

HARGREAVES  
LANSDOWN

# EVOLVING DELIVERING

Report and Financial Statements 2024





## Additional Chair's Letter

As announced on 9 August 2024, the Consortium<sup>1</sup> has made a firm and final<sup>2</sup> offer for the Company (Offer), with the independent Board<sup>3</sup> of the Company has stated its intention to unanimously recommend the cash offer to shareholders. Pursuant to the Offer, each shareholder will be entitled to receive 1,140 pence per share, comprised of cash consideration of 1,110 pence per share and a dividend of 30 pence per share in respect of the financial year ended 30 June 2024. The Offer is subject to shareholder and other regulatory approvals.

It is intended that the acquisition will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act and is expected to complete in the first quarter of 2025.

As stated in the announcement regarding the Offer, the Independent Board notes the Consortium's history of investing in UK and European financial services businesses, including wealth management, and the expertise they bring to help develop Harp's client proposition. The Board believes that this expertise has the potential to enable an accelerated transformation aligned with Harp's strategy to transform the investing experience and create the best savings and investment platform for its clients. Should the Offer complete, Harp's management would

work alongside the Consortium on the strategic direction of the Group and execution of the associated strategy.

This Annual Report and Accounts (ARA) was prepared during the period that the Offer was under discussion. As the ARA predominantly provides a review of the prior year, the statements made in the ARA and the updates on performance to the date of publication remain unchanged.

However, I would like to draw your attention to the statements below, which, in connection with the Offer, add to or clarify certain statements made in the ARA.

In respect of the forward looking position regarding the Company's strategy, deliverables and future performance, the Board remains supportive of the statements made but notes that these may be subject to change in the future, following completion of the Offer. As a result, all statements in the ARA should be read in this context.

Specifically, in respect of:

**Viability statement and going concern:** We have included an updated Viability Statement within the ARA to reflect the Offer.

The Offer is subject to shareholder and other regulatory approvals. As a result the Directors do not have certainty on the future plans for the business, including whether the Offer will be approved by shareholders and gain regulatory approval, the potential timing for transfer to the potential new owners or full knowledge of their future plans for the business; including any financing arrangements.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Group financial information does not include the adjustments that would result if the Group and the Company were no longer considered to be or able to continue as a going concern. Notwithstanding this uncertainty, the Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial information contained in the ARA. As further set out in the Viability Statement, notwithstanding the uncertainty described above having assessed the Group's risks, existing facilities and performance, the Directors have concluded that the Group expectation is to remain viable over the Viability Period to June 2027.

**Financial statements (Revolving Credit Facility (RCF)):** the Company's RCF contains a statement that it will fall away on a change of control. The RCF is undrawn and was put in place to further strengthen the Group's liquidity position and increase cash management flexibility. This is further discussed in the Viability Statement.

**Governance Report (stakeholder engagement):** in considering the Offer, the Board considered the potential impact on the Group's broader stakeholders, including our colleagues, shareholders, clients, suppliers and regulator. In particular, the Board considered the expectations of stakeholders for the Company over the short, medium and long term and undertook a review of the Offer with its advisers, including on the basis of valuation advice from its financial advisers. The Board considered the Company's brand and reputation as well as the Consortium's intentions post acquisition and the potential impact of them on stakeholders.

### **Governance Report (delisting of shares):**

Your attention is also drawn to the fact that should the transaction complete, the Consortium has indicated that it will seek to delist the Company's shares from trading on the London Stock Exchange.

**Directors remuneration report (Remuneration in FY25):** recognising the provisions of the Offer, should the transaction complete as intended, rewards and incentives will likely be reviewed. If for any reason the Offer does not proceed, the current remuneration policy and awards made will continue. Given the timing of any transaction completing, the Board will make awards for FY25 under its current share plans and in accordance with its Remuneration Policy.

I would like to take this opportunity to particularly thank my fellow Board members for their commitment during this time to ensure that we are continuing to meet high standards of corporate governance and ensuring that the interests of our stakeholders have been and will continue to be considered as part of this process. I would additionally like to further thank colleagues who have continued to focus on our clients and delivering good outcomes for them during this period.

**Chair**  
Alison Platt

<sup>1</sup> A newly formed company to be indirectly owned by CVC Private Equity Funds, Nordic Capital XI Delta, SCSp (acting through its general partner, Nordic Capital XI Delta GP SARL) and Platinum Ivy B 2018 RSC Limited

<sup>2</sup> The financial terms of the Offer are final and will not be increased or improved, except that BidCo reserves the right to increase and improve the financial terms of the Offer if there is an announcement of an offer or a possible offer for HL by a third-party offeror or potential offeror.

<sup>3</sup> Comprising Hargreaves Lansdown's full Board excluding Peter Hargreaves' shareholder representative, Adrian Collins, who is a non-independent non-executive director.



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Strategic report  
**AT A GLANCE**

# WE ARE HARGREAVES LANSDOWN.

HL is the largest savings and investment platform in the UK.

For over 40 years, we have helped clients improve their financial futures and our purpose is making it easy to save and invest for a better future. We do this through our easy-to-use platform and broad proposition supporting clients' financial needs across their lifetime.

Today we are trusted by more than 1.88 million clients and their £155.3bn savings and investments.

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# OPERATING IN A LARGE AND GROWING MARKET

HL looks after over £155.3 billion of clients' savings and investments but our addressable market in the UK is worth around £3.4 trillion today and expected to grow to £3.7 trillion by 2026.

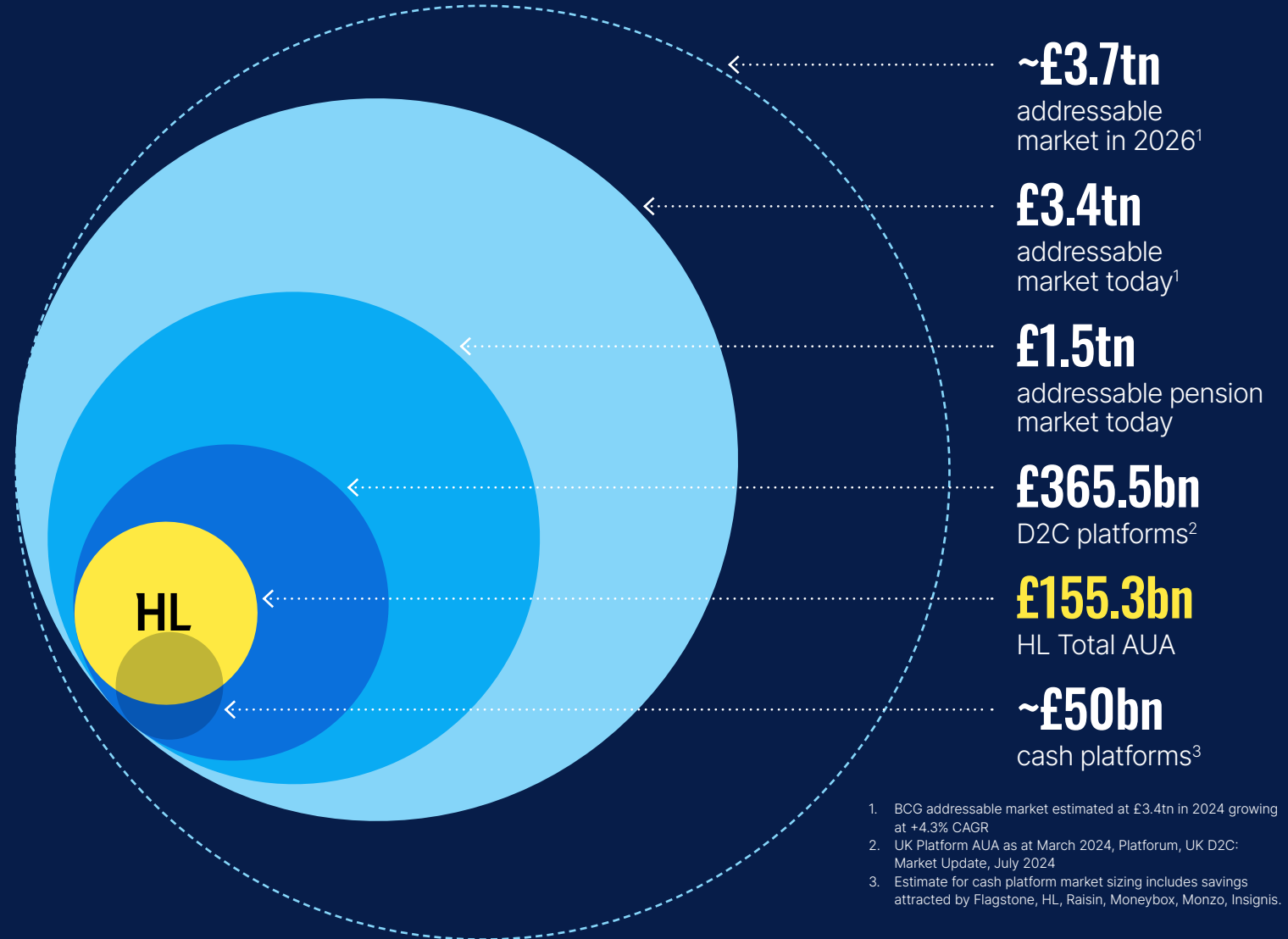
Growth in the UK pension market is a key driver of overall market growth, as the responsibility for retirement continues to shift from the State and employers to individuals.

Our addressable pension market is worth around £1.5 trillion today but is expected to grow to around £1.9 trillion by 2027. Successive pension policies from Pension Freedoms in 2015 to the launch of Pension Dashboards in 2026 continue to shift the dial, giving the UK new-found flexibility and transparency over their retirement savings, both personal and workplace.

As client preferences continue to shift to being able to manage their money digitally, the UK direct-to-consumer (D2C) platform market, currently worth around £365.5 billion, continues to attract an increasing share of client assets.

The D2C platform market is expected to grow at around 10% per year to 2027, underpinned by a few key factors we cover on the next page.

The UK savings market continues to grow, driven by the sustained attractiveness of cash as an asset class. D2C cash platforms account for around £50 billion of a £2 trillion market and are well placed to attract clients thanks to a better client experience and often rates.



1. BCG addressable market estimated at £3.4tn in 2024 growing at +4.3% CAGR  
 2. UK Platform AUA as at March 2024, Platform, UK D2C: Market Update, July 2024  
 3. Estimate for cash platform market sizing includes savings attracted by Flagstone, HL, Raisin, Moneybox, Monzo, Insignis.

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# EVOLVING CLIENT NEEDS AND MARKET DYNAMICS

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<p><b>Evolving needs</b></p> 	<p><b>Products designed for good client outcomes</b></p> <p>We know clients' are daunted by saving and investing and that stands in the way of financial resilience. That's why building client's confidence to save and invest, making it easy to do so and giving them a broad choice so they can do everything on one platform, is at the heart of our value proposition.</p>	<p><b>Best of human and digital expertise</b></p> <p>Clients want a great digital experience as well as the option to speak to knowledgeable and reassuring HL colleagues for the moments that matter. For some, this may be help getting started while for others it might be reaching retirement and moving into Drawdown.</p>	<p><b>Proactive and personalised experience</b></p> <p>Clients expect high quality digital journeys and a personalised experience. Market insights, investment opportunities and guidance on how to improve their outcomes, need to be tailored to the client's personal circumstances, aligned with their investment goals.</p>	<p><b>Broad investment choice under one roof</b></p> <p>Across a client's lifetime and as their financial needs change, building financial resilience requires accessing a range of investments and accounts. From pensions to workplace pensions, savings and investments, clients are increasingly interested in building a diversified portfolio under one roof.</p>
<p><b>Structural market trends</b></p> 	<p><b>Not enough people saving or investing</b></p> <p>Just 13% of UK households have an adequate pension for a comfortable retirement yet over 12.1 million households have enough to start investing for the future, but they just aren't. A significant opportunity exists for the UK to improve its financial resilience, just by making it easier to save and invest.</p>	<p><b>Ageing population</b></p> <p>Over 10 million people (nearly 20% of the UK population) are now over 65, up by around 50% from over 40 years ago. The result is a growing savings gap versus the level of funding needed for a comfortable retirement. Individuals need bigger retirement pots, at the same time state and company pension provision is becoming less generous.</p>	<p><b>Work and retirement patterns changing</b></p> <p>Retirement is becoming an increasingly fluid concept. Fewer individuals are working for and retiring with the same company and many are continuing to work after retirement age. The result is a more complex retirement picture, with multiple pension pots in different places and a more complex level of financial planning needed.</p>	<p><b>Responsible investing</b></p> <p>Making responsible investing easy is quickly becoming non-negotiable for UK platforms, underpinned by key regulations such as Consumer Duty, Task Force on Climate-related Financial Disclosures and Sustainability Disclosure Requirements. HL's responsible investment AUA has risen 43% in the last three years.</p>
<p><b>Competitive and regulatory dynamics</b></p> 	<p><b>Competitors</b></p> <p>The UK retail saving and investing space is seeing both new entrants and existing platforms launching disruptive offerings, spanning new products to alternative revenue models. Despite competitive pressures, opportunity for a simple, trusted platform offering the breadth of products and services needed to look after clients across their lifetime.</p>	<p><b>Consumer Duty</b></p> <p>The FCA has a renewed focus on ensuring firms make it easy for clients to achieve good outcomes. The Consumer Duty rules were implemented in 2023 and require companies to evidence and attest they are delivering good client outcomes every year. Good client outcomes have always been key principles for HL, so we are well positioned for this new era.</p>	<p><b>Advice/Guidance boundary</b></p> <p>The current review of the Advice/Guidance boundary would allow firms to provide more relevant financial information to consumers, democratising access to support. It offers the potential for us to proactively engage with our client base, ensuring people's saving and investing behaviours and goals are aligned.</p>	<p><b>Technology</b></p> <p>Ultimately, it's technology that will enable platforms to provide a more personalised experience and improve client outcomes efficiently. Together, cloud computing and artificial intelligence allows us to analyse client behaviours and improve client outcomes over time through a personalised and proactive experience.</p>



# A PARTNER FOR LIFE

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## Our proposition

We support clients' financial needs throughout their life, building long-term relationships, driving growth and sustainable returns for our stakeholders.

HL's award-winning digital platform gives clients access to a broad range of savings and investment solutions and products to manage their finances and facilitate their investment goals.

### Retirement

We offer a range of solutions to help people prepare for later life and retirement. Our proposition includes a Ready-Made Pension Plan plus Self Invested Personal Pensions (SIPPs), Junior SIPP, Income Drawdown and Annuities. These are supported by a range of retirement planning tools to make it easy for people to check if they are on the right track to achieve their retirement objectives.

### Investments

HL's proposition offers clients significant choice and flexibility in managing their investments. Our products include the Stocks & Shares ISA, Lifetime ISA (LISA), Junior ISA (JISA) and General Investment Account (GIA). The range of solutions means clients can invest in line with their needs across different life stages. We leverage our scale to deliver great value to our clients, for example, we achieve an average 17% discount across our top 100 funds.

### Active Savings

Our cash management platform gives access to highly competitive savings rates and allows clients to easily spread cash savings across multiple providers, maturities and accounts, including Cash ISA and the UK's first multi-bank Cash ISA. Active Savings is an important service to both new and existing clients, now holding more than £10 billion of assets.

### Trading

HL is the UK's biggest retail stockbroker – accounting for 34% of all UK trades and 56% of overseas trades. HL clients can trade through our app, website or by phone, and we focus on delivering best execution across a wide range of investments in the UK and abroad. Our scale enables us to improve the price per share trade clients receive by an average of £16 versus the spot price. Clients have access to an evolving proposition including automated trades, monthly investing, live prices, a digital voting tool, and equity and gilt primary capital raises.

### HL Funds

Our focus is on ready-made solutions to provide simple solutions for low/mid confidence investors, including a Ready-Made Pension plan, a Ready-Made active range and a Ready-Made index range to cover different risk profiles. Additionally, we provide investment solutions for clients across a broad range of sectors and investment needs to capture specific market opportunities. We manage over £10 billion of assets.

## Powers our distribution engine

Through the channel of their choice, clients can access a range of products and services that support them in achieving their financial goals.

### Our channels:

- **Direct-to-consumer (D2C):** easy-to-use tools and expert-led content available through our app, website and other channels including webinars, to help clients make the right investment decision for them and access market opportunities.
- **Helpdesk:** clients can speak to an HL colleague for assistance and guidance on any service or product.
- **Advice:** dedicated financial advisers supporting clients to build a full financial plan to address specific goals across various life stages.
- **Workplace:** Workplace Solutions offers a variety of services adjacent to its core pension proposition (e.g. third-party retirement service and flexible benefits platform) addressing corporate client's evolving protection and saving needs.

OUR PROPOSITION

POWERS OUR DISTRIBUTION ENGINE





Strategic report  
**BUSINESS MODEL**  
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**Attract**

Our trusted brand, broad proposition and client-focused service enables us to attract and build lifelong relationships with clients. We continuously evolve our approach to client acquisition, investing in our digital experience, service, product proposition and marketing to ensure we maintain and improve our offering and we make it easy for our clients to save and invest for a better future. During 2024 we acquired 78,000 net new clients.

**Engage**

A key priority for us is helping people engage with their financial security by making investing understandable, simple and accessible for everyone. With 1.88 million retail clients we have great insight into the needs of the UK retail investor. This insight allows us to focus our investment and resources on what matters to them. We continuously look for ways to deliver more value to clients and become an increasingly important part of their daily financial lives.

We have proven that giving people confidence by providing relevant, timely and digestible investment information and then making it easy to act helps our clients invest and get positive outcomes. The happier and more engaged clients are, the greater the new business flows through transfers of investments held elsewhere, new lump sum contributions and regular savings, particularly when it comes to using tax allowances within a SIPP and an ISA.

**Retain**

We have a loyal client base with a retention rate of 91.4%. We build lifelong relationships with clients as they build their wealth, becoming their trusted financial partner.

This underpins our ongoing revenue generation, along with the positive impact of compound growth.

We focus on delighting our clients every day and we've always set out to offer clients a saving and investing experience they can't get elsewhere, supported by our trusted voice in the market and multi-channel digital and human offering.

**Driving strong growth**

By attracting, engaging and retaining clients, we grow our AUA which helps drive revenue growth. Consistent revenue growth allows us to continually reinvest in the client value proposition, making us more appealing and competitive, while allowing us to build a more efficient and scalable platform. This is the fundamental flywheel of our company.

**Total AUA:**

**£155.3bn**

(2023: £134.0bn)

**Total active clients:**

**1.88m**

(2023: 1.80m)

**Creating value**

**Sustainable returns**

We generate revenues based on the value of assets administered on our platform, activity levels of our clients, net interest margin on uninvested cash, and advice given to clients. Of these revenue streams, 81% are ongoing in nature, providing a high degree of profit resilience.

We always strive to be a fitter and leaner business. A strong focus on cost discipline allows us to create capacity for us to invest in our clients through our proposition and platform, and in turn generate stronger returns for shareholders.

Our scalable growth, diversified revenue streams and cost discipline underpin sustainable profits. After ensuring we maintain a surplus of capital over and above our regulatory requirement, our capital management framework sets out our approach to delivering sustainable and attractive shareholder returns over time.

Sustainable returns are not only a function of what we do, but how we do it. Environmental, Social and Governance factors are embedded throughout our operations and investments to ensure we manage our business for the long term. This is key for building trust in our brand, products and services, and helping our clients reach great outcomes across their lifetime.



Detail on how we have addressed these stakeholders in our strategy is on **page 22**



# A REFRESHED STRATEGY FOR THE NEXT PHASE OF GROWTH

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## WHAT CLIENTS WANT



**Make it easy**



**A platform I can trust**



**Give me great value**

## WHAT WE'RE DOING ABOUT IT

### Transforming the investing experience

Making saving and investing understandable, simple and accessible for all is the foundation on which Peter Hargreaves and Stephen Lansdown started the company over 40 years ago. It's what continues to drive HL today.

### Combining the best of colleague and digital capability

We will always offer clients a great digital experience while having knowledgeable colleagues available to provide guidance and reassurance via web, app, our Helpdesk or Financial Advisers.

### Leveraging our scale to drive client value

Leveraging our scale is the renewed focus of our strategy. Driving efficiencies in everything we do, enables us to continuously improve our client value proposition.

### Great people, great culture

HL has great people and a strong client focused culture. Our focus is on unleashing the potential of our people to power the next phase of HL's growth.

### Responsible and resilient business

We want to make it easy for everyone to save and invest for their future. As a Responsible Business, Investment Platform and Fund Manager, we drive positive, long-term change at a local and national level.



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**STRATEGIC SUMMARY**  
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# TRANSFORMING

THE INVESTING EXPERIENCE

**MAKE IT**  
 EASY

**Best Buy Pension**  
 Boring Money Awards 2021–2024

**UK's first ever**  
 multi-bank Cash ISA

**Best Online Stockbroker**  
 Personal Finance Awards 2024





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**STRATEGIC SUMMARY**  
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# COMBINING

THE BEST OF COLLEAGUE  
 AND DIGITAL CAPABILITY

# A PLATFORM

I CAN TRUST

**60%**  
 calls answered  
 in under  
 20 seconds

**3.6m**  
 average  
 weekly logins  
 app & web

**#1**  
 rated investment  
 platform for Trust<sup>1</sup>

<sup>1</sup> #1 Classic Platforms, Boring Money H2 2023.



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**STRATEGIC SUMMARY**  
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# LEVERAGING

OUR SCALE TO DRIVE CLIENT VALUE

# DELIVERING

VALUE

**17%**  
 average discount, top 100 funds

**£16**  
 average price improvement per trade

**£51m**  
 total fund discounts





Strategic report  
**STRATEGIC SUMMARY**  
 CONTINUED

# OUR VALUES: HOW WE SHOW UP

We understand the important role we have to play in building a better financial future for both our clients and wider society.

Our culture, values and governance ensure our clients are at the heart of our business and that we work in a sustainable and responsible way.

## 1 CLIENT FIRST

We want our clients to achieve great outcomes – it drives our decision making.

## 2 SHOW COURAGE

We're boldly ambitious, but never reckless or arrogant. We have difficult conversations. We love a challenge. We always act with integrity.

## 3 ALWAYS CURIOUS

We see potential everywhere. We know what we're doing but know we can always do better. We keep learning, so we can keep educating.

## 4 CARE DEEPLY

Everyone at HL genuinely cares. We support each other to deliver an outstanding experience for clients and an inclusive culture for our colleagues.

## 5 ONE CONNECTED TEAM

We are one team and it shows. We work together to drive the business forwards and help client's to improve their financial futures.

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# WHY HL? OUR INVESTMENT CASE

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## LARGE AND GROWING MARKET

We operate in a large and growing market addressing a clear client need, with both government and regulatory backing to get more people in the UK investing for their future.

HL is well positioned to support and drive this as the UK's largest D2C investment platform, building on a 40-year heritage of delivering for our clients in the market we created.

With a £3.7 trillion addressable market of savings, investments and pensions, we are well placed to capture this growth, providing a single home for all saving and investment needs.

### £3.7tn

addressable market by 2026

### 38%

working-age people (12.5m) are under-saving for retirement

## TRUSTED BUSINESS FOCUSED ON IMPROVING CLIENTS' FUTURES

We help people build a financially secure future by making investing simple, understandable and accessible for all.

HL's differentiated client proposition caters for every life stage, underpinned by a diverse and evolving product offering and premium client service.

We've built a diverse and loyal client base across both age and portfolio size, demonstrating HL's ability to attract and support clients across the UK in building wealth over time.

### 1.88m

clients

### 91.4%

client retention rate

## LEVERAGING SCALE TO DRIVE VALUE FOR OUR CLIENTS

Our scale and heritage in the market means we are well placed to improve our proposition and deliver increasing value to clients.

Thanks to a 40-year history and now millions of daily client interactions with our platform, we have a unique level of insight into the UK retail investment industry and opportunity to drive innovation. This year we launched the UK's first multi-bank Cash ISA.

Our scale also enables us to offer greater value to HL clients, through discounted fund management fees and price improvement in trading (versus the best primary exchange price).

### £155.3bn

AUA

### 236m

digital visits

## DELIVERING LONG-TERM AND SUSTAINABLE GROWTH

HL is a stable and growing business, with 81% revenues recurring. Our business model is diversified and means we perform across different market cycles.

We are highly cash generative, have a strong balance sheet and retain a significant surplus of capital over and above our regulatory requirement. We have paid an increasing ordinary dividend for the last nine years.

Our strategic investment programme is underway and already delivering positive results. A strengthened leadership team, with clear go-forward plans, will increase the pace we achieve our strategic ambitions and return HL to a business delivering attractive growth for shareholders and wider stakeholders.

### £396.3m

profit before tax 2024

### 43.2p

dividend 2024



# CORPORATE RESPONSIBILITY UNDERPINS OUR PURPOSE

Ensuring our brand lives up to the expectation of all our stakeholders.

**Dear shareholder**

I am delighted to present my first Report and Financial Statements as your new Chair following my appointment to the role in February.

It is an absolute privilege to lead the Board of such an iconic British business. It's testament to the resilience of the Hargreaves Lansdown brand that despite the challenges of recent years client numbers remain by far the largest in the sector with client retention levels at 91.4%.

I have spent much of my early tenure listening and learning, starting inside the business in Bristol listening to calls, working alongside client supporting colleagues and listening to managers and front line teams involved in everything from tech, to change management to compliance. It is striking that, unprompted, so many clients cite Hargreaves Lansdown's service – whether digital or human – as core to their decision to stay, or indeed, where we get it wrong, leave. It's heartening therefore that

on his arrival, Dan Olley and the team made service levels the number one priority for the business. The performance and results at the tax year end showed what a terrific difference that made and the pride of our people in delivering a record outcome for clients is thoroughly well deserved.

The first few months have also been marked by my working with Board colleagues to define our role beyond the obvious and critical governance accountabilities. As Dan leads

the business to get Hargreaves Lansdown growing and delivering at pace again, the board must play its part in bringing support and challenge and acting as ambassadors for the ambitious agenda that lies ahead. This approach has meant we've spent considerable and valuable time working with Dan and Amy to get underneath the plans and ensure the collective experience of the Board is tapped as we prioritise and focus on execution.



It is an absolute privilege to lead the board of such an iconic British business.

**Alison Platt**  
 Chair



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**Culture, purpose and stakeholder engagement**

Corporate Responsibility underpins our purpose, to help people save and invest for a better future. During the year the Board has focused on ensuring we have a strong and healthy culture embedded across our business so that we can deliver positive results not only for our clients but also for our colleagues, the environment, our community and shareholders. Whilst the key elements of the HL Way have remained, we have updated our client focused values through a process of consulting with our colleagues to ensure that we are all one team with a common purpose and set of goals.

We have been updating our Corporate Responsibility strategy ensuring our approach is focused through our actions as a responsible Platform, Fund Manager, Business and Employer. Our strategy, progress and ambitions are set out on pages 31 to 42. I am really pleased to see that we have made further progress in our climate reporting, our push for greater financial resilience both at a society and local community level, and our diversity and inclusion metrics.

As well as engaging and hearing lots of feedback from our clients and colleagues I have been keen to spend time with our shareholders and hear their views first hand. Understanding the views and interests across our stakeholder groups helps the Board to make better decisions with the aim of generating long-term value for the Company's shareholders whilst contributing to wider society by building strong and lasting relationships with other key stakeholders.

**Regulation and Board changes**

Front of mind for the Board is ensuring that our brand lives up to expectation for all our stakeholders. Regulatory reputation matters and I'm grateful to both Andrea Blance as Risk Committee Chair and Darren Pope as Audit Committee Chair for the huge amount of work they have done in building a robust and credible plan with the HL teams to tackle our regulatory agenda. Along with the whole of the financial services sector we have been working hard to embrace the FCA's Consumer Duty requirements. As required by the regulator, Penny James, our Senior Independent Director, has taken on the role of lead director for this work. In a demonstration of the importance we place on this agenda the Board has established a working sub-committee including myself and Dan Olley to ensure the actions are integral to our operating plans and progress and performance against targets visible to the Board.

It is crucial that the Board has the necessary capabilities and attitude to play its part in delivering performance that leads to enhanced shareholder returns. With the transition of Dan to the CEO role we have commenced a search for a new Non-Executive Director with the focus being on global technology skills. At the time of writing the search remains ongoing.

The role played by all Board colleagues is key and I believe the make-up of the board now reflects the critical areas of performance and strategy to HL. In June we commenced the external Board evaluation led by the consultancy Independent Board Evaluation. Whilst required by the Corporate Governance Code, the timing is excellent as we seek to

ensure this Board performs to its very best individually and collectively. I look forward to absorbing and acting upon their observations.

**Dividend**

In line with our communications last year, the Board is pleased to recommend a final ordinary dividend of 30.0p per share representing an increase of 4% on last year. The final ordinary dividend will be paid on 1 November 2024 to all shareholders on the register at the close of business on 4 October 2024, subject to approval at our AGM on 22 October 2024.

This brings the total ordinary dividend for the financial year to 43.2p per share, representing an increase of 4% on last year.

**Looking ahead**

Looking forward the Board firmly believes that we are very well positioned to capitalise on a growing sector and a recovering market. Getting back to some of the founding principles of this business, being a champion for the retail investor and making it easy for people to save and invest for a better future is key and building on the unique assets the business has built over the last 40 years gives us an exceptional base. There is much work to do to excel in this highly competitive market and the Board believes that in Dan Olley we have a CEO whose background and capabilities make him ideal for the task. Delivering the plan will require a total team effort and the capabilities and experience which lie inside the Bristol business are being utilised to the maximum and enhanced by some newly recruited colleagues who bring specific expertise in areas such as data, digital and change management.

It has been a busy and engaging year and I am grateful to colleagues and investors alike for the time they've given me and for the honest and straightforward feedback I've received. As I said in my opening, this is an iconic British brand, looking after over 1.88 million clients in a world where financial security has never been more important. Leading the Board to bring bravery, humility and hard work to the collective effort will be my goal as Dan capitalises on the strong momentum already evident.

**Alison Platt**  
Chair

14 August 2024



# MAKING IT EASY TO SAVE AND INVEST

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I'm pleased to see our strategy and focus on our priorities beginning to deliver results.

## Overview

It has been an eventful first 12 months in role, not least with the approach from the consortium which has resulted in a firm and final offer for HL, with the Independent Board intending to unanimously recommend the cash offer to shareholders. The offer is expected to complete in Q1 2025 subject to certain conditions, including shareholder and other regulatory approvals.

For more details of the offer, please see the Additional Chair's letter from Alison at the very front of this report.

Additional At HL, we have been helping people to save and invest for a better future for over 40 years. This year our focus has been on getting back to basics: continually striving for great client service, providing a great client experience and great client value. That means putting our clients at the heart of the organisation and serving them well, with the humility, expertise and passion that makes HL the company it is. We need to help more people across the UK save and invest to secure their future, so this is more than a mission, it's an obligation and our sole focus.

When I joined the business as CEO in August 2023, it was clear that HL is a great business with a passion for serving its clients, but we had work to do in areas to serve our clients better. For example, it was clear our client service in H2 2023 had fallen below the level we and our clients expect and that our website and app functionality could be significantly improved.

Based on these initial observations, I laid out four clear priorities (Delight clients, Increase pace, Save to invest and Focus on Our People) to align the organisation and increase the pace of execution, whilst undertaking a thorough

business wide review. The output of this review, coupled with our analysis of client needs, has enabled us to evolve the strategy and create clear financial and operating plans to achieve our objectives.

I am pleased with the progress we have made against these initial four priorities, and importantly these changes are starting to have a positive impact on our clients, for example the significant improvements in Client Service the teams delivered through Tax Year End in March and April of this year.

“

With the momentum we are building I'm very positive about the future for HL, but even more positive about the impact we can have on people across the UK.

**Dan Olley**  
 Chief Executive Officer





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The combination of great value, great service, relevant research and a broad proposition helped us welcome another net 78,000 active clients to the platform, taking assets under administration (AuA) to £155.3 billion and underlining HL's position as the UK's largest and most trusted Investment Platform. Our Net New Business (NNB) for FY24 was £4.2bn, with a stronger performance in the second half. This has delivered revenue of £764.9m up 4% vs. FY23. Our increased focus on cost discipline across the organisation through the year has allowed us to slow cost growth, especially in H2, delivering an underlying profit of £456m, again up 4% YoY.

I would like to thank every HL colleague for helping deliver this year's improved performance and for embracing the changes we are making to make HL an even stronger organisation. Guided by our purpose to "make it easy to save and invest for a better future", I am proud of what we have achieved together and excited about the road ahead.

## Getting back to basics, led by our clients

In September 2023, I set out four immediate priorities to increase momentum across the organisation while we commenced a more comprehensive business-wide review. I am pleased to see the progress that has been made and the early positive impact this is having for both our clients and our results.

### Delighting Clients, Drive Growth

Putting clients first has always been at the heart of Hargreaves Lansdown, so this was a very natural first priority to set. 2023 had seen a decline in our usually high levels of client service, and we had clear client feedback that there were opportunities in both our digital experience and proposition, all of which we needed to, and have, acted upon.

- **Service** – We have been focused on returning our Service standards to the levels we and our clients expect. We have invested in our colleagues and technology to reduce call answering times, improve call quality and increase the number of client calls fully resolved at first point of contact. As a result, we were able to handle over 190,000 calls in the 5 weeks up to tax year end (up 21%), with ~58% answered in under 20 seconds and NPS peaking at over +50. We will never be satisfied, and we will keep working to continue to enhance and extend our service offerings, but I would like to thank all HL colleagues for their efforts to make the improvement.
- **Proposition** – This year, we completed the launch of two new "Ready-Made" HL fund ranges designed to give our clients a simple way to invest. The "Managed by Experts" range seeks to leverage the best of active funds from across the market and the "Track the Markets" range is a simple way to invest in a range of passive tracker funds. We have also launched a Ready-Made Pension Fund, which uses a life stage strategy to adjust risk based on a client's age. Since launch, the new "Ready-Made" suite of funds have seen net inflows of circa £300 million. January 2024 saw the launch of the UK's only multi-bank cash ISA, allowing clients to spread their ISA savings across multiple banks and maximise their FSCS protection. By June 2024, over 33,000 clients had taken advantage of this new offering, with AuA of £533 million.

“  
We've made solid progress but there is much more to do to deliver on our ambition to constantly delight our clients into the future, and accelerate our growth.

**Dan Olley**  
Chief Executive Officer

- **Digital Experience** – Another key priority this year was initiating plans to remove all unnecessary friction from our digital journeys and extend our App functionality. Client feedback is very favourable towards our digital experience, so we are evolving our App and Website incrementally to meet client needs even more effectively. 2024 saw the introduction of our new "Easy Bank Transfer" option allowing clients to quickly and easily top up accounts in a few clicks. In 2024 this new top up option enabled clients to add £2.4 billion into their accounts whilst also reducing our costs to process top-ups by £1.9 million. Our new News section was launched, allowing HL's teams to get our clients the latest investment news and research faster than ever before and proving the new technology that we will use to power much of the Website as we migrate over the coming months. There is still much we can do, but we have started to make progress.

### Increase Pace

We work in a fast-paced industry, and we are accelerating our pace of innovation to deliver for our clients. In 2024 we evolved our ways of working to leverage the best thinking from leading high performing digital innovators. This has seen an acceleration of both the in-year continual improvement work, evidenced in the progress in digital experience above, and a step change in delivery pace of our larger strategic initiatives, further increasing our confidence that we will deliver our strategic change programme within the original financial parameters.

### Save to Invest

We have been constantly looking for thoughtful ways to simplify, automate and standardise to drive efficiency so that we can reinvest in our business and our clients. We have made good progress across several areas, including leveraging Robotic Process Automation (RPA) across a number of processes, freeing up colleagues and funding to allow us to invest more in improving our service ahead of tax year end. We have launched automation tools such as Salesforce and Amazon connect that help colleagues be more efficient and provide even better client service and have evolved our ways of working that have significantly reduced the dependence on contractors and 3rd party consultancies. Overall, our FY24 underlying costs were £338.5m, below guidance expectations with the growth rate down to 5% in H2.

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**Focus on our People**

We welcomed several new highly experienced colleagues to the HL leadership team as we strengthened experience and capability in key areas such as Technology, Operations and Digital Product Management. Key was strengthening experience in executing digital transformation at pace, innovating with data and technology to drive client value and driving operational efficiency and cloud-based resilience at scale. While still early days, I'm pleased to see the positive impact these new colleagues are already having across the organisation as they couple their experiences with the extensive experience we already have in the organisation.

On a personal note, I have also had the pleasure to welcome Alison Platt to the organisation as Chair. Alison brings a wealth of experience and a thoughtful, supportive and engaging approach that has landed exceptionally well across HL.

**Findings from the comprehensive Business Wide Review**

In parallel with executing on our initial 2024 priorities, we have undertaken a thorough review of all aspects of the business, from our client proposition to our operations and support functions. This review has further strengthened my belief that HL is a great business, built on a strong heritage and with an important role to help more people across the UK secure their and their families financial future. However, it is also shown that we have not always kept pace with the competitive environment, the way customers consume marketing, the

increasingly sophisticated and demanding requirements of digital customer journeys and the service levels clients expect. This has caused our rate of growth to slow over the past few years, but also creates clear opportunities that, if captured, will only accelerate the number of clients we can help, and through this drive the growth of the organisation. The key findings are:

1. **Client Engagement & Retention** – Our proposition and digital experience have only changed modestly in the last few years. This has resulted in Net new business growth reducing from £8.7 billion in FY 2021 to £4.2 billion in FY 2024, reflecting declining client and asset retention rates, which have fallen from 92.1 per cent to 91.4 per cent and from 91.4 per cent to 88.5 per cent respectively over the same time period. Advances in technology, changing market dynamics and evolving client needs mean there is a significant opportunity to now take the savings we are making across the business and invest to evolve all aspects of the proposition for our clients.

