Committee	CFO	SMF2, SMF4	The purpose of the committee is to provide oversight of: • the finance, capital and liquidity activities of the business, including management of the Company balance sheet and the material risk exposures that impact the capital and/or liquidity profile of the Company.

	Regulatory Committee	COO	SMF24	• IFDL's oversight and management of risk exposures for key areas of regulated activity and regulation, including PRIN, CASS, COBS, SYSC, Data Privacy, HMRC and Financial Crime. • IFDL's management of Material Suppliers (including Intra-Group relationships) to assist IFDL in meeting its obligations under FCA Handbook SYSC8 and general outsourcing requirements.
	IT & Change Committee	CEO	N/A	The Change & IT Committee provides: • oversight and delivery control of the IFDL change portfolio, including prioritisation (including regulatory change), management of dependencies, change control, material risk / issue prioritisation, mitigation and resolution. • Oversight of IFDLs IT estate, defect and incident identification and resolution
	Proposition Steering Committee	Head of Propositions (delegated from CEO)	N/A	The Proposition Steering Committee is responsible for: • Ensuring that products and services are aligned to regulation, perform in line with fair value and customer outcome expectations, including through the delivery of IFDLs services through distribution partners and DFMs. • Ensuring good customer outcomes through testing and insight. • Reviewing and approving the pricing of products and/or propositions on the IFDL platform.

Assessment of Risks and Harms

IFDL's risk governance is based on a Three lines of defence model in line with Senior Manager and Certification Regime (SMCR) accountabilities;



The first line business areas identify and manage risks and harms and are overseen by the second line Risk and Compliance function. The second line is structurally independent of the first line, providing risk oversight, advice and challenge, with a specific IFDL team supported by central resource. Internal Audit acts as the Third Line and is empowered to audit the design and effectiveness of internal controls, including the risk management system.

Risk Management Framework

The IFDL Board consider IFDL's Risk Management Framework (RMF) to be appropriate for a solo-regulated entity and appropriately aligned to the overarching M&G RMF.

The RMF describes the approach, arrangements and standards for risk management that support IFDL's compliance with statutory and regulatory requirements.

The risks to which IFDL is exposed and the potential harms to its customers, markets and the firm itself, as a result of its business strategy are understood and managed through the RMF and the risk taxonomy. The RMF is designed to manage risk within agreed appetite levels that are aligned to delivering the strategy for shareholders and customers. This is achieved through:

- describing the philosophy and approach to risk management and the principles for taking and managing risk;
- outlining the governance structure and apportionment of accountabilities;
- providing a common language and framework for managing all types of risk which is important for consistency and understanding the overall risk exposure;

providing a reference point when considering risks, by defining and describing risk management principles, risk appetite, risk categorisation, risk policies, risk culture and risk management cycle;

- promoting a responsible risk culture across the whole business, supported by the recruitment and training of individuals to ensure the capabilities and behaviours needed to develop and control the business are in place; and
- outlining key processes for risk management and internal control that support compliance with relevant customer, statutory, regulatory and shareholder requirements.

All functions supporting the IFDL operation have participated and self-assessed their own risks and these assessments are subject to challenge from the Second Line Risk & Compliance teams. Senior management have acted proactively in identifying the material risks and assessing the capital requirements taking into account the future business and risk profile. The Board receives regular information to help it determine whether effective risk mitigation is being achieved.

The application of the RMF enables the IFDL Board to draw assurance that the harms which may be presented by IFDL's business model and strategy are being appropriately identified and managed, and that risks that may present significant harm, financial loss and/or damage to IFDL's or the Group's reputation are being minimised.

Risk Policies

The Policy Governance Framework (PGF) supports the overall system of risk management and internal control. A key element of the PGF is the suite of risk and compliance policies that cover the key areas of risk faced by the organisation and supports the RMF and the Integrated Controls Framework to facilitate effective risk management. Risk and compliance policies are in place for all material risk categories covered by MIFIDPRU.