There is no single silver bullet – the already announced strategic spend alongside revenue investment to support long term client and asset retention is important and it will take a combination of continued focus on service, significantly enhancing the digital experience and client journeys, and targeted revenue investment to be successful. This revenue investment, were it to be implemented, would be expected to be largely mitigated through a combination of asset growth, and both lower cost growth and a return to pre-Covid platform asset retention levels over the medium term.

2. **Client Acquisition** – HL was built on providing clients great research and content and helping them build their confidence to invest. This need is still there today, and we know we can help a lot more people start their investing journey. What has changed radically is how we need to reach and engage potential clients through multiple channels, and while we continue to attract new and younger clients, the level of gross new inflows we are able to attract to the platform from new clients each year has dropped by 35% since FY21. We need to leverage our brand strength and data to much more effectively get our messages to target clients wherever they are. We also offer great value, that both clients and non-clients alike are not aware of, such as our fund discounts and the deal prices we achieve for our clients when trading. We need to get better at telling this story through our platform, marketing and to the press.

3. **Client Service** – We have made good progress on our Client Service from where it was at the end of 2022 and early 2023 when our monthly NPS declined to a low of +33 during the 2023 tax year end due to challenges with Helpdesk capacity and call volumes. We have significantly improved since then and as I mentioned earlier, I am proud of what our teams achieved this year given the starting point, and our NPS improved to +48 during tax year end period. However, our review has shown there is so much more we can do to really delight every client.

4. **Operational transformation & Cost Efficiency** – The review has highlighted a significant opportunity to streamline and automate our middle and back-office processes, making them more resilient, less prone to human error and freeing up colleagues and spend to invest back into serving our clients. We will seek to address the disproportionate cost growth as client numbers expanded over the last few years, with our cost to serve increasing from 22.3bp in FY21 to 23.7bp in FY24.

5. **Colleague Engagement** – My review of the organisation has also involved honest and open conversations with colleagues at all levels of the organisation. HL colleagues are passionate about our clients. It's in the DNA from when the company was founded. Colleagues' feedback identified lack of clear priorities, slow pace of change, siloed working and manual processes as key sources of frustration.

6. **Investment Spend** – HL is now two years into its original capital markets day investment programme, and while some progress has been made in certain areas, such as the launch of the new HL funds, progress has been less tangible in key areas such as operational automation and digital platform automation. As we have strengthened the HL Leadership team and changed ways of working in parallel with the review, we remain confident that the investment plans can still be delivered within the financial envelope originally set, though full completion of some activities will extend into FY27.



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Many of these changes and programmes are already underway, facilitated by the initial priorities we laid out at the start of FY24, and we have made considerable progress. While we remain confident that we have identified the opportunities we need to capture, and we can deliver over the medium to longer term, I also want to be clear that the delivery of our core priorities involves significant change across large parts of the business, coupled with on-going investment over the medium term as set out above. Any transformation programme of this breadth and complexity carries significant execution uncertainty, and there is no doubt that delivery of benefits will not be linear. An ever more competitive environment only adds to the need to execute flawlessly.

## Evolving our strategy

HL has a clear and refreshed strategy, which the Board is confident will deliver over the longer term, with good progress already made against the initial priorities identified in FY 2024. The refreshed strategy comprises five strategic priorities intended to address the findings from the review, as set out at HL's interim results in February 2024:

**(1) Transform the investing experience:**

Removing jargon, terminology and complexity and making it easy for its clients to set their financial goals and work towards achieving them with minimum effort and fuss. A key focus will be improving HL's digital experience and proposition as well as evolving its marketing capability.

**(2) Combine the best of colleague and digital capability:** Bringing together the deep experience of HL's colleagues with advances in AI and other digital technologies to serve clients on their terms. HL will continue to invest in its colleagues and technology to deliver a service continuum from DIY investing to full financial advice.

**(3) Leverage economies of scale to drive client value:** Decoupling cost from growth through the successful implementation of HL's transformation programme enabling greater process simplification, automation and standardisation, alongside agile ways of working to enhance efficiency and increase delivery pace. Through HL's 'Save to Invest' philosophy, cost benefits realised are intended to moderate future cost growth and fund the capability for continuous and ongoing investment in the client proposition.

**(4) Responsible and resilient business:**

Continuing to invest to provide the robust, resilient and available services expected from the UK's largest retail investment platform enabled by the migration of HL's data centre to the cloud and the transition off core legacy systems to modern architecture. HL intends to ensure its operating model is resilient and compliant by design, with risk and compliance requirements assessed during development and embedded into systems and processes.

**(5) Great people, great culture:** Attracting top talent to drive focus, pace and performance, building on a strong set of values centred around putting clients first. HL is focused on enhancing its performance culture to align the organisation to the refreshed strategy and its successful implementation.

## Outlook and Guidance

We operate in a large and growing market within a context of continued macro-economic uncertainty and market volatility. Therefore, our purpose, "to make it easy to save and invest for a better future" has never been more relevant. So we welcome the new government's early focus on growth and encouraging more people to engage with their finances.

We have work to do in order to deliver on our refreshed strategy and reinvigorate growth in the business but we have laid the foundations, identified our key priorities and aligned our operating model and people to ensure we can deliver.

As we look forward, we will continue to focus on our key priorities, to serve our clients and our communities and to start to deliver against our strategic goals.

Our priorities build on the work we have already done, positively impacting all aspects of our client value proposition, through both our strategic transformation programme and continued investment in our client value proposition to give our existing clients the experience, service and value that HL is uniquely placed to deliver. We will also strive to welcome even more new clients to the platform by improving marketing, enhancing our proposition for low confidence investors as we help them start their investing journey, and improving our onboarding and consolidation journeys.

We will continue to focus on driving efficiency and further reducing risk through standardisation, automation and simplification. We will innovate with the latest generation of technologies which, coupled with our rich data, will enable us to create new levels of automation whilst retaining and increasing client personalisation. We will be relentless in our focus to capture the tangible benefits of the work through our Save to Invest programme, and as we do, we will invest back into our business to further improve the experience and value for our clients.

While our clients are at the centre of all we do, at our heart we are a people business built on amazing colleagues. Focus and performance are the key people priorities for the year ahead as we better align the organisation to the things that really matter to our clients.

To unlock the opportunity for our clients we need to undertake a significant transformation of this business which will not be linear in its delivery and will take some time. The cost of delivering that programme is what we have announced before (£175m +£50m dual running) although certain business automation and efficiency programmes will now complete in FY27 not in FY26 as had been anticipated.

What we are keen to ensure is that we strengthen our market leadership position and in doing so we will beyond FY27, through our Save To Invest programme, generate capacity to continue to invest in the proposition.

**Dan Olley**  
Chief Executive Officer

14 August 2024



Strategic report  
**STRATEGY AND KPIS**  
**2024 PRIORITIES**

# DELIVERING ON OUR STRATEGY

In 2024 we evolved our strategy based on clear client needs and to ensure we have the right foundations to deliver our next phase of growth.

We set out four priorities for the business in 2024 and are pleased to share our progress this year.

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**Delight clients, drive growth**

Making it easy to save and invest means having a proposition to support all clients, across different life stages and experience levels. It also means providing clients with an exceptional experience however they choose to engage with us, whether digitally through our app or website or by speaking to our Helpdesk and Financial Advisers.



**Increase execution pace**

Improved delivery is a function of how well we work together as a business and the technology we are working with – we're evolving both. In 2024, we set out to ramp up delivery, improving alignment and accountability across the business and building the discipline to start less and finish more. We also continue to invest in the evolution and modernisation of our technology estate.



**Save to invest**

Looking across the business and identifying how we can be a more efficient and scalable platform. From scrutinising where we spend our money and identifying long-term saving opportunities to the continued automation of manual processes. We are continuously looking to create capacity to invest in our clients.



**Right people, right roles**

We are a digital platform, but we are not a digital only proposition. Delighting clients comes from combining the best of our colleague and digital capabilities. This year we focused on building the right leadership team to guide the business through a period of change and next phase of growth, while ensuring the colleague proposition is fit for a high performing culture.



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**STRATEGY AND KPIS**  
**2024 RESULTS**

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**Delight clients, drive growth**

Continue to evolve our value proposition to delight our clients and drive our growth.

- **Record platform AUA** of £155.3 billion (2023: £134.0bn). Net flows driven by the platform were £1.5 billion (2023: £1.6bn) with Active Savings contributing £2.7 billion (2023: £3.2bn). We also saw positive market movement of £17.1 billion. Results reflect a drop in asset retention to 88.5% (2023: 90.4%).
- **Added 77,406 net new clients** (2023: 67,336), reflecting the popularity of our existing and newer propositions including our multi-bank cash ISA. However, client retention dropped year-on-year reflecting issues with service and digital experience, both are being addressed.
- **Active Savings reached a record** £10.6 billion in AUA and over 300,000 total clients (2023: £7.8bn and 175,000) underpinned by new product developments and attractive rates from 24 partner banks.
- **HL's own funds range reached over £10 billion** in the year. We expanded our Ready-Made solutions range, giving clients access to a range of simple, active and passive funds to match their risk profile. Ready-Made AUM reached over £1.3 billion.
- **Extended our retirement proposition** by launching a new lifestyle arrangement for SIPP clients (the Ready-Made Pension Plan) which reached £180 million in AUA since launch in November 2023 and has accounted for nearly one third of all new SIPP accounts.
- **Opened up UK Gilt primary markets for UK retail investors, enabling clients to purchase Gilts directly and on the same terms as institutions for the first time.**

**KPIs**

**Net New Business (NNB)**

The net value of new assets brought onto the platform less assets leaving the platform.

**Result:**  
**£4.2bn**

(2023: £4.8bn)

**Total Clients**

Represents the total number of active clients that use our service. A client is someone that holds at least one account with a value over £100 at the year end.

**Result:**  
**1.88m**

(2023: 1.80m)

**Client Retention**

Based on the monthly retained number of clients, as a percentage of the opening month's clients and averaging for the year. A lost client is deemed as one who falls below a holding of £100.

**Result:**  
**91.4%**

(2023: 92.2%)



**Increase execution pace**

Delivering for our clients every day, improving our proposition on an ongoing basis.

- **Client 'front door' moved to the cloud** underpinning delivery of key client journey improvements including the revised website navigation which resulted in a 20% uplift in transfers-in worth over £600 million.
- **Launching a new Investment Search function in our app** to help clients choose an investment aligned to their goals, saw more clients opt for HL investment solutions. Flows into HLFM solutions increased from less than 5% to around 15%. Updates to key client journeys led to our highest level of gross new business across tax year end on mobile.
- **Rationalised technology and delivery roadmap**, completing five key initiatives as set out at the start of 2024. These include ongoing Service and Workplace transformation, plus key regulatory initiatives. A further ten programmes have been identified for 2025.
- **Key regulatory initiatives** including abolition of Lifetime Allowance in pensions and T+1 Settlement for equities delivered successfully and on time, with a seamless client experience.
- **Embedded a new Group risk maturity model.** This resulted in improved oversight and reporting capabilities for risks across the business and led to us achieving our target risk maturity score.

**KPIs**

**Risk Maturity**

Our Risk Maturity KPI is a qualitative assessment of the maturity of the business approach to risk management.

**Result:**  
**On target**

(2023: On target)



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**STRATEGY AND KPIS**  
**2024 RESULTS CONTINUED**

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**Save to invest**

Striving to be a fitter and leaner business, so we can reinvest savings back into the business.

- **Delivered statutory profit before tax of £396.3 million** (2023: £402.7m), reflecting our ongoing strategic investment spend and resilient revenue growth across the year. On an underlying basis, profit before tax was up 4% to £456.0 million.
- **Underlying costs** grew 8% year-on-year reflecting wage and cost inflation, increased technology spend and higher dealing costs in line with higher client trading activity. Our increased focus on cost discipline meant we slowed cost growth especially in the second half of the year.
- **Decoupling growth from cost to serve** by simplifying and automating our business processes. Automated six manual processes leveraging robotic process automation and delivering £0.6 million in savings this year. Seven further processes are estimated to go live in 2025.
- **Rollout of new third-party technology** enabling colleagues to deliver a great client experience, efficiently at scale. Our service transformation programme delivered £0.6 million savings this year and is on track to deliver another £1.1 million in the coming year.
- **Extended Easy Bank Transfer payment capabilities** across a number of new products, making it easier for clients to add money to the platform. In 2024, this method processed over £2.4 billion payments, saving £1.9 million.
- **Introduced disciplined management of third party spend** across all areas of the business. A key focus in 2024 was reducing our spend on contractors and consultancies and we saved a further £1.7 million as part of our ongoing digital delivery review.

**KPIs**  
**Underlying Costs**

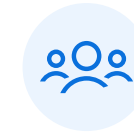
Operating costs less strategic investment costs, intangible impairment and restructuring costs.

**Result:**  
**£338.5m**  
 (2023: £314.6m)

**Statutory Profit Before Tax**

Profit generated by the business over the period, with statutory PBT measuring the overall business performance including strategic spending.

**Result:**  
**£396.3m**  
 (2023: £402.7m)



**Right people, right roles**

Make HL a great place to work. The right culture, with the right people in the right roles, focused on the right priorities to deliver the strategy.

- **New executive team already delivering on the strategy.** Key hires include Richard Hebdon (new Chief Digital & Technology Officer), Lucy Thomas (Corporate Affairs Director), Afonso Nascimento (Chief Strategy Officer) and Gary Logan as (Chief Operating Officer).
- **Reset client service levels by investing** in our Helpdesks and ensuring the right tools are in place to deliver a great client experience at scale. This resulted in a recovery in service levels across the year, with client NPS rising from 41% H124 to 44% H224. Our full year result was weighed down by service issues seen in H223.
- **Colleague engagement dipped**, reflecting key sources of frustration in the lack of pace of change, siloed working and manual processes.
- **Renewed HL's People strategy** by reviewing HL's purpose and values as well as redeveloping the colleague proposition to ensure the right foundations are in place to support a performance culture.
- **New digital and technology leadership** established and directly aligned with the business structure. We also formed a new function to manage our cross functional transformation programmes with dedicated resource.
- **Refreshing the ESG strategy**, ensuring regulatory compliance by publishing HLAM and HLFM TCFD reports, including investment net zero transition plan for HL's funds and creating a stronger ESG risk framework.

**KPIs**  
**Client Service NPS**

Based on the average result of client feedback in the quarterly client satisfaction surveys in 2024.

**Result:**  
**42.4%**  
 (2023: 44.8%)

**Colleague engagement**

**62%**  
 (2023: 68%)

**Gender Diversity Senior Leadership (SL):**

**34.0%**  
 (2023: 35.4%)

**Ethnic Minority SL:**

**7.9%**  
 (2023: 6.7%)

**Environmental Social Governance (ESG)**

Performance assessed against key activities in 2024: TCFD compliance for HLFM and HLAM.

**Result:**  
**On target**  
 (2023: Above target)





Strategic report  
**STRATEGY AND KPIS**  
**2025 PRIORITIES**

# GROWTH ACCELERATION

Looking ahead to 2025, we'll be focusing on five key priorities to drive the business forward. While our headline strategic priorities remain the same, we're evolving our focus in 2025.

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## Increase retention

Happy clients tend to stick around. Improving the client experience remains at the core of our strategy and we'll continue to focus on improving both the digital and colleague client experience. This year we'll be looking at how we can provide clients with a more personal experience, evolving our proposition, service and digital features to address each client segment more specifically.



## Drive new client growth

We have a large and growing addressable market, meaning there's lots for us to go after. This year we're getting more specific on who we can help, ensuring they know about us and how we can help. We'll also make it easier to become a client by streamlining our digital onboarding and ensure it's attractive to consolidate wealth with HL.



## Drive execution, reduce toil

Execution will remain a focus in 2025, building on the improvements seen in 2024. Ringfencing our key strategic initiatives was a success, we'll accelerate this process and apply it to a bigger pool of projects in 2025. We'll continue to modernise our technology estate, through ongoing cloud migration and continuing to retire legacy systems.



## Save to invest

Saving to invest is a muscle we will continue to build. Identifying ways to be a more efficient business, from how we set ourselves up to where we spend our money. We'll embed what we learned in 2024 when it comes to new ways of working across the business and continue to rationalise our spending.



## Performance culture

HL has great people and a strong client focused culture. With our renewed executive and technology leadership in place and already having an impact, this is set to ramp up in 2025. We will further strengthen our talent by increasing our focus on performance, empowering colleagues with the coaching, leadership and technology they need to drive the next phase of HL's growth.



# A REFRESHED STRATEGY TO DELIVER VALUE FOR ALL OUR STAKEHOLDERS

The evolution of our strategy continues to be informed by our stakeholders.

Regular engagement supports us in understanding their evolving needs, which we then reflect in our decision-making process, and the ongoing delivery of our strategic goals.

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## CLIENTS

**As a client's lifelong financial partner, delivering great client outcomes is in our DNA.**

### How did we engage with them?

- With an average 3.6 million weekly logins across web and app we monitor our client behaviours and journeys across our digital platforms.
- Regular client pulse checks, targeted client surveys and user testing embedded into the product lifecycle from discovery to review.
- Feedback received from the 1.3 million calls and 0.4 million emails received by our Helpdesks. Plus, analysis of complaints data.

### What were the key topics raised?

- Client experience both in terms of our service levels and app and web digital experience.
- A Cash ISA offering with greater flexibility with access to multiple banks and products across maturities.
- Simple investment solutions available at the time of opening a SIPP and ISA account.
- Guidance to help clients make the right decision for them to ultimately improve outcomes.
- Alternative and tax-efficient investment options to benefit from higher interest rate environment.

### How did we respond?

- Invested in our Helpdesks both in terms of tech and headcount, resetting our service levels. This led to a record tax year end for total contact and client NPS recovering to 48 (FY23: 33).
- Launched the UK's first ever multi-bank Cash ISA – offering clients access to multiple savings products under one roof.
- Refreshed and simplified our website navigation, delivering an improvement in client journeys, for example 20% uplift in conversion of 'transfers in' journeys.
- Built people's confidence and access to the UK Gilt market through targeted content and offering clients primary market access.
- Created the Ready-Made Pension Plan and Ready-Made ISA range making it easier to start investing and have investments managed by HL's experts.



Strategic report  
**STAKEHOLDER ENGAGEMENT**  
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COLLEAGUES	SHAREHOLDERS	SOCIETY
<p><b>As a responsible employer, our strategy is to make HL the best place to work for our colleagues, ensuring we build an inclusive and diverse culture for all.</b></p> <ul style="list-style-type: none"> <li>Supported colleagues across a year of transition, increasing feedback opportunities and support channels available.</li> <li>Launched regular CEO listening sessions – ensuring colleagues across the business are heard.</li> <li>Colleagues led the reframing of HL's purpose and values, ensuring they are relevant and actionable.</li> </ul>	<p><b>As owners of our company, engaged and proactive shareholders are instrumental to our development as a business.</b></p> <ul style="list-style-type: none"> <li>Our senior management team met with shareholders and potential investors across the year via a programme of results presentations, individual and group meetings and attendance at in-person and virtual conferences both in the UK and abroad.</li> </ul>	<p><b>As a responsible business, platform and fund manager, we drive positive change at a local and national level.</b></p> <ul style="list-style-type: none"> <li>Continued to engage with policymakers and the FCA to ensure the position of retail investors in the UK is understood.</li> <li>HL's Savings &amp; Resilience Sounding Board explores financial resilience research with input from HM Treasury, the Department for Work and Pensions, the FCA, Money and Pensions Service, businesses and charities.</li> </ul>
<ul style="list-style-type: none"> <li>Understand the evolution of HL's strategy under new leadership.</li> <li>Greater opportunity for colleagues to feedback and contribute to the business' development.</li> </ul>	<ul style="list-style-type: none"> <li>HL's digital transformation means colleagues needed broader knowledge and skills to drive innovation at speed and scale.</li> <li>Improved and more transparent development opportunities across all role levels and areas of the business.</li> <li>More work to make HL an inclusive business.</li> </ul>	<ul style="list-style-type: none"> <li>Review of the Advice/Guidance boundary and how clients benefit from greater support through personalised nudges.</li> <li>Range of Government and FCA consultations including the UK ISA, retail access to IPOs and corporate bond markets.</li> </ul>
<ul style="list-style-type: none"> <li>Established multiple communication channels to improve the flow of information including regular all-colleague updates from Dan and the leadership team.</li> <li>Evolved our People strategy to focus on performance and ensuring HL has the right foundations in place to achieve this – implemented new management training, increased participation in HL mentor scheme and launched a new learning platform.</li> </ul>	<ul style="list-style-type: none"> <li>Key investor questions were incorporated into results announcements and presentations – particularly to do with evolution and delivery of HL's strategy under new leadership and our approach to net interest margin.</li> <li>Regular reports and feedback to the executive team and the Board on key market issues and concerns.</li> </ul>	<ul style="list-style-type: none"> <li>Engaged with Government and the FCA's review of Advice/Guidance boundary.</li> <li>Partnered with Nottingham University, researching how consumers react to nudges.</li> <li>Published 4th and 5th Savings &amp; Resilience Barometer with Oxford University focusing on the self-employed and efficient money use for households.</li> <li>Engaged policymakers on small pension pots issue and Lifetime Pension model.</li> </ul>



# INVESTING TO DECOUPLE COST FROM GROWTH

Strategic investment programme will deliver scale efficiencies and lower cost growth

## Assets Under Administration (AUA) and Net New Business (NNB)

	Year ended 30 June 2024 £bn	Year ended 30 June 2023 £bn
Opening AUA*	134.0	123.8
Platform growth*	1.5	1.6
Active Savings growth*	2.7	3.2
Total Net New Business	4.2	4.8
Market growth and other*	17.1	5.4
Closing AUA**	155.3	134.0

\* Platform growth, Assets under Administration, Net New Business and Active Savings Growth are alternative performance measures. See the Glossary of Alternative Performance Measures on page 176 for the full definition.

2024 has been a year of significant change for HL; we welcomed Dan Olley as our new CEO and Alison Platt as our new Chair; both of whom have brought rigorous challenge and scrutiny to where we are as a business, with Dan leading a business wide review during the course of the year, the conclusions and findings of which are set out in his CEO review on page 16.

Many of the programmes and changes identified are already well underway and have impacted our financial results this year, both in terms of increased strategic investment spend incurred and in the shape of our Underlying Operating costs, where

we are starting to see the benefit in a different shape to our headcount growth particularly in the second half of the year as explained on page 28.

Overall we have delivered a good performance in the year, with strength in UK and US markets combined with modest levels of Net New Business and a step up in trading volumes together driving increased revenue and the highest level of AUA seen on the platform. Whilst Underlying operating costs have increased again during the year, this is as expected and we are pleased to report a much lower level of cost growth in the second half of the year.

As we look forward, we expect the actions already being taken as a result of the review to improve the competitiveness of our service proposition, enabling improvements to client and asset retention and to decouple cost from growth, through delivering scale efficiencies which will lead to sustained lower cost growth in the medium term.

The year has continued the trend seen in the prior year of a challenging economic backdrop and geo-political issues impacting investor confidence. Despite this, we have seen an encouraging trend in the year, with the second half of the year seeing clients and asset growth on the platform particularly buoyed around tax year-end and that trend continuing through to the end of the financial year.

Total AUA increased by 16% to £155.3 billion at the year end (2023 £134.0bn). Total net new business for the year was £4.2 billion (2023: £4.8bn).

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...strength in UK and US markets combined with modest Net New Business (NNB) growth and a step up in trading volumes together driving increased revenue and the highest level of AUA seen on the platform.

**Amy Stirling**  
 Chief Financial Officer



## Strategic report

# OPERATING AND FINANCIAL REVIEW CONTINUED

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Platform growth was £1.5 billion (2023: £1.6bn) with £0.7 billion (2023: £0.7bn) of net movement into Active Savings, where we also saw a £2.7 billion (2023: £3.2bn) of new money in the year, bringing net new business to £4.2 billion total growth.

Net new business has been seen mainly in the second half of the year, as clients took advantage of tax year end to top up their ISAs and SIPPs, as inflation declined and interest rates stabilised. We have seen more contributions into our SIPP products in the year than ever before with record pension savings. The launch of our new multi-bank Cash ISA product within Active Savings in the second half of the year has had a positive impact on the Savings product and there is now over £10 billion of client cash in the service.

In addition to the net new business we have also seen market movements of £17.1 billion (2023: £5.4bn), which was seen predominantly in the second half of the year as markets increased significantly compared to the previous year.

As previously emphasised, engaging with clients and helping them to navigate the challenges of the economic backdrop remains a priority. We also remain committed to assisting clients in improving their financial engagement and resilience. In the year we introduced 78,000 net new clients to our services (2023: 67,000), growing our active client base by 4% to 1,882,000.

During the year we reached a milestone with 300,000 clients now having an Active Savings accounts (2023: 175,000) representing a significant increase over the prior year, buoyed by the rates available and the new multi-bank Cash ISA.

Client retention been impacted through the year as we have not consistently delivered the high standards of client service and digital experience that our clients have come to expect. Whilst still high at 91.4% (2023 92.2%) we believe we should do better and addressing this is one of the key priorities for the year ahead.

Asset retention reduced to 88.5% (2023: 90.4%) for the year, as we again saw high cash withdrawals, consistent with the stable rate environment and the preference of many clients for cash ISAs, while funds allocated for investment have in many cases been utilised to cover increased living costs. Active Savings has a lower asset retention rate than the core platform as clients often use it in the short term to manage their specific cash needs, saving for a certain event and then withdrawing the cash (e.g. the payment of a tax bill in January). Asset retention excluding Active Savings would be 1.7% higher at 90.2% (FY23: 91.5%).

An active client is defined as one who holds an account containing £100 or more with us.

### Income Statement

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Revenue	764.9	735.1
Operating costs	(398.2)	(350.7)
Finance and other income	30.2	19.0
Finance costs	(0.6)	(0.7)
Profit before tax	396.3	402.7
Tax	(103.1)	(79.0)
Profit after tax	293.2	323.7
<b>Profit before tax</b>	<b>396.3</b>	<b>402.7</b>
Adjusted for:		
– Strategic investment costs	39.9	36.1
– Intangible impairment	14.4	–
– Restructuring costs	5.4	–
Underlying profit before tax*	456.0	438.8
Tax on underlying profit*	(118.5)	(86.1)
Underlying profit after tax*	337.5	352.7

\* Underlying profit before tax, tax on underlying profit, and underlying profit after tax for the period exclude £39.9 million of strategic investment costs, intangible impairment of £14.4 million and restructuring costs of £5.4 million. See the Glossary of Alternative Performance Measures on page 176 for the full definition.

### Revenue

Total revenue for the period increased 4% to £764.9 million (2023: £735.1m), with all key revenue lines increasing compared to the prior year and the first half of the year in the second half of 2024, the exceptions being cash and HLFM funds. This has been driven by a return to growth in all asset classes, excluding cash, as asset levels benefitted from positive market movements and net new business. In the case of cash we have seen a decline in the value of cash held on the platform and an increase in the pass through to clients, which has been offset by an increased margin throughout the full period, as interest rates stabilised following high growth in the prior year.



## Strategic report

# OPERATING AND FINANCIAL REVIEW CONTINUED

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The table below breaks down revenue, average AUA and margins earned during the period:

	Year ended 30 June 2024			Year ended 30 June 2023		
	Revenue £m	Average AUA £bn	Revenue margin* bps	Revenue £m	Average AUA £bn	Revenue margin bps
Funds <sup>1</sup>	249.3	65.4 <sup>8</sup>	38	236.4	60.7 <sup>8</sup>	39
Shares <sup>2</sup>	165.7	55.4	30	147.7	48.8	30
Cash <sup>3</sup>	260.7	12.4	210	268.7	14.0	192
HL Funds <sup>4</sup>	53.2	9.3 <sup>8</sup>	57	54.3	8.4 <sup>8</sup>	65
Active Savings <sup>5</sup>	19.9	9.3 <sup>6</sup>	21	8.7	6.4 <sup>6</sup>	14
Other <sup>7</sup>	16.1	–	–	19.3	–	–
Double-count <sup>8</sup>	–	(9.2) <sup>8</sup>	–	–	(8.3) <sup>8</sup>	–
<b>Total</b>	<b>764.9</b>	<b>142.6<sup>8</sup></b>	<b>–</b>	<b>735.1</b>	<b>130.0<sup>8</sup></b>	<b>–</b>

\* Revenue margin is an alternative performance measure, see the Alternative Performance Measures glossary on page 176 for the full definition.

1 Platform fees.

2 Stockbroking commission and equity holding charges.

3 Net interest earned on cash held in investment accounts.

4 Annual management charge on HL Funds, i.e. excluding the platform fee, which is included in revenue on Funds.

5 Revenue from Active Savings earned as fees from partner banks.

6 Average cash held via Active Savings.

7 Advisory fees and ancillary services (e.g. annuity broking and HL Workplace Solutions).

8 HL Funds AUM included in Funds AUA for platform fee and in HL Funds for annual management charge. Total average AUA excludes HL Fund AUM to avoid double-counting.

### Funds

Funds continue to be the largest asset class on the platform at 46% of average AUA for the year and 46% of closing AUA (2023: 47%) reflecting the significant range of investment solutions available to meet a broad range of client needs.

Revenue on Funds increased by 6% to £249.3 million (2023: £236.4m) reflecting the increase in average AUA, with this revenue line returning to growth in the second half of the year. Revenue margin on Funds was largely flat at 38bps. This was in line with our guidance from the prior year.

The slight decline in the margin in the year reflects the full year impact of the reduction in platform fees of the Lifetime ISA (LISA) in the prior year, as well as the impact of the removal of fees for the Junior ISA; both changes were made in the second half of the previous financial year.

In addition, our Workplace Solutions business, where most of the assets are held in funds, continues to grow, albeit at a slightly lower margin.

### Shares

Revenue on Shares increased by 12% to £165.7 million (2023: £147.7m) and the revenue margin of 30bps (2023: 30bps) was in the middle of our expected range. This was as a result of a return to higher deal volumes in the second half of the year, particularly in respect of overseas trades, where we also earn a margin on foreign exchange fees, as investor confidence increased, inflation declined and markets improved, with a peak in March and April around tax year end.

During May and June, we ran a promotional campaign to drive awareness of the breadth of the trading proposition offered on our platform, to both new and existing clients. This includes extensive research, as well as a wide range of investment choices from UK and international shares, funds, ETFs and investment trusts; with clients benefitting from a £100 rebate against any cost of trading during that period. We were pleased to see over 128,000 clients benefit from the offer.

Average deals per trading day in the first half of the year were 31,000 and rose in the second half of the year to 38,000 per day. Total deal volumes, including automated deals such as dividend reinvestment, increased by 6% to 8.8 million (2023: 8.3m) and were in line with our expectation of deals per trading day. Dealing peaked in April and June at 41,000 deals per trading day, in each of those months propelled by news of growth in UK, US and European markets, tax year end and the news of the UK election. This compared with a low in September of 27,000. Overseas dealing volumes increased and represented 25% of our total client driven deals (2023: 21%).

We continue to improve our client experience in relation to share trading. As investor confidence improves we believe we are still well placed to see a return to higher trading volumes as demonstrated in the second half of the year. Shares AUA, at the end of the year, was £61.4 billion (2023: £50.8bn).



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### Cash

Revenue on cash (NIM) reduced in the period to £260.7 million (2023: £268.7m) reflecting the expected ongoing reduction in client cash held on the platform, offset by an increased margin resulting from a higher, more stable base rate throughout the year. Cash held in Investment accounts was £12.4 billion as at the year end (9% closing AUA), a reduction of £1.6 billion in the year as clients either invested, chose to save via our Active Savings offering or withdrew cash from the platform.

The year saw an increase in base rate from 5.00% to 5.25%, compared to the changes in the previous year, which saw seven increases from 125bps to 500bps as at 30 June 2023.

As of 30 June 2024, we pass through the following interest rates to our clients depending on the level of cash held in each investment account:

Fund & Share Account	2.25% – 2.90%
Stocks & Shares ISA, JISA and LISA	3.00% – 3.70%
SIPP	3.45% – 4.20%
SIPP Drawdown	3.65% – 4.55%

### HL Funds

During the year we have launched a further five funds including our Global Corporate Bond fund and the four funds in our multi-index range (the range that provides a passive and lower cost alternative to our flagship active range). These represent the continued evolution of our fund range that is underpinned by our risk managed multi-asset ('ready-made') funds, supported by our series of more specialist fund solutions. The fund range now includes solutions using active and passive funds, as well as our income focused strategies.

Net flows into the new funds, launched over the past 2 years, helped drive inflows of c. £0.5 billion, with market moves supporting AUM growth, which totaled £10.3 billion at the end of 2024. The average AUM over the year in our own funds was £9.3 billion (2023: £8.4bn) and revenues, as expected, were down 2% from £54.3m to £53.2m. This has predominantly been driven by the growth of new fund ranges that have lower charges and therefore reduced margin. This transition is expected and the margin on HL Funds has reduced to 57bps (2023: 65bps) accordingly.

HL funds are a key part of our strategy, and we continue to evolve the range and competitiveness of our own investment funds, serving client needs and generating increased asset flow.

### Active Savings

Revenue from Active Savings has grown significantly in the year to £19.9 million (2023: £8.7m) driven by strong net flows across the period of £2.7 billion (2023: £3.2bn) and strengthening margin. Margin on Active Savings is generated through a combination of product margin, payable by the partner banks whose products we offer on the platform and a share of interest earned on cash held in the client hub account. The average margin throughout the year was 21bps (2023: 14bps).

As at 30 June 2024 the AUA was £10.6 billion (2023: £7.8bn) and over 300,000 clients now have an Active Savings account.

In the second half of the year we launched our new multi-bank cash ISA, which provides clients with the full suite of Cash ISA products (fixed-term, easy access and limited access) from multiple banks, additional functionality and incremental partner bank relationships.

### Other

Other revenues comprise advisory fees and ancillary services, such as annuity broking and HL's Workplace Solutions for Corporate employers. The amount has declined year-on-year, with the largest movements seen in distribution income in respect of third party services.

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Ongoing revenue	622.5	612.6
Transactional revenue	142.4	122.5
Total revenue	764.9	735.1

The Group's revenues are largely ongoing in nature, as shown in the table above. The proportion of ongoing revenues remained fairly static at 81% in the period (2023: 83%) as the transactional stockbroking commission increased versus last year and the net interest income decline have offset one another. Ongoing revenue is primarily comprised of platform fees on funds and equities, fund management fees, net interest income and ongoing advisory fees. This increased by 2% to £622.5 million (2023: £612.6m) driven by higher AUA.

Transactional revenue primarily comprises stockbroking commission and advisory event-driven fees. This increased by 16% to £142.4 million (2023: £122.5m) reflecting the increase in client-driven equity dealing volumes.



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### Underlying operating costs\*

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
	Underlying cost	Underlying cost
People costs*	179.9	167.9
Activity costs*	53.6	45.5
Technology costs*	48.2	38.8
Support costs*	51.8	56.3
Underlying costs** (pre-FSCS)	333.5	308.5
Total FSCS levy	5.0	6.1
Underlying operating costs**	338.5	314.6

\* Definitions are shown in the Glossary of Alternative Financial Performance Measures on page 176.

\*\* Underlying operating costs for the period exclude £39.9 million of strategic investment costs, intangible impairment of £14.4 million and restructuring costs of £5.4 million. See the Glossary of Alternative Performance Measures on page 176 for the full definition.

### Underlying operating costs

Underlying operating costs increased by 8% to £338.5 million (2023: £314.6m) reflecting wage and cost inflation, annualisation of headcount growth, increased technology spend and higher volume driven activity costs, offset by a reduction in support costs and a lower Financial Services Compensation Scheme (FSCS) levy.

### People costs

People costs increased 7% to £179.9 million (2023: £167.9m) as we invested to support our colleagues through the course of the year. Our pay award for the year was an average of 5% across all of our junior role levels. We have also seen the annualisation of headcount growth from the prior year.

Our headcount increased during the first half of the year, with 2,480 FTE in place at 31 December and then peaking in January in the run-up to tax year end. Staff numbers have declined in relation to permanent staff and we have significantly reduced the number and subsequently the cost of contractors in the second half of the year, closing out the year at 2,409 FTE.

Staff costs in the second half of the year were lower than in the first half of the year as a result.

### Activity

Activity costs comprise marketing costs, dealing-related costs, and payment costs for client cash transferred onto the platform. Overall activity costs have increased by £8.1 million during the period reflecting higher dealing volumes, offset by reduced debit card charges for clients moving money onto the platform.

The primary driver has been dealing costs, which have increased by 29% and specifically in relation to overseas dealing we have incurred an additional £4.5 million. This is driven by the increased stockbroking deals, as noted previously.

Offsetting these increased costs are reduced costs in relation to payment costs, after the introduction of pay by bank in the prior year. This has led to a cost saving of £1.9 million over prior year. Marketing costs have remained consistent year on year, but our mix of spend has changed, with increased spend on direct client acquisition offsetting reduced brand spend.

### Technology

Technology costs increased to £48.2 million (2022: £38.8m), again driven by software support fees and service subscriptions as we build out our digital capability and transfer our systems to the cloud. We continue to improve the security of our IT environment. As previously communicated, this requires the use of more third-party software, leading to an increase in licence and subscription costs throughout the year as we invest in our overall capability.

### Support

Support costs, which include legal and professional fees, office running costs, depreciation and amortisation decreased to £51.8 million (2023: £56.3m). This largely relates to the one off increase in the dilapidations provision and increases in relation to office running costs in the prior year, which have not been repeated. Insurance costs and professional fees have decreased in the year, but this has been offset by an increase in costs relating to client compensation.