Risk Appetite and Limits

Risk appetite is the amount and type of risk that IFDL is willing to accept in pursuit of its business objectives and is set by the IFDL Board. Risk appetite and tolerance to take on risk is specified through risk appetite statements and limits that are aligned to, and reviewed with respect to, business model and strategy. IFDL's position against appetite is assessed during the annual business planning process and monitored and managed regularly throughout the year. Prescribed indicators are used to inform whether a risk may move out of appetite and are a core element of risk reporting to the Platform Management and Risk Committee and the IFDL Board with appropriate management actions.

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Own Funds – Capital Resources

Composition of the Company's regulatory own funds

The company's own funds (i.e. capital resources) comprise exclusively Common Equity Tier 1 (CET 1) capital, which is the most robust category of financial resources. CET 1 capital consists of fully issued ordinary shares, satisfying all criteria for CET 1 instruments in accordance with IFPR.

Throughout the financial year ending 31 December 2025, the Company was compliant with the relevant capital regulatory obligations as outlined in the IFPR.

Table 1 - Composition of regulatory own funds at 31 December 2025

No	Item	Amount (GBP thousands)	Source based on reference numbers of the balance sheet in the audited financial statements
1	**OWN FUNDS**	**56,825**	
2	**TIER 1 CAPITAL**	**56,825**	
3	**COMMON EQUITY TIER 1 CAPITAL**	**56,825**	
4	Fully paid up capital instruments	163,151	Note 13 - Share capital
5	Share premium	126,116	Statement of Changes in Equity
6	Retained earnings	(227,273)	Statement of Changes in Equity
7	Accumulated other comprehensive income	-	
8	Other reserves	-	Statement of Changes in Equity
9	Adjustments to CET1 due to prudential filters	-	
10	Other funds	-	
11	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(5,169)	
12	Deferred tax asset	(5,169)	Note 10 - Deferred tax asset
13	CET1: Other capital elements, deductions and adjustments	-	
14	**ADDITIONAL TIER 1 CAPITAL**	**-**	
15	Fully paid up, directly issued capital instruments	-	
16	Share premium	-	

17	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
18	Additional Tier 1: Other capital elements, deductions and adjustments	-	
19	**TIER 2 CAPITAL**	**-**	
20	Fully paid up, directly issued capital instruments	-	
21	Share premium	-	
22	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
23	Tier 2: Other capital elements, deductions and adjustments	-	

Reconciliation of the Company's regulatory own funds to balance sheet in the audited financial statements

The table below shows a reconciliation of the Company's own funds to the Company balance sheet as at 31 December 2025, where assets and liabilities have been identified by their respective classes. The information in the table below reflects the balance sheet in the audited Company financial statements.

The Company is a stand-alone entity for regulatory reporting purposes.

Table 2: Reconciliation of regulatory own funds to balance sheet in the audited financial statements

		a	b	c
		Balance sheet as in published/audited statements	**Under regulatory scope of consolidation**	**Cross reference to template OF1**
As at period end		31 December 2025 (GBP thousands)	31 December 2025 (GBP thousands)	
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements				
1	Deferred tax asset	5,169	5,169	Item no. 12
2	Trade debtors	288	288	
3	Other debtors	3,138	3,138	
4	Amounts owed by group undertakings	203	203	
5	Prepayments and accrued income	3,877	3,877	

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6	Cash at bank and in hand	62,243	62,243	
	Total Assets	74,918	74,918	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements				
1	Trade creditors	53	53	
2	Amounts owed to group undertakings	1,222	1,222	
3	Taxation and social security	30	30	
4	Accruals and deferred income	7,649	7,649	
5	Provisions	3,970	3,970	
	Total Liabilities	12,924	12,924	
Shareholders' Equity				
1	Fully paid up capital instruments	163,151	163,151	Item no. 4
2	Share premium	126,116	126,116	Item no. 5
3	Retained earnings	(227,273)	(227,273)	Item no. 6
	Total Shareholders' equity	61,994	61,994	

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Own funds: main features of own instruments issued by the Company

The table below provides information on the CET 1 instruments issued by the Company.