The Financial Services Compensation Scheme (FSCS) levy run by the FCA decreased to £5.0 million (2023: £6.1m). The FSCS is the compensation scheme of last resort for customers of authorised financial services firms.

### Adjustments to underlying profit

Total strategic spend, including impairment of intangible assets and restructuring costs in the year were £64.0 million, of which £59.7 million has been expensed, as shown in the income statement on page 25 and £4.3 million has been capitalised in line with our accounting policy. As planned, our level of strategic spend increased in the year as we are now running multiple scale programmes concurrently as part of the transformation. Spend primarily comprises staff (including contractor) costs and associated professional fees, associated compliance, infrastructure and support costs. These costs incurred in the period are in addition to the business as usual, or underlying, costs of the business.

As set out in our interim results, we have recognised an impairment charge of £14.4 million against intangible assets previously capitalised in the first half of the year. Full details of the impairment are included in note 2.2 to the financial statements on page 147.

£5.4 million has been incurred in the period in relation to the reset of the Executive Leadership and the Digital Leadership teams.

### Profit and earnings

During the year, £30.2 million of finance income resulted from a higher level of corporate cash combined with more stable interest rates throughout the full year. Finance costs comprise the undrawn cost of the Group's Revolving Credit Facility and the interest incurred on the Group's leases.

On an underlying basis, profit before tax increased by 4% to £456.0 million (2023: £438.8m). On a statutory basis, profit before tax decreased by 2% to £396.3 million (2023: £402.7m).





## Strategic report

# OPERATING AND FINANCIAL REVIEW CONTINUED

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### Tax

The effective tax rate for the period was 26.0% (2023: 19.7%). This is due to the increase in the corporation tax rate in April 2023, which has now been in place for a full year.

The Group's tax strategy is published on our website at <http://www.hl.co.uk>

### Earnings per share

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Operating profit	366.7	384.4
Finance and other income	30.2	19.0
Finance costs	(0.6)	(0.7)
Profit before tax	396.3	402.7
Tax	(103.1)	(79.0)
Profit after tax	293.2	323.7
Underlying profit before tax*	456.0	438.8
Tax on underlying profit*	(118.5)	(86.1)
Underlying profit after tax*	337.5	352.7
Weighted average number of shares for the calculation of diluted EPS	475.2	474.6
Diluted EPS (pence per share)	61.7	68.2
Underlying diluted EPS (pence per share)*	71.0	74.3

\* Underlying profit before tax, tax on underlying profit before tax, underlying profit after tax and underlying diluted EPS for the period exclude £39.9 million of strategic investment costs, intangible impairment of £14.4 million and restructuring costs of £5.4 million. See the Glossary of Alternative Performance Measures on page 176 for the full definition.

Diluted EPS decreased by 10% from 68.2 pence to 61.7 pence, this highlights the impact of the increase in the tax rate that has been in effect for the full year. The Group's basic EPS was 61.9 pence, compared with 68.3 pence in 2023.

Underlying diluted EPS decreased by 4% from 74.3 pence to 71.0 pence (see Glossary of Alternative Performance Measures on page 176 for the full definition). The Group's underlying basic EPS was 71.2 pence, compared with 74.4 pence in 2023.

### Capital and liquidity management

Hargreaves Lansdown looks to create long-term value for shareholders by balancing delivery of profit growth, capital appreciation and an attractive dividend stream to shareholders with the need to invest in the business to maintain a broad savings and investment offering and high service standards for our clients.

The Group seeks to maintain a strong net cash position and a robust balance sheet with sufficient capital and liquidity to fund ongoing trading and future growth. The Group's net cash position at 30 June 2024 was £636.6 million (2023: £503.3m). Cash generated from operations more than offset the payments of the 2023 final ordinary dividend and the 2024 interim dividend. This includes cash on longer-term deposit and is before funding the 2024 final dividend of £142.2 million.

The Group has a Revolving Credit Facility agreement with Barclays Bank to provide access to a further £75 million of liquidity. This is undrawn and was put in place to further strengthen the Group's liquidity position and increase our cash management flexibility. The Group also funds a share purchase programme to manage the impact of dilution from operating our share-based compensation schemes.

The healthy net cash position provides both a source of competitive advantage and support to our client offering. It provides security to our clients and allows us to provide them with an excellent service, for example through using available liquidity to allow same day switching between products that have mismatched settlement dates.

### Capital

As set out in our interim results for the six months ended 31 December 2023, the Board has reviewed and agreed the capital management framework for HL. This framework takes into account, in priority order, appropriate levels of capital above the Regulatory Requirement, the level of organic investment required to support the business plans for growth and efficiency, and the importance of delivering sustainable and attractive shareholder returns.

The framework comprises four elements in priority order:

#### 1. Maintaining a Robust Balance Sheet

Our priority continues to be maintaining robust financial health; holding a management buffer above the regulatory minimum to support the businesses' regulatory capital and liquidity requirements. The FCA's Investment Firm Prudential Regime (IFPR) applies to the Group and HL completes this assessment through the Group Internal Capital Adequacy and Risk Assessment (ICARA) processes. The Regulatory Requirement is driven by factors set out in the ICARA framework with the main drivers of material movement being the level of AUA managed by HL and our internal assessment of the level of risk presented within the business.

#### 2. Investing for Growth and Efficiency

We will deploy capital for investment in the business to maintain and enhance our platform capabilities through investment in people capability, technology and innovation. Where appropriate, the Board may choose to selectively deploy capital for inorganic growth to accelerate delivery of the strategy.

#### 3. Ordinary Dividend Policy

Recognising the importance of shareholder returns, cash distributions to shareholders will be primarily driven through our progressive ordinary dividend. We will continue to give specific dividend guidance on an annual basis whilst we are investing in the business through the Strategic Spend programme through to FY27.



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#### 4. Other Capital Returns

Where the Board assesses there to be surplus capital available for distribution after the above considerations have been taken into account, this will be returned to shareholders as part of our full year annual cycle over time. The specific mechanism for a return of surplus capital will be determined should an additional return be deemed appropriate.

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Shareholder funds	815.1	709.7
Less: goodwill, intangibles and other deductions	(42.0)	(54.7)
Tangible capital	773.1	655.0
Less: provision for dividend	(142.2)	(136.6)
Qualifying regulatory capital	630.9	518.4
Less: estimated regulatory capital requirement	(282.2)	(248.3)
Capital held above regulatory minimum before management buffer	348.7	270.1

Total attributable shareholders' equity, as at 30 June 2024, made up of share capital, share premium, retained earnings and other reserves, increased to £815.1 million (2023: £709.7m) due to profit in the year exceeding the dividends paid.

HL plc has four subsidiary companies authorised and regulated by the FCA. The FCA's Investment Firm Prudential Regime (IFPR) applies to the Group and HL completes this assessment through the Group Internal Capital Adequacy and Risk Assessment (ICARA) processes. Our assessment of HL's capital requirements takes account of the regulatory requirements.

Consistent with the IFPR requirements, HLAM is specifically required to disclose regulatory capital information; this is available on the Group's website at <https://www.hl.co.uk/investor-relations>.

#### Capital Management Framework and Dividend Dividend (pence per share)

	2024	2023
Interim dividend paid	13.2p	12.70p
Final dividend proposed	30.0p	28.80p
Total dividend	43.2p	41.50p

In line with guidance, the Board has proposed an increased dividend of 30.0 pence per share (2023: 28.8 pence per share). This takes the total ordinary dividend per share for the year to 43.2 pence (2023: 41.5p)

**Amy Stirling**  
Chief Financial Officer

14 August 2024



# CORPORATE RESPONSIBILITY

Corporate Responsibility is at the core of our purpose, which is to make it easy for people to save and invest for a better future.

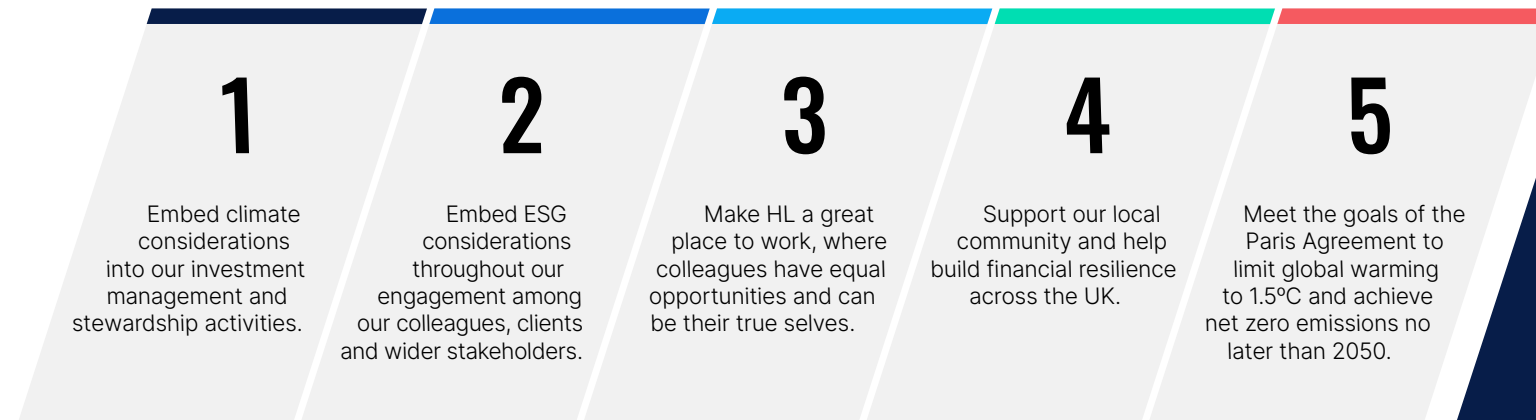
It's not only what we do, but the way in which we do it that also has a significant impact on our clients, our colleagues, the environment and our community.

Therefore, we are embedding Environmental, Social and Governance factors in our operations and investments to ensure a more sustainable management of our business model. This is key for building trust in our brand, products and services, and helping our clients reach great outcomes.

Our Corporate Responsibility approach has been informed by the UN Sustainable Development Goals (UNSDGs), as set out in the Responsible Business section of the HL website.

We are committed to aligning our impact from our operations and investments to the Paris Agreement.

## Aims of our Corporate Responsibility approach



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## FY24 Highlights

- Published our first entity-level and product-level TCFD reports, increasing the transparency of climate-related risks and opportunities of our assets under management.
- Launched our new Stewardship and Engagement report covering our HL funds and investment solutions, as well as our Company-wide initiatives.
- The Bristol Financial Resilience Action Group has given 25,000 households across Bristol access to free financial education tools and support with 1,300 employees having their employer pension contributions increased.
- The HL Foundation passed the milestone of distribution of over £1,000,000 since its establishment in 2016.



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**Our approach**

We're proud of the progress we've made, but are aware that there's always more we can do. Our Corporate Responsibility approach breaks down our areas of focus into four categories:

- Responsible Platform
- Responsible Fund Manager
- Responsible Business
- Responsible Employer

All companies should positively contribute to society as a Responsible Business and foster an inclusive culture and support colleagues as a Responsible Employer.

Above and beyond this, as the UK's largest D2C investment platform looking after £155.3 billion on behalf of 1.8 million clients, we have a responsibility to support our growing client base as a Responsible Platform, helping clients achieve good outcomes, encouraging more people to start saving and investing and providing them with the information they need to invest in line with their values.

We also manage over £10 billion on behalf of investors as a Responsible Fund Manager. We continue to develop our approach and, this year, have developed an ESG data tool. This new tool provides more insight to fund managers and analysts and has helped to bolster our approach to ESG risk monitoring and engagement.





# RESPONSIBLE PLATFORM



Our broad proposition and expert insight and guidance supports our clients in reaching good outcomes and helps them to save and invest in line with their values.

 Our ESG Investment Policy is available on our Responsible Investment Hub [www.hl.co.uk/funds/responsible-investment](http://www.hl.co.uk/funds/responsible-investment)

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## Our client proposition

We have a broad proposition which supports clients – whatever their knowledge, experience and needs – in better managing their financial health and wealth across their lifetime and helps them develop their understanding of savings and investments through our expert content and research.

Last year, we published over 1,000 pieces of content, analysis and research online, helping to build our clients' knowledge and confidence when it comes to saving and investing. We covered topics from the general election to the AI boom, including providing updates through our new live news service, HL Live, which has had over 34,000 visits since it was launched in February.

We have also continued to work with academics from Nottingham and Warwick Universities to innovate on the delivery of information to clients to further improve the outcomes they achieve. We have been testing different approaches, such as the framing of advice and guidance to ensure clients get the service that's right for them and using 'people like you' messaging, and early results have been positive.

You can find out more about how we've developed our proposition on pages 6 to 21.

## Our focus on great client outcomes

Client outcomes have always been at the heart of what we do. We're confident that we are delivering good client outcomes, and that our future business strategy is aligned with the expectations of the FCA's Principle 12. We're satisfied that appropriate action is being taken where we've identified opportunities to further improve outcomes and enhance alignment with the detailed requirements of the Duty.

## Our managed portfolios and ESG tools


With a focus on helping people build a financially secure future, we understand the importance of providing our clients with the tools they need to make investment decisions right for them, including ESG considerations, insights and guidance.

Over the past year, we have:

- Increased transparency of the climate impact and governance of our managed portfolios by publishing our HLAM TCFD entity level and product level reports.
- Provided responsible investment insights and guidance, through our Responsible Investment Hub which has been updated to align with Sustainability Disclosure Requirement (SDR) regulations.
- Ensured compliance with our ESG Investment Policy across all our investment solutions.
- Reported the results of our stewardship activities in our Stewardship and Engagement Report.



“  
Last year, we published over 1,000 pieces of content, analysis and research online, helping to build our clients' knowledge and confidence when it comes to saving and investing.”

 Our Stewardship and Engagement Report is available at [www.hl.co.uk/funds/hl-funds/hl-building-blocks/other-documents](http://www.hl.co.uk/funds/hl-funds/hl-building-blocks/other-documents)



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**Empowering women through our Financially Fearless initiative**

Our Financially Fearless initiative is designed to empower women at every stage of their financial journey, build financial resilience and provide practical paths to financial independence.

Over the past year, we have:

- Established ourselves as a thought leader in the field, partnering with key networks of women across different industries and cohorts.
- Launched a first-of-its-kind report, delving into the minds of confident female investors and encouraging other women to follow suit.
- Held our first in-person event, as well as being invited to attend other events as key speakers.
- Delivered regular educational content to our community through social channels and emails.
- More than doubled the number of subscribers to our weekly newsletter.

**Developing our accessible platform**

HL's goal is to help everyone save and invest for a better future, regardless of any vulnerabilities or accessibility needs.

Over the past year, we've:

- Provided training to colleagues in roles that help to capture the feedback and experience of clients with accessibility needs, and to those who lead our Product teams so as to ensure accessibility is prioritised.
- Built new parts of our website with accessible design principles at the fore and have had this work audited by a specialist third party.
- Partnered with third parties, like GamCare and Surviving Economic Abuse, to learn about best practice in their areas of expertise and how we can better support our clients.

**Cyber security**

As an online platform, we hold significant amounts of data relating to our clients, products and services. We recognise that protecting this information and safeguarding our clients is critical and, therefore, have built out significant cyber security capability, processes and controls to ensure resilience as we continue to scale.

Our security processes are aligned with industry best practice and with NIST CSF. We conduct regular internal security audits, controls tests, risk assessments, vulnerability assessments and security testing. We are continually evolving and enhancing our approach to cyber security as the external threat-landscape evolves and deliver regular cyber security training and awareness-raising initiatives to colleagues, who are a key line of our defence.



# RESPONSIBLE FUND MANAGER



As a Responsible Fund Manager, ESG factors have been integrated into our investment processes for several years now. However, best practice is continually evolving, and we've developed our approach too.

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## ESG data tool

We developed an ESG data tool which aggregates ESG data from several sources. This provides a new level of insight for our fund analysts and managers, enhancing the challenge they can provide to the third-party fund managers we invest with.

## Engagement

We've bolstered and formalised our engagement efforts, defining three engagement streams:

- ESG risk monitoring – engagement with third-party managers relating to ESG Policy adherence.
- HL's core engagement themes – set out by our experts: climate change, community relations and remuneration.
- Client-led engagement theme – highlighted in our ESG investor survey, deforestation was the primary theme HL clients asked us to engage on.

To boost our engagement efforts, we joined several collective engagement schemes, including the Climate Action 100+ initiative and the Investor Policy Dialogue on Deforestation (IPDD). Our work on improving our engagement approach culminated in the release of our 2023 Stewardship and Engagement Report, which provides more detail on our engagement approach, as well as engagement and voting case studies.

## Transition plan

We've made significant progress in understanding our Scope 3 Financed Emissions (Category 15) associated with our portfolio of HL Funds. We've used this insight to establish a Net Zero Transition Plan, which includes a medium-term carbon intensity reduction target covering our equity and corporate bond investments.

## Our funds

In our HL Funds, we manage more than £10 billion of assets of behalf of our clients and our actions as a Responsible Fund Manager become increasingly important as this number grows.

Our HLFM entity and product-level TCFD reports explain how we take climate considerations into account across our Portfolio Funds, Portfolio Building Blocks and HL Select Equity Funds. An overview of our emissions can be found in our climate-related financial disclosures on page 47–48.



“  
Our actions as a Responsible Fund Manager become increasingly important as our HL Funds grow.



# RESPONSIBLE BUSINESS



We focus our Responsible Business work on driving up the financial resilience of our colleagues, our community and our clients.

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Purpose-led businesses work with others to solve wider societal issues and we demonstrate our Responsible Business credentials through building financial resilience. We care for each other, our clients and our community.

### Financial resilience and education

HL's Savings and Resilience Barometer, created in collaboration with Oxford Economics, pools data from several big official sets, including from the ONS and the FCA, and uses economic modelling to analyse the financial resilience of households across the nation against our 5 To Thrive pillars.

These pillars are:

- Control your debt
- Protect you and your family
- Save a penny for a rainy day
- Plan for later life
- Invest to make more of your money

In addition to the six-monthly Barometer reports, we have also published 'deep dive' analysis on focused areas – our most recent report focused on the 'Effective use of money' and, in September 2023, we explored the position of the self-employed in more detail.



More information can be found at [www.hl.co.uk/features/5-to-thrive](http://www.hl.co.uk/features/5-to-thrive) and our Saving and Resilience Comparison Tool can be found here: [www.hl.co.uk/features/5-to-thrive/savings-and-resilience-comparison-tool](http://www.hl.co.uk/features/5-to-thrive/savings-and-resilience-comparison-tool)

The outputs of this work allow HL to shine a light on the need for policymakers to think holistically about financial resilience and help us to better design products for clients.

### Bristol Financial Resilience Action Group

A key focus of our Responsible Business work is driving up financial resilience in Bristol. This includes building on our existing 5 to Thrive information and tools through the Bristol Financial Resilience Action Group, a free initiative currently providing 19 Bristol employers with a programme to drive financial resilience in their 25,000 employees.

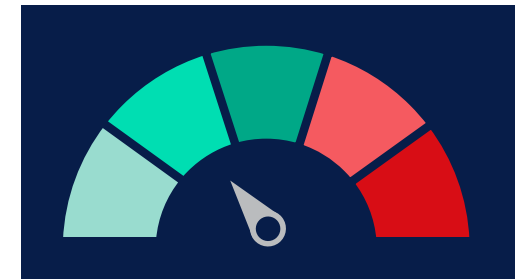
Tangible progress is being made, and so far through the work of the organisations part of the Bristol Financial Resilience Action Group, an additional 1,300 households in Bristol have access to increased pension contributions. More information can be found in the End of Pilot Report.



More information can be found at [www.hl.co.uk/bristol-financial-resilience](http://www.hl.co.uk/bristol-financial-resilience)



The End of Pilot Report can be found at [www.hl.co.uk/\\_data/assets/pdf\\_file/0008/19989287/BFRAG\\_End-of-Pilot-Report\\_May\\_2004.pdf](http://www.hl.co.uk/_data/assets/pdf_file/0008/19989287/BFRAG_End-of-Pilot-Report_May_2004.pdf)



### Community impact, volunteering and partnerships

The HL Volunteering Scheme gives colleagues two paid working days per calendar year to offer their time, skills and experience to good causes – in 2024, colleagues volunteered over 2,500 hours.

We run volunteering schemes focused on building social mobility, improving resilience and supporting local organisations, such as Fareshare South West and the Bristol Sport Foundation, and volunteer in local primary schools, supporting development of literacy skills.

In addition to volunteering, we arrange food donations such as our Christmas Appeal, which collected 150kg of food to donate to 13 charities in the South West. We also work with sustainability-focused organisations, such as YourPark, where we have supported the rewilding of areas in Bristol city centre.





# CORPORATE RESPONSIBILITY RESPONSIBLE BUSINESS CONTINUED

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## HL Foundation

The HL Foundation is HL's charitable arm which acts as a focal point for our colleagues' charitable engagement.

It organises fundraising events, which have raised money for our Charity of the Year, in addition to supporting humanitarian crises in alignment to the Disasters Emergency Committee appeals. Alongside colleague fundraising, the HL Foundation receives donations through both HL plc and payroll giving.

Over the past year, we have focused on strengthening our governance and leadership, welcoming four individuals as trustees,

### Charity of the Year: FearFree

Our most recent Charity of the Year to be chosen by colleagues is FearFree. FearFree supports individuals dealing with domestic abuse, sexual violence, and stalking. Through our partnership, we've amplified their vital work, providing hope and resources to those in need.

### Supporting financial education: Just Finance Foundation

Recently established, the Just Finance Foundation focuses on providing financial education and training materials to schools across the UK. By supporting this initiative, we empower future generations with essential financial literacy skills.

which included two independent trustees. Their fresh perspectives and insights enhance our governance, ensure effective decision-making and strengthen our strategic direction.

The collective efforts of our colleagues, combined with donations from HL plc, resulted in £200,000 being raised for worthy causes last year. We also celebrated a significant milestone – the distribution of over £1,000,000 since the Foundation's establishment in 2016.

## Tax strategy

Integrity and good conduct are central to our culture, and this means we aim to comply with both the spirit and the letter of the law and are committed to conducting our tax affairs in a clear, fair and transparent way.

Taxes provide public revenues for government to meet economic and social objectives. Paying and collecting taxes is an important part of our role as a business operating responsibly within, and contributing to, society. We aim to comply with all our tax filing, tax reporting and tax payment obligations.

We seek to maintain an open, honest and positive working relationship with tax authorities, and we do not undertake aggressive tax planning. Our corporation tax and employer's National Insurance paid in respect of the year ended 30 June 2024 was £115.2 million (FY23: £94.6 million). In addition, we pay other taxes such as VAT, stamp duty and business rates.



Our full tax strategy is available at: [www.hl.co.uk/about-us/tax-strategy](http://www.hl.co.uk/about-us/tax-strategy)

## Human rights and modern slavery

We are committed to being a responsible business and upholding human rights. Our Human Rights Policy supports the key principles established in The Universal Declaration of Human Rights, The International Covenant on Civil and Political Rights, The International Covenant on Economic, Social and Cultural Rights and The International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

We continue to embed respect for human rights in all our operations and aim to ensure our business operations are free from modern slavery, exploitation and discrimination.

There have been no recorded incidences of modern slavery in our supply chain, but we are not complacent. We have created a Supplier Code of Conduct that has been shared with all existing suppliers, and all new suppliers when onboarding services to Hargreaves Lansdown. The Code covers many areas and includes a section on Human Rights where we ask that the supplier should comply with all internationally recognised human rights understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

Within our award-winning platform, fund groups are subject to our Platform Terms of Business which includes a requirement to comply with the Modern Slavery Act 2015. Furthermore, we are aware of modern slavery considerations as part of our anti-money laundering activities, as a financial institution

found to be holding the proceeds of modern slavery and human trafficking will be liable for money laundering offences. We continue to be a signatory of the United Nations Principles of Responsible Investment and consider environmental, social and governance factors, including slavery and child labour, when making our investment decisions. We have an Anti-Slavery and Human Trafficking Policy which applies to everyone working for us, or on our behalf in any capacity.

All colleagues are reminded of this policy and its importance annually. It is available on our internal intranet and referred to in posters around the office. Whilst the Board of Directors has overall responsibility for this policy, it applies to every HL colleague. Our Modern Slavery Act Statement and Human Rights Policy are available on our website.

## Anti-bribery and corruption

HL maintains a full suite of policies and procedures to guard against bribery and corruption. This includes an Anti-Bribery Policy, outlining the offences, responsibilities of all colleagues and clear reporting procedures; a Whistleblowing Policy and process; Anti-Money Laundering and Market Abuse policies; and procedures for dealing with, making and accepting gifts and hospitality.

All colleagues undertake bespoke training programmes, at least annually, for all these areas, in addition to having access to online guidance and procedures aiding awareness. Colleagues can access policy and guidance statements via the Company intranet and these procedures are reviewed and updated on a periodic basis by the Senior Managers responsible for them.



# RESPONSIBLE EMPLOYER



Our colleagues are motivated by delivering for our clients and the brilliant people they work with.

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This has been a year of transition as we go through our transformation under new leadership. Throughout this, we've supported our colleagues through change by listening to their views and seeking feedback, keeping them updated on our strategy development and providing regular touchpoints with our leaders, enabling opportunities and access to development, and fostering the important sense of community and client-centricity at HL that makes us unique.

An important aspect of this was involving colleagues in the development of our new purpose and values – this was a comprehensive exercise where colleagues were invited to contribute to a survey, followed by in-depth focus groups and interviews ensuring that they resonate and are authentic for HL, while driving the right behaviours that enable us to deliver value for our clients.

We've also begun our focus on strengthening our foundations and making things easy for colleagues – a key example was the rollout of our Workday Help tool as a one-stop shop for people-related information.

These changes will help us drive a performance culture as we continue to make HL a great place to work, develop and fulfil career potential.

### Our commitment to Inclusion and Diversity

Our commitment to Inclusion and Diversity (I&D) is driven by our desire to attract and retain the best talent to meet our needs and our view that a more representative workforce will help us deliver the best outcomes for

our clients. We believe that a workforce with more diversity of thought and experience can generate more innovative ideas, make better decisions and transform more effectively.

Aligned to our Strategy and underpinned by our Purpose and Values, we have three I&D priorities:

1. Deliver on our agreed I&D representation targets;
2. Broaden our workforce data and insight to enable a data driven approach; and
3. Intensify our focus on inclusion as a core expectation of life at HL.

This year, to deliver these priorities, our focus is on the following areas which we believe will help us to unlock the most progress.

- Recruitment: we are piloting changes to our recruitment process to better embed diversity in our candidate shortlists through a check and challenge approach.
- Progression: this year we have launched new programmes focused on developing future leaders from under-represented groups. Our new Ascent Programme, launched in partnership with diversity specialists Talking Talent, will support a cohort of mid-level talent to build their confidence and skills to progress their careers. We are also pleased to be participating in the EPOC Board Fellowship Programme which aims to increase ethnic minority representation on Boards.

- Functional approach: we are modelling clearer functional goals for business areas within HL and working with leaders to get clear plans in their areas to support organisational Objectives and Key Results (OKRs).

We believe in managing our commitment to I&D in the same way as we approach any other business objective: by aligning it with and embedding it in our strategy, by defining accountability and by measuring progress.

We set targets for female, ethnic minority and Black representation in 2021, for both our senior and mid-level populations. These were initially targets to be achieved by December 2025, but we have extended the target date to June 2026 to align with the end of our financial year.

The targets for increasing the representation of women and ethnic minority groups at senior levels are built into the OKRs for the organisation to ensure we drive progress against them.

Performance against all of our I&D targets is tracked via a quarterly dashboard which is shared with the Executive Leadership Team, as we know that executive buy-in and accountability is crucial to achieving sustainable change.



More information about our Inclusion and Diversity approach and initiatives can be found at:  
[www.hl.co.uk/corporate-social-responsibility/our-people](http://www.hl.co.uk/corporate-social-responsibility/our-people)

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**Female representation**

We remain committed to increasing the proportion of women at HL and aspire to hire more, promote more and retain talented women within HL.

**Internal commitments**

Our 2026 targets for senior and mid-level female representation are 36–40% for both groups. As at 30 June 2024, we are at 34.0% for senior female representation and 35.7% for mid-level female representation, both of which are on track to meet our 2026 target range.

**External commitments**

We are proud signatories of the Women in Finance Charter where we report annually, in August, on progress against our target for senior female representation of 36–40% by 2026. In the HM Treasury Women in Finance Charter Annual Review 2023, we reported 34.5% of senior management roles were held by women, up from 31.6% the year prior.

We have exceeded the FTSE Women Leaders target of 40% women on Boards and are proud to have a female Chair, Chief Financial Officer, Senior Independent Director and a majority of female Board Committee Chairs. In our 2023 submission, reflecting data as at 31 October 2023, we reported that women made up 38.3% of the Executive Leadership Team and its direct reports, up from 30.2% in our 2022 submission.

Our 2023 Gender Pay Gap (GPG) report, which shows data as at 5 April 2023, showed that our mean and median Gender Pay Gap had widened since the previous year, with the mean moving from 7.8% in 2022 to 9.3% in 2023 and the median moving from 13.7% to 19.1%. Our mean and median Bonus Gap narrowed year-on-year.

Although we had seen an increase in the proportion of women in senior roles, the widening Gender Pay Gap was driven primarily by high levels of recruitment, predominantly of men, into roles commanding a market premium and a greater proportion of senior men in larger roles with higher salaries.

To address this, we continue to be focused on ensuring our recruiters and recruitment partners are committed to finding gender-diverse talent in the market and will reject candidate long-lists that lack sufficient diversity. And, as outlined above, our current priorities for the year include actions to help grow our own mid-level diverse talent into more senior roles.

We recognise that some areas of the business face a greater challenge in attracting female talent and play a disproportionate role on our Gender Pay Gap, for example, our Digital function. This is why another of our current priorities includes getting clear on our aspirations for diverse representation by function, which will be supported by targeted plans.

Our results underline that progress in I&D is rarely linear and that, whilst we are moving in the right direction in many areas, there is still more to do. We continue to closely monitor and improve our I&D-related data to ensure we are taking the actions that will drive the most progress.

**Ethnic minority representation**

Increasing the ethnic diversity of our workforce has been a priority at HL since 2020. We are committed to attracting and retaining the best talent and recognise that ethnic minority groups (colleagues from Black, Asian and minority ethnicities), are under-represented.

**Internal commitments**

We have agreed 2026 targets for senior and mid-level colleagues from ethnic minority groups and also a specific target for Black representation.

We are able to set targets and measure progress against them as most colleagues voluntarily share their ethnicity with us – 87.4% of our colleagues have shared their ethnicity or have selected 'Prefer not to say' in our HR system.

As we have progressed on our commitment to I&D, we have refined the way we calculate ethnic minority representation. In previous years, we have calculated progress against our target based on those that have disclosed. However, in line with guidance from the government around Ethnicity Pay Gap reporting, we are now calculating as a percentage of colleagues as a whole.

- Our target for senior ethnic minority representation is 6–10%. As at 30 June 2024, we are on track at 7.9%.
- Our target for mid-level ethnic minority representation is 8–12%. As at 30 June 2024 we are on track at 9.8%.
- Our target for Black representation is 2–4% across both senior and mid-level colleagues. As at 30 June 2024, we are on track for both, we are at 1.4% for senior Black representation and 1.5% for mid-level Black representation.



Full details of our Gender Pay Gap report can be found at [www.hl.co.uk/corporate-social-responsibility/our-pay-gaps](http://www.hl.co.uk/corporate-social-responsibility/our-pay-gaps)



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“  
We have voluntarily published our Ethnicity Pay Gap for the second year, and are pleased to have enhanced our analysis and made progress.

**Claire Chapman**  
Chief People Officer

**External commitments**

The Board continues to meet the Parker Review recommendation to have at least one Director from an ethnic minority background. In 2023, the Parker Review announced an extension of their targets and asked organisations to set ethnicity targets for their senior management teams to be achieved by 2027. The Parker Review's definition of senior management teams is Executive Committees and their direct reports. At HL, we already have senior ethnic minority targets in place which apply to a broader leadership population, including 'Heads of' and up to and including the Board. Given these are designed to increase representation of Black, Asian and minority ethnic groups and are well embedded in our business priorities, we do not plan to set additional targets at this time. We continue to review our target approach to ensure it delivers the outcomes we want to achieve.

This is the second year we have produced an Ethnicity Pay Gap (EPG) report and the first in which we have chosen to disaggregate the data in order to get richer insight into the barriers faced by different ethnic groups. Our overall EPG measures the difference between ethnic minority (Black, Asian and minority ethnicities) and non-ethnic minority (White) colleagues' earnings.

Our 2023 Ethnicity Pay Gap Report, which shares data from 5 April 2023, showed that our mean and median Ethnicity Pay Gap had narrowed since the previous year, with the mean moving from 19.6% to 12.2% and the median from 21.2% to 20.3%. Our mean and median Bonus Gaps also narrowed year-on-year.

Disaggregating our data allowed us to understand in more detail where we have differences in average pay between different ethnic groups and what is driving this difference. This insight has helped inform our I&D priorities and ensure we are taking the right action to narrow the gaps. As a result of this analysis, we are currently designing a programme designed to support the progression of Black colleagues at more junior roles.

**Creating connection and community**

One of our strategic priorities is to intensify our focus on inclusion as a core expectation of life at HL. This means equipping managers and colleagues with an understanding of why inclusion matters and how to create a more inclusive environment.

Our Colleague Networks play an important role in fostering inclusion and belonging – their purpose is to encourage inclusivity, empower colleagues to use their voice, support network members with signposting, and raise awareness and consult with HL to effect change in our policies and practices. Each network is supported by an Executive sponsor, to ensure their activities get the visibility and support they need to have the greatest impact.

We currently have over 950 members across our six Colleague Networks:

- Chronic Conditions and Disabilities
- Cultural Diversity Group
- Gender Diversity Group
- Kaleidoscope (LGBTQ+)
- Sustainability
- Wellbeing

We also have various community groups covering interests such as sports, board gaming, working parents, carers, religion and politics.

To provide colleague-to-colleague support we have Mental Health First Aiders, Menopause Champions and Endometriosis Champions.

Creating an inclusive working environment has continued to be a focus for this year, with specific managerial and leadership training taking place in recognition of their importance in making HL an inclusive place to work.

Our policies and processes continue to be reviewed to ensure they support equity and inclusion and help us attract the broadest pool of talent.

This year, we've focused on making it easy for our colleagues to find information around policies and processes by launching Workday Help. This is a centralised platform for colleagues and managers to access HR support, manage their people processes and find information all in one place. This work is part of our continuous improvement of the colleague experience at HL, aimed at being more responsive to our colleagues as well as supporting self-sufficiency and knowledge in people-related matters amongst our managers and colleagues.

Getting insight directly from colleagues is an important pillar of inclusion. We run regular 'Listening Sessions', which facilitate different colleague groups sharing their experiences directly with Executive Committee members.

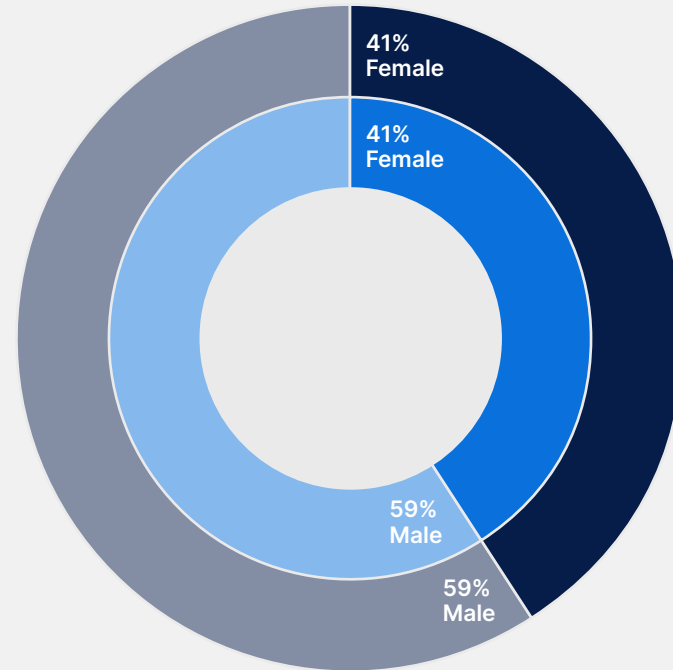
Our Colleague Survey gives a snapshot of colleague sentiment around Inclusion and Diversity, with results of the 2024 survey showing that 83% of colleagues feel positive that HL values and promotes employee diversity.



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**Our workforce**

Total workforce 2024: **2,484**  
Total workforce 2023: **2,277**



	As at 30 June 2024			As at 30 June 2023		
	Board of Directors	Other senior management <sup>1</sup>	Total employees (FTE)	Board of Directors	Other senior management <sup>1</sup>	Total employees (FTE)
Female	5 (50%)	23 (41%)	1,027 (41%)	5 (45%)	16 (28%)	927 (41%)
Male	5 (50%)	33 (59%)	1,457 (59%)	6 (55%)	41 (72%)	1,350 (59%)

<sup>1</sup> Other senior management is defined as an employee who has responsibility for planning, direction or controlling the activities of the Group, or a strategically significant part of the Group, other than the plc Board of Directors and the Non-Executive Director of HLFM, who is not considered a member of the workforce.

**Reward**

Our approach to reward is key in how we unleash the potential of our people and drive a high performance and inclusive culture.