Issuer	Investment Funds Direct Limited
Public or private placement	Private
Instrument type	Ordinary share
Amount recognised in regulatory capital	£163,151,000
Issue price	£1
Redemption price	N/A
Accounting classification	Share capital
Original date of issuance	02-Feb-82
Perpetual or dated	Perpetual
Maturity date	N/A
Issuer call subject to supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates	N/A
Coupon/dividends	Discretionary dividends
Discretionary dividends	N/A
Fixed or floating dividend/coupon	N/A
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Convertible or non-convertible	N/A
Write-down features	N/A
Link to the terms and conditions of the instrument	N/A

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K-Factor and Fixed Overhead Requirements

IFDL is required to disclose the K-factor requirement (KFR) and the fixed overhead requirement (FOR) amounts in relation to compliance with the own funds requirement set out in MIFIDPRU 4.3. The amounts are presented in the table below.

Item		Total amount in GBP (thousands)
KFR	Total K-CMH and K-ASA	8,386
	Total K-COH	34
	Total K-NPR, K-CMG, K-TCD, K-DTF and K-CON	-
FOR		9,399

Approach to missing own funds requirements, concentration risk and Liquidity

MiFiDPRU 7 requires firms to comply with the Overall Financial Adequacy Rule ("OFAR"). The OFAR states that IFDL must at all times hold own funds and liquid assets which are adequate, both in amount and quality to ensure that IFDL remains financially viable throughout the economic cycle, with the ability to address any material potential harms that may result from its ongoing activities; and that the business can be wound down in an orderly manner, minimising harm to consumers or to other market participants.

IFDL carries out an Internal Capital Adequacy and Risk Assessment ("ICARA") process and document the results in order to identify and manage potential material harms that may arise from the operation of their business, and to ensure that the operation can be wound down in an orderly manner.

The ICARA is undertaken in accordance with MIFIDPRU rules. It assesses own funds requirement, concentration risk and liquidity and ensures that IFDL holds own funds and liquid assets that are adequate for the business undertaken. This is done by identifying the most material risks of harm to the business model and strategy, with the risks being assessments using bottom up aggregation of Risk and Control Self Assessments ("RCSAs") with a top down overlay from the IFDL Executive. As part of this process, the position of each risk against appetite is assessed, along with the overall control status and residual risk exposure, including potential material harms to customers, the firm or markets.

In conducting the ICARA, IFDL has identified its biggest risks that can cause potential material harm to clients, firms and market as follows:

Risk	Description	Risk Appetite
Business Processes and Operations	The risk of harms to customers, the firm or markets resulting from inadequate design or ineffective implementation/operation, or disruption to the operation of processes.	IFDL has limited appetite for the inadequate design or ineffective operation of its business processes which result in unnecessary harm to customers or the firm.

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Strategic Risk	The risk of harms arising in performance of the business against strategy resulting from external factors e.g. changes to the competitive landscape or a failure to implement the strategy.	IFDL has limited appetite for the risks of adverse change in performance of the business against strategy, including in relation to culture, ESG and Group risks, recognising that certain changes may be due to external factors and therefore cannot be fully mitigated by management action.
Own Funds and Liquidity Risk	The harms presented by IFDL not maintaining sufficient own funds and/or liquidity to meet IFDLs customer, regulatory, contractual and/or operational commitments, resulting in potential customer detriment, business disruption, reputational damage and regulatory censure.	IFDL has no appetite for its financial resources to not meet its own funds and liquid assets requirements under any plausible scenario.
Regulatory Compliance Risk	The risk of financial or non-financial harms arising to customers, IFDL or the markets from a failure to meet regulatory requirements or a failure to adequately consider regulatory expectations, standards or principles.	IFDL has a low appetite for regulatory risk. It has no appetite to knowingly breach any applicable regulation or for any instance of material non-compliance that could lead to fines and / or enforcement action.
Conduct Risk	The risk that acts or omissions of the firm, or individuals within the firm, result in harm or unfair outcomes for customers and clients, other stakeholders or affect market integrity.	IFDL has a low appetite for poor customer outcomes that result in material foreseeable harm and cause customers to experience financial harm, distress and inconvenience and loss of trust in the business. Some risks causing poor customer outcomes are difficult to fully limit or avoid as an intermediated business, in which case we aim to take timely action to resolve and remediate foreseeable harms identified as a result of outcomes monitoring.
Operational Resilience Risk	The inability to prevent, adapt, respond to, recover and learn from the harms to customers, IFDL or the market caused by operational disruptions, whether foreseen or not.	IFDL has limited appetite for operational disruptions, however has no appetite to breach its Important Business Services impact tolerances and cause intolerable harm to customers, clients, markets or the business.

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Remuneration Disclosure

This remuneration disclosure has been prepared in order to satisfy the requirements of the FCA's Handbook, and specifically MiFIDPRU 8.6 Remuneration Policy and Practices.

IFDL is subject to the "standard" remuneration requirements of the MiFIDPRU Remuneration Code and therefore this disclosure has been undertaken in line with the provisions for non-small and non-interconnected ("non-SNI") MiFIDPRU investment firms under the Investment Firms Prudential Regime's ("IFPR") firm categorisation thresholds. The information disclosed is proportionate to IFDL's size and organisation, and to the nature, scope and complexity of their activities and sets out remuneration practices for all staff in respect of IFDL.

1. Remuneration Governance

The Board of M&G plc (the "Group") has established a Remuneration Committee (the "Committee") to ensure the alignment of the remuneration policies and structures with the business strategy, risk management policies and appetite limits, conduct, culture and behaviors, sustainability and long-term interests of customers and shareholders.

The Committee is comprised of at least three independent non-executive directors and is responsible for matters including but not limited to establishing, approving and maintaining the principles and framework of the remuneration policies of the Group; and determining the design, implementation and operation of remuneration arrangements for the Chair of the Board, Chairs and Non-Executive Directors (NEDs) of subsidiary boards, the Executive Directors, members of Senior Management, "identified staff" for all remuneration regulations that apply to the Group and overseeing remuneration for individuals whose total remuneration exceeds an amount determined by the Committee from time to time.

Material subsidiary boards are formally engaged annually by the Committee to discuss matters of relevance. In addition, material subsidiary boards have representation at Committee meetings and review/provide input into year-end remuneration recommendations of relevance, including the Chief Risk and Compliance Officer's annual report on risk and controls, submitted to the Committee.

Deloitte was appointed as adviser to the Committee in December 2020 following a formal tender process to provide guidance and advice to the Committee. Deloitte is a founding member of the Remuneration Consultants Group and provides advice in line with its Code of Conduct.

The Committee takes full account of the Group's strategic objectives, values and long-term goals when setting the remuneration policy and seeks to ensure the successful retention, recruitment and motivation of employees. Appropriate input is provided by representatives from Finance, Compliance, Human Resources and Risk to assist the Committee in determining the policy and managing remuneration outcomes.

The Committee regularly reviews the remuneration policy to ensure that it continues to promote sound and effective risk management and does not encourage risk taking in excess of levels of tolerated risk.

The Committee may, from time to time, delegate certain responsibilities to operational committees which govern the day to day decision-making process in respect of certain remuneration arrangements.

2. Remuneration Policy and Practice

The Group has a remuneration structure in place that is designed to support the achievement of the Group's short and long-term business objectives, underpinned by the following principles:

- Promotes the long-term success of the Group;
- Attracts, motivates and retains the best talent with the necessary skills, knowledge and expertise to help ensure continued growth and success of the Group;

- Supports the Group's purpose and values to build a safe, respectful and inclusive culture through remuneration policies and schemes that promote and reward good conduct and behaviors for the benefit of our customers and colleagues;
- Aligns the interests of the Executive Directors, Senior Managers and employees with the interests of current and future Shareholders and other stakeholders;
- Strikes an appropriate balance between short-term and long-term performance with strong linkage to Group performance, effective risk management, management of conflicts of interest, customer outcomes, the culture and values of the Group and long-term shareholder value creation;
- Is simple and transparent, both externally and to Colleagues; and
- Is compliant with relevant remuneration regulation requirements.

2.1. Remuneration Composition

Remuneration is comprised of fixed pay and variable performance-related pay. Fixed pay includes base salary, allowances, benefits and pension. Variable pay includes short-term and long-term incentives. Select colleagues may participate in carried interest or performance related fee sharing arrangements.

2.1.1 Base Salary

Base salaries are set at a competitive and sustainable level taking into account a range of factors including, but not limited to, the individual's skills, performance and experience; internal relativities and wider workforce salary levels; external benchmark data; the size and responsibility of the role; and geographical scope of the role.