Our refreshed People Strategy will enable us to reset our foundations and then drive performance. The way our Performance and Reward Philosophy and strategy supports this will be a key focus over 2025, starting with the alignment of colleague Objectives and Key Results (OKRs) to our five strategic priorities.

Over 2024, we have continued to focus on clear, fair and transparent pay and reward. We use independently benchmarked pay and benefits data to ensure we pay our colleagues fairly for the work they do and we are proud to be accredited with the Living Wage Foundation applying the Real Living Wage to all colleagues – this includes those on internships, placements or apprenticeships.

We believe that our colleagues should be able to share in the success of our business and all colleagues are eligible to sign up to our Save as You Earn (SAYE) scheme. As at 30 June 2024, 38% of eligible colleagues are currently participating in one of our existing Sharesave Schemes.

To complement our direct financial rewards, we provide company matched pension contributions, which includes a double matching scheme, to further encourage our colleagues to save for their retirement, and extended life insurance protection. HL Rewards, our flexible benefits scheme, offers a comprehensive range of protection, health, financial and lifestyle benefits to ensure we provide a benefits package that our colleagues value.



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## Building capability

Our colleagues told us that the disruption and opportunities driven by our digital transformation meant they needed the right knowledge and skills to drive innovation and growth, at the speed and scale of need.

Our colleagues also told us that skilled and supportive leaders and managers remained vitally important for HL, to maximise the potential of that technology and deliver sustainable growth through both people and digital skills.

In response, this year we have continued to grow our learning infrastructure, making it easy for colleagues to access the development they need, at the time they need it and in a way that works best for them:

- Our learning platform providing 24/7 access to thousands of development courses to all colleagues has seen activation rates increase month-on-month, with targeted initiatives driving a 36% increase of users viewing content and a 26% increase of average hours per viewer
- HL's Mentoring Scheme continues to grow, with senior leaders now representing over a third of our mentoring population and ready to share skills, knowledge and expertise with our junior colleagues
- A further 46 people managers enrolled on HL's six-month management development programme, strengthening essential skills in managing and leading high-performing teams
- This year saw the launch of our digital learning channel 'Better Learning', facilitating peer-to-peer learning and making it easy to share knowledge across the business in real time

- In response to emerging skills needs, we also launched 19 brand new Learning Pathways, co-created with our Colleague Forum

We are also making key changes to our suite of eLearning modules, improving the user experience for our colleagues, whilst also driving better outcomes for our clients and our business.

## Early careers and apprenticeships

We recognise the importance of building the next generation of skilled and motivated talent for future leadership and expert roles and have evolved our programmes to support our strategy.

We have grown our apprenticeship offering significantly in recent years and are proud to have three 'live' apprenticeship schemes, with a new Cyber Security scheme starting in September. In total, we've hired 28 apprentices into the business in this financial year, creating roles for local school-leavers and growing our own pipeline of diverse talent.

We continue to create other opportunities for the development of young people in Bristol and the surrounding area through:

- Our Strive internship scheme and our commitment to the nationwide 10,000 Black Interns programme;
- Our Industrial Placements scheme; and
- Our partnership with Bristol Future Talent Partnership to offer work experience for local schools.

## Colleague engagement and listening

In our most recent colleague survey, 82% of colleagues gave us their view, the highest response rate we've achieved (May 2023: 80%).

Our engagement metric is 62. Since the beginning of the pandemic in 2020, this score has remained relatively flat. However, this is not unexpected given the uncertainty of that time and the significant period of organisational change and new leadership we have been going through since. We expect to see this score improve again as the new leadership is embedded in the business.

A positive from our survey was how strongly our colleagues rate their relationships with their managers which has continued to improve – questions around coaching, giving feedback and recognition all improved on the previous year.

With a period of significant change, regular communication and engagement with our colleagues has been essential. We introduced our new CEO through a comprehensive communications campaign, including running listening sessions for colleagues to sign up and share their feedback directly. We have continued to run these sessions bi-monthly, so that different groups of colleagues have the opportunity to share their feedback in person.

We've introduced and focused on building a new senior leadership team (SLT) of just over 50 colleagues who are responsible and accountable for our strategy and leading our colleagues. This group is essential to evolving our approach, cascading information and motivating our wider colleague population.

Additionally, we've introduced six-weekly Colleague Updates where our CEO and other members of our SLT update colleagues on our strategy and take the time to answer their questions. These events have been highly

rated with over 74% of colleagues regularly saying they have improved their understanding of our strategy.

We've continued to make improvements to our other communication channels including:

- Relaunching our intranet as HL Home – a place for colleagues to find or be signposted to the information and tools to do their jobs
- Running numerous engagement events in our office and online for topics such as our annual benefits window, learning at work week, and showcasing different teams to promote understanding of the different careers available in HL
- Producing engaging visual and video content on posters and digital screens around the office

We have continued to engage and invest in our Colleague Forum. Elected colleagues represent their different business areas and the Forum is chaired by Colleague Representatives. In addition to providing an opportunity to consult with colleagues on our executive and wider workforce pay approach, it provides a two-way feedback channel on our strategic priorities and a route for colleagues to raise their own topics for debate. During the year, the Forum members have had external training on how to be effective representatives and have provided feedback to help us improve the Forum's ways of working. They have provided insight and feedback on topics ranging from our purpose and values, through to increasing usage of our learning platform, and encouraging engagement with the HL Foundation.

The Forum allows us to co-create People change, keeping colleagues and clients at the heart of what we do.



# CLIMATE-RELATED FINANCIAL DISCLOSURES

## TCFD consistency statement

As required by paragraph 8(a) of Listing Rule 9.8.6R, we set out in the table below our statement of consistency with the TCFD Recommendations and Recommended Disclosures. The preparation of our disclosures have been informed by section specific guidance and other TCFD guidance materials, including the TCFD Annex.

Key: Level of disclosures



	TCFD recommendation	Status
<b>Governance</b> <small>Disclose the organisation's governance around climate-related risks and opportunities.</small>	Describe the Board's oversight of climate-related risks and opportunities.	● Full
	Describe management's role in assessing and managing climate-related risks and opportunities.	● Full
<b>Strategy</b> <small>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where this such information is material.</small>	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	● Full
	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	● Full
	Describe the resilience of the organisation's strategy taking into consideration different climate scenarios, including +2 degrees or lower.	◐ Partial
<b>Risk management</b> <small>Disclose how the organisation identifies, assesses, and manages climate-related risks.</small>	Describe the organisation's processes for identifying and assessing climate-related risks.	● Full
	Describe the organisation's processes for managing climate-related risks.	● Full
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	● Full
<b>Metrics and targets</b> <small>Disclose the metrics and targets used to assess and manage climate-related risks and opportunities where material.</small>	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	● Full
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	◐ Partial
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	● Full

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**Governance**

Our approach to governance around our climate-related risks and opportunities feeds into our governance structure on page 71 through our ESG Taskforce.

**Board oversight of climate-related risks and opportunities**

The plc Board is responsible for our overarching Group-wide strategy, including ESG, climate change and sustainability.

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

Our Corporate Affairs Director has delegated authority from the plc Board to manage and assess our ESG strategy, including climate-related risks and opportunities. Our strategy is supported by our ESG Taskforce, a cross-functional working group looking after the day-to-day activities, including bi-annual Board updates with progress of targets, risk and opportunities and new regulations.

**Strategy**

Our business-wide strategy is underpinned by reducing our impact on the environment and becoming lean and efficient with a focus on providing great outcomes for our clients. You can read more about our strategy on page 18.

**Climate-related risks and opportunities**

We have performed an assessment of climate-related risks included in our Enterprise Risk Management (ERM) system including transition<sup>1</sup> and physical<sup>2</sup> risks over short, medium and long-term time horizons under three contrasting climate scenarios. These scenarios are hypothetical scenarios to assist our understanding of how climate change impacts our business. Performing this assessment tests that our strategy can respond to climate-related risks and that we can take advantage of climate-related opportunities.

**Hargreaves Lansdown**

Report and Financial Statements 2024

Board committee	Responsibility	FY24 key actions
plc Board	The Board is responsible for the development of our strategy promoting the long-term sustainable success of the business.	Reviewed and approved our Net Zero target for our financed emissions.
Risk Committee	Reviews and advises the Board on changes to the Group's risk appetite, risk profile and future risk strategy.	Reviewed and approved our risk appetite statement for ESG risk and Key Risk Indicators and approved identification of climate change as a key risk.
Audit Committee	Monitors the integrity of the Group's financial reporting.	Reviewed and approved the Group's TCFD disclosures and entity and product level disclosures following an Internal Audit assessment of entity and product level disclosures.

**Climate scenarios**

To assess our exposure to these risks and opportunities we have selected three scenarios based on the framework of Network for Greening the Financial System (NGFS). We have selected these scenarios as they are used by central banks, including the Bank of England.

**Strategic response**

Despite the potential impacts from climate change, we remain resilient to climate-related risks and opportunities.

Our opportunities are short to medium term that we aim to take advantage of and we look to continually improve our approach, aligning to industry standards.

Scenario	Risk factors	Policy ambition	Policy reaction	Technology change	Carbon dioxide removal	Regional policy variation
<b>Orderly (Net Zero) – 1.5 Degrees Celsius</b> This scenario is ambitious in nature. Limiting global warming to 1.5 degrees by 2050 and reaching net zero emissions.	This scenario enforces rigorous climate policies which are introduced immediately and there is a medium to high use of carbon dioxide removal to accelerate the removal of carbon emissions (decarbonisation) from human activities. Physical risks are relatively low, but transition risks are high.	1.4–1.5°C	Immediate and smooth	Fast change	Medium-high use	Medium variation
<b>Disorderly (Delayed transition) – 1.6 Degrees Celsius</b> This scenario assumes global annual emissions do not decrease until 2030. Stringent policies are then required to limit global warming to below 2 degrees.	Emissions would be expected to exceed the carbon budget and then rapidly decrease. Carbon removal is assumed low increasing carbon prices. Both transition and physical risks are higher than a Net Zero scenario after 2030.	1.6°C	Delayed	Slow/Fast change	Low-medium use	High variation
<b>Hot house world (Current policies) – 3+ Degrees Celsius</b> This scenario assumes current policies are maintained leading to high physical risks.	Emissions continue to grow beyond 2050 leading to 3 degree warming and increased physical risks. There is minimal policy implementation and a slow change in technology to support carbon removal.	3°C+	None – current policies	Slow change	Low use	Low variation

<sup>1</sup> Transition risks are the risks associated with moving to a low-carbon economy or policies to address climate change. Categories for transition risks include reputation, market, legal & policy and technology.

<sup>2</sup> Physical risks are acute or chronic risks. Acute risks refer to short-term scenarios that have an immediate impact like flood, droughts and wildfire and chronic risks refer to longer-term scenarios including changes to weather pattern e.g. rising temperatures.

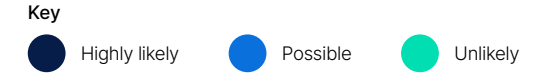




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**Scenario analysis**



Risk	Description of risk	Potential impact	Scenario	Timeframe			Strategic response
				0-5 years	5-10 years	10+ years	
<b>Reputation</b>	The risk that our stakeholders perceive us as being unresponsive to climate-related risks and are unhappy with our progress of aligning our investments and products with the transition to a low-carbon economy.	Loss of client trust and reduced demand for products and services leading to clients directing capital to other platforms and poor investor outcomes.	Orderly	●	●	●	<p><b>Delight clients, drive growth</b> – We offer a broad range of products and investment solutions and guidance for our clients on responsible investing. Content for our third-party funds and investment solutions is required to include and assess ESG factors and we operate a Conduct Framework, in which ESG aspects form part of, owned and managed through the Client Outcomes Function aligning with the expectations of the Consumer Duty.</p> <p><b>Opportunity</b> – Increasing our focus on communications on educating clients on how to mitigate climate risk. Our clients have identified climate change as a key issue they would like us to engage on. This has fed into our engagement themes as outlined in our Stewardship and Engagement Policy as well as encouraged our membership with Climate Action 100+.</p>
			Disorderly	●	●	●	
			Hot house world	●	●	●	
<b>Market</b>	The risk that climate change or the transition to a lower-carbon economy negatively impacts the global economy and therefore the value of assets on our platform and in our range of managed investments.	Assets with exposure to climate-related risks may be subject to a decrease in value, impacting returns and related revenue streams.	Orderly	●	●	●	<p><b>Delight clients, drive growth</b> – Our broad range of investments allows our clients to hold diversified portfolios and react to changing market trends. For our managed portfolios and funds, we have an ESG investment process focusing on ESG risk mitigation. Our TCFD entity and product reports provide further transparency behind our managed portfolio and assets.</p> <p><b>Opportunity</b> – Increase of sustainable investment solutions and product information on emissions using data. Incorporating Sustainability Disclosure Requirements (SDR) into our website and search function to help accelerate flows into the low carbon economy.</p>
			Disorderly	●	●	●	
			Hot house world	●	●	●	
<b>Policy and legal</b>	The risk that to achieve a lower-carbon economy policies and regulations need to be introduced and complied with, increasing our disclosure obligations.	Increase in the cost of compliance to meet the regulations and the potential impact on product restrictions.	Orderly	●	●	●	<p><b>Increase pace and resilience</b> – We have seen growing demand on regulatory policies for companies worldwide. Increasing our resilience supports fast paced regulatory changes. Through our regulatory compliance teams, we horizon scan for policy and legal risks associated with climate change. Our governance framework allows for upcoming changes to policy to be tracked through our ESG Taskforce updating the Board on new requirements.</p> <p><b>Opportunity</b> – Engaging early with upcoming policies would enable us to be a first mover.</p>
			Disorderly	●	●	●	
			Hot house world	●	●	●	



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**Scenario analysis**



Risk	Description of risk	Potential impact	Scenario	Timeframe			Strategic response
				0-5 years	5-10 years	10+ years	
<b>Technology</b>	The risk of failing to adapt to emerging technology related to the transition to a lower-carbon economy, such as renewable energy, increased energy efficient technology and carbon capture and storage.	Increased operating costs through maintaining IT infrastructure.	Orderly	Highly likely	Highly likely	Unlikely	<p><b>Increase pace and resilience</b> – Our approach, increasing cloud-based solutions, supports us in becoming more efficient, reducing the need to renew outdated IT infrastructure. Removing on premises data centres will improve our efficiency, reduce office running costs and increase our capability.</p> <p>Our core office locations run off renewable energy and we continually review our property infrastructure to ensure efficiency savings are being achieved.</p> <p><b>Opportunity</b> – Continuing to increase our capability and platform performance by leveraging economies of scale through efficient and lean technologies, reducing our energy demand.</p>
			Disorderly	Possible	Highly likely	Unlikely	
			Hot house world	Unlikely	Unlikely	Unlikely	
<b>Acute</b>	The potential financial losses that may arise from the direct impacts of climate-related events, such as natural disasters or extreme weather events, on HL's investments and operations.	Longer-term changes in climate patterns such as flooding, extreme weather and higher temperatures impacting our operations.	Orderly	Unlikely	Unlikely	Unlikely	<p><b>Increase pace and resilience &amp; focusing on our people</b> – As part of our business continuity plans, we consider the effects of adverse weather and the impact on our operations, supply chain and workforce through annual due diligence reviews.</p> <p>We operate a hybrid working model providing operational resilience to potential impacts.</p>
			Disorderly	Unlikely	Possible	Possible	
			Hot house world	Unlikely	Highly likely	Highly likely	
<b>Chronic</b>	The potential financial losses that may arise from the gradual and persistent impacts of climate change, such as sea level rise or changes in temperature and precipitation patterns, on HLs investments and operations.	Increased cost to the business due to risk of flooding at our offices or reduced employee productivity.	Orderly	Unlikely	Unlikely	Unlikely	<p><b>Increase pace and resilience &amp; focusing on our people</b> – As part of our business continuity plans, we consider the effects of adverse weather and the impact on our operations, supply chain and workforce through annual due diligence reviews.</p> <p>We operate a hybrid working model providing operational resilience to potential impacts.</p>
			Disorderly	Unlikely	Unlikely	Unlikely	
			Hot house world	Unlikely	Possible	Possible	

**Metrics and targets**

In FY24 we have extended our reporting to cover further Scope 3 emissions homeworking and are reporting our emissions as Operational emissions, which shows the impact of our day-to-day activities and investment emissions, which is the emissions related to our HL managed Funds.

Our focus this year has been on our emission reduction and efficiency and to review and improve our approach to emission calculations. We conducted a review of our data and recalculated our emissions back to our baseline year (2018).

As our Investment emissions are estimated to make up 99% of our total emissions, our remaining Scope 3 categories, that have not yet been reported, have been assessed as immaterial.



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**Our operational emissions**

	Tonnes CO <sub>2</sub> e						
	FY24			FY23			Baseline 2018
	UK	Overseas	Total	UK	Overseas	Total	
<b>Scope 1 and 2</b>							
Scope 1 – Gas and refrigerant gases	553	–	553	213	–	213	266
Scope 2 – Purchased electricity (location-based)	628	26	654	696	27	723	1,255
Scope 2 – Purchased electricity (market-based)	12	26	38	149	27	176	1,255
<b>Total Scope 1 and 2 emissions (market based)</b>	<b>565</b>	<b>26</b>	<b>591</b>	<b>363</b>	<b>27</b>	<b>390</b>	<b>1,521</b>
<b>Scope 3</b>							
Business travel			100.35			148.9	
Employee commuting & working from home			664.67			512.8	–
<b>Total reported operational Scope 3</b>			<b>765.02</b>			<b>661.7</b>	
Total outside of Scope emissions*	0.25	–	0.25	0.27	–	0.27	–
<b>Energy usage (kWh)</b>							
Gas	1,345,864	0	1,345,864	1,595,066	0	1,595,066	1,443,628
Electricity	3,032,091	123,772	3,160,569	3,362,077	128,478	3,490,555	4,433,597
<b>Total</b>	<b>4,377,955</b>	<b>123,772</b>	<b>4,506,433</b>	<b>4,957,143</b>	<b>128,478</b>	<b>5,085,621</b>	<b>5,877,225</b>
Intensity per FTE (1 and 2)	0.24			0.21			
Usage per FTE (1 and 2)	1,762			2,739			
Intensity per FTE (3)	0.31			0.36			

\* Following our data review we have restated our Scope 1 and 2 figures for FY23. Under SECR, the amount reported in FY23 which is now restated respectively for Scope 1 was 876.8 tCO<sub>2</sub>e, Scope 2 (location based) 490.4 tCO<sub>2</sub>e and scope 2 (market based) 24.9.

\* Outside of scope emissions relates to the short term emissions caused through the procurement of biogas.

**Methodology and boundary** – We calculated our emissions based on the financial consolidation approach. The Group's carbon footprint was calculated using an operational control approach. Under this approach, all entities, and associated assets over which the Group has 100% operational control are included under the organisation's Scope 1 and 2 emission categories.

**Calculation** – We have calculated our Scope 1 and 2 emissions using primary energy data, where available, and converted this using the official UK Government conversion factors. Where data is incomplete, we will use primary energy data to estimate our remaining emissions. For business travel emissions we use expense claim data, multiplied by emission factor data. For employee commuting and working from home, we collected data from staff on their home working and travel arrangements and have combined this with publicly available data to estimate the emissions.

**Overview**

**Progress** – Our scope 1 emissions have increased compared with prior year due to a one-off refrigerant gas leak which resulted in 514 tCO<sub>2</sub>e. Outside of this, we have reduced our gas and electricity emissions against prior year. The impact of our investment in renewable energy can be seen in our Scope 2 – Purchased Electricity (market-based) and outside of scope emission categories.

In FY24, we began to switch off older IT infrastructure assets, reducing our energy demand in one of our office spaces, and we have initiated a review on other energy saving options.

For our employee commuting emissions, we have increased our reporting to include homeworking. Our employee commuting will increase in line with our workforce. We ask our colleagues to complete the Travel West survey, a survey that runs across the West of England, to assist our local community in planning more sustainable travel to work. We continue to support our colleagues through the cycle to work scheme whilst we explore different ways to capture this data more effectively, engaging with colleagues throughout the year.

**Efficiency metrics** – We have chosen to report our operational Scope 1 and 2 emissions per FTE as our Scope 1 and 2 emissions are driven by our employees working in our office locations. We are also reporting our usage per FTE to reflect our reduction efforts.

**Looking forward** – In FY25, we aim to report our full emissions profile to conclude our Scope 3 reporting including our purchased goods and services and capital goods emissions. We are also considering ways to further support our employees by further encouraging sustainable commuting and working practices through our colleague-led Sustainability Network.



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### Overview

Our focus this year has been to increase transparency of our investment emissions and set a target for our financed emissions.

**Progress** – We have made progress by publishing our TCFD entity-level and product-level reports alongside our investment emissions climate transition plan.

The core of the transition plan is our engagement-led approach, and we've joined collective engagement schemes such as Climate Action 100.

Our financed emissions are where we see us being able to reduce our impact the most; as such, we have set a target for our HL Funds to reduce our weighted average carbon intensity (WACI) of our listed equity and corporate bond investments by 50% by 2030, relative to a 2019 baseline.

We are pleased to report a reduction in our WACI of our HL Funds of 10.1 tonnes CO<sub>2</sub>e/\$m revenue since prior year and a reduction of 39.53 tonnes CO<sub>2</sub>e/\$m revenue against our baseline year WACI.

**Looking forward** – We aim to continue to reduce our WACI whilst improving our data quality on our investment emissions through engagement and work with our third-party data provider. We have included a '% reported' indicator which represents data that is either reported by the underlying company or where Sustainalytics has estimated data.

We continue to review our approach towards our investment emissions to ensure the boundary set for these emissions is appropriate.

### Our investment emissions

The emissions associated with our investments comes from the management of HL's Funds.

Product	Description	Tonnes CO <sub>2</sub> e		
		FY24	FY23	Baseline 2019
HL Funds	Total carbon emissions	560,893	436,543	–
HL Funds	Carbon footprint	43.24	39.69	–
HL Funds	Weighted average carbon intensity	96.31	106.41	135.84
HL Funds		88.96	88.95	

**Methodology and boundary** – We calculated our financed emissions in line with TCFD guidance using PCAF principals and EVIC. Our operational boundary for our Financed emissions cover our HL managed funds and our managed portfolios. As our managed portfolios are largely made up of HL funds we are not reporting these separately to avoid double counting. The scope of financed emissions is continually evolving and we will review our approach annually.

**Calculation** – In FY23, our calculation focused on equities. In FY24, we are including corporate bonds. As calculations and methodology improves, we will continue to update and improve our approach. Our calculation covers Scope 1 and 2 emissions. Scope 3 emissions are not included in our calculations as we are not confident in the data coverage. Scope 3 emissions data is improving and we will continue to review our approach and we will look to include this data in future reporting years.

**Total carbon emissions** – The absolute greenhouse gas (GHG) emissions associated with the portfolio. Scope 1 and Scope 2 GHG emissions are allocated to investors based on an enterprise value approach. This is the total emissions associated with the fund. The enterprise value calculation values a company based on both the equity and debt value of a company including any cash.

**Total carbon footprint** – The total carbon emissions for the portfolio normalised by the market value of the portfolio This is the emissions associated with \$1 million of investment.

**Weighted average carbon intensity** – The portfolio's exposure to carbon intensive companies, relative to revenue. Scope 1 and Scope 2 GHG emissions are allocated based on portfolio weights (the current value of the investment relative to the current portfolio value). This is the economic carbon efficiency of the fund.

You can view the full calculation and methodology in our HLFM TCFD report. This report goes into further detail on our financed emissions.

**Data** – Access to reliable climate-related data covering all holdings is an industry-wide challenge, as such we have stated how much of the data is "reported" by the underlying companies. To calculate our financed emissions we use Morningstar Sustainalytics as a data provider and we have placed reliance on the accuracy of this data used in our calculations. For our reporting, 83% is based on reported emissions and 5.87% is based on estimates. Due to data limitations, where we have gaps, we reweight our portfolio to 100%.



View our HLFM TCFD report here  
[www.hl.co.uk/investorrelations/esg](http://www.hl.co.uk/investorrelations/esg)



View our investment emissions transition plan here  
[www.hl.co.uk/investorrelations/esg](http://www.hl.co.uk/investorrelations/esg)



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## Targets

We review our targets annually to check that they align with our strategy and continue to be clear and relevant.

Our targets focus on continued reduction and efficiency improvements, making us resilient towards our climate-related risks and opportunities.

This year we have highlighted that our offsetting target will be reviewed in FY25 as part of our transition planning and wider ESG strategy. This target is being reviewed to see whether the use of carbon offsets will form part of our wider transition plan.

Our commitment to ESG extends to how we incentivise our leadership. A portion of Executive Directors' Performance Share Plan awards are tied to achieving our climate-related targets.

Target	What this means to us	FY24 progress against targets
<p><b>Investment emissions</b> Reduce the carbon intensity of our investments by 50% by 2030 in our HL Funds. <b>Measure:</b> WACI</p>	<p>As a financial services company we see our investment emissions as the area where we hold the largest impact.</p> <p>Our transition plan is engagement led and our current interim target covers our listed equity and corporate bond investments, approximately 90% of our total AUM. We are targeting a reduction in the weighted average carbon intensity of our investments relative to a 2019 baseline. We aspire to expand this coverage as data quality and industry standards improve.</p>	<ul style="list-style-type: none"> <li>Reported a 39.53 tonnes CO<sub>2</sub>e/\$m revenue (29%) reduction against our baseline figure.</li> <li>Published our TCFD entity and product level reports.</li> <li>Published our Climate Transition plan for our investment emissions.</li> <li>Published our Stewardship and Engagement Report which details progress on our climate-related engagement efforts.</li> </ul>
<p><b>Operational emissions</b> Net Zero in Scope 1 and 2 in our core offices by 2030. <b>Measure:</b> Usage per FTE, Intensity per FTE (Scope 1 and 2).</p>	<p>As a starting point we aim to increase our core office locations' efficiency, reducing our demand on the grid.</p> <p>This target is an interim target for our commitment to be Net Zero by 2050.</p> <p>We have started to review our approach and hope to finalise a full review accompanied by a transition plan to support this. As part of this review, and as highlighted below, we will assess whether the use of carbon offsetting will form part of our transition plan.</p>	<ul style="list-style-type: none"> <li>Reduced our usage per FTE by 977 kWh (36%) which can be attributed to energy saving methods such as switching off older IT infrastructure, reducing our energy demand.</li> <li>The increase of 20% in our intensity per FTE (1 and 2) is due to a one-off gas leak to one of our air conditioning systems. The systems are regularly maintained and other options are not feasible for the size of our office location. We will continue to monitor this.</li> <li>Reviewed our technology infrastructure and started to switch off older technology to reduce our energy demand.</li> <li>Increased internal reporting to track the benefits of energy saving activities.</li> </ul>
<p><b>Operational emissions</b> Identify and report all scope 3 emissions by FY25. <b>Measure:</b> Reporting all relevant Scope 3 categories.</p>	<p>Report our full emissions profile of our operational impact (including our purchased goods and services and capital goods emissions) and our investment impact (financed emissions).</p>	<ul style="list-style-type: none"> <li>Reported our investment emissions from FY24 onwards.</li> <li>Started an initial review of data providers to support calculations for other Scope 3 categories.</li> </ul>
<p><b>Target under review:</b> Carbon offset more than we emit in Scope 1, market-based Scope 2 in our core offices<sup>1</sup> and Scope 3 business travel and employee commuting by 2025.</p>	<p>Whilst aiming to become more energy efficient we understand the impact happening today because of CO<sub>2</sub> being released into the atmosphere. This target shows our commitment to invest in carbon offsets to carbon capture more than we release through our operational activities while educating our colleagues on sustainable travel.</p>	<ul style="list-style-type: none"> <li>Reviewed our approach to data and calculations, improving on our data quality.</li> <li>Continued investment in renewable energy including biogas for our core office's gas.</li> </ul>

<sup>1</sup> Core office spaces are the office spaces where we hold the ability to select the energy provider and make changes to the building. For HL plc this includes two of our office spaces in Bristol.



# CORPORATE RESPONSIBILITY

The information presented here, including the sections referred to, represents our non-financial and sustainability information statement as required by sections 414CA and 414CB of the Companies Act 2006.

Reporting requirement	Our approach	Where you can find out more
<b>Climate and environment</b>	<p>As a platform offering our clients investment solutions we understand that our largest impact comes from assets under management that we have stewardship over. In FY24 we have published our entity and product level TCFD reports, alongside our investment emissions transition plan.</p> <p>To deliver our climate targets we focus on engagement and decarbonisation of both our operational and investment emissions.</p>	<p>Our Climate-related Financial Disclosures align with the four TCFD pillars covering our governance, strategy, risk and opportunities and metrics and targets.</p> <p>Read more in our Climate-related Financial Disclosures on pages 43 to 49</p>
<b>Employees</b>	<p>Our focus is on making HL the best place to work for our colleagues, ensuring we build an inclusive and diverse culture for all.</p> <p>The Responsible Employer section of our report provides details on how we reward our colleagues and support them with career development and wellbeing.</p> <p>Further information on our policies to promote diversity and inclusion can be found in the Nomination Committee Report.</p>	<p> Read more in our Responsible Employer section on page 38</p> <p>Read more in our Nomination &amp; Governance Committee Report on page 112</p>
<b>Social matters</b>	<p>We aim to build stronger, more financially resilient communities.</p> <p>Our work on the Savings and Resilience Barometer and supporting our local communities is included in the Responsible Business section of our report alongside the policies, schemes and initiatives that support it.</p>	<p> Read more in our Responsible Business section on page 36.</p>
<b>Human rights</b>	<p>We are committed to supporting the rights of individuals and our people policies promote and support the protection of the rights of our colleagues.</p> <p>We have a zero-tolerance approach to slavery and human trafficking of any kind within our business operations and supply chain.</p>	
<b>Anti-corruption and anti-bribery</b>	<p>We have policies and procedures in place to guard against financial crime, including bribery and corruption, money laundering and terrorist financing, market abuse and fraud.</p> <p>You can read more about our approach and the policies in place to support it in the Responsible Business section of this report.</p>	

We have an important responsibility to contribute to the communities around us and the wider economy.

We focus on driving high levels of Corporate Responsibility and look to engage with a wide range of stakeholders to help create a better future.

The Strategic Report was approved by the Board of Directors and signed on its behalf by:

**Dan Olley**  
Chief Executive Officer

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# EVALUATING AND MANAGING RISKS

## 1. Risk management

Effective risk management is essential for our ongoing success. It enables us to identify and assess potential threats, allowing us to mitigate or manage their impact.

All colleagues at HL have responsibility for risk management in their day-to-day work. This approach ensures that risks are identified and managed at all levels of the organisation.

The Board has ultimate accountability for ensuring HL effectively identifies and manages risk across the organisation. It reviews and approves the firm's risk appetite, regularly monitoring ongoing risk performance against this.

To assist the Board in discharging its responsibilities, we have implemented an Enterprise Risk Management Framework (ERMF), which sets out the way HL identifies, assesses, manages and monitors risk exposures. The framework (see figure 1) is aligned to industry standards and has been in place on the date of this Report's approval and throughout the reporting period. It applies to both the HL Group and its subsidiaries.

We regularly review the ERMF and other risk management tools to ensure they remain effective. Key enhancements made during the period include ongoing embedding of the Group's Risk Appetite framework and further development of the centralised Governance, Risk & Compliance recording & reporting system.

It is important that we continually improve our risk management practices to keep pace with emerging threats, the evolving regulatory landscape and a competitive market. This helps to protect client assets, maintain operational resilience and regulatory compliance as well as mitigate potential losses. To support this, we have further embedded our Risk Maturity Model across the organisation this year, which provides us with a framework to assess our risk approach and prioritise any areas for improvement.

### Risk Culture

Risk management is a core responsibility of all colleagues at HL, with ownership allocated across business areas in line with the three lines of defence model. This fosters a strong risk culture, with colleagues who fully understand their risk management responsibilities and are accountable for their actions. This supports more informed decision making, reducing the likelihood of taking excessive or poorly understood risks.

### Tools and Governance

HL has embedded a number of frameworks and tools that support the management and control of risk.

### Three Lines of Defence Model

The first line of defence (1LoD) is accountable for identifying the relevant risks in their area of responsibility, assessing the exposure to these risks and ensuring appropriate risk mitigation strategies are in place. 1LoD recognises when something has gone wrong or is going wrong, evaluates the possible impact and manages this through the Risk Event Process. 1LoD

comprises the operational functions and business units that own and manage risks; this includes everyone in the organisation except for those in the second or third lines.

There are a number of specialist dedicated first line control functions, including teams responsible for product governance; CASS oversight; client outcomes; conduct risk;

Figure 1: Enterprise Risk Management Framework model





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financial control; IT security; data management; and people, ethics & governance, as well as specialist control teams in the Chief Digital & Information Office, Client & Commercial Office and Chief Operating Office.

The second line of defence (2LoD) is the Risk and Compliance function. As well as setting Company policy on Risk and Compliance matters, 2LoD provides oversight and challenge to 1LoD.

The third line of defence (3LoD) comprises our internal auditors, who are employed by HL but report directly to the Board, allowing them to provide independent and objective assurance on HL's risk framework and its application.

### Risk Taxonomy

Risks to which the Group is exposed are set out in our Risk taxonomy. These are organised across four categories; Strategic, Financial, Operational and Investment risks. This approach ensures that there is consistency and completeness in the capture and management of risks, and facilitates effective aggregation of risk across the Group. The taxonomy is reviewed at least annually so that it remains

relevant and reflective of our risk exposure, with the last update taking place in June 2024.

### Internal Capital Adequacy and Risk Assessment (ICARA)

The ICARA is a firm-wide risk management tool that HL uses to assess the risks faced by the firm. It provides a clear, accurate and transparent link between the risk profile of the business and the capital and liquidity held by the firm to support our Own Funds Threshold requirement. It incorporates the results of Board approved stress tests, which consider our expected performance under alternative conditions and the impact this has on our financial resources.

The HL plc Board and Board Risk Committee provided approval of the annual ICARA in November 2023.

### Risk Management Tools

Risk and Control Self-Assessments (RCSAs) are crucial in ensuring that risk exposures are understood and effectively managed. This includes an assessment of our control framework, ensuring risks are aggregated across all levels and are appropriately reviewed and prioritised by management.

This process supports our aim to maintain the confidence of our clients and other stakeholders, and aligns with our aim to ensure that our clients' savings and investments are managed with diligence and prudence, thereby advancing our mission of helping people secure better futures.

Together, the RCSA, Regulatory Horizon Scanning and Emerging Risk processes allow the Group to maintain a comprehensive and forward-looking view of the overall risk profile of the business. All functions are responsible for ensuring that risks within their area have been identified, assessed and are appropriately managed.

Our Governance, Risk & Compliance recording and reporting system ensures timely, accurate and complete capture of the risks and associated control environment across the organisation. The aggregated risk profile by business area and taxonomy enables us to make more informed decisions, allocate resources effectively, and enhance the overall stability and sustainability of our services.

Risk Event management is a key part of the ERMF. It facilitates issue resolution when things go wrong and helps HL learn lessons from errors to support reduction of future reoccurrence. The information captured relating to Risk Events helps inform the assessments of other core risk framework components including RCSAs, control design and effectiveness, and operational risk scenario analysis which are important inputs into supporting risk-based decisions and determining the capital HL holds as part of the ICARA process.

### Governance

Governance committees play a central role in maintaining and overseeing the firm's approach to risk. They ensure HL's risk framework is appropriate and proportionate to the complexity of the firm, ensuring that suitable measures are in place to manage strategic, operational, financial and investment risks.

The HL plc Board is responsible for overseeing the management and control of risk across the Group. It is supported by the Board Risk Committee and Boards for each of HL plc's four principal operating legal entities.

**Figure 2: Level 1 risks in the HL risk taxonomy**

Level 1	Strategic	Financial	Operational	Investment	
Level 2	<ul style="list-style-type: none"> <li>Business environment</li> <li>Stakeholder value</li> <li>Strategic execution</li> </ul>	<ul style="list-style-type: none"> <li>Capital adequacy</li> <li>Corporate liquidity</li> </ul>	<ul style="list-style-type: none"> <li>Administration</li> <li>Change delivery</li> <li>Conduct</li> <li>Data management</li> <li>Employee relations</li> </ul>	<ul style="list-style-type: none"> <li>Environmental, Social &amp; Governance (ESG)</li> <li>Facilities management</li> <li>Financial crime</li> <li>Information security</li> <li>Legal</li> <li>Model and End User Developed Application (EUDA) management</li> <li>Operational resilience</li> <li>Procurement, supplier &amp; third party management</li> </ul>	<ul style="list-style-type: none"> <li>Product &amp; proposition</li> <li>Regulatory compliance</li> <li>Technology</li> <li>Fund investment risk &amp; performance</li> <li>Fund oversight risk</li> </ul>

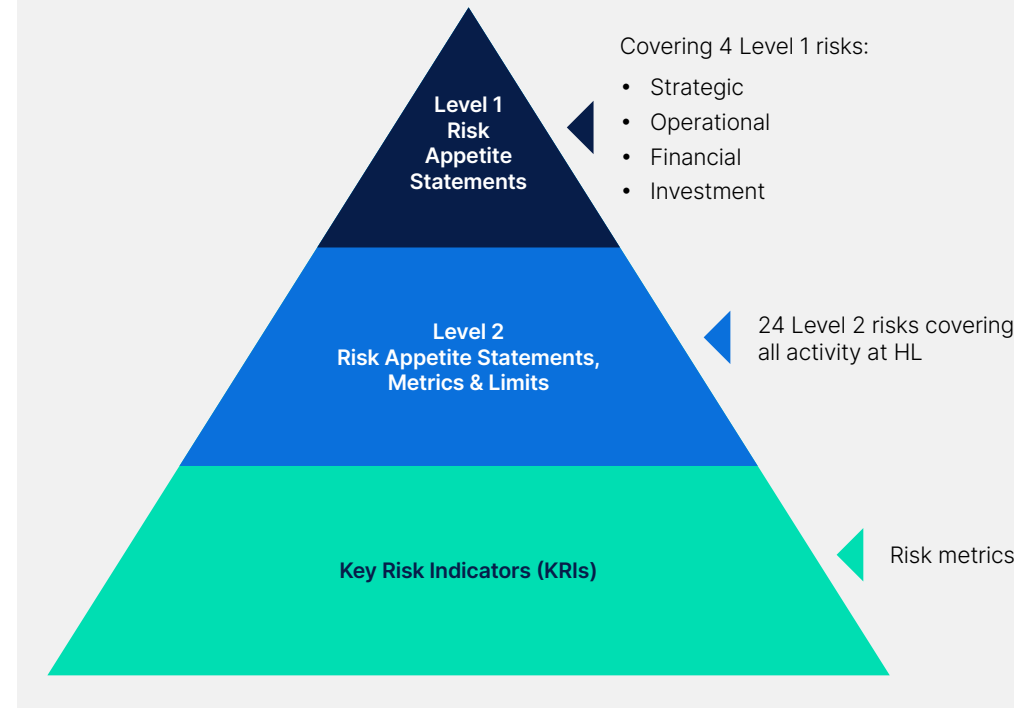




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**Figure 3: Risk appetite approach**



Established under the authority of the Chief Executive Officer, the Executive Risk Committee is responsible for ensuring appropriate systems of internal control and risk management are in place, operating within risk appetite and supporting good client outcomes. The Executive Risk Committee and Executive Committee are supported by the Operating Committee, Product & Client Outcomes Committee, Group Treasury Committee, Operational Risk Committee, Model Governance Committee, CASS Committee and the Stress Testing Forum.