Base salary levels must be sufficient so that in circumstances where no short-term incentive payment is warranted, the Group is neither contractually nor morally bound to make any short-term incentive payment. Circumstances where no short-term incentive payment may be awarded include if all or part of a business has made a loss, or if an employee's behaviour materially breaches accepted risk or compliance behaviours (in the context of their role).

Base salaries are reviewed annually within an approved budget aligned with the business plan in effect at the time of the review.

2.1.2 Benefits

Benefit packages are designed, taking independent advice as necessary, to be competitive but not excessive, aligning with local market practice for businesses with which the Group competes for talent; compliant with legal, regulatory and tax regimes; proportionate and affordable for the business to which they apply; and align with the culture and values of the Group. Retirement benefits are delivered through defined contribution arrangements with consistent terms for all employees irrespective of seniority unless there is a legal or regulatory requirement to operate alternative arrangements.

The Group Remuneration Policy does not allow the award of discretionary pension benefits in excess of approved schemes operated in each location.

2.1.3 Variable Remuneration

All employees are eligible to be considered for a variable remuneration award.

In line with the requirements of the MiFIDPRU Remuneration Code, the Committee has set an appropriate ratio between variable and fixed remuneration to ensure that the variable and fixed components of total remuneration are appropriately balanced. The fixed component of remuneration is designed to be a sufficiently high proportion of total remuneration to allow the Group to operate a fully flexible policy on variable remuneration. This includes having the ability to award no variable remuneration should individual, business unit/team and/or company performance warrant this (by reference to both financial and non-financial performance, including risk management, controls and conduct).

Guaranteed variable remuneration must only be awarded to new hires where a commercial requirement exists, where it only applies to the performance period for the year of hire and where the Group has a sound and strong capital base.

Short-term incentive guarantees are subject to deferral in line with the Group's deferral policy with the cash element of any guaranteed award subject to clawback provisions.

Retention awards must only be awarded after a defined event or at a specified point in time and may be dependent on the achievement of defined performance criteria.

2.2. Short-term Incentive

The Group operates several discretionary short-term incentive arrangements. Consideration is given to a range of financial and non-financial measures relating to individual, business unit/team and overall company performance. The extent to which each aspect of performance affects the overall payment level depends on the variable remuneration scheme as well as the role and responsibilities of the individual.

Annual short-term incentive arrangements are discretionary in nature and operated to support the alignment of colleagues to the Group's financial and strategic objectives, customer outcomes, culture, values, risk management policies and pay-for-performance principles.

The total cost of short-term incentives must be affordable and justifiable in the context of the overall financial performance of the Group and shareholder interests. The funding of short-term incentive plans must have clear and transparent linkages to:

- Financial performance relative to business plan objectives for the year;
- Effectiveness of risk management; and
- Delivery of non-financial objectives (including customer outcomes) determined in accordance with the approved strategy and business plan for the year, of which non-financial criteria will form a significant part of the performance assessment.

Individual incentive outcomes reflect individual performance in accordance with the Group's performance management policy and process, adherence to risk management policies and conduct and behaviour, including reference to customer impacts and culture/values.

The Group operates a short-term incentive deferral policy whereby an element of the short-term incentive is deferred over a period of three years. Deferral is normally into M&G plc shares or notional fund units (or a combination of both) to ensure appropriate alignment to customer outcomes and the long-term sustainable performance of the business.

Where regulation requires for regulated roles the application of higher levels of deferral than those set out in the Group's deferral policy, different deferral vehicles or the application of retention periods, these specific requirements must be satisfied in full.

2.3. Long-term Incentive

The Group operates a long-term incentive plan ("LTIP"), ordinarily in the form of awards over the Group's shares which may have performance conditions aligned with its long-term financial and strategic/non-financial objectives and shareholder value creation. The performance/vesting period is determined prior to the award and will be for a minimum of three years. A post-vesting retention period of up to two years is applicable to the executive participants in the LTIP.

Participation in the LTIP is reserved for senior colleagues who have significant accountability and ability to influence the delivery of the Group's long-term business objectives. Awards are granted annually and participation is at the complete discretion of the Committee.

Individual, business unit or subsidiary long term incentive plans will not be operated except in exceptional circumstances where there is a compelling commercial/strategic rationale and the Committee is satisfied that such an arrangement can be justified to shareholders.