The Group CRO has unfettered access to the Board Risk Committee and Chair of the Board. Internal Audit report directly to the Board, allowing them to be independent.

More details on the Group's governance arrangements can be found on pages 70 to 71.

### Risk Strategy

Risk is an integral part of the planning processes used to set the Group's strategy and business plans. A balanced approach is used to determine where to seek risk, so that we can deliver good outcomes for our clients, shareholders and colleagues.

Our business strategy was most recently reviewed and approved by the Board in June 2024, following independent assessment from the Risk & Compliance teams.

### Risk Appetite

Our risk appetite is an articulation of the nature and level of risk the Group is willing to accept to achieve its business objectives.

Risk appetite is expressed as qualitative statements and quantitative metrics that measure operational, strategic financial and investment risk performance against agreed limits. It is reviewed and approved by the Board on at least an annual basis.

### Risk Documentation

The ERMF operates in conjunction with HL's values to ensure that the processes to identify, assess, manage, monitor, and report risk are embedded in day-to-day business operations and activities. This provides a consistent and repeatable approach to managing risk.

This is achieved through a series of documents supporting the ERMF:

- **Frameworks:** four Level 1 risk frameworks describing the approach for Strategic, Financial, Operational and Investment risks. The Operational Risk Framework is further supported by sub-frameworks for some of the more complex Level 2 risks that require specific processes and tools to manage.
- **Policies:** our policies detail the expectations for managing material risks within agreed risk appetite. The policies are approved by the appropriate governance committees and undergo an annual review cycle to ensure they remain relevant and appropriate for our business and in line with relevant regulations.
- **Standards:** standards supporting individual ERMF components provide the mandatory rules and actions for the business areas to follow to ensure compliance with the overarching principles contained within our policies.
- **Procedures:** our policies and frameworks are supported by a comprehensive suite of procedures and guides to ensure consistency of understanding and application of these policies and frameworks.



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## Risk Management

The ERMF sets out the key principles underpinning effective risk management at HL, describing the following stages of the risk lifecycle:

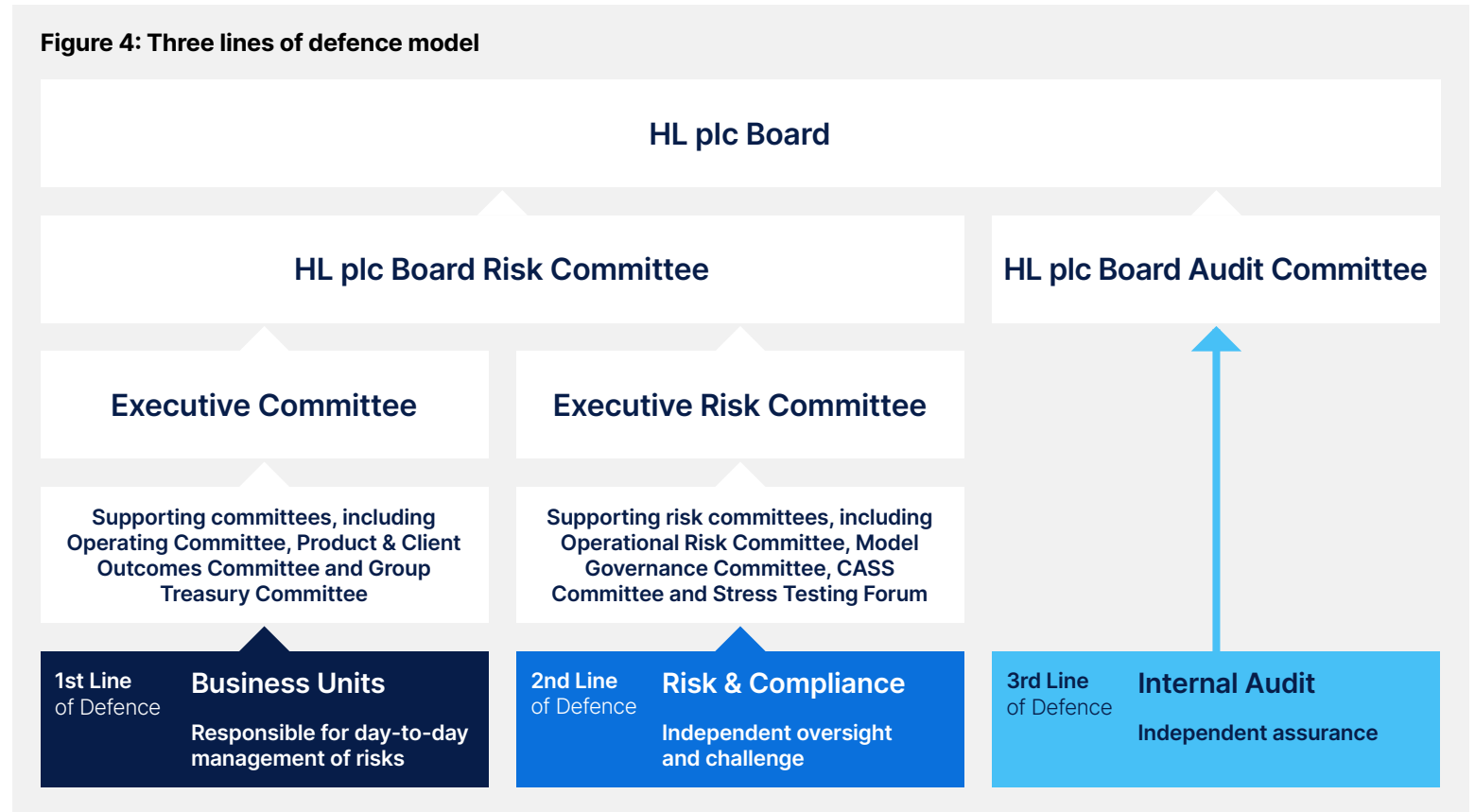
- **Identification:** recognising and documenting potential risks that could impact HL and give rise to harm to our clients, the firm or the market.
- **Assessment:** the evaluation of risks to understand their potential impact and likelihood against Board-approved risk appetite. HL use tools to assess a variety of impacts on a consistent, quantitative basis.
- **Management:** the deployment of strategies to mitigate, transfer, avoid or accept risks.
- **Monitoring:** tracking identified risks against agreed tolerances to potentially refine risk management strategies.

The principles support a consistent, structured and repeatable approach to risk management, allowing emerging risks to be identified by all areas of the business and appropriately managed.

## Information and Reporting

Management provides risk and control reporting to plc committees, Legal Entity Boards and Executive committees, that covers trends, risk profile, performance against risk appetite levels, material risk events and emerging risks.

Figure 4: Three lines of defence model





# RISK MANAGEMENT AND PRINCIPAL RISKS AND UNCERTAINTIES

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### Viability statement

The Board has considered the principal risks, in arriving at the viability statement. The principal risks and uncertainties faced by the Group are detailed on pages 56 to 58. The principal risks are those that could result in events or circumstances that might threaten the Company's business model, future performance, solvency, liquidity or reputation.

Management and the Board regularly discuss emerging risks – unrealised threats that could have a material impact on our business or operating model should they materialise. Topics discussed during the period included evolution of AI as a threat, geopolitical tensions and conflicts, cybercrime, and the impacts of a prolonged economic downturn.

### Assessment process for the viability statement

In accordance with provision 31 of the UK Corporate Governance Code, the Directors are required to assess the viability of the Group and in doing so make a statement confirming the results of the assessment. In addition the Directors' are required to draw attention to any qualifications or modifications to the audit report. Please refer to the change of control statement on this page.

The Directors' assessment has been made with reference to the Group's current position and strategy, the Board's risk appetite, the Group's financial forecasts and the Group's principal risks and uncertainties. In making their assessment the Directors have considered the appropriate timeframe over which the assessment should be made.

The Directors confirm that they have assessed the viability of the Group over a three year time period to June 2027 and based on the

results of this analysis and the assumptions used in the Group's planning process, they have a reasonable expectation that the Group will continue to operate and meet its liabilities over this time and up to this date. Three years has been chosen as it is in line with the medium term strategic planning of the Group and is the basis for developing forecasts regarding profitability, cash flows, dividend policy, regulatory capital requirements and the relevant capital resources. The Board approves the strategic forecast annually and it is reviewed and updated regularly as is appropriate. Three years is additionally considered an adequate timeframe over which to consider the regulatory and market environment and is the same period over which its ICARA assessment is completed.

In assessing viability the Directors have considered the principal risks impacting the Group as outlined below as well as many macroeconomic factors, including Government policy change, that are considered relevant to the viability of the Group. This assessment is made after consideration of the ongoing impact of the Russian invasion of Ukraine, economic uncertainty created by interest rate and inflationary pressures, and the impact of

these factors on the UK and global economy. The table below shows how various types of business impacts have been included in the ICARA stress tests.

Stress testing and scenario modelling assess the impact of adverse events to determine the robustness of the Group and in all scenarios, including the most extreme, the Directors' expectation, based on the assumptions used in the Group's planning process, is that the Group remains viable for the next three years.

The most severe stress test was a cyber attack during an economic collapse. The stress was a severe, remote but plausible macroeconomic shock that reduced the Bank of England base rate down to 0.10% leading to lower interest rate retained on client cash margin. This was combined with a market decline of 30% and client attrition of 30% due to reputational damage from the cyber attack. Whilst the results of the stress were severe and required significant management actions, the Group maintained a capital surplus above the capital requirement and risk appetite. In the normal course of business the Board also has the ability to react to emerging and present risks by making adjustments to its plan as needed.

### Viability Statement – change of control

The independent Board has engaged with a Consortium regarding a possible offer for the company. As further announced on 9 August 2024, the Consortium has announced its intention to make a firm offer for the acquisition of the Group (Firm Offer) subject to shareholder and other approvals including regulatory approval. As a result the Directors do not have certainty on the future plans for the business, including whether the offer will be approved by shareholders and gain regulatory approval, the potential timing for transfer to the potential new owners or their future plans; including any financing arrangements.

The Group has a strong cash position, a robust balance sheet with no debt and is self-sufficient from a liquidity and capital perspective. The only financing commitment being a Revolving Credit Facility agreement with Barclays Bank to provide access to a further £75 million of liquidity. This is undrawn and was put in place to further strengthen the Group's liquidity position and increase cash management flexibility. The facility agreement falls away under a change of control provision which would be triggered by any acquisition of the Company.

The conditions described above indicate the existence of a material uncertainty which may cast significant doubt on the Group and Company's ability to continue as a going concern. Further information is provided in note 5.1 to the financial statements on page 157.

Notwithstanding this uncertainty, based on the results of their assessment, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence and meet their liabilities as they fall due over the three year period to 30 June 2027.

ICARA stress tests	Client/asset growth and retention	Interest rate changes	Market impacts	Prolonged business disruption	Increase in ongoing costs	Operational risk events
Partner bank failure		✓				✓
Economic collapse and cyber attack	✓	✓	✓	✓	✓	✓
Failure to deliver strategy	✓				✓	✓
Significant misconduct	✓					✓
Significant platform failure	✓			✓	✓	✓



# RISK MANAGEMENT AND PRINCIPAL RISKS AND UNCERTAINTIES

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## 2. Principal risks and uncertainties

The Board has carried out an assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, future performance, solvency, or liquidity. These have also been considered in arriving at the viability statement.

This year, we have revised our approach to reporting principal risks to align with the relevant, plausible yet severe events to which the organisation has the largest exposure, as identified through the ICARA process. Management and the Board regularly discuss emerging risks, and the most prominent – including geopolitical tensions, macroeconomic deterioration and climate change – have been included as uncertainties in this report.

This approach has led to 10 principal risks and uncertainties, covering 15 of the level 2 risks in our taxonomy (we reported against 12 level 2 risks in 2023).

In assessing all risks, we consider the potential reputational, client and financial impacts materialising, as well as the impact of HL achieving its business and strategic objectives. To mitigate these risks we ensure risk exposures and potential impacts are appropriately and proactively escalated through key risk governance. Reputational risk management is further supported by an internal Public Relations function and Corporate Affairs Group as well as the use of external advisers supporting both the Board and the Executive Leadership Team. The principal risks and uncertainties faced by the Group are detailed in this section.

### Geopolitical instability Focus level: increasing

Geopolitical conflicts can threaten the stability of the world economy and particularly financial markets. This risk has increased materially over the past three years, with ongoing conflicts in Ukraine and the Middle East. In addition, trade tensions can lead to market volatility and uncertainty that can affect supply chains, economic growth and investor confidence. Geopolitical developments can also have a material impact on inflationary pressures and the cyber threat environment.

#### Key mitigating actions

HL are well positioned to perform detailed monitoring of global economic conditions and assess the potential impacts as situations unfold, allowing us to provide appropriate market information to our clients.

The diversification of our product set and revenue streams can help mitigate the impacts of economic shocks. For example, over FY24 we grew our Active Savings business to £10.6 billion AUA.

In addition, over the past year we have enhanced our stress testing capabilities, which improves our understanding of how the HL balance sheet performs in adverse conditions.

Processes are also in place to identify and assess potential business vulnerabilities, including a regular emerging risk exercise that supports management in identifying future risks and taking appropriate proactive action. This risk will continue to be subject to close monitoring in 2025.

**Business risks: Business environment**

### Macroeconomic deterioration Focus level: stable

Cost of living pressures and significant deterioration in the wider economy – particularly in unemployment, asset prices and economic growth – pose risks to HL through reduced inflows and increased withdrawals. Economic stress can also lead to negative investor sentiment and asset valuations, impacting income and profitability.

These risks can also heighten existing competitive pressures as clients become even more selective with their investments in the search for returns in difficult market conditions.

#### Key mitigating actions

There is overlap with the mitigating actions under geopolitical instability, including economic monitoring, stress testing enhancements, product diversification and our emerging risk processes.

We also have appropriate levels of capital and liquidity so that we can withstand significant macroeconomic shocks.

Our Strategy team regularly analyse industry trends through peer benchmarking, market sizing and growth forecasting, and assess competitor actions to allow us to respond to market and competitive changes.

We also place continued focus on providing the highest level of client experience to differentiate ourselves from our competitors. This risk will continue to be subject to close monitoring in 2025.

**Business risks: Business environment; Strategic execution; Capital adequacy**

### Capital and liquidity strength Focus level: stable

Capital and liquidity strength is key for ongoing financial resilience. Capital allows us to absorb large, unexpected losses, and liquidity buffers ensure we can meet short term obligations. Appropriate levels of capital and liquidity over our regulatory minima are important for financial stability, regulatory compliance, market confidence and the delivery of our strategy.

#### Key mitigating actions

We hold an appropriate amount of capital over our regulatory minimum so that we could absorb extreme levels of unexpected losses, and we ensure our liquid resources can meet short term obligations even in a stressed environment. We confirm these amounts remain sufficient through our regular ICARA and emerging risk processes, when we scan for new threats, and re-assess their likelihood and possible impact.

We implemented further improvements to our ICARA and stress testing processes this year, including modelling enhancements and a new Stress Testing Forum supporting the Executive Risk Committee (ERC).

Both capital and liquidity strength are also a primary focus of our monitoring during business planning and regular financial performance reviews.

Given appropriate capital and liquidity buffers, 2025 will continue the existing focus on enhancing ongoing stress testing capabilities.

**Business risks: Capital adequacy; Corporate liquidity; Regulatory compliance**



# RISK MANAGEMENT AND PRINCIPAL RISKS AND UNCERTAINTIES EVALUATING AND MANAGING RISKS CONTINUED

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## Cyber security Focus level: increasing

The cyber threat landscape is ever-evolving, with heightened risk of state-backed actions resulting from geopolitical tensions. Maintaining robust defences against cyber attack is critical to not only protect our clients, our colleagues and their information, but also to protect all supporting physical, virtual and cloud-based systems and applications.

### Key mitigating actions

Our security response is aligned to the cyber security framework established by the National Institute of Standards and Technology (NIST). We have embarked on a cloud-first transformation to further enhance our resilience utilising an industry leading automated and managed DDOS Protection and Mitigation service.

Throughout 2025 focus will continue on building upon our existing cyber security capabilities, processes and controls. Ongoing activities include mandatory all-colleague training, conducting regular security audits and vulnerability assessments, and security testing to continually test and validate our resilience as we scale.

**Business risks: Information security; Technology; Operational resilience; Data management; Regulatory compliance**

## Technology failure Focus level: stable

The availability and resilience of our online platform is critical to the provision of available and timely services to our clients. Failure to deliver a resilient and available service can result in poor client outcomes.

### Key mitigating actions

Despite a reliable and resilient service over the past year, HL has initiated a strategic transformation programme to identify and implement improvements that will support increased resiliency and ensure that HL's objectives meet client experience needs for the future.

In addition, HL has built out significant capabilities, processes and controls to ensure appropriate resilience and performance capacity is built into ongoing service developments. This includes ensuring that effective performance and capacity monitoring is in place to support proactive issue identification and resolution, minimising any potential impacts to clients.

The focus in 2025 will include continued enhancements in resiliency and client journey improvements underpinned by the transformation programme.

**Business risk: Information security; Technology; Operational resilience**

## Change delivery Focus level: increasing

HL is working through a period of significant change to deliver on its strategic objectives. We recognise the increase in transformation activity combined with potential changing market dynamics could increase delivery risk. The risk of failing to deliver our strategic commitments or the potential of poorly executed change could impact clients, regulators, colleagues and investors.

### Key mitigating actions

Our progress towards strategic objectives is reviewed quarterly by the Executive Leadership Team, taking into account as necessary external influences, regulatory commitments and client needs. Investment and change resource processes have been enhanced to facilitate this, including specific investment in our change model to support delivery of larger scale and technology-based change.

Strengthening and embedding our change management controls, delivery assurance framework and change oversight function are key elements of this work and will continue to be a focus in 2025. This will provide us with the opportunity to respond and flex to internal and external factors with increased agility, safeguarding the critical change required to deliver on our strategic objectives for the benefit of our clients and investors.

**Business risk: Strategic execution; Change delivery; Regulatory compliance; Administration; Conduct**

## Data management Focus level: stable

In delivering services to our clients, we hold significant amounts of client, product and service data. We recognise our responsibility to protect critical data and ensure its accuracy, integrity, quality and availability to support our clients in accessing and managing their portfolios, as well as protect clients from poor outcomes such as exposure to fraud.

### Key mitigating actions

HL is committed to ensuring that data is secure, accurate and available, and continues to invest in significant data management capabilities, processes and controls that cover data protection compliance, information security and operational resilience. We are committed to the implementation of a robust data management control environment, and continue to develop it to ensure it remains aligned to HL's operating model and the changing technological and cyber threat landscapes that inform the evolving regulatory environment. The focus for 2025 will include improving data architecture, resiliency and monitoring capabilities.

**Business risk: Data management; Information security; Regulatory compliance**



# RISK MANAGEMENT AND PRINCIPAL RISKS AND UNCERTAINTIES EVALUATING AND MANAGING RISKS CONTINUED

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## Climate change Focus level: increasing

Climate change is a significant global challenge and understanding the risks and opportunities it has on our business is vital for long-term sustainable growth.

We aim to minimise our exposure to the risks facing the transition to a low-carbon economy and the physical risks of climate change.

### Key mitigating actions

We utilise scenario analysis, which is a method of using hypothetical climate scenarios that allows us to assess the impact on our business and resilience of our strategy. You can view our scenario analysis in the climate-related financial disclosures section of this report on pages 45 and 46.

We monitor our exposure through climate-related metrics including our emissions and energy usage, and have decarbonisation targets for these metrics.

We embed climate-change into our governance structure through our designated ESG Taskforce. We engage with clients through our stewardship and engagement report to ensure our approach is consistent with their needs whilst utilising ESG data tools in our investment processes.

Our focus for 2025 will centre on building our climate reporting to cover our full emissions profile. This will allow us to shape our transition plan as we move to further decarbonise our operational emissions.

**Business risks: Environmental, Social and Governance (ESG)**

## Administration processes Focus level: stable

The risk posed by weak administration processes, including dependencies on people and third parties, can lead to operational inefficiencies, service delivery errors, inconsistent quality standards and ultimately poor client outcomes. This can result in client dissatisfaction, financial losses and regulatory scrutiny.

### Key mitigating actions

Over the year HL has invested further in service enhancements including process improvements, staff training and investment in technology solutions to both automate and improve process monitoring. This has increased our efficiency and accuracy and we have seen client NPS also increase over the period as a result.

Our operations teams perform demand analysis and capacity planning to balance client need with operational efficiency. Our 2025 enhancement plans will include focus on further automation and tools to improve client journeys.

Regular assessments and audits review control effectiveness and ensure issues are promptly addressed.

Partnerships with third party providers are regularly re-evaluated to ensure alignment with the Company's quality standards, and training programmes have been intensified to equip staff with the necessary skills to manage these processes effectively.

**Business risk: Administration; Outsourcing, procurement & supplier management; Employee relations**

## Regulatory and political uncertainty Focus level: stable

There has been a significant amount of regulatory change over the past few years including Brexit and Consumer Duty, and this trend is expected to continue. Following the change of Government in July further changes can be expected. The risk to HL and its clients is considered stable but is being closely monitored by management.

The risk of failing to comply with regulatory expectations and/or future requirements could result in poor client outcomes, regulatory scrutiny, reputational damage and financial loss.

### Key mitigating actions

Through a clearly defined three lines of defence model, HL has systems, processes and controls in place to manage and oversee current and future regulatory change impacting our business and ensure it is adequately planned for. HL has robust product and proposition design and oversight processes and in 2024 HL implemented enhanced Executive oversight to support good client outcomes.

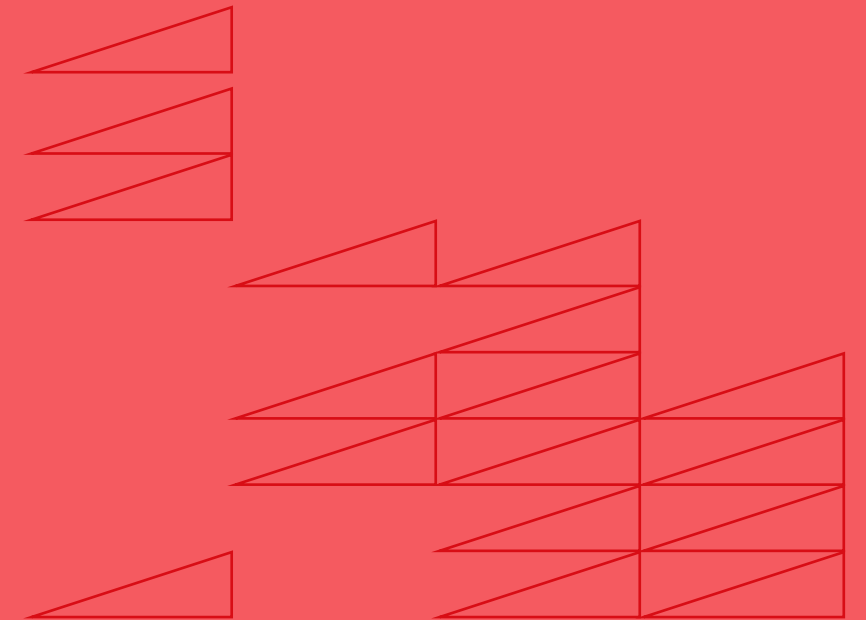
HL has taken and will continue to take a proactive stance with the Government and regulatory bodies on matters that impact our clients. A current focus includes input on the review of the advice/guidance boundary as HL believes it is critical to further improve information available to clients to support them make the right financial decisions for them.

**Business risks: Regulatory compliance**



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# GOOD GOVERNANCE ENABLING GROWTH



“providing a high level of service and value to our clients and shareholders”

Alison Platt  
Chair

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On behalf of the Board, I am pleased to introduce our Corporate Governance Report for the year ended 30 June 2024. This is my first report since joining the Group in February 2024. This sets out how the Group's governance framework supports and promotes its long-term success, and also provides an overview of the activities of the Board and its Committees.

Since joining HL my focus has been understanding the needs and viewpoints of its: clients; colleagues; shareholders; and wider stakeholders. I have very much valued my time in Bristol getting to know the business through call listening with colleagues, induction meetings with management and their teams and learning from my fellow Board members – all of whom demonstrate passion for HL's clients and its business.

### Regulation and Board changes

The trust of our clients, colleagues and stakeholders is key to HL and during the year the Board and its Committees have worked hard with the Group to deliver against the FCA's Consumer Duty requirements. The Board's continued focus was led through Penny James, our SID, who additionally is our Consumer Duty Board champion. Building on the work to ensure we have the right skills and experience in place to support HL, its operations and its growth agenda is vital and so we were delighted that during the reporting year the Board welcomed Michael Morley. Michael joined as an independent Non-Executive Director with effect from 1 August 2023. In addition, during the year and following on from Chris Hill's decision to retire as CEO, the Company was pleased to announce the appointment of existing Non-Executive Director Dan Olley to the role of CEO. Chris stepped down as CEO on 7 August 2023 with Dan transitioning to the role that same day. Dan has a clear focus on executing the strategy and blending the best of human and digital elements to provide the level of service clients rightly expect from HL. These appointments were made by the Board, supported by the Nomination & Governance Committee. Detail was provided about their respective appointments in last

year's report but you can find information about the skills and experience these individuals, and other Board members, bring to HL in the biographies of our Directors on page 62.

During the year, in addition to Chris stepping down as CEO Roger Perkin and Deanna Oppenheimer both stepped down at the 2023 AGM. I would like to take this opportunity to thank all three individuals for their dedication and focus on putting the client first and growing HL during their tenure.

We have paused the external board effectiveness review (last undertaken in 2021 and reported in 2022). Our aim is to complete the work within the calendar year. However, as the incoming Chair, I have taken the opportunity to informally seek views on the Board's effectiveness from my fellow Board members and to take views from shareholders, and as a result, we are seeking to further align the Board's responsibilities with its knowledge of the business, the sector and to spend time with our colleagues.

### Purpose, culture and diversity

Our purpose is clearly defined and is underpinned by our culture, including in our approach to governance and risk management. The Board promotes a culture that encourages good governance, effective decision making, appropriate risk management, accountability and clarity on responsibilities. This ensures we can focus on making the right decisions, at the right level, with the right information. Ultimately this supports the successful delivery our strategy whilst providing a high level of service and value to our clients and shareholders.

We recognise that greater diversity within a business drives better decision-making and we strongly believe that building a diverse and inclusive workforce will lead to better outcomes for clients, colleagues and our business. You can find out more information about our purpose, culture and diversity in the Strategic Report. As at 30 June 2024 (and at the date of this report), 50% of our Board is made up of women; three of our





## Governance

# CHAIR'S INTRODUCTION TO CORPORATE GOVERNANCE CONTINUED

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four senior Board positions are held by women and we have at least one Director from an ethnic minority background. We know that representation matters.

### Relationships with shareholders and stakeholders

A key focus in my first months has been to spend time meeting with HL's shareholders. This has been vital in terms of better understanding the interests and needs of our shareholders and how we, as a Board, can deliver value for them. I have also been keen to follow up on the votes against a number of resolutions recorded at last year's AGM and since joining the Company in February I have met with over 62% of the shareholder base. The outcome of this is due to be reported via HL's website in August 2024. In reporting back on this work I appreciate we were not within the indicative time limit set out in Provision 4 of the UK Corporate Governance Code. However, given the importance of this exercise and my own arrival in February of this year I was keen to give it the attention it deserved and not rush the process.

You can read more about how the Directors have had regard to the interests of our key stakeholders within the context of promoting the success of the Company in our Section 172 Statement on pages 124 to 126.

### Compliance with the UK Corporate Governance Code

We apply and report under the 2018 UK Corporate Governance Code (the Code). Our Compliance Statement confirms our compliance with the Code during the period under review. You can read more about how we have applied its principles throughout our Corporate Governance Report. Key disclosures are signposted opposite.

Should you have any questions in relation to this report, please feel free to contact myself or the Company Secretary.

**Alison Platt**  
Chair

14 August 2024

### Governance at HL – Compliance Statement

HL is committed to the highest standards of corporate governance as set out in the UK Corporate Governance Code (the Code). The Code sets out the standards of good practice in relation to how the Company should be governed and can be found on the FRC's website at [www.frc.org.uk](http://www.frc.org.uk). This has been applied by the Company during the period under review. The Board is satisfied that the Company has complied with the provisions of the Code throughout the period under review with only two minor instances to the contrary – both of which are referenced in the Chair's opening statement and more fully in the Nomination & Governance Committee Report at page 112. You can read more about HL's compliance with the Code as set out below:

Section	Code Principles	Where to read about how HL has complied
1. Board leadership and company purpose	A. An effective board promoting long term success for the company and contributing to society more widely	Pages 1 to 58, 60 and 69
	B. Purpose, values, strategy and culture	Pages 1 to 58, 60 and 69
	C. Performance measures, risk and controls framework	Pages 18 to 21, 51 to 58 and 117 to 119
	D. Stakeholder engagement	Pages 22 to 23, 69 to 70 and 124 to 126
	E. Wider workforce	Pages 38 to 42 and 70
2. Division of responsibilities	F. Leadership of the board	Pages 60 and 69 to 72
	G. Board composition, roles and effectiveness	Pages 65 to 69 and 112 to 116
	H. Directors' responsibilities and time commitment	Pages 66 to 69
	I. Support information and advice available to the Board	Pages 67 and 68 to 69
3. Composition, succession and evaluation	J. Board appointments, succession planning and diversity consideration including senior management	Pages 68 and 112 to 116
	K. Board skills, knowledge and experience	Pages 62 to 64 and 112 to 116
	L. Board effectiveness review (annual)	Pages 115
4. Audit, risk and internal control	M. Independence and effectiveness of Internal and External Audit functions	Pages 72 to 80
	N. Fair, balanced and understandable assessment of company's position and prospects	Pages 72, 76 and 78
	O. Risk Management and Internal Control Framework	Pages 51 to 58, 72 to 80 and 117 to 119
	P. Remuneration alignment to strategy, company purpose and values	Pages 81 to 111
5. Remuneration	Q. Executive and senior management remuneration	Pages 81 to 111
	R. Authorisation of remuneration outcomes	Pages 81 to 111



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**Governance**  
**BOARD OF DIRECTORS**

**Chair**



**Alison Platt**  
Chair and Independent  
Non-Executive Director

**Appointed to the Board:**  
February 2024

**Skills, competence and experience:**  
Alison has extensive leadership experience across both private and listed companies in the healthcare, financial services, retail and property, and regulated sectors. Alison was CEO of Countrywide from 2014–2018 and prior to that she held several senior roles at Bupa, including as Managing Director of its International Development Markets business. She was previously a Non-Executive Director of the Foreign and Commonwealth Office, Chair of Dechra Pharmaceuticals plc, a member of Hampton-Alexander review steering group advising on diversity and inclusion and Chair of Opportunity Now.

**Committee membership:**  
Nomination & Governance Committee (Chair)

**Other current appointments:**  
Non-Executive Director and Chair of Remuneration Committee at Tesco plc  
Non-Executive Director of Inchcape plc  
Non-Executive Director of Spectrum Wellness Holdings Limited  
Chair of Ageas (UK) Ltd

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**Executive Directors**



**Dan Olley**  
Chief Executive Officer

**Appointed to the Board:**  
June 2019

Chief Executive Officer since August 2023 (Independent Non-Executive Director June 2019 – August 2023)

**Skills, competence and experience:**  
Prior to his appointment as Chief Executive Officer, Dan was CEO of dunhumby Ltd from January 2022. Dan joined HL as a seasoned and experienced senior technology leader and has a track record of driving digital transformations in established businesses, including financial services, insurance, business information solutions, research, and healthcare. Dan brings a problem solving and analytical skill set, along with experience of successfully implementing advanced technologies to drive both revenue growth and operational process efficiency and optimisation. During his tenure as an Independent Non-Executive Director of HL, Dan was a member of the Risk and Remuneration Committees.

**Committee membership**  
None

**Other current appointments**  
None



**Amy Stirling**  
Chief Financial Officer

**Appointed to the Board:**  
February 2022

**Skills, competence and experience:**  
Amy has significant financial and strategic leadership experience in client facing businesses across the telecommunications and financial services sectors. She has considerable transformation and M&A experience at both executive and non-executive level and is a qualified chartered accountant. Amy was previously Chief Financial Officer of the Virgin Group and other previous appointments include Non-Executive Director and Chair of the Audit Committee at RIT Capital Partners plc, Non-Executive Director at Virgin Money UK plc, Chief Financial Officer of The Prince's Trust and Chief Financial Officer at TalkTalk Telecom Group Plc.

**Committee membership:**  
None

**Other current appointments:**  
Trustee of HL Foundation  
Non-Executive Director of Next plc



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## Governance

# BOARD OF DIRECTORS CONTINUED

## Non-Executive Directors



**John Troiano**

Independent Non-Executive Director

### Appointed to the Board:

January 2020

### Skills, competence and experience:

John has significant investment and asset management experience. John has spent 38 years at Schroders in a wide range of roles including investment research and analysis, fund management, and has worked across both retail and institutional channels. Most recently, as Head of Distribution, John was responsible for the design and implementation of business strategy globally and the oversight of sales and client service activities.

### Committee membership:

Audit Committee  
Nomination & Governance Committee  
Remuneration Committee  
Risk Committee

### Other current appointments:

Independent Non-Executive Director of Hargreaves Lansdown Fund Managers Ltd  
Non-Executive Director of British Fencing



**Andrea Blance**

Independent Non-Executive Director

### Appointed to the Board:

September 2020

### Skills, competence and experience:

Andrea is a qualified accountant and brings extensive Board and financial services experience having spent her executive career at Legal & General Group plc where she was a member of the Group Executive Committee and held a diverse range of senior leadership roles including finance, risk and regulation, marketing and strategy. Andrea's past non-executive roles include Senior Independent Director and Remuneration Committee Chair at Vanquis Banking Group plc, Risk Committee Chair at Scottish Widows plc and Lloyds Banking Group Insurance Division, Senior Independent Director and Audit Committee Chair at ReAssure Group plc, and a member of William & Glyn's pre-IPO board.

### Committee membership:

Risk Committee (Chair)  
Audit Committee  
Nomination & Governance Committee

### Other current appointments:

Non-Executive Director and Chair of the Board  
Risk Committee of Aviva plc



**Moni Mannings OBE**

Independent Non-Executive Director

### Appointed to the Board:

September 2020

### Skills, competence and experience:

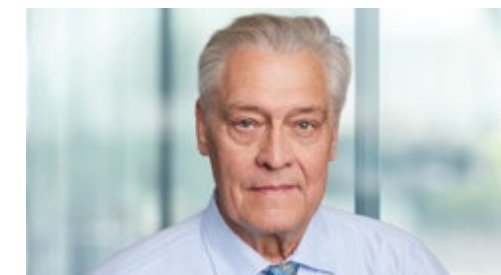
Moni is a qualified solicitor with a strong background in international banking and finance and was a Senior Partner and Board member of law firm Olswang LLP. She has held a number of non-executive positions including as a Board member of Dairy Crest Group plc, Polypipe Group plc, the Solicitors Regulation Authority (chairing its Equality, Diversity, and Inclusion Committee), Cranfield University, Deputy Chair of Barnardo's and Senior Independent Director of Investec Bank plc. Moni is also founder of EPOC a not-for-profit network that seeks to increase the number of people of colour on boards.

### Committee membership:

Remuneration Committee (Chair)  
Nomination & Governance Committee  
Risk Committee

### Other current appointments:

Non-Executive Director of easyJet plc  
Senior Independent Director designate of Land Securities Group plc  
Senior Independent Director of Co-operative Group Limited



**Adrian Collins**

Non-Independent Non-Executive Director

### Appointed to the Board:

November 2020

### Skills, competence and experience:

Adrian has worked in the fund management business for over 50 years, most recently at Liontrust Asset Management where he served as Executive Chairman from 2009 to 2019. During this period, Adrian oversaw a transformation in the business, broadening its investment and distribution capabilities and undertaking numerous acquisitions. Adrian has extensive experience across fund management and adjacent sectors having held senior roles at Gartmore, where he was Managing Director, Trustnet (which he co-founded), Jupiter, Bestinvest and Lazard Investors. He is an experienced Non-Executive Director. Adrian has been appointed to the Board as a shareholder representative and as such is not deemed to be independent.