All long term incentive plans must be subject to an uncapped downward risk adjustment.

2.4. Severance Pay

Any payments relating to the early termination of employment must comply with Group policy and the rules of any relevant incentive plans, meet the requirements of relevant local regulation/legislation and must not reward failure or misconduct. Severance payments must be determined taking into account the reasons for the early termination of employment, length of service and seniority.

3. Control Function Remuneration

In order to support a robust and appropriate risk culture within the business and preserve the independence of control function staff, the performance assessment and remuneration of these staff is determined independently of the business(es) they oversee, with measures predominantly focused on the objectives of the function and individual.

Remuneration decisions for senior individuals in control functions are reviewed by the Group Chief Executive and approved by the Committee after consultation with the relevant Board and material subsidiary Board Committee Chair(s).

4. Risk Adjustment

All short-term incentive arrangements operated include a provision whereby the Committee has complete discretion to apply an uncapped downward risk adjustment either to the funding of the plan or on an individual outcome basis.

The Committee retains the discretion to reduce unvested variable remuneration (malus) and to clawback vested variable remuneration (clawback) in specific circumstances. Where required in order to satisfy applicable regulatory requirements, and where otherwise determined by the Committee, malus and clawback provisions will also apply to short-term variable remuneration. The applicable time periods for malus and clawback are periodically reviewed and approved by the Committee, taking into account any regulatory requirements.

The circumstances include but are not limited to a material misstatement of published accounts; an error in the calculation of performance outcomes or such calculation being based on inaccurate information; material risk management failures; reasonable evidence of individual misconduct or material error; breach of an applicable law, regulation or code of practice and/or failure by the individual to meet standards of fitness and propriety; actions or responsibility for conduct leading to significant loss(es) and/or reputational harm to the company or any Group Member; material downturn in financial performance; or corporate failure.

The design and operation of all remuneration policies and incentive schemes must be aligned with the Group's risk management principles and policies through the appropriate use of performance measures and targets and the discretion to adjust outcomes to reflect risk, compliance and conduct events.

The Risk Committee provides independent input to the Committee to help with the assessment of scheme design and outcomes to ensure that they are consistent with these principles and policies. A formal risk and compliance report, compiled by the Chief Risk and Compliance Officer and approved by the Risk Committee is submitted to the Committee annually to provide an assessment of:

- the appropriateness of scheme design for the coming year; and
- the effectiveness of the risk and control environment (including consideration of both current and likely future risks facing the business), material events and specific conduct and compliance issues over the one and three-year performance periods of awards to enable the Committee to determine if the outcome of schemes are appropriate or if any adjustments should be applied at scheme or individual level.

Input from the report is also used to assess whether there have been any events that warrant the consideration of malus and/or clawback on previously determined awards.

As a responsible investor we consider the sustainability risks of all our investments and advice by taking into consideration ESG factors that have the potential to have a material financial impact and seek to incorporate them into our general risk management framework. The effectiveness of sustainability risk management in investment decisions and advice is a consideration in the Chief Risk and Compliance Officer's report and adherence to relevant principles and policies is monitored and reported to the Committee as part of this report. In accordance with the Group Remuneration Policy, any failings to meet the required standards of these principles and policies will be transparently reflected in the determination of remuneration outcomes.

5. Material Risk Taker Identification

Material Risk Takers ("MRTs") are individuals carrying out roles that can materially affect the risk profile of IFDL or the assets managed by this entity.

The MRT population is identified in accordance with the MiFIDPRU Remuneration Code (SYSC 19G.5.3R of the FCA Handbook) which establishes qualitative criteria to identify categories of staff whose professional activities have a material impact on the firm's risk profile. These categories broadly include the relevant Board of Directors, senior management, senior control function staff and other key risk takers.

In addition to the categories referenced above, the Group also takes into account additional factors when identifying MRTs such as consideration of heads of key areas in respect of portfolio management, the level of supervision that an individual is subject to, individuals responsible for key strategic decisions and criteria in relation to responsibility for material AUM.

The Committee approves the identification and remuneration outcomes of MRTs on an annual basis.