### Committee membership:

None

### Other current appointments:

Non-Executive Chairman of Logistics Development Group plc (formerly Eddie Stobart Logistics plc)  
Non-Executive Chair of LSL Property Services



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## Governance

# BOARD OF DIRECTORS CONTINUED

### Non-Executive Directors continued



#### **Penny James**

Independent Non-Executive Director  
and Senior Independent Director

#### **Appointed to the Board:**

September 2021

#### **Skills, competence and experience:**

Penny brings extensive financial services experience with strong leadership skills, financial and risk expertise, strategic thinking and cultural alignment. Penny was previously Chief Financial Officer then Chief Executive Officer of Direct Line Insurance Group plc. Prior to this she held a number of roles including Group Chief Risk Officer and Director of Group Finance at Prudential plc; Group CFO at Omega Insurance Holdings Limited; and CFO UK General Insurance, at Zurich Financial Services. Penny was previously a Non-Executive Director of Admiral Group plc from 2015 to 2017.

#### **Committee membership:**

Nomination & Governance Committee  
Risk Committee

#### **Other current appointments:**

Co-Chair of the FTSE Women Leaders Review  
Non-Executive Director of QBE Insurance Group Limited  
Non-Executive Director of Mitie Group plc  
Non-Executive Director of Vitality Life Ltd  
Non-Executive Director of Vitality Health Ltd

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#### **Darren Pope**

Independent Non-Executive Director

#### **Appointed to the Board:**

September 2022

#### **Skills, competence and experience:**

Darren has considerable and extensive experience within the retail banking and financial services sectors where he held senior and Board level positions. At present, Darren is Non-Executive Director at Virgin Money plc and SID and Chair of Audit Committee at Network International Holdings plc. Previously he has served as SID and Chair of Audit Committee with Equiniti plc and the Non-Executive Chairman of HSBC Innovation Banking. Throughout his career, Darren held several executive banking and finance roles at Lloyds Banking Group and was the CFO of TSB Bank plc.

#### **Committee membership:**

Audit Committee (Chair)  
Nomination & Governance Committee  
Risk Committee

#### **Other current appointments:**

Non-Executive Director of Virgin Money plc  
Senior Independent Director and Chair of Audit Committee of Network International plc



#### **Michael Morley**

Independent Non-Executive Director

#### **Appointed to the Board:**

August 2023

#### **Skills, competence and experience:**

Michael has over 30 years of executive and board experience in international financial services with in-depth knowledge of private banking and wealth management markets around the world. He was previously CEO of Coutts and of Deutsche Bank's UK wealth management arm and Chair of RBS International.

#### **Committee membership:**

Nomination & Governance Committee  
Remuneration Committee  
Risk Committee

#### **Other current appointments:**

Non-Executive Director of Deutsche Bank SAEU (Spain)  
Non-Executive Director of Deutsche Bank SA (Switzerland)  
Senior Independent Director of Personal Investment Management and Financial Advice Association (PIMFA)  
Deputy Chair of Centre for Mental Health

### General Counsel and Group Company Secretary



#### **Claire Chapman**

General Counsel, Company Secretary  
and Chief People Officer

#### **Appointed:**

October 2021

#### **Skills, competence and experience:**

Claire heads up the Legal, Company Secretariat, Corporate Governance and People functions. Claire has held General Counsel and also Company Secretary roles at a range of companies including most recently at Capita plc and prior to that at Daily Mail & General Trust plc, Inchcape plc and Thomson Reuters. She qualified as a lawyer at Freshfields Bruckhaus Deringer.

Claire has a Masters in International Law and is a qualified Solicitor, England and Wales and additionally Attorney, New York.

#### **Committee membership:**

None

#### **Other current appointments:**

Independent Non-Executive Director on the Board of LME Clear



# FURTHER STRENGTHENING GOVERNANCE FOR THE FUTURE

The Board is responsible for promoting the sustainable success of the Group, generating value for the Company's shareholders over the long term, and contributing to wider society by building strong and lasting relationships with its other stakeholders.

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## Corporate governance headlines at a glance including Board composition data as at 30 June 2024

**3 out of the 4**

senior Board positions are held by women



Chair



Senior Independent Director



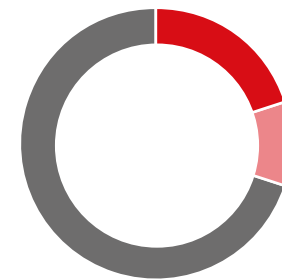
CEO



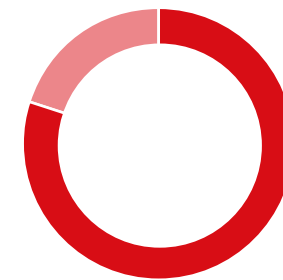
CFO

**1**

director is from an ethnic minority background



Board independence	
Executive Director	2
Non-Executive Chair	1
Independent	1
Non-Executive Director	7



Tenure of Board members	
0-3 years	8
4-6 years	2

Board gender balance



**50% of Board members are women**





# CORPORATE GOVERNANCE REPORT

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### Division of responsibilities

The Board recognises the importance of a clear division of responsibilities between Executive and Non-Executive roles, and in particular a clear delineation of the Chair's responsibility to lead the Board and the Chief Executive Officer's responsibility for running the Group's business. The roles of Chair, Chief Executive Officer and Senior Independent Director are clearly defined and have been approved by the Board.

### Role of the Chair

The Chair, Alison Platt, is responsible for leading the Board and ensuring that it is effective in discharging its duties. Her key responsibilities are to:

- Chair the Board, the Nomination & Governance Committee and general meetings of the Company;
- Set the Board agenda and ensure the Board receives accurate, timely and clear information, and that adequate time is available for discussion of all agenda items, in particular strategic issues;
- Set clear expectations concerning the Company's culture, values and behaviours and the style and tone of Board discussions;
- Demonstrate ethical leadership and promote the high standards of integrity, probity and corporate governance throughout the Company and particularly at Board level, and generally ensure the effective governance of the Group;
- Promote a culture of mutual respect, openness and debate by facilitating the effective contribution of Non-Executive Directors, develop productive working relationships with the Chief Executive Officer and Chief Financial Officer, and ensure there are constructive relations between Executive and Non-Executive Directors generally;
- Encourage all Board members to engage in Board and Committee meetings by drawing on their skills, experience, knowledge and, where appropriate, independence;
- Ensure effective communication with the Company's shareholders and other stakeholders, and that the Board is made aware of their views; and
- Ensure that the performance of the Board, its Committees and individual Directors is evaluated at least once a year and that the results of the evaluation are acted upon.

### Role of the Chief Executive Officer

The Board delegates responsibility for the executive leadership of the Group's business to its Chief Executive Officer (CEO). During the year ended 30 June 2024 the CEO was Dan Olley with Chris Hill having stepped down from the role from 7 August 2023. The CEO's main responsibilities are to:

- Lead the senior management team in the day to day running of the Group's business in accordance with the Board approved strategic objectives;
- Chair the Group Executive Committee in its oversight of the performance of the Group against the Board approved strategic objectives and communicate any decisions and recommendations to the Board;
- Review the operational performance and strategic direction of the Group's business;
- Ensure that appropriate systems of internal control and risk management are in place and operating in accordance with the Group's risk appetite approved by the Board; and
- Aligned with the Chair, provide a coherent leadership of the Group and promote adherence to its culture and values.

### Role of the Senior Independent Director

The Senior Independent Director plays an important role in supporting the Chair on governance issues, contributing to the culture of open and honest communication between the Chair and the other members of the Board, and providing an additional point of contact for the Company's shareholders.

## Penny James provides an overview of her role as Senior Independent Director (SID)

### What does the role of the SID encompass?

The main, and most consistent part of my role is to act as a sounding board to the Chair of HL. This can take a variety of forms but mainly its discuss and provide insight and guidance on issues relating to the Group's governance, the performance of the Board and individual Directors. But it can be broader and cover any concerns raised by Directors, the Company's shareholders or the Group's employees. I am also available to facilitate the resolution of disputes between the Chair and other members of the Board should they rise.

This year a key focus of my role was in leading the search process for a new Chair on behalf of the Nomination & Governance Committee which then made a recommendation to the Board. The process is detailed in that Committee's report on page 113. This process resulted in Alison Platt joining the Board in February 2024. With Deanna Oppenheimer having stepped

down at our AGM in December 2023, I chaired the Board and Nomination & Governance Committee in the interim with Andrea Blance taking on the role of the SID.

Each year I also lead the other Non-Executive Directors in carrying out the Chair's annual performance review. With Alison having joined in February this year it was naturally a lighter touch process to assess how Alison was settling into her role, her way of working and providing feedback collated from other Board members to help her be as effective as possible.



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### Non-Executive Directors

The role of the Non-Executive Directors is to constructively challenge and help develop proposals on strategy and play a leading role in monitoring and scrutinising the performance of the Group's Executive Committee in meeting agreed goals and objectives. The Non-Executive Directors are also responsible for determining appropriate levels of remuneration for the Executive Directors, and play a prime role in appointing and, where necessary, removing Executive management.

The Nominated Director (Adrian Collins) is an appointee of a shareholder and is not independent under the Code. However, all the Non-Executive Directors are independent of management and bring valuable skills, experience and an external perspective to the business conducted by the Board, as well as offering specialist advice in their fields of expertise.

The independent Non-Executive Directors also play an important role as members of the Board's Committees.

### Group Company Secretary

All the Directors have access to the advice and services of the Group Company Secretary. The Group Company Secretary is responsible for working with the Chair to develop and maintain the policies and processes required to enable the Board to function effectively and efficiently, and for ensuring the Board has the information, time and resources it needs.

The Group Company Secretary is also responsible for advising the Board on corporate governance matters and for ensuring procedures are followed and applicable rules and regulations complied with.

The appointment and removal of the Group Company Secretary is a matter reserved for the Board. During the period under review, Claire Chapman held the role of Group Company Secretary.

### Meeting attendance and information provided to the Board

	HL plc Board 9 meetings	Audit Committee 8 meetings	Nomination & Governance Committee 6 meetings	Remuneration Committee 5 meetings	Risk Committee 6 meetings
<b>Deanna Oppenheimer<sup>1</sup></b> plc Board Chair	4/4 CHAIR	n/a	3/3 CHAIR	3/3	n/a
<b>Alison Platt<sup>2</sup></b> plc Board Chair	4/4 CHAIR	n/a	2/2 CHAIR	n/a	n/a
<b>Chris Hill<sup>3</sup></b> Chief Executive Officer	0/0	n/a	n/a	n/a	n/a
<b>Dan Olley<sup>4</sup></b> Chief Executive Officer (formerly Independent NED)	9/9	n/a	n/a	n/a	n/a
<b>Amy Stirling</b> Chief Financial Officer	9/9	n/a	n/a	n/a	n/a
<b>Penny James<sup>5</sup></b> Senior Independent Director	9/9 Interim CHAIR	n/a	6/6 Interim CHAIR	n/a	5/5
<b>Andrea Blance<sup>6</sup></b> Independent NED & Risk Committee Chair	9/9	8/8	6/6	n/a	6/6 CHAIR
<b>Adrian Collins<sup>7</sup></b> Non-Independent NED	7/7	n/a	n/a	n/a	n/a
<b>Moni Mannings<sup>8</sup></b> Independent NED & Remuneration Committee Chair	8/9	n/a	6/6	5/5 CHAIR	6/6
<b>Michael Morley<sup>9</sup></b> Independent NED	9/9	n/a	1/1	4/4	6/6
<b>Roger Perkin<sup>10</sup></b> Independent NED	4/4	4/4	3/3	3/3	3/3
<b>Darren Pope<sup>11</sup></b> Independent NED	9/9	8/8 CHAIR	5/5	n/a	6/6
<b>John Troiano<sup>12</sup></b> Independent NED	9/9	8/8	1/1	5/5	6/6

- 1 Deanna Oppenheimer stepped down from the Board on 8 December 2023.
- 2 Alison Platt was appointed to the plc Board on 6 February 2024. She joined the Nomination & Governance Committee on the same day.
- 3 Chris Hill stepped down from the Board, and as Chief Executive Officer, on 7 August 2023.
- 4 Dan Olley transitioned from the role of NED to Chief Executive Officer on 7 August 2023. He stepped down as a member of the Risk Committee on the same day, having previously stepped down from the Remuneration Committee (in year ending 30 June 2023) and recused himself from any meetings where his appointment or his role in leading the management team was discussed.
- 5 Penny James served as Chair of the plc Board and the Nomination & Governance Committee between 8 December 2023 and 6 February 2024. During this period she stepped down as a member of the Risk Committee.
- 6 Andrea Blance served as SID between 8 December 2023 and 6 February 2024.
- 7 Adrian Collins has been recused from all meetings since 12 April 2024 due to his conflict as shareholder representative for founder Peter Hargreaves.
- 8 Moni Mannings was unable to attend one plc Board meeting due to its timing needing to be moved at short notice and unfortunately her diary was unable to accommodate due to a prior commitment.
- 9 Michael Morley was appointed to the plc Board, Remuneration Committee and Risk Committee on 1 August 2024. He joined the Nomination & Governance Committee from 26 April.
- 10 Roger Perkin stepped down from the Board on 8 December 2023. He remained a member of the Nomination & Governance Committee after stepping down as Audit Committee Chair (15 September 2023) in order to provide continuity in the ongoing search for a new plc board Chair.
- 11 Darren Pope joined the Nomination & Governance Committee from 15 September 2023, when he became Audit Committee Chair.
- 12 John Troiano joined the Nomination & Governance Committee from 26 April 2024.



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Board meeting attendance is shown for all scheduled Board meetings during the year including an in person Strategy Day in December 2023 to assess progress against the execution of the Group strategy. From time to time the Board may meet outside its scheduled meetings and each NED, in their letter of engagement confirms that they have the capacity to attend such ad hoc meetings, as are reasonably requested. During the year, and as would be anticipated given the new CEO and new Chair, there have been additional sessions to discuss particularly strategic matters to continue to ensure Board alignment. Where necessary, Adrian Collins, as Peter Hargreaves representative on the Board, has recused himself from any such ad hoc meetings due to actual or potential conflicts of interest arising. The Non-Executive Directors also meet periodically without the Executive Directors present. These sessions have been held via a mixture of remote, hybrid and face to face meetings to make best use of time and work efficiently. The Board also met with members of the Executive Leadership Team and other senior management.

Supported by the Group Company Secretary and the Company Secretariat team, the Board is satisfied that it has the policies, processes, information, time and resources required in order for it to function effectively and efficiently. Comprehensive Board packs and agendas are circulated prior to meetings to ensure Directors have the opportunity to consider the issues to be discussed so that more time at meetings can be dedicated to constructive challenge and strategic discussion. Directors are expected to attend all meetings. However, when a Director is unavoidably unable to attend all or part of a meeting, they are able to provide comments on the papers to the Chair before the meeting.

### Board make up and supporting elements

#### Board composition, balance and diversity

The structure, size and composition of the Board is regularly reviewed to ensure that the balance between Executive and Non-Executive Directors allows it to exercise objectivity and that no individual or small group of individuals dominates decision making. In addition, the Nomination & Governance Committee regularly reviews the size, structure and composition of the Board and its Committees to ensure an appropriate and diverse mix of skills, experience, knowledge,

backgrounds and personal strengths. The Non-Executive Directors have strong and relevant experience across all aspects of financial services and the Board as a whole is considered to have an appropriate balance of skills and experience for the requirements of the Group's business.

Consideration of the length of service of Directors is a key element of the wider consideration of Board composition and succession planning, and for Non-Executive Directors it is an important aspect that is considered in determining continued independence. The Group maintains clear records of the terms of service of the Chair and Non-Executive Directors to ensure continued compliance with the tenure requirements in the Code. The Chair has held the position since her appointment to the Board in February 2024 and, as at the date of this report, none of the Non-Executive Directors has served on the Board for more than nine years from the date of their first appointment.

Diverse pools of candidates are considered for vacancies and in succession planning, and any appointments are based on merit and objective criteria. Further details on the Group's approach to diversity and inclusion when considering Board appointments and succession planning, and how the approach promotes diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, can be found in the Nomination & Governance Committee report on page 112.

As at 30 June 2024 50% of Board members are female with one Board member being from a minority ethnic background. Women hold the following three of four senior roles: Chair, Senior Independent Director and Chief Financial Officer. The Board also recognises and embraces the clear benefits of diversity at Board Committee level. As such consideration is given to the wider Board diversity policy when looking at the make up of Committees with the aim of driving diversity of membership and thought. When making appointments to its Committees (including the Audit, Nomination & Governance, Remuneration and Risk Committees) the Board has regard to the skills, experience and diversity of the Committees and their needs. As a result as at 30 June 2024, Board Committee gender diversity was as follows: Audit Committee – 33% female, Nomination & Governance Committee – 57% female, Remuneration Committee – 33% female and Board Risk Committee – 50% female.

### Board appointment process

The Nomination & Governance Committee leads the process for Board appointments, details of which can be found in the Nomination & Governance Committee Report on page 112. Non-Executive Directors are appointed for fixed terms of three years, subject to election or re-election by the Company's shareholders at each AGM. At the end of each term, Non-Executive Directors may be appointed for further three-year terms provided the Board is satisfied with the individual's performance and that he or she remains independent and able to devote sufficient time to the role.

### Time commitments

Board members are required to disclose significant time commitments prior to their appointment, and candidates' existing time commitments are taken into account by the Board when considering new appointments. On joining the Board, Non-Executive Directors receive a formal letter of appointment setting out the time commitment expected of them. Once they have met all approval and induction requirements, Non-Executive Directors are currently expected to commit a minimum of 30 days per annum to their roles. This expectation is calculated based on attendance at and preparing for Board meetings, meeting with senior management and the Company's shareholders, and attending strategy days, Board dinners and training. Additional time commitments may apply where a Non-Executive Director takes on an additional role such as chairing a Committee.

The Board considers that each of the Non-Executive Directors has sufficient time to meet their responsibilities both to the Board and any Committees of which they are a member. This is kept under review by the Nomination & Governance Committee and more detail can be found in its report on page 114.

### Induction

The Chair is responsible, with the support of the Group Company Secretary, for arranging a comprehensive induction programme for all new Directors. Inductions are tailored to the individual following a skills gap analysis, and have regard to their: background; knowledge; previous experience both professionally and as a Director; and the role they will be performing at HL including their committee membership. Induction programmes





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include meetings with a variety of key stakeholders to provide the Director with a thorough overview of the Group's business and the environment within which it operates. This includes meetings with the Chair, Chief Executive Officer, Chief Financial Officer and other members of the Board, as well as meetings with senior management, heads of business areas and technical experts, to gain a detailed insight into the operation of the business and its culture. The Group Company Secretary and Group Chief Risk Officer will also meet with the Director to provide an overview of the Group's corporate governance and risk management frameworks respectively.

### Ongoing Professional development

An ongoing programme of training is available to all members of the Board. During the period under review, this has included training sessions for the Board on the following topics:

- Vulnerable clients
- Complex products
- Directors' duties
- Conduct rules
- Call listening with Helpdesk
- Inclusion

The Board also had a number of demonstration/deep dive sessions aligned to the execution of the strategy which included: client value proposition, savings, HLFM, pensions, (including workplace), trading, investments and advice. Training is also arranged to align to any specific development needs identified by the annual Board evaluations, and individual Directors are encouraged to devote an element of their time to self-development.

### External appointments

Directors are required to consult the Board prior to undertaking any additional external appointments and are considered to be a valuable development opportunity, subject to appropriate time commitments and conflicts management. Please see biographical information on Board members on pages 62 to 64 for further detail.

### Independence

On her appointment as Chair, Alison Platt satisfied the independence criteria set out in the Code.

The Board considers that each of Andrea Blance, Penny James, Moni Mannings, Michael Morley, Darren Pope and John Troiano are independent. In each case when assessed against the criteria set out in the Code. Adrian Collins is not considered independent because he is appointed by a major shareholder. As such, throughout the period under review, the Board has therefore satisfied the Code requirement that at least half of the Board, excluding the Chair, comprises Non-Executive Directors determined to be independent. This is kept under review by the Nomination & Governance Committee and more detail can be found in its report on page 114.

### Director election and re-election

In accordance with the requirements of the Code and the Company's Articles of Association, all Directors will stand for election or re-election, as relevant, at this year's AGM. Information on how the Board evaluates the effectiveness and contribution of each Director can be found in the Nomination & Governance Committee Report on page 114. The Notice of AGM will include specific details of why the Board considers that the contribution of the Directors seeking election or re-election is, and continues to be, important to the Group's long-term sustainable success.

### Board leadership and Company purpose

The Board sets the Group's purpose, values and strategy, and is responsible for developing and overseeing its framework of governance, risk management and internal controls to ensure that its business is managed effectively in an environment that promotes and safeguards its future success.

You can read more about the Board's role in setting and monitoring the Group's strategic priorities on pages 70 to 72 and in the Group's Section 172 Statement on pages 124 to 126. Through specific dashboards aligned to the key focus areas of our strategy, the Board monitors and reviews progress against targets. These dashboards are used throughout the Group, ensuring alignment on execution and targets. Additionally, how the Board has considered the Group's opportunities and risks, the sustainability of its business model, and how governance

around the Group's risk management framework contributes to the delivery of its strategic objectives, is set out on pages 51 to 58.

The Board also plays a key role in setting the Group's culture and monitoring how it is being embedded to ensure alignment with the Group's business priorities. The Board has been involved in a number of ongoing key initiatives including the further development and evolution of the Company's purpose and values. For more information on this work please see page 38. Additionally, the Board has been actively engaged in a more accessible and effective communication of the Group's strategy and vision to create a clearer sense of purpose and common goals and improvements to the OKRs used to oversee culture.

You can read more about the Group's values and how the Group's approach to investing in and rewarding its workforce aligns to those values on pages 38 to 42 of the Strategic Report.

### Engagement with stakeholders

The Board recognises that active engagement with the Company's key stakeholders is fundamental to promoting the Group's long-term success. Details of how the Group engages with its key stakeholders can be found on pages 22 to 23 and information on how stakeholder interests have been considered by the Board can be found in the Group's Section 172 Statement on pages 124 to 126.

### Investor relations

The Board recognises the importance of maintaining good communication with the Company's shareholders and there is a comprehensive investor relations programme in place to ensure effective engagement.

The Chief Executive Officer, Chief Financial Officer and Head of Investor Relations regularly meet with the Company's major shareholders to discuss performance and strategy. This includes a series of investor roadshows following the release of the Group's interim and full year results, and other meetings throughout the year, both one-on-one and in groups at investor conferences. The Chair also meets or speaks with the Company's shareholders throughout the year, including attending a series of governance roadshows, and the Senior Independent Director, Head of Investor Relations and Group



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Company Secretary are available to major shareholders who wish to raise questions. The Committee Chairs are available to meet with shareholders to discuss matters relevant to their roles. The outcome of interactions with the Company's shareholders are regularly fed back to the Board to ensure that, as a whole, it has a clear understanding of shareholder views. To provide further perspective, analyst and broker briefings are regularly provided to the Board. The appointment of Adrian Collins as the Nominated Director, provides the Board with insights from a founder shareholder, Peter Hargreaves, on issues considered by the Board, as appropriate.

The Board also considers the Report and Financial Statements to be an important medium for communicating with the Company's shareholders. The Board aims to use the narrative sections to provide detailed reviews of the Group's business and its future development in an engaging way that is accessible to all. Similarly, the Company's AGM is used as an opportunity to engage directly with shareholders and share with them the Board's review of performance and its vision for the future. Further details will be set out in the Notice of AGM that will be circulated ahead of the meeting.

This year, following the 2023 AGM where votes of less than 80% in favour were received for nine resolutions, in accordance with its obligations, the Company has looked to consult with all shareholders on this topic and is satisfied that any concerns that pertain to a voting position have been appropriately discussed. This outcome is due to be reported via HL's website in August 2024. It is recognised that this was outside of the six month 'time limit' on this requirement within the UK Corporate Governance Code but it was felt it was appropriate to give Alison time to bed into the role and meet with a range of HL's shareholders as part of her induction and engagement process. On balance, given Alison joined the Company in February, it was felt it was important not to rush this given how key understanding the views of shareholders is to the Chair's role and to allow more time for these discussions to take place with Alison as the new Chair.

#### Colleagues

The Board believes that the Group's people are key to its long-term success. It ensures that the Group's people policies and practices promote its values to support that success.

Further information on the Group's Responsible Employer strategy and the policies and procedures in place to achieve its aims, including the Group's approach to engaging with, investing in and rewarding its workforce, can be found on pages 38 to 42.

The Board also recognises the importance of engaging with the Group's workforce for the long-term success of the business. The HL Colleague Forum was set up in January 2019 as a formal workforce advisory panel to create a direct link between colleagues and the Board on matters of strategic importance. Further insight is obtained on colleague views through the Group's annual colleague survey. The views of colleagues have been sought on a more regular basis via additional pulse surveys and focus groups so that we can quickly respond to colleague sentiment and obtain colleague insights on particular topics.

The Board believes in creating a culture of openness and colleagues are encouraged to share their views, ideas and work experiences. Similarly, colleagues are encouraged to raise any concerns in confidence, and the Group has a formal policy on whistleblowing to ensure colleagues who do speak out are protected. Further information can be found on page 74 of the Audit Committee Report.

#### Governance framework

The Board operates within a formal schedule of matters reserved, with certain responsibilities being delegated to its permanent Committees. Details of matters reserved for the Board can be found on page 71. The detailed responsibilities of the Board's Audit, Nomination & Governance, Remuneration and Risk Committees, along with an overview of how they have discharged those responsibilities during the year, can be found in the Committee reports on pages 74 to 119. The Chair of each of the Committees reports to the Board at each meeting on its activities since the previous meeting, and the Board keeps under review the terms of reference of each to ensure it is continuing to operate effectively.

Responsibility for matters that are not specifically reserved to the Board is delegated to the Chief Executive Officer. This includes oversight of the Group's performance, delivery against the strategy approved by the Board, and the effective management of day-to-day operations within the governance, risk and internal control frameworks it has developed. The Chief Executive Officer has an established Group Executive Committee with members drawn from the Executive Leadership Team to assist him in discharging these responsibilities. The Chief Executive Officer also receives reports from the Conflicts Committee about improving the Group's framework for identifying, mitigating and protecting against conflicts of interest, and to ensure appropriate measures are in place to mitigate conflicts of interests between the Group's principal operating subsidiaries and between HL, its colleagues and clients.

Details of the roles and responsibilities of the participants in the Company's governance framework can be found on pages 66 to 67.

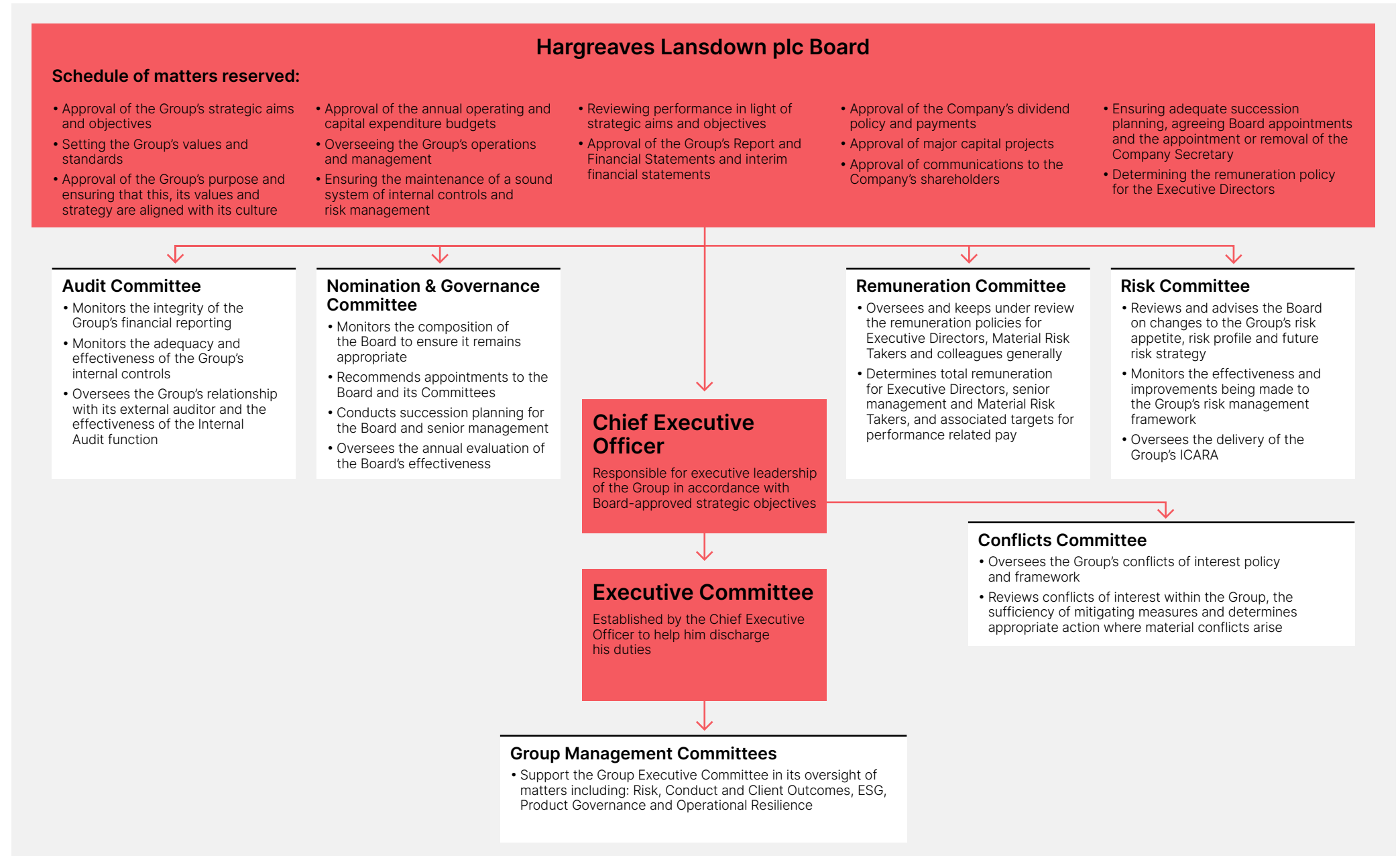
The Group's principal operating subsidiaries carry out its business of providing regulated financial products and services. The boards of the principal operating subsidiaries include various members of the Executive Leadership Team, with independent Non-Executive Directors also sitting on the Board of Hargreaves Lansdown Fund Managers Ltd in line with regulatory requirements. Each board is responsible for ensuring that its business is operated in accordance with relevant legal and regulatory requirements, within the framework of the strategy, culture and policies determined by the Board. The subsidiary boards are assisted by Group level and subsidiary level management committees constituted to assist in the day-to-day management of the business.



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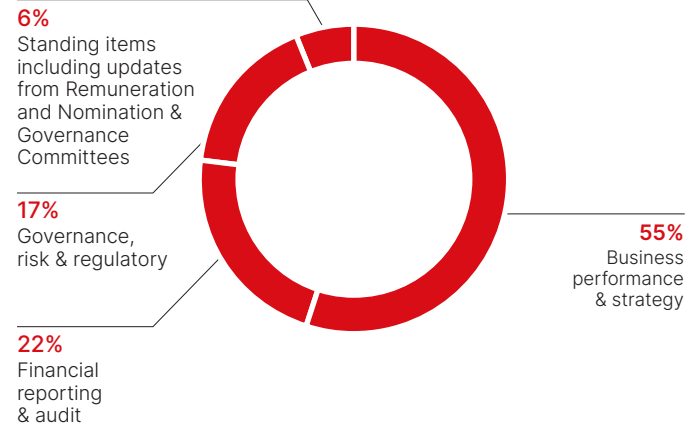
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### Board activities and allocation of time

Given the appointments of a new CEO and a new Chair during the reporting period, the Board determined that it was appropriate to devote a significant amount of time during the period under review to consider and oversee the implementation of the Group strategy. The Board was fully engaged in its development and continues to be so during its execution with deep dives into specific lines of business carried out during the year. The Board also spent time overseeing the Group's ongoing business performance including regular updates from the Chief Executive Officer and other members of the Executive Leadership Team and the review and approval of the Group's annual operating plan. The Board has continued to receive periodic reports relating to events arising out of the suspension of, and subsequent decision by Link Asset Services to wind up, the LF Equity Income Fund (formerly Woodford Equity Income Fund).

The following chart illustrates the time spent by the Board on matters within the categories stated.

### Overview of the Board's activities in the year to 30 June 2024



Other key matters considered by the Board during the period under review include:

- Business performance, through regular updates from the Chief Executive Officer;
- Progress against strategic initiatives, via regular reporting from the Chief Executive Officer and regular deep dives into lines of business;
- Financial performance and investor relations, via the Chief Financial Officer's regular updates;
- Client value proposition and the evolving market opportunities
- The Group's liquidity and capital adequacy, and the approval of its 2023 ICARA;
- Approval of the Group's operating plan;
- Maintaining oversight of the Group's risk management framework, and approval of its operational resilience self assessment;
- Maintaining oversight of potential or actual material litigation and/or regulatory reviews;
- Receiving updates on elements of the People strategy from the Chief People Office and an overview of the annual colleague survey and planned next steps;
- Approval of updates to the Group's key policies, including conflicts of interest, whistleblowing, human rights, tax strategy and Board diversity;
- Progress of recommended actions from the annual evaluations of Board performance, including further embedding best practice and developing the resilience and expertise of the Board; and
- Receiving progress updates against Consumer Duty.

### ESG and sustainability

As part of its role in overseeing the Group's long term strategy the Board engages in topics relating to ESG, climate change and sustainability. For more information on our ESG governance please see the TCFD report on pages 43 to 50.

### Audit, risk and internal control

#### Audit

The Board is responsible for establishing the policies and procedures that ensure the independence and effectiveness of the Group's Internal Audit function and the external auditor, and for satisfying itself as to the integrity of the financial and narrative statements in the Report and Financial Statements. The Board delegates responsibility to its Audit Committee to oversee the Group's Internal Audit function and the Group's relationship with its external auditor. The Audit Committee is also responsible for monitoring the integrity of the Group's financial reporting and the processes and controls that support it, and for advising the Board as to whether the Report and Financial Statements provide a fair, balanced and understandable assessment of the Company's position and prospects. The terms of reference for the Audit Committee can be found here: [www.hl.co.uk/about-us/board-of-directors](http://www.hl.co.uk/about-us/board-of-directors)

The main features of the Group's internal control and risk management systems that ensure the accuracy and integrity of its financial reporting include:

- The utilisation of appropriately qualified and experienced colleagues, and regular knowledge sharing within the team;
- The use of appropriate information security and access controls around the key systems used in the Group's financial reporting processes;
- Appropriate segregation of duties to ensure that no individual controls the end-to-end process;
- Continuing enhancements to the Group's Risk Management Framework including robust risk identification, assessment and management;
- Detailed processes and controls around the reconciliation of the Group's office accounts, the recognition of revenue and the Group's tax balances, and payment processes; and
- A detailed process of reconciliation and review by management of data extracted from the general ledger system for the production of management accounts.

The process of review includes receiving a report from management on the effectiveness of the financial control systems in addition to independent assurance on the effectiveness of controls contained in the internal audit plan.



# CORPORATE GOVERNANCE REPORT

## FURTHER STRENGTHENING GOVERNANCE FOR THE FUTURE CONTINUED

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The Audit Committee reviewed the Internal Audit reports for the period as well as the progress of actions against any prior year observations on controls and considered year end reports on various aspects of the internal control environment of the business from Internal Audit, the Group Chief Risk Officer and the Chief Financial Officer. The Committee also receives observations on the control environment from the external auditor and external auditor reports are challenged by members at each relevant meeting. Periodic reports on the Group's whistleblowing arrangements are also reviewed to ensure these do not indicate any material systemic control or governance failures, which they did not.

Further details can be found in the Audit Committee report on pages 74 to 80. Statements from the Board as to the adoption of the going concern basis for preparing the financial statements and the Board's responsibility for preparing the Report and Financial Statements can be found on page 123 of the Directors' Report and the Statement of Directors' Responsibilities on page 127 respectively.

### Risk management and internal controls

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. It is responsible for establishing procedures for risk management and for monitoring the Group's risk management framework and system of internal controls. There is an ongoing process for identifying, evaluating and managing the principal risks faced by the company which is reviewed and challenged by the Risk Committee with further details set out on pages 51 to 58 of the risk management and principal risks and uncertainties section of this report. The systems have been in place for the period under review and the Board delegates responsibility for monitoring those systems to its Audit and Risk Committees with each carrying out an annual review of their effectiveness on the Board's behalf. Together, this review covers all material controls, including financial, operational and compliance controls and risk management systems. The crossover of membership between the Audit Committee and Risk Committee assists in the exchange of relevant issues and the facilitation of associated discussions. The Executive Risk Committee is responsible for ensuring appropriate systems of internal control and risk management are in place, operating within risk appetite and supporting good client outcomes and the Group Chief Risk Officer, as Chair of that committee, has unfettered access to

the Risk Committee Chair to escalate and report to the Risk Committee where necessary. The year end review process includes receiving reports from the Chief Executive Officer and Group Chief Risk Officer on their own assessment of controls and risk management. Following the review activity undertaken by its Committees, the Board is satisfied that the Group's risk management and internal control systems are adequate and have continued to improve throughout the period under review, this has been reflected this year in the output of the work undertaken on risk maturity. The Board continues to encourage the continued enhancements to risk management and maturity, aligned to the Group's scale and complexity as it continues to grow and implement the strategy. Further information of the continued enhancements planned can be found on page 119 of the Risk Committee report.

The Board is also responsible for determining the nature and extent of the principal risks the Group is willing to take in order to achieve its long-term strategic objectives. Supported by the Risk Committee, the Board carries out a robust assessment of the Group's emerging and principal risks when assessing the prospects of the Company over the longer term. The outcome of that assessment, along with a description of the Group's principal risks, the procedures in place to identify emerging risks, and an explanation of how these risks are managed or mitigated can be found on pages 51 to 58.

A description of the main features of the Group's risk management and internal control systems, including the 'three lines of defence model', can be found on pages 51 to 58.

The terms of reference for the Audit and Risk Committees can be found here: [www.hl.co.uk/about-us/board-of-directors](http://www.hl.co.uk/about-us/board-of-directors)

### Remuneration

The Group's remuneration policies and practices are designed to support its strategic objectives and promote its long-term sustainable success. A summary of how the Company has complied with the remuneration requirements set out in the Code, along with details of the Remuneration Committee's activities during the period under review, the levels of Directors' remuneration and detail relating to the new Directors' Remuneration Policy, can be found on pages 85 to 92

The terms of reference for the Remuneration Committee can be found here: [www.hl.co.uk/about-us/board-of-directors](http://www.hl.co.uk/about-us/board-of-directors)

### Conflicts of interest

The Board takes action to identify and manage any conflicts of interest that arise to ensure that the interests of the Company's shareholders as a whole are protected.

All Directors have a duty to avoid situations that may give rise to conflicts of interest. Directors are responsible for notifying the Chair and the Group Company Secretary as soon as they become aware of any actual or potential conflict. The Company's Articles of Association permit the Board to consider and authorise any situations where a Director has an actual or potential conflict, and a formal procedure is in place for considering, recording and, if appropriate, authorising conflict situations. Conflicts of interest are included as a standing agenda item at each Board and Committee meeting and, in determining whether to authorise an actual or potential conflict, the Board will take into account the specific circumstances and whether to impose conditions on the Director in the interests of the Company.

The Conflicts Committee reports into the CEO which is responsible for ensuring there is appropriate governance and ownership around enhancements to the conflicts management framework within the Group. In addition, conflict management is enhanced through the separation of investment decisions and broad membership of investment related oversight committees including external members as appropriate. During the year mandatory conflicts training was provided to all colleagues and we continued to embed our conflicts notification and management processes which provide a common oversight process to both business and to personal conflicts management.

### Consumer Duty

The Board attests that Hargreaves Lansdown is substantively compliant with its obligations under PRIN 12 and PRIN 2A, that appropriate assessments and checks have taken place, including that its future business strategy has been assessed to ensure it is aligned with its obligations under the Consumer Duty with minor areas of enhancement identified to further support good client outcomes.



# ENSURING THE CONTINUED INTEGRITY OF THE GROUP



“  
Supporting the control environment and financial resilience through strong and robust processes

**Darren Pope**  
Chair of the Audit Committee

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## Dear Shareholder

Having joined the Board as Audit Committee Chair designate in September 2022, I was appointed as Chair of the Committee in November 2023, and am pleased to present my first report to you on the Committee's activities in the year as Audit Committee Chair.

I would like to extend my thanks to my predecessor, Roger Perkin, for his leadership of the Committee and high quality and extensive handover.

## Role of the Audit Committee

The Board delegates certain responsibilities to the Committee which are set out in its terms of reference on the Group's website and are summarised below:

**Assess the integrity of the Group's financial reporting and disclosures.** The Committee has reviewed and challenged the appropriateness of accounting policies, significant issues and judgements and the assumptions used in supporting the disclosures with regard to the Group's ability to continue as a going concern and maintain longer term viability under periods of stress. The Committee has additionally ensured that all reporting is fair, balanced, and understandable. The Committee has had enhanced focus this year on verifying non-financial information (including TCFD) contained in the Report and Financial Statements this year. This work when taken together has identified no material concerns with regard to the financial reporting and disclosures by the business. The rigour with which the Report and Financial Statements have been prepared and reviewed by management and the Board has been further developed this year.

**Oversee and assess the effectiveness of the Group's broad financial control environment that supports these financial reporting and disclosures including CASS.** The Committee receives regular reports from both the CFO, Internal Audit, Head of CASS Oversight and External audit with regard to the effectiveness of the financial control environment and ensures

actions to improve or mitigate these controls are undertaken in a timely way. During the year we have seen a trend in reducing the number of overdue Internal Audit actions and during the course of the year we reviewed all outstanding audit actions to ensure that resources are focused on the most important issues first with some less critical actions being assigned revised later completion dates to ensure resources and focus on more critical actions. Regular updates have been provided by the Head of CASS Oversight on the CASS programme resulting in sustained progress in the mitigation of the higher risk items.

**Review the activities and performance of the Internal Audit function.** The Internal Audit team has filled all vacancies and has completed all planned work for the year. The internal quality assessment carried out this year shows consistent results to the conclusion of the 2021 external quality assessment that Internal Audit is operating at a very strong level. Overall, where there are some control weaknesses that continue to require ongoing attention the Committee remains satisfied that the Group's internal control risk management frameworks are adequate. We continue to focus on working with the Risk Committee to ensure that the overall assurance plan across both second and third line of defence maximises coverage of the most important risk areas of our business.

**Review the activities and performance of the External Auditor.** PwC has been our auditor for 11 years. The Committee annually reviews the scope and cost of PwC's audit work, assesses its independence and objectivity and looks at its overall performance. The Committee continues to welcome both the levels of skill and robust challenge from Darren Meek and his team which helps underpin the Committee's confidence in the financial statements and related disclosure.

**Review and monitor the Group's whistleblowing procedures and whistleblowing cases.** The Committee receives periodic reports on the Group's whistleblowing arrangements (known as 'Speak Up') and was pleased to see high levels of awareness and use of the programme. While the speak up programme



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**Governance**

**AUDIT COMMITTEE REPORT  
ENSURING THE CONTINUED INTEGRITY OF THE GROUP CONTINUED**

has not indicated any material systemic control, governance, or behavioural failures during the year it has helped shape organisational communication through a period of considerable uncertainty and change.

The remainder of the report sets out the work of the Committee in more detail as to how the Committee has discharged its responsibility during the period under review.

The Committee works closely with the Risk Committee on risk and control matters and both Committee Chairs are members of the other Committee to ensure a co-ordinated approach. The operation of effective key controls for assessing and managing the Group's key risks is delegated to both the Audit and Risk Committees

**Composition and meeting attendance**

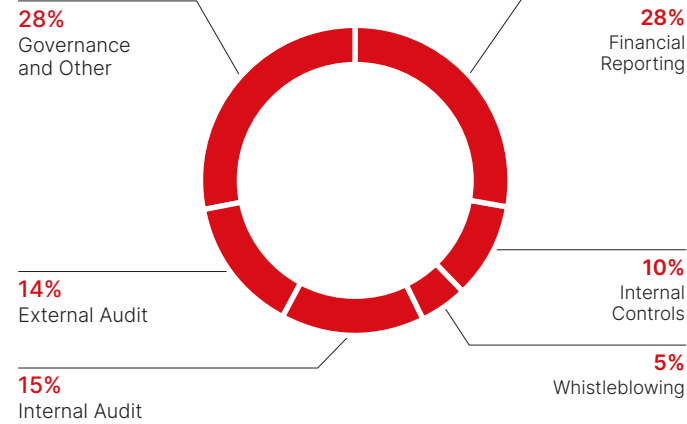
The Committee is comprised solely of independent Non-Executive Directors.

The Board has satisfied itself that the Committee as a whole has an effective balance of skills and experience to perform its responsibilities. Each of Darren Pope (as Chair), Roger Perkin, prior to stepping down in December 2023 Andrea Blance, and John Troiano have significant experience of the asset management sector and/or the wider financial services industry. Darren Pope has recent and relevant financial experience and competence in accounting and audit. Additionally, both Darren Pope and Andrea Blance are qualified accountants.

Ongoing updates are provided to assist Committee members in performing their duties regarding matters relevant to their role and responsibilities. During the period, this included a session with the external auditor. This covered the Department for Business and Trade (DBT) proposals on the future of audit and corporate governance and what this means from a corporate reporting and corporate governance perspective.

The Committee met eight times in the period under review. The attendance of members at the meetings across the year is set out in the table on page 67. Other individuals attend Committee meetings at the request of the Committee Chair.

**Overview of the Committee's activities in the year to 30 June 2024**



This will usually include the Chair of the Board, the Chief Financial Officer, the Chief Internal Auditor, Group Chief Risk Officer, and the external auditor. The Committee has access to the Group Company Secretary, whose nominee acts as secretary to the Committee. The Committee is authorised to obtain independent professional advice where it considers it necessary.



## Governance

# AUDIT COMMITTEE REPORT ENSURING THE CONTINUED INTEGRITY OF THE GROUP CONTINUED

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## Financial statements

Key areas of review and challenge		Key discussions, decisions, and recommendations
Accounting, tax, and financial reporting	Overseeing and monitoring the integrity of the Group's financial statements, including interim and full year results and related results announcements, as well as other statements requiring Board approval containing financial information.	<p>The Committee:</p> <ul style="list-style-type: none"> <li>Reviewed the process of producing the reports under the remit of the Chief Financial Officer, which included monitoring the procedures in place to ensure all contributors attested to completeness, accuracy, and appropriateness of the disclosures.</li> <li>Reviewed the Group's Sustainability Accounting Standards Board (SASB) disclosure prior to its publication on the Company's website.</li> <li>Provided challenge to the application of significant accounting policies across the Group that feed into its financial statements.</li> <li>Challenged the methods used to account for significant or unusual transactions, such as through the application of IAS 38 (Intangible Assets) in relation to the amounts held by the Group's subsidiaries including internally developed software and goodwill.</li> <li>Carefully considered if the external reporting met the requirements to be suitably fair, balanced, and understandable.</li> <li>Received reporting on and considered tax matters impacting the Group, including tax in financial reporting, Group and operational tax compliance.</li> <li>Reviewed and recommended to the Board the tax strategy for FY24.</li> </ul>
Accounting policies	The accounting policies, disclosures, and amendments to accounting requirements.	<p>The Committee:</p> <ul style="list-style-type: none"> <li>Reviewed and challenged management on the appropriateness of the accounting policies and how they were applied to the Group's financial statements and was satisfied that they did.</li> <li>Reviewed all new guidance and new UK accounting policies for applicability and amended as required (or confirmed no changes required).</li> <li>Considered the accounting estimates, judgements and any significant issues that have arisen in preparing the Group's financial statements.</li> <li>Challenged management on considerations taken into account and requests additional reports when it has needed further details on specific aspects scrutinising the clarity and completeness of related disclosures.</li> <li>Has paid due regard to any related correspondence with the external auditor and any material adjustments resulting from the external auditor.</li> </ul>
Revenue recognition	Measuring revenue at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of commission payable, discounts, VAT and other sales related taxes.	<p>The Committee:</p> <ul style="list-style-type: none"> <li>Considered the veracity of the Group's revenue streams in the period, which continue to be non-complex and primarily consist of high-volume, low value transactions.</li> <li>Receives assurance on revenue calculations both internally through its oversight of the Group's internal controls and from the external auditor's approach to recalculating the Group's significant revenues streams and carrying out sample testing on the remainder.</li> <li>Additionally receives assurances from the external auditor's reviews and sample testing of the operational transactions that drive the revenue to ensure that these were booked in a timely and accurate fashion.</li> <li>Reviewed management information to confirm all revenue movements and drivers were understood and consistent with final reported revenue.</li> </ul>





Governance

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Key areas of review and challenge		Key discussions, decisions, and recommendations
Carrying value of investments in subsidiaries	The financial statements provide a list of the Parent's investments in its subsidiary companies.	The Committee: <ul style="list-style-type: none"> <li>Reviewed and approved a change in methodology.</li> <li>Reviewed the valuation models of Hargreaves Lansdown Savings Limited (HLSL) and Hargreaves Lansdown Advisory Services (HLAS) to ensure that they fairly reflected the correct carrying value.</li> </ul>
Contingent liabilities	Aligned to IAS 37.	The Committee: <ul style="list-style-type: none"> <li>Reviewed and carefully considered the contingent liabilities for the Group.</li> <li>Full details of the matters considered can be found in note 5.3 to the consolidated financial statements on page 158.</li> </ul>
TCFD	Developing the reporting year on year to enhance the insight provided against the following four areas of Governance, Strategy, Risk Management, Metrics and Targets to align with the recommendations set out in the Task Force on Climate-Related Financial Disclosures (TCFD) framework.	The Committee: <ul style="list-style-type: none"> <li>Reviewed TCFD and the related sustainability reporting together with the process and controls that support it, requesting assurances from Internal Audit through a light touch audit.</li> </ul>
Going concern and long-term viability	The Board is required to confirm whether it has a reasonable expectation that the Company and Group will be able to continue to operate and meet their liabilities for a specified period. The viability statement must also disclose the basis for the Directors' conclusions and explain why the chosen period is appropriate	The Committee: <ul style="list-style-type: none"> <li>Reviewed and challenged the going concern position for each Group entity.</li> <li>Considered the process to support the viability statement in conjunction with an assessment of principal risks and taking into account the assessment by the Risk Committee of stress testing results and risk appetite through ICARA.</li> <li>Recommended the draft viability statement to the Board for approval.</li> <li>Concluded that the Company and Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.</li> <li>Confirmed to the Board that it was appropriate for the Group's financial statements to be prepared on a going concern basis.</li> <li>Regarding the firm offer on 9 August 2024, while there exists a material uncertainty around the Group's ability to continue as a going concern, concluded that the going concern basis remains appropriate for the preparation of the financial statements.</li> </ul>
Senior Managers and Certification Regime (SMCR)	Hargreaves Lansdown Asset Management Limited (HLAM) is an enhanced firm under SMCR but does not have a separate Audit Committee.	The Committee: <ul style="list-style-type: none"> <li>Reviewed the HLAM accounts for recommendation to the Board of that company.</li> </ul>
Alternative Performance Measures		The Committee: <ul style="list-style-type: none"> <li>Satisfied itself the performance measures were appropriately reported, calculated and where relevant reconciled to statutory measures.</li> </ul>



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#### Report and Financial Statements and interim results

Through considering significant accounting issues, policies and judgements throughout the year, the Committee plays an important role in the production of the Report and Financial Statements and interim results. This includes reviewing and challenging the assumptions that support the use of the going concern basis for the preparation of the financial statements and the statement given by the Directors as to the Company's longer-term viability, which can be found on page 55.

In addition, the Committee also undertakes a broader review of the content of the Report and Financial Statements to advise the Board as to whether, taken as a whole, it is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. This supports the Board in providing the confirmations set out on page 127.

In considering the wider content of the Report and Financial Statements, the Committee has focused its attention to ensuring the narrative sections are consistent with, and provide context for the financial statements, and outline an appropriate balance between the articulation of successful outcomes, opportunities, challenges, and risks. In addition to considering its content, the Committee oversees the process for preparing the Report and Financial Statements and received regular updates throughout the period on planning for the year end reporting, with overall responsibility for coordinating production assigned to the Chief Financial Officer.

#### External Audit

The Committee is responsible for overseeing the Group's relationship with its external auditor, PwC, which has been retained since 2014, following an audit tender process in 2022, whereby PwC were retained.

In addition to oversight of the audit process itself, the Committee is responsible for monitoring the Group's other interactions with the external auditor to ensure that its independence and objectivity are maintained.

The Committee has considered and prepared for the adoption of the Minimum Standard as issued by the FRC and in the year-to-date has had no matters on which it is required to report.

#### External audit process

The Committee has overseen the end-to-end audit process and reviewed and approved the external auditor's engagement letter and the detailed audit plan to ensure appropriateness of scope. In approving the proposed audit fees, the Committee paid particular attention to ensuring they were appropriate to enable an effective and high-quality audit and were benchmarked to ensure not excessive.

The Committee reviewed the findings from the audit process with the external auditor, which included a discussion of key audit and accounting matters including significant judgements, including the estimation uncertainty in relation to the valuation of investments in subsidiaries, as disclosed in note 6.5 of the financial statements of the Company on page 169, and the external auditor's views on its interactions with management. The Committee reviewed and recommended to the Board that it signs the representation letter requested by the external auditor in respect of its audit of the financial statements. The views of the external auditor were sought at the Committee's meetings, which included sessions without management present, to discuss its remit and any issues arising from the audit.

#### External auditor effectiveness and independence

The Committee is responsible for assessing the expertise, resources and qualifications of the external auditor, and effectiveness of the audit process. In discharging these responsibilities, the Committee has considered information from a variety of sources. It received a report from the external auditor on its own internal quality control procedures, which included reference to the outcome of the FRC's 2022/23 AQR inspection report.

The views of management and the Committee members were sought on the efficiency of the year end process and the performance of the external auditor was discussed by members as part of the Committee's effectiveness review. In addition to this a survey obtaining feedback from those involved with the Audit process was circulated to obtain a wider view from the business. Audit quality was assessed on a continuous basis through provision of the reports from the external auditor which are reviewed and challenged by members at each relevant meeting. The audit quality had previously undergone some scrutiny as part of the audit tender process conducted in 2022 and provided some benchmarking comparison to other

audit firms. The Committee noted that the external auditor has demonstrated challenge and professional scepticism in performing its role through the provision of regular reporting and drawing the Committee's attention to key matters during Committee meetings. Challenge provided by the external auditor on completeness issues in the related party listings provided by management has enabled the Committee to oversee the implementation of a more robust verification process providing assurances that the data held is complete and accurate.

As part of its role to monitor and assess the independence and objectivity of the external auditor, the Committee has considered the FRC's Revised Ethical Standard 2019 (the Standard) and paid particular attention to the Group's wider relationship with the external auditor through its provision of non-audit services to the Group, the rotation of the senior audit partner, and the external auditor's tenure with the Group, as detailed below.

The external auditor provided the Committee with a report confirming that, in line with the FRC's Standard and having regard to the threats and safeguards to independence, it had concluded that there were no matters that impaired or restricted its objectivity as auditors to the Group.

The Committee considered the information and views presented to it and has concluded that the external audit process was effective, that it is satisfied with the performance of the external auditor, and that there are policies and procedures in place adequate to protect the independence and objectivity of the external auditor. Accordingly, the Committee has recommended to the Board that a resolution is put to shareholders at the upcoming AGM for the reappointment of the external auditor.

#### Non-audit Services

A key component of the Committee discharging its responsibility for monitoring the independence and objectivity of the external auditor is to provide oversight of the non-audit services provided to the Group. In addition to the report the Committee received concerning the safeguards to the external auditor's independence, the Committee also reviewed reports from the Group's Finance function prior to the publication of the Group's interim and full year results on all non-audit services provided to the Group by the external auditor during the period under review.



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The Committee has responsibility for recommending to the Board the Group's policy on non-audit services supplied by the external auditor. The policy is specifically designed to ensure that the external auditor's independence and objectivity is maintained. It sets out a number of permissible non-audit services which the external auditor may carry out in line with the FRC's Standard. The Committee, in particular, considers that it is desirable that the external auditors also perform the assurance services required by regulation in respect of CASS and Safeguarding as this provides efficiencies in the audit process and, in its judgement, the threats to the auditors' independence are insignificant. All non-audit services must be approved in advance by the Committee.

In line with the FRC's Standard, the policy specifies that the maximum non-audit fees that the external auditor can receive from the Group is 70% of the average of the audit fees incurred by the Group over the previous three years. Assurance services in relation to CASS and safeguarding are specifically excluded from the fee cap. The full policy can be found on the Group's website. During 2024 the Group paid PwC £1,676,998 (FY23: £1,169,998) for audit and audit-related assurance services and £98,106 (FY23: £71,106) for other assurance services, giving a total fee to PwC of £1,775,104 (FY23: £1,241,104), 94% was therefore for audit and related services and 6% for other assurance services. Further information on Auditors' Remuneration is set out in note 1.4 to the financial statements.

### Tenure of the external auditor

The Company has complied throughout the period under review with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, with regards to the tenure of the Group's external auditor, the tender process for auditor appointments and Audit Committee responsibilities.

The lead audit partner for the period under review was Darren Meek, in his fourth year of appointment. During the year there has been a change in the audit director, with the previous audit director providing a comprehensive handover supported with an induction covering key aspects of the audit provided by the Group Financial Controller. The Company considers that, taking account of the controls in place to maintain the external auditor's independence and objectivity, the relationship the

Group has developed with PwC is conducive to an efficient and effective audit and, taking into account the significant transformation agenda, that it is therefore in the best interests of the Company's members as a whole to maintain that relationship for the financial year ending 30 June 2025.

As previously reported, the Group undertook a formal, competitive tender process in 2022 during which audit quality was of paramount importance. The Committee recommended to the Board that, subject to continuing satisfactory performance, members will be invited to vote, at the Company's AGM, to reappoint PwC in respect of the audit of the financial statements for the year ending 30 June 2025.

### Internal Audit

The Group's Internal Audit function's role is to provide objective assurance and advice to both the Board and management on the Group's internal control and risk management framework. The Committee provides oversight of the programme of work carried out by the function, as well as monitoring and reviewing its role and effectiveness, including its objectivity.

The role of the Group's Internal Audit function is defined by the Internal Audit Charter, which sets out its objectives, responsibilities, and scope of work. The Charter was subject to review this year based on industry best practice and was approved by the Committee in February 2024.

The function's detailed work programme is set out in a rolling 12-month Internal Audit Plan. This is reviewed and approved by the Committee every six months and informs the audit planning and priorities through continuous risk assessment. The Committee is satisfied that the Plan covers the Group's key risks, regulatory priorities and strategic ambitions and aligns with the assurance activity being carried out by the Group's second line function and the external auditor. Important topics covered by the Audit Plan this financial year include Consumer Duty implementation, Strategic Change Execution, Client Service and Outcomes, Risk framework and key IT controls including cyber security and resilience. Any Plan modifications are approved by the Committee.

During the period, regular reports were received on progress against the Plan and these reports form a crucial input to our assessment of the internal control environment. (see below)

The Committee uses this information to assess the function's effectiveness and to ensure that it is adequately resourced and fully equipped to fulfil its mandate and perform in accordance with the Internal Audit Charter and relevant professional standards. The Internal Audit function maintains a robust process of internal quality assurance and the results of this continue to support the very positive external quality assessment received in 2021.

The Chief Internal Auditor is a permanent invitee to the Committee's meetings and meets regularly with both the Committee Chair and its members without management present.

Having considered the information provided to it throughout the period under review, the Committee remains satisfied that the quality, experience, and expertise of the function is appropriate and that it is operating effectively. Despite some turnover during the year the function finished the year at full headcount.

The Committee continues to support the maintenance of the function's objectivity. It ensures the Chief Internal Auditor has direct access to both the Chair of the Board and the Committee Chair, in each case without the involvement of management, and they receive reporting directly from the function.

The Committee Chair is responsible for setting objectives for the Chief Internal Auditor, appraising his performance (with support from the Chief Executive Officer) and recommending his annual remuneration for approval by the Remuneration Committee.

### Internal controls

In conjunction with the Risk Committee, the Committee provides assurance to the Board on the Group's system of internal controls.

A key element of this is the review of the financial control systems that identify, assess, manage, and monitor financial risks, which are an important aspect of ensuring the integrity of the Group's financial statements as a whole.

The Committee receives reports from management on the effectiveness of those controls in addition to the independent assurance on the effectiveness of controls contained in the



## Governance

# AUDIT COMMITTEE REPORT ENSURING THE CONTINUED INTEGRITY OF THE GROUP CONTINUED

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internal audit plan. The committee also receives observations on the control environment from the external auditor. During the period, the Committee has:

- Reviewed the Internal Audit reports for the period as well as the progress of actions against any prior year observations on controls.
- Considered year end reports on various aspects of the internal control environment of the business from Internal Audit, the Group Chief Risk Officer and the Chief Financial Officer.

Overall, the Committee is satisfied that the Group's internal control and risk management framework comprises adequate arrangements, actions, and mitigating controls. In order to support the continuing growth and increasing complexity of the Group, the Committee recognises that there is a need to continue to invest in improving and strengthening the Group's risk culture and the risk management and internal control systems. Further information on the enhancements can be found on page 119 of the Risk Committee Report. The Committee has reviewed and approved the statements included in this Report and Financial Statements relating to risk management and longer-term viability on page 55 of the Strategic Report and on the adequacy of the Group's internal control and risk management arrangements on page 73 of the Corporate Governance Report.

### Whistleblowing and Fraud

The Committee Chair is the Whistleblowers' Champion for the Group, and the Group is committed to creating a culture of openness, integrity, and accountability. A formal policy is in place which encourages colleagues and contractors to raise concerns, in confidence, about possible wrongdoing. Awareness of the policy is achieved through regular engagement and training throughout the year. Plans are in place for this to feature more significantly and frequently through colleague feedback during the next reporting period. Changes to the policy require the approval of the Board, and the Committee has responsibility for regularly reviewing the adequacy of arrangements to ensure reports are investigated, appropriate action is taken where necessary, and that appropriate steps are in place to safeguard reporters against victimisation.

During the period, the Committee received regular reporting on the Group's Speak Up arrangements, including management information on concerns raised. The Committee was satisfied that the strength of the arrangements is aligned with other financial services organisations, which was supported by an independent benchmarking exercise conducted by Protect, a leading charity supporting employers with their whistleblowing arrangements. The Speak Up arrangements are an important internal control for the Group and the Committee regularly updated the Board on their operation, where no fundamental weaknesses had been identified. Ongoing improvements to the arrangements included enhancements to the independent reporting site, making our arrangements available to the third-party vendors and improving the functionality of our reporting tool.

As part of the Group's commitment to ensure reasonable procedures are in place to prevent fraud, the Committee also received a report on fraud risk assessments which outlined the controls and measures in place to detect fraud and safeguard clients' assets. No material issues were identified.

### Audit Committee evaluation

The Committee is required to undertake a review of its performance at least annually to ensure it is operating effectively and in line with its terms of reference. This review was carried out in April 2024. A confidential survey of members was undertaken after which a separate session was held with the members which sought their views on areas such as the division of responsibilities between the Committee and the Risk Committee, the documentation provided by management and whether Committee members were comfortable that they had been provided with a complete and accurate picture of the assurance landscape with a process in place to assess audit quality on a continuous basis. The Secretary to the Committee also undertook an exercise to ensure the Committee had fulfilled its responsibilities as per its Terms of Reference as well as against the FRC's Minimum standards. The outcomes of these activities confirmed that the Committee had acted in line with its remit during the period under review. Improvements implemented included minor revisions to the Terms of Reference following the publication of both the BEIS and the Corporate Governance Code consultations, as well as continuing to

align the operation of effective key controls for assessing and managing the Group's key risks with the Risk Committee.

### Audit Committee priorities for 2024/25

Looking ahead to the next financial year, it is anticipated that the Committee will focus in particular on:

- Ensuring attention continues to be given to the Committee's key responsibilities, including preparing for attestation on controls to be made in the future as part of the corporate governance updates.
- Continued oversight of the ongoing CASS change programme particularly the completion of tactical mitigation work and the completion of strategic solutions and
- Providing oversight around developing our TCFD reporting.

### Darren Pope

Chair of the Audit Committee

14 August 2024



# DIRECTORS' REMUNERATION REPORT



“  
We drive great performance  
by empowering colleagues to  
focus on the right things in the  
right way.

**Moni Mannings**  
Chair of the Remuneration Committee

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## Dear Shareholder

Firstly, I would like to thank our shareholders for their support at the 2023 AGM for our Directors' Remuneration Policy ('Policy'). This Committee spent much time last year developing this Policy, which increased the proportion of variable pay measured over the long-term, as well as engaging with shareholders on our approach to executive remuneration. Overall, the Committee believes that this new Policy better aligns our approach with our strategy, and the long-term sustainable growth and returns that this will deliver to all stakeholders.

I am now pleased once again to present our Directors' Remuneration Report for the year ended 30 June 2024 which sets out how our new Policy applied during the year and will be implemented for the forthcoming year.

## Business context in 2024

This year, led by our new Chief Executive Officer, we have seen progress against our strategic goals and our ongoing focus on client service, client experience and value continues to deliver results. Our client numbers, which increased materially over the year, remain by far the largest in the sector with client retention levels at 91.4%. We also reached a record platform AUA of £155.3 billion, while delivering a healthy statutory Profit Before Tax (PBT) which was driven by a focus on key revenue drivers and robust cost control.

We continue to invest in the value proposition for our clients, which this year included the launch of new products and services as well as the continued evolution of our digital offering to provide a more seamless client journey. This is supported by a focus on making HL a great place to work and ensuring we have the right teams in place to deliver the strategy. Over the year, we have strengthened our leadership team and, more broadly, have renewed our People Strategy. I am also pleased to note the strong progress against a stretching diversity and ESG agenda in line with the values of our business.

While the Committee is pleased by the progress seen to date and the foundations built this year, it is recognised there is still more to do to deliver against our strategic priorities.

## Incentive award outcomes for 2024

In determining Executive Director bonuses, the Committee reviewed financial and non-financial performance in key areas of focus. The Committee also considered carefully:

- Delivery of the strategic goals in the year, including the personal contribution of each Executive Director towards these;
- An assessment of risk events, risk maturity and control effectiveness; and
- Whether the overall outcomes aligned with the wider stakeholder experience.

Annual bonus outcomes are set out in summary on page 84 and in detail on pages 97 to 99. In determining the outcomes, the Committee was satisfied that there was no reason to apply discretion and approved the outcomes as calculated.

The Committee also undertook an assessment of the underpinning performance conditions of the 2019 SPP award (5-year performance period) and the 2021 SPP award (3-year performance period). After careful consideration, it was determined that the Group financial, risk and personal performance underpins were met and that these awards will therefore vest in full. In respect of the 2021 SPP award, a two-year holding period will apply until September 2026. The value of these awards to Executive Directors is included in the single figure table on page 96.

Following shareholder approval of our new Policy, we granted our first Performance Share Plan ('PSP') awards to our Executive Directors in December 2023. These awards were subject to satisfactory personal performance in the period prior to grant



## Governance

# ANNUAL STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE CONTINUED

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and will vest based on performance over the three-year period to 30th June 2026.

Full details on how variable pay awards have been determined for the 2024 performance year as well as grants made during the year are set out in this Annual Report on Remuneration.

### Executive Director changes

We welcomed Dan Olley as Chief Executive Officer on 7th August 2023. As outlined last year, his remuneration package was set in line with our new Policy approved by our shareholders at the December 2023 AGM and is detailed within this Annual Report on Remuneration. In order to secure his appointment, Dan Olley also received a buy-out in lieu of forfeited annual bonus and long-term incentive plan awards from his previous employers. In making the buy-out, the Committee looked to maintain consistency with the awards forfeited and replacement awards are no more generous than these. Further details on his buy-out is set out on page 101.

Chris Hill stepped down as CEO on 7th August 2023 and I'd like to thank him for his contribution to the business during his tenure. Chris Hill received his salary and contractual benefits until the end of his notice period on 17th October 2023, but received no bonus in respect of the 2024 performance year. Further details on Chris' remuneration are included on page 96 and 103.

### Wider workforce

Our approach to reward is key in how we unleash the potential of our people and drive a high performance and inclusive culture. During the year, we refreshed our People Strategy enabling us to reset our foundations and drive performance. This will be underpinned by our Performance and Reward Philosophy which helps guide all decisions related to colleague performance and reward.

The way our Performance and Reward Philosophy supports the broader strategy will be a key focus over 2025, starting with the alignment of colleague Objectives and Key Results ('OKRs') to our five strategic priorities. We believe that performance and reward should be driven by both HL and colleague performance.

We will also ensure that behaviours aligned to our values are a core part of how we assess personal performance, and overall reward outcomes.

The colleague voice plays a key role in our decision making process, and with a period of significant change regular communication and engagement with our colleagues has been essential. We introduced our new CEO through a comprehensive communications campaign, including running listening sessions for colleagues to sign up and share their feedback directly. We have continued to run these sessions, so Dan hears from a different group of colleagues in person every month.

We have also continued to engage and invest in our Colleague Forum. In addition to providing an opportunity to consult with colleagues on executive and wider workforce pay approach, it provides a two-way feedback channel on our strategic priorities and a route for colleagues to raise hot topics that are relevant across HL. Further details of the activities in FY24 can be found at page 42.

### Gender pay and diversity

We remain committed to Inclusion and Diversity and believe that building a more representative workforce and inclusive culture will help us deliver the best outcomes for our clients. Further details on our approach to Inclusion and Diversity can be found on page 38.

Our ongoing commitment to initiatives such as the Women in Finance Charter, FTSE Women Leaders, the Parker Review and the Race at Work Charter help ensure we are transparent and accountable in our approach and, from a remuneration perspective, our reward framework now includes stretching targets aligned to our aspiration for increasing the representation of senior women and colleagues from ethnic minority groups.

Analysis of our 2023 Gender Pay Gap (GPG) also gives insight into where we are making progress and where we need to take action. This year our mean and median GPG have widened, with the mean moving from 7.8% in 2022 to 9.3% in 2023 and median moving from 13.7% to 19.1%. This change is primarily due to high levels of recruitment, predominantly of men, into roles commanding a market premium. Whilst overall representation of women in senior roles has improved, there is a greater proportion of men in roles commanding higher salaries as they are larger or command a greater market premium.

We produced our second Ethnicity Pay Gap (EPG) report this year, which we voluntarily publish as part of our commitment to increasing ethnic minority representation, as recommended by the Race at Work Charter. For the first time we have chosen to disaggregate the data to get richer insight into the barriers faced by different ethnic groups. Our 2023 report, which shares data from 5 April 2023, showed that our mean and median EPG has narrowed since the previous year, with the mean moving from 19.6% to 12.2% and the median from 21.2% to 20.3%. Disaggregated data showed that we have the biggest pay disparity between White and Black colleagues.



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## Governance

# ANNUAL STATEMENT BY THE CHAIR OF THE REMUNERATION COMMITTEE CONTINUED

This GPG and EPG analysis illustrates that there is still work to do in terms of narrowing the pay gap, and making progress requires long-term commitment and the focus on support of the whole system to drive change. Going forward, we are focusing on the three areas that we feel will deliver the biggest impact – recruitment, progression and taking a functional approach. Please see pages 40 to 41 for further details.

### Implementation of Policy in FY25

Having applied our new Policy over FY24, the Committee is confident it remains fit for purpose and aligned to the long-term strategic ambitions of HL and the creation of shareholder value. Therefore, no material changes are proposed for FY25.

The Executive Directors' base salaries were reviewed in June 2024. Notwithstanding his strong performance in the year, Dan Olley requested that his salary remain unchanged for FY25 recognising that he had only been in role for less than a year. For Amy Stirling, a salary increase of 3.5% is proposed. This is in line with the salary increase for other members of the senior leadership team, but below the salary increase for the wider workforce at 3.7%. This is the first salary increase Amy has received since her appointment as CFO in February 2022 having requested not to take an increase last year.

Variable pay arrangements will continue to operate in line with the Policy and performance measures remain largely unchanged compared to prior year. For the annual bonus, however, asset retention will replace the previous client retention metric. We have also evolved our approach to measuring ESG for the purposes of the PSP and now include quantitative emissions reduction targets.

### Contents of this report and closing remarks

On the following pages we set out:

- A summary of Executive Directors' Remuneration for the year.
- A summary of the Policy which was approved last year; and
- The Annual Report on Remuneration.

The Directors' Remuneration Report will be submitted to shareholders at the 2024 AGM, and I hope I can rely on your continued support. I thank you, once again, for your time in considering our approach to executive remuneration.