The Group ensures that it applies all the necessary remuneration requirements that are required with consideration for the size, complexity and risk profile of the regulated entity in question. In some circumstances, this may require the Group to increase the level of deferral for certain employees (irrespective of the level of their variable remuneration) and to ensure that a portion of this is delivered in particular instruments.

Malus provisions may be applied to deferred short-term incentive awards or awards made under the long-term incentive plan to support the required risk management and conduct standards of the firm.

The Group operates a fully flexible policy on variable remuneration, which would enable it to award no variable remuneration should individual, business unit/team and/or company performance warrant this (by reference to both financial and non-financial performance, including risk management, controls and conduct).

6. Conflicts of Interest

The Group Remuneration Policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of employees is in line with the risk policies and objectives. No individual is in attendance for decisions in respect of their own remuneration. The performance assessment and remuneration for control function staff, including Audit, Risk and Compliance, is determined independently of the businesses they oversee, with measures predominantly focused on the objectives of the function and individual.

The operation of the Committee and, in accordance with its terms of reference, engagement with material subsidiary boards, ensures that there is appropriate independent oversight of the Group's compliance with the remuneration policy and review of conflicts that may arise from the Group's remuneration practices. An assessment of the principles and processes for managing conflicts of interest from a remuneration perspective is documented and reviewed periodically. Overall accountability for the identification and management of conflicts of interest rests with the business, however, any conflicts must be taken into consideration in the context of remuneration outcomes with the Committee receiving input from the Chief Risk and Compliance Officer on an annual basis.

7. Quantitative Remuneration Disclosure

17 individuals were identified as MRTs in accordance with SYSC 19G.5 in respect of the 2025 performance year.

Table 1: Total amount of remuneration awarded to MRTs and all staff

	Senior Management £m	Other MRT £m	Other Staff £m	Total (All Staff) £m
Fixed Remuneration	2.04	1.18	12.73	15.95
Variable Remuneration	0.60	0.82	1.55	2.97
Total Remuneration	2.64	2.00	14.28	18.92

Table 2: Total amount of guaranteed variable remuneration and severance pay awarded to MRTs

	Senior Management	Other MRTs	Total
Guaranteed variable remuneration awards			
Guaranteed variable remuneration awards made during financial year – Number of MRTs	0	0	0
Guaranteed variable remuneration awards made during financial year – Total amount (£m)	0	0	0
Severance payments awarded during the financial year – Number of MRTs	1	0	1

Severance payments awarded during the financial year – Total amount (£m)	0.07	0	0.07
The amount of the highest severance payment awarded to an individual MRT (£m)	0.07	0	0.07

Notes:

IFDL does not employ any staff members. The 'Other Staff' category therefore includes any individual supporting IFDL as at 31 December 2025.

It should be acknowledged that staff members provide support across the Group on a multi-entity basis.

The remuneration disclosures include the following:

- Non-Executive Director fees paid during 2025.
- Annual base salaries as at 31 December 2025 (or as at termination date for leavers).
- Allowances, including non-pensionable allowances and fixed allowances, paid during 2025.
- The employer pension contribution rate may vary based on individual contribution levels and location. For reporting purposes, this has been assumed at a contribution rate equivalent to 13% of base salary. This is the maximum employer contribution rate for colleagues who participate in M&G plc's defined contribution pension plan in the UK.
- Discretionary variable remuneration awards relating to the 2025 performance year, including shadow carried interest and performance related fee sharing payments made through company payroll.
- 2026 LTI awards based on the face value of the award at grant.
- Any other awards for new hires, for example, guaranteed short term incentive awards in respect of the 2025 performance year and buy-out of forfeited deferred/long term incentive awards granted during the 2025 performance year.
- Severance amounts paid to staff members who left the business during 2025.

In addition, all staff members, other than Non-Executive Directors, are eligible to receive employee benefits, such as private medical insurance, life assurance and critical illness cover.

Notices

This Disclosure is based on the statutory accounts of IFDL as at 31 December 2025, unless stated otherwise. The information contained in this disclosure has not been audited by IFDL's external auditors.

IFDL is a subsidiary of M&G plc and is authorised and regulated by the Financial Conduct Authority (firm reference number: 114432). The registered office address of the company is 10 Fenchurch Avenue, London, United Kingdom, United Kingdom, EC3M 5AG.