### Moni Mannings

Chair of the Remuneration Committee

14 August 2024



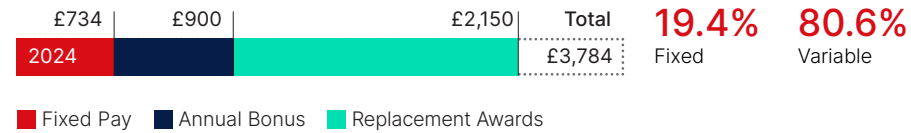
# SUMMARY OF EXECUTIVE DIRECTORS' REMUNERATION FOR THE YEAR

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## Remuneration outcomes for 2024 at a glance

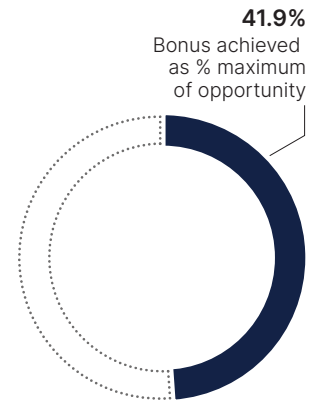
### CEO – Dan Olley

Total Remuneration Outcomes (£'000)

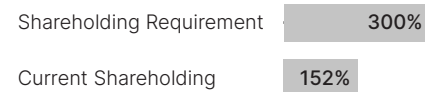


### FY2024 Performance Assessment

	Measure	Max	Achievement
Financial/ Growth (60%)	Net New Business	15.0%	4.3%
	Underlying Cost	17.5%	13.5%
	Profit Before Tax (Statutory)	17.5%	17.5%
	Client Retention	10.0%	4.2%
Non- financial (20%)	ESG – Colleague engagement	5.0%	0.0%
	ESG – Risk and Controls	5.0%	2.5%
	Client Service NPS	10.0%	0.0%
	<b>OVERALL OUTCOME</b>	<b>80.0%</b>	<b>41.9%</b>



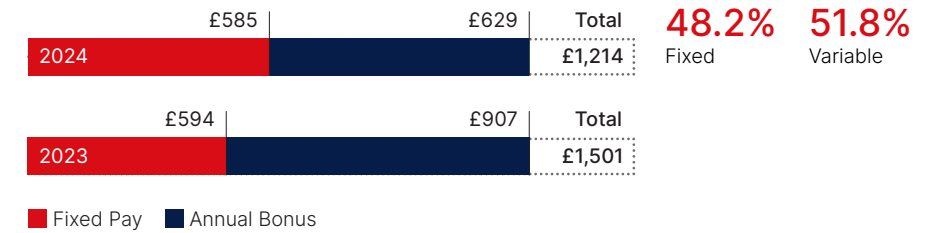
### Share Ownership as a % of Salary (as at 30.06.2023)



Guideline of three times salary. Current shareholding details are set out on page 102

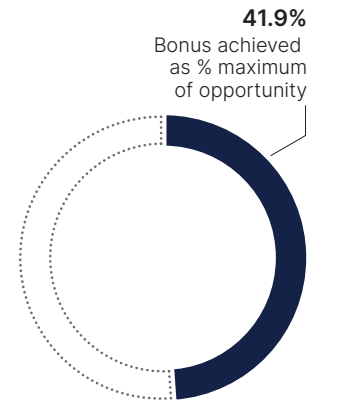
### CFO – Amy Stirling

Total Remuneration Outcomes (£'000)

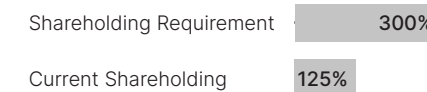


### FY2024 Performance Assessment

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	Client Service NPS	10.0%	0.0%
	<b>OVERALL OUTCOME</b>	<b>80.0%</b>	<b>41.9%</b>



### Share Ownership as a % of Salary (as at 30.06.2023)



Guideline of three times salary. Current shareholding details are set out on page 102



**DIRECTORS' REMUNERATION POLICY (SUMMARY)**

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The Directors' Remuneration Policy was subject to a binding vote and approved by shareholders at our 2023 AGM held on 8 December 2023. The tables below summarise the elements of the remuneration package for Directors and will apply until shareholders next consider and vote on a subsequent policy (intended to be three years from the date of approval).

The Directors' Remuneration Policy is designed to ensure that remuneration supports the Group's strategic objectives, is appropriately positioned against the external market, and provides fair rewards that will attract, retain and motivate individuals of the calibre required to run a group of the scale and complexity of Hargreaves Lansdown.

The full Directors' Remuneration Policy can be found on pages 89 to 99 of the 2023 Report and Financial Statements, which is available to view on our website at [www.hl.co.uk/investor-relations](http://www.hl.co.uk/investor-relations).

The policy is divided into separate sections for Executive and Non-Executive Directors.

**Executive Directors**

Element, purpose and link to strategy	Operation and performance measures	Maximum opportunity
<p><b>Base salary</b> Reflects the individual's responsibilities, experience and contribution.</p> <p>Supports the recruitment and retention of the calibre of individuals required to lead the Company.</p>	<p>Base salaries are normally reviewed annually, with any increase usually effective from 1 July.</p> <p>Base salaries are set taking into account a range of factors including external remuneration levels and remuneration levels within the Group, as well as an individual's responsibilities, experience and contribution.</p> <p>Base salary will ordinarily increase by no more than the average of relevant employee increases. Any increase beyond this would only be made in exceptional circumstances, which would be explained by the Remuneration Committee.</p> <p>Circumstances in which the Committee may award increases outside this range may include:</p> <ul style="list-style-type: none"> <li>• A change in the scope and/or size of Executive Director's role and/or responsibilities;</li> <li>• Performance and/or development in role of the Executive Director; and</li> <li>• A material change in the Group's size, composition and/or complexity.</li> </ul>	<p>No absolute maximum increase. However, the Remuneration Committee will consider the operational principles as set out in this table.</p>
<p><b>Benefits</b> An 'across the board' benefits package is available both to employees and Executive Directors alike.</p> <p>Supports the recruitment and retention of the calibre of individuals required to lead the Company</p>	<p>The Committee's policy is to provide Executive Directors with competitive levels of benefits, taking into consideration the benefits provided to all eligible employees and the external market.</p> <p>Where costs are necessarily incurred in the performance of duties on behalf of the Group, those costs will be reimbursed in full, for example, travel, accommodation, subsistence, relocation, and any tax and social costs arising thereon.</p> <p>Benefits include (but are not limited to) life insurance, income protection, private medical cover, health screening, discounted platform fees and participation in all employee share schemes such as Share Incentive Plan and Save As You Earn scheme.</p>	<p>While no absolute maximum level of benefits has been set, the level of benefits provided is determined taking into account individual circumstances, overall costs to the business and market practice.</p>



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Element, purpose and link to strategy	Operation and performance measures	Maximum opportunity
<p><b>Pension</b> Provides adequate pension saving arrangements for Directors and employees.</p> <p>Supports the recruitment and retention of the calibre of individuals required to lead the Company.</p>	<p>Pension provision is provided in line with the pension provision available for all employees.</p> <p>Any changes made to the employee arrangements will normally be carried across to the Directors.</p> <p>The Committee may amend the form of any Director's pension arrangements in response to changing pension legislation or similar developments, so long as any amendment does not increase the cost to the Company of a Director's pension provision by any greater percentage than the increase to the provision for all other employees.</p> <p>The Company will contribute, on the same basis as the pension provision available to all employees, to a savings vehicle where a Director has reached the Lifetime Allowance, would exceed any pension contribution limits in any year, or has elected to protect their Lifetime Allowance.</p> <p>Alternatively, if the Director does not wish to contribute to a savings vehicle, a cash allowance will be paid.</p> <p>All employees and Directors may waive an element of their annual performance bonus in return for a corresponding employer's contribution into their pension.</p>	<p>The Group provides a matched employer contribution of 5% of base salary.</p> <p>Where employees make additional contributions of over 5% of salary, these will be double matched by the Company, up to a maximum of 11% of salary.</p> <p>The maximum contribution available to the Directors is 11% of salary, in line with the wider workforce rate. The maximum cash alternative is 5%.</p> <p>Any contribution paid as a result of waiver of the cash element of an Annual Performance Bonus will not be counted towards these maxima and will not attract matched funding.</p>
<p><b>Annual performance bonus</b> Rewards achievement of the Group's business plan, key performance indicators and the personal contribution of Directors.</p> <p>Aligns the interests of Directors with those of shareholders.</p>	<p>The level of annual performance bonus payable is linked to key financial and non-financial metrics as well as corporate and individual performance against objectives.</p> <p>The on-target award level for Directors is 50% of the maximum opportunity. For each performance element of the bonus, 25% of the maximum opportunity will be paid for the attainment of threshold performance.</p> <p>Performance will usually be assessed against a combination of financial/growth, non-financial and individual performance measures with at least a 50% weighting allocated to financial/growth measures, and no more than 20% allocated to individual performance. In assessing the overall performance outcome, the Remuneration Committee may use its judgement and retains flexibility to apply discretion to the formulaic outcome as set out on page 95 of the 2023 Report and Financial Statements.</p> <p>Awards will be delivered in an appropriate combination of cash and shares in line with prevailing regulatory requirements, with a minimum of 50% of total variable remuneration delivered over HL plc shares. The combination of cash and shares will be determined each year by the Committee. Awards may be subject to any further post-vesting/holding period applicable in line with regulatory requirements.</p> <p>Deferral will be determined by reference to the proportion of overall variable pay required to be deferred under regulatory requirements, currently the Investment Firm Prudential Regime (IFPR), typically 60%. In accordance with regulation, deferral calculations will normally be based on grant values. The deferral period will usually be three years followed by a post vesting holding period as required under regulation.</p> <p>Subject to regulatory requirements, dividend alternatives will normally accrue on deferred awards up to the vesting date.</p> <p>Awards are subject to malus during the vesting period and clawback until the later of three years from the date of award or the end of any post vesting holding period. Further details of malus and clawback provisions are set out on page 95 of the 2023 Report and Financial Statements.</p>	<p>The maximum bonus opportunity for Directors under the policy is as follows:</p> <ul style="list-style-type: none"> <li>• CEO: 250% of base salary in respect of the relevant financial year; and</li> <li>• CFO: 220% of base salary in respect of the relevant financial year.</li> </ul>



## Governance

# DIRECTORS' REMUNERATION POLICY (SUMMARY)

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Element, purpose and link to strategy	Operation and performance measures	Maximum opportunity
<p><b>Performance Share Plan</b> Rewards achievement of the Group's business plan and key performance indicators over the long-term in line with shareholder and wider stakeholder experience.</p>	<p>Awards over HL plc shares will vest subject to the achievement of performance measures over a performance period, which is normally three years from the beginning of the financial year in which the award is granted.</p> <p>Awards will normally be granted subject to satisfactory personal performance of each Director prior to grant.</p> <p>Performance measures attached to PSP awards may be a mix of financial measures and other long-term strategic measures. Financial measures will comprise at least 75% of the performance measures. Weightings and targets will be set in advance of each grant by the Committee and disclosed prospectively, and performance against the targets set will be disclosed retrospectively.</p> <p>Vesting will be on a straight-line basis between threshold and maximum performance levels, with no more than 25% vesting at threshold performance. No award will vest for performance below threshold level. The Committee may use its judgement and retains flexibility to apply discretion to the formulaic outcome as set out on page 95 of the 2023 Report and Financial Statements.</p> <p>Vested awards (net of applicable taxes and deductions) will normally be subject to a two-year holding period.</p> <p>Subject to regulatory requirements, dividend alternatives will normally accrue on unvested awards up to the vesting date.</p> <p>Awards are subject to a formal malus mechanism until vesting. Awards are subject to clawback until the end of any post vesting holding period. Further details of malus and clawback provisions are set out on page 95 of the 2023 Report and Financial Statements.</p> <p>Awards may also be granted in conjunction with a tax-advantaged Company Share Ownership Plan ("CSOP") up to the HMRC limits as an "Approved PSP Award" with the vesting of any Approved PSP Award scaled back to take account of any gain made on exercise of the associated CSOP option. An Approved PSP Award may enable the Director and the Company to benefit from tax advantaged treatment on part of their PSP award without increasing the pre-tax value delivered to the Director or cost to the Company.</p>	<p>The maximum PSP award each year under the Policy will be 150% for the CEO and 130% for the CFO.</p>



## Governance

# DIRECTORS' REMUNERATION POLICY (SUMMARY)

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Element, purpose and link to strategy	Operation and performance measures	Maximum opportunity
<p><b>Sustained Performance Plan</b> Aligns the interests of Directors with those of shareholders and rewards long-term stewardship of the Company.</p>	<p>Annual awards of over HL plc shares will vest subject to the achievement of underpinning performance conditions over a performance period, which is normally three years from the beginning of the financial year in which the award is granted.</p> <p>Awards will normally be granted subject to satisfactory personal performance of each Director prior to grant.</p> <p>The underpinning performance conditions applicable for each award will be set in advance of each grant by the Committee and disclosed prospectively, and performance against the targets set will be disclosed retrospectively.</p> <p>Vesting will be determined by the Committee and, in doing so, the Committee retains flexibility to apply discretion to the formulaic outcome as set out on page 95 of the 2023 Report and Financial Statements.</p> <p>Vested shares (net of applicable taxes and deductions) will then normally be subject to a two-year holding period.</p> <p>Subject to regulatory requirements, dividend alternatives will normally accrue on unvested awards up to the vesting date.</p> <p>Awards are subject to a formal malus mechanism until vesting. Awards are subject to clawback until the end of any post vesting holding period. Further details of malus and clawback provisions are set out on page 95 of the 2023 Report and Financial Statements.</p>	<p>The maximum award each year under the Policy is 50% of base salary</p>
<p><b>Shareholding guideline</b> Aligns the interests of management and shareholders to the success of the Group</p>	<p>All Executive Directors are expected to hold shares in the Company with a specific market value expressed as a percentage of their salary, within a reasonable time frame (typically within six performance years of appointment).</p> <p>The current shareholding guideline for Directors is a minimum value of three times base salary.</p> <p>Vested and unvested (net of tax) awards under the annual performance bonus are included in the calculation of a Director's shareholding for this purpose.</p> <p>Awards no longer subject to performance conditions (net of tax) under the Performance Share Plan and Sustained Performance Plan are also included.</p> <p>Upon ceasing to be employed, Directors will be required to retain a shareholding equal to their shareholding guideline, or the number of shares actually held on departure, whichever is the lower, for twenty-four months. This will not include shares purchased or awarded to Directors upon recruitment in respect of any buyout award, nor will it include shares vested prior to the 2020 AGM.</p>	<p>Not applicable.</p>



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### Approach to recruitment remuneration

The Committee will set a remuneration package for new Executive Directors determining the individual elements of the package and the total package taking account of the skills and experience of the candidate, the market rate, and remuneration levels across the Group, respecting maximum levels for variable pay referred to in the appropriate policy table.

Separately, additional cash and/or share based awards on a one-off basis may be made upon recruitment as deemed appropriate by the Committee if the circumstances require, taking into account pay or benefits forfeited by a Director on leaving a previous employer. The Committee has the discretion to make such awards under its share plans and in excess of the salary limits contained therein, or as permitted under Rule 9.4.2 of the Listing Rules (which allows companies to make one off share awards in exceptional circumstances, including recruitment). Such awards will, as far as possible, maintain consistency with the awards forfeited in terms of type of reward (shares or cash), expected value, time horizons and whether they were subject to performance criteria. Other payments may be made for relocation expenses, recruitment from abroad, legal costs, tax equalisation, other costs or benefits forfeited by an individual being recruited.

### Service agreements and loss of office payments

All Executive Directors have a service contract which reflects the approved policy in force at the time of appointment.

The service contracts for all Directors in post are available for viewing (on the giving of reasonable notice) at our registered office during normal business hours and both prior to, and at, the Annual General Meeting. Under the terms of our Articles of Association, all Directors are subject to annual re-election by shareholders.

Service contracts do not have a specific duration but may be terminated with 12 months' notice from the Company or the Executive Director.

The service agreements contain provisions for payment in lieu of notice in respect of base salary and pension contributions.

The Committee has a policy framework for payments for loss of office by an Executive Director, both in relation to the service contract and incentive pay, which is summarised below. The approach of the Company on any termination is to consider all relevant circumstances, including the recent performance of the Executive Director, and to act in accordance with any relevant rules or contractual provisions.



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**DIRECTORS' REMUNERATION POLICY (SUMMARY)**

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Element	Nature of termination		<b>Good leaver:</b> leaving by reason of death, ill health, injury or disability, redundancy, retirement with the agreement of the Committee, the sale of employing business or company, or other circumstances at the discretion of the Committee
	By Executive Director or Company giving notice	By Company summarily	
<b>Base salary, pension and benefits</b>	Paid until employment ceases	Paid until employment ceases.	Paid until employment ceases or in respect of notice period (subject to mitigation) depending on the reason for cessation. Discretion for Company to pay salary, pension and benefits in a single payment or in monthly instalments.
<b>Annual bonus</b>	No entitlement to annual bonus for that financial year.	No entitlement to annual bonus for that financial year.	Cessation during the financial year or after the financial year end, but before payment date, may result in bonus being payable subject to performance (pro-rated for the proportion of the financial year worked).
<b>Deferred bonus award</b>	Unvested deferred bonus awards lapse when employment ceases.	Unvested deferred bonus awards lapse when employment ceases.	Vested awards will not lapse and unvested options and conditional shares awards (where shares have yet to be delivered) may vest and be exercised in accordance with normal terms. Committee has discretion to determine whether awards vest when employment ceases.
<b>Performance Share Plan (PSP) awards</b>	Unvested PSP awards lapse when employment ceases.  Vested PSP awards will normally continue to be released on the original terms.	Unvested PSP awards lapse when employment ceases.  Vested PSP awards subject to a holding period will lapse upon summary dismissal.	Unvested awards will normally vest in accordance with the original terms, on a pro rata basis for the period of time served as a proportion of the initial performance period and subject to achievement of the performance measures. The Remuneration Committee has discretion to waive the pro-ration of PSP awards, should they deem this to be appropriate.  Vested awards that remain subject to a holding period will normally continue to be released on the original terms.  The Remuneration Committee has discretion to accelerate the vesting and release of awards for good leavers in exceptional circumstances (e.g. death).
<b>Sustained Performance Plan (SPP) awards</b>	Unvested SPP awards lapse when employment ceases.  Vested SPP awards will normally continue to be released on the original terms.	Unvested SPP awards lapse when employment ceases.  Vested SPP awards subject to a holding period will lapse upon summary dismissal.	Unvested awards will normally vest in accordance with the original terms, on a pro rata basis for the period of time served as a proportion of the initial performance period, subject to achievement of the performance underpins. The Remuneration Committee has discretion to waive the pro-ration of SPP awards, should they deem this to be appropriate.  Vested awards that remain subject to a holding period will normally continue to be released on the original terms.  The Remuneration Committee has discretion to accelerate the vesting and release of awards for good leavers in exceptional circumstances (e.g. death).
<b>Other payments</b>	None.	None.	In appropriate circumstances, disbursements such as legal costs, outplacement services, relocation expenses and the cost of a settlement agreement.



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**DIRECTORS' REMUNERATION POLICY (SUMMARY)**  
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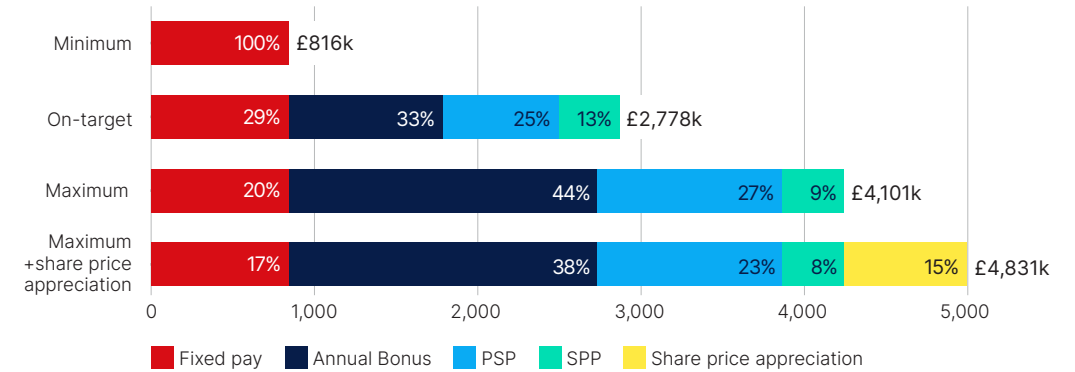
**Illustration of application of Remuneration Policy**

The Committee discloses each year in the Group's Report and Financial Statements a bar chart that models the potential remuneration for each of the Executive Directors for the forthcoming year using a range of assumptions. The chart shows the potential value of the current Executive Directors' remuneration for the forthcoming year for three scenarios; minimum, maximum and mid-point scenario as follows:

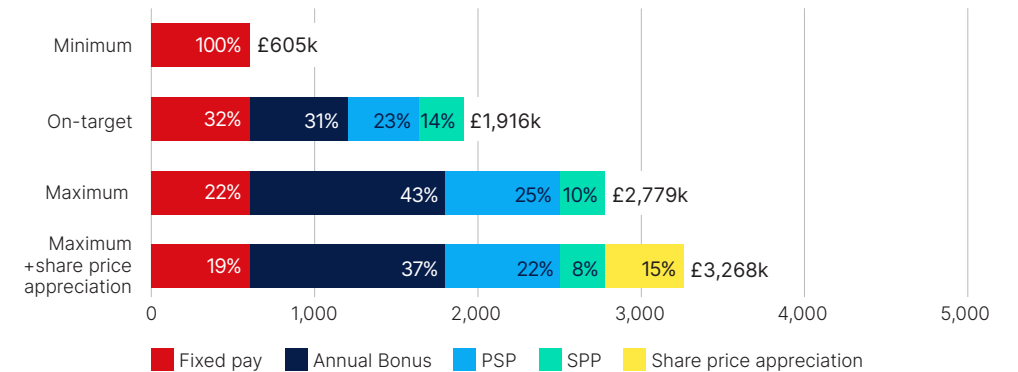
- The minimum amount represents the unconditional component of the remuneration package: salary, pension and employee benefits;
- The mid-point amount is the amount the Executive Director will receive if they achieve an on-target bonus level (50% of maximum) and on-target Performance Share Plan vesting (62.5% of maximum), and awards under the Sustained Performance Plan vest in full. It will include both fixed and variable components of remuneration; and
- The maximum level is the maximum amount of remuneration each Executive Director can be awarded in the year. The maximum is subject to remuneration caps that have been established for each component.

Within the scenario charts, the final scenario on the right-hand side sets out the impact on the PSP and SPP awards of a 50% appreciation in the Company's share price during the relevant period.

**Dan Olley – Remuneration opportunity for FY25 (£'000s)**



**Amy Stirling – Remuneration opportunity for FY25 (£'000s)**





## Governance

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### Non-Executive Directors

Element, purpose and link to strategy	Operation and performance measures
<p><b>Base fee</b> Supports the attraction and retention of high performing individuals, considering both the market value of the position and the individual's skills, experience and performance.</p>	<p>Non-Executive Directors are paid an annual base fee with fees for additional roles (for example, Senior Independent Director or Chair of a Board Committee and/or Chair or member of a subsidiary Board).</p> <p>The Chair's and Non-Executive Directors' base fees are reviewed annually and any increases, if applicable, are normally effective from 1 July.</p> <p>The fee levels are set considering relevant factors, such as time commitment and market data for comparable positions and taking account of the time commitment required for the role.</p> <p>All Non-Executive Directors' fees including those below are paid in cash monthly or such other frequency as determined by the Board.</p> <p>The Non-Executive Directors are not eligible for bonuses, pension or to participate in any Group employee share plan.</p>
<p><b>Committee Chair fees</b> Recognises the additional time commitment and responsibility involved in chairing a Committee of the Board.</p>	<p>Each Non-Executive Director receives an additional fee for each Committee for which they are Chair.</p> <p>The Committee Chair fees reflect the additional time and responsibility in chairing a committee of the Board, including time spent liaising with management and preparing for a committee of the Board.</p>
<p><b>Senior Independent Director (SID) fee</b> Recognises the additional time commitment and responsibility involved in holding the SID role.</p>	<p>The SID receives an additional fee for their role.</p> <p>The fee reflects the additional time and responsibility in fulfilling the role of Senior Independent Director.</p>
<p><b>Benefits and expenses</b> To appropriately reimburse the Chair and Non-Executive Directors for out-of-pocket expenses incurred in the fulfilment of their responsibilities and any tax and social costs arising.</p>	<p>Non-Executive Directors may be eligible to receive benefits such as travel and other reasonable expenses.</p> <p>Where costs are necessarily incurred in the performance of duties on behalf of the Company, those costs will be reimbursed in full, for example, travel, accommodation, subsistence, relocation, and any tax and social costs arising.</p> <p>Expenses may be claimed by the Chair and Non-Executive Directors in line with the Company's expenses policy.</p> <p>Appropriate Director insurance and indemnity cover is provided by the Company.</p> <p>Some Group services are provided at a reduced cost, on the same basis as for all other employees.</p> <p>Where benefits are provided to Non-Executive Directors, they will be provided at a level considered to be appropriate, taking into account individual circumstances.</p>

In accordance with the Company's Articles of Association, the maximum aggregate remuneration for the Non-Executive Directors is currently £1,500,000 per annum. This limit will be reviewed by the Board from time to time to ensure that it remains appropriate. Non-Executive Directors are appointed for an initial term of three years, if the contract ceases earlier, three months prior written notice is required.





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This report has been prepared in accordance with the provisions of the UK Corporate Governance Code. It also meets the requirements of the UK Listing Authority's Listing Rules. The Remuneration Committee confirms throughout the financial year that the Company has complied with these governance rules and best practice provisions.

### **Role of the Remuneration Committee**

The Board remains ultimately accountable for executive remuneration but has delegated this responsibility to the Remuneration Committee.

The Remuneration Committee is therefore responsible for determining the Remuneration Policy for the remuneration of the Executive Directors of the Company and of the subsidiary companies, the Chair, other members of executive management and all other employees who are deemed to be Material Risk Takers. The Committee shall also review workforce remuneration and related policies, and the alignment of incentives and rewards with the Group's culture and defined behaviours, taking these into account when setting the policy for plc Executive Director remuneration. The policy is determined with due regard to the interests of the Company, the shareholders and the Group, with the objective of being able to attract, retain and motivate executive management of the quality required to run the Group successfully without paying more than is necessary.

The performance measurement of the Executive Directors and key members of senior management and the determination of their annual remuneration packages is also undertaken by the Committee. For individuals below the Executive Leadership Team remuneration structures and outcomes are reviewed at the Executive Committee which reports and refers decisions to the Committee for final approval where relevant.

The Committee also ensures that the remuneration relationship between the Executive Directors and senior employees of the Group is appropriate and that the Remuneration Policy complies with the relevant FCA Remuneration Codes. Any exceptional remuneration arrangements for senior employees are approved by or advised to the Committee.

### **UK Corporate Governance Code**

When considering the policy, the Committee was mindful of the UK Corporate Governance Code and believes that the executive remuneration framework addresses the following principles:

<b>Clarity</b>	The Committee remains committed to a clear and transparent remuneration framework that promotes effective engagement with our shareholders and the wider workforce. Further alignment with our shareholder interests is driven by the increased focus on long-term time horizons and Executive Director shareholding requirements.
<b>Simplicity</b>	The remuneration arrangements for Executive Directors are well understood by both participants and shareholders. The structure consists of fixed pay, annual bonus (including deferral), SPP and PSP. The approach to annual bonus deferral has been simplified, with a portion being deferred where the regulatory requirement is not satisfied through our long-term incentive awards or where the HL internal deferral framework would result in a greater level of annual bonus deferral.
<b>Risk</b>	The remuneration framework has been designed to mitigate risk where appropriate. The Committee review adherence to the Group's risk parameter as part of its determination of variable pay outcomes and malus and clawback provisions apply to the annual bonus, SPP and PSP award. Under the policy, the PSP and SPP awards will be subject to a two-year post-vesting holding period. Where a portion of the annual bonus is to be deferred, an additional post-vesting holding period will apply as required under the regulations.
<b>Predictability</b>	The potential value of the Executive Directors' remuneration packages at threshold, target and maximum scenarios (including with 50% share price appreciation) have been provided on page 91. In addition, the policy states the maximum annual bonus, PSP and SPP opportunity as a percentage of salary. In line with best practice, the specific targets are also communicated to participants and disclosed to shareholders.
<b>Proportionality</b>	The Committee strongly believes that poor performance should not be rewarded. The annual bonus and PSP awards require performance against stretching targets to ensure that there is a clear link between the performance of the Group and awards made to Executive Directors. The SPP award is subject to robust underpin measures. These underpins reflect on both financial and non-financial performance and are aligned to the Group's strategic priorities.
<b>Alignment to culture</b>	The remuneration framework has been designed to support both the Group's culture, purpose and values. The performance measures and underpins of the variable pay awards have been chosen to drive desired behaviours and are aligned to the strategy of the business.



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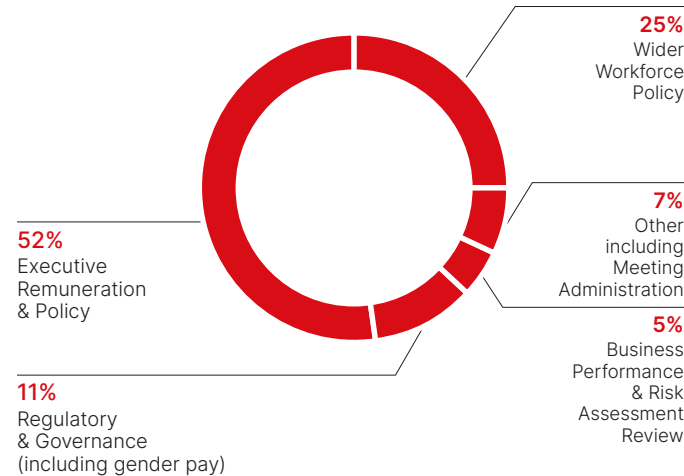
### Meetings during the year

There were five scheduled meetings during the year as set out on page 67 and occasional ad hoc meetings where required. Meetings were chaired by Moni Mannings; other members were John Troiano for the full year and Deanna Oppenheimer, Roger Perkin and Michael Morley for part of the year.

None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business.

During the year the Committee has undertaken activities as set out below and, in doing so, confirm that there have been no deviations from the procedure for implementation of the policy in this financial year:

### Overview of the Committee's activities in the year to 30 June 2024



### • Executive Remuneration & Policy

Reviewing and implementing the Directors' Remuneration Policy and considering our remuneration approach to apply to FY25 and beyond.

Consideration of the Directors' Remuneration Report in the 2023 Report and Financial Statements, and stakeholder feedback received.

Assessing progress towards achieving Director shareholding requirements.

### • Wider Workforce Policy

Reviewing the remuneration policy for the wider workforce and approving new policies in accordance with regulatory and governance requirements.

Receiving reports and overseeing decisions and recommendations made by the Executive Committee.

Reviewing colleague feedback via the Colleague Forum, oversight of which transitioned to the Nomination & Governance Committee during the year.

Reviewing the gender and the ethnicity pay gap reporting covering the snapshot date of 5 April 2023, and noting management's action plan to address the gender pay gap.

### • Business Performance & Risk Assessment

Reviewing our approach to business and individual performance measures, targets and weightings, with a particular focus on ensuring they evidence delivery against our strategic priorities.

Considering a formal assessment of risk performance in relation to remuneration.

Reviewing and agreeing performance bonuses for the Executive Directors and other Material Risk Takers (MRTs).

Reviewing and approving Executive Directors' objectives and performance measures.

### • Regulatory & Governance

Receiving and noting regulatory and governance updates.

Reviewing and approving the required Remuneration Code disclosures.

In addition, the Committee dealt with administrative matters as required, including approving minutes, reviewing matters arising, considering forward agenda items and determining matters for escalation to the Board or other Legal Entities as appropriate.

The detailed responsibilities of the Committee are set out in its terms of reference, which are available on the Group's website at [www.hl.co.uk/about-us/board-of-directors](http://www.hl.co.uk/about-us/board-of-directors).

### Advice to the Committee

During the year, the Committee has been supported by the Company Secretary, Chief People Officer, Head of Performance and Reward, and Chief Executive Officer who are invited to attend Committee meetings to provide further background information and context to assist the Committee in its duties. The Group Chief Risk Officer also provides a formal risk assessment to the Committee at mid-year and at the end of the financial year which assesses performance of the business against risk appetite, key risk indicators, and includes an assessment of risk events and conduct breaches to ensure second line input into proposed remuneration outcomes. The Chief Financial Officer provides insight and updates regarding business performance and business performance metrics. No Director was involved in decisions regarding the determination of their own remuneration.



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Deloitte LLP, a signatory to the Remuneration Consultants Group's Code of Conduct, were reappointed by the Committee during 2021 following a review. They remain engaged for the provision of independent remuneration advice, and throughout the year the Committee has been advised by them. The advisers review all committee papers and provide input on matters directly to the Committee as well as attend committee meetings. As such, the Remuneration Committee is satisfied that the advice it has received was objective and independent. The fees payable to Deloitte for this advice were based on services provided against a scope of services approved by the Committee and amounted to £70,443 plus VAT on a time and material basis. Other services provided to Hargreaves Lansdown by Deloitte LLP during the year consisted of risk advisory, tax, financial advisory, consulting and internal audit services on a co-sourced basis.

## Consideration of employment conditions elsewhere in the Company

The Committee considered the Company's remuneration principles which apply across the Group when determining the Executive Director Policy, which was approved by our shareholders at the December 2023 AGM. In particular, the approach taken to salary increases and the structure of the annual bonus aligns closely to the approach generally taken across the wider workforce, and the same PSP and SPP structure is used for all participants within the plan.

For FY25, the average annual salary increase for all colleagues was 3.7%, with salary increases for senior leadership below this at 3.5%. Except as disclosed, there are no pay increases for members of the Executive Leadership team for FY25.

Over the year we have continued to practice our 'Always Listening' approach to enable us to better consider the voice of our colleagues when making decisions.

The Committee is regularly updated on the pay and employment conditions for the wider workforce through reports from the Executive Committee and Colleague Forum.

The Committee also considers salary increases, remuneration arrangements and employment conditions across the wider employee population when considering Directors' pay and awards.

## Consideration of shareholder views

The Committee recognises that Director remuneration is an area of particular interest to our shareholders and in setting and considering changes to remuneration, it is critical that we listen to, and take account of, their views.

The Committee considers shareholder feedback received in relation to the AGM each year at its first meeting following the AGM. This feedback, as well as any additional feedback received during any other meetings with shareholders, is then considered as part of the Group's annual review of the implementation of the Remuneration Policy. We also regularly engage with our largest shareholders to ensure we understand the range of views which exist on remuneration issues.

When any material changes are made to the Policy, the Committee will discuss these in advance with our major shareholders wherever practical. The Committee will also consult with professional advisers to ensure we consider regulatory requirements and current market and industry practices, where appropriate.

## Consultation with employees

Over the course of the year, and following the introduction of our new CEO, we've updated our approach to engaging with and listening to colleagues, running listening sessions for colleagues to sign up to and share their feedback directly. In addition, six-weekly Colleague Updates have been introduced where the CEO and other senior members provide updates on strategy and answer colleague questions. Further details on our approach to colleague engagement and listening are set out on page 42.

We have continued to engage and invest in our Colleague Forum, which was first set up in January 2019. In addition to providing an opportunity to consult with colleagues on executive and wider workforce pay approach, it provides a two-way feedback channel on our Transformation and strategic priorities and a route for colleagues to raise hot topics that are relevant across the Group. Any topics not on the Forum agenda are raised through other channels so nothing is missed making sure all colleagues' voices are heard.

The Forum has provided insight and feedback on topics ranging from our purpose and values, through to increasing usage of our learning platform.

Colleague feedback is incredibly important to us and helps us to do the right thing by making more informed decisions and improving the colleague experience at HL. The Forum allows us to co-create people change, with colleagues and clients at the heart of what we do.



## Governance

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## Executive Director Remuneration for 2024

### Remuneration payable for the 2024 financial year (1 July 2023 to 30 June 2024)

The remuneration policy operated as intended in the financial year with remuneration received by Executive Directors in relation to performance in 2024 set out below:

#### Single Total Figure Table (audited)

Name of Director	Year	Gross Basic Salary £'000	Taxable benefits <sup>1</sup> £'000	Annual bonus		SPP <sup>2</sup> £'000	Pension contribution £'000	Replacement awards £'000	Total £'000	Total Fixed Remuneration £'000	Total Variable Remuneration £'000
				Upfront cash £'000	Deferred shares £'000						
Dan Olley <sup>3</sup>	2024	661	6	560	340	0	67	2,150	3,784	734	3,050
Amy Stirling	2024	525	2	397	232	0	58	–	1,214	585	629
	2023	525	1	468	439	0	68 <sup>4</sup>	–	1,501	594	907
Chris Hill <sup>5</sup>	2024	72	0	0	0	357	8	–	437	80	357
	2023	730	1	576	865	329	80	–	2,581	812	1,770

#### Notes

- This includes Medical, and for 2024 the SAYE discount value over the term of the savings contract in respect of Dan Olley is included.
- The outcomes of the 2019 (5-year performance period) and 2021 (3-year performance period) SPP awards, whereby the performance period ends 30 June 2024, have been assessed by the Committee. The Committee confirmed that both the 2019 and 2021 awards will vest in full with no discretion applied (being 15,141 and 17,352 shares for Chris Hill respectively) following assessment of the underpinning performance conditions. In respect of the 2021 awards, a two-year holding period will apply until September 2026. The value of both the 2019 SPP and 2021 SPP awards has been calculated using the three-month average share price up to 30 June 2024 of £9.20, together with the value of the dividends that would have been received during the 5-year performance period for the 2019 awards and the 3-year performance period for the 2021 awards. The gross value of these dividends is £58,130 (split £35,051 for the 2019 award and £23,078 for the 2021 award) for Chris Hill. As the 2019 SPP award was granted using a share price of £20.21 and the 2021 SPP award granted using a share price of £14.29, none of the SPP value is attributable to share price appreciation. See pages 99 to 100 for further details of the assessment of the underpinning performance conditions. The SPP figure for 2023 for Chris Hill has been re-stated using a share price of £8.15 being the share price on the date of vesting. None of this value is attributable to share price appreciation.
- Dan Olley joined HL as a NED on 1 June 2019 and became Chief Executive with effect from 7 August 2023. The figures shown are for the part of the year during which Dan became CEO and reflect a pro-rata bonus for the period 7 August 2023 to 30 June 2024. The value shown in the Replacement Awards column represents the value of the buy-out awards granted on 20 September 2023. Further details are set out on page 101.
- Includes contribution for FY21/22 that was applied in FY22/23. Contributions for FY22/23 do not exceed 11% in line with policy.
- Chris Hill stepped down from the Board on 7 August 2023 and left the Company on 17 October 2023. The values shown for FY24 are for the part of the year during which Chris served on the Board as an Executive Director of the Company. No bonus was paid to Chris for the FY24 period.

Other than SAYE options (which are available to Executive Directors on the same basis as all employees and included in other cash benefits), and the awards made to Executive Directors on joining, no share options without performance criteria have been granted to Executive Directors since 7 March 2012.

Where eligible, benefits in kind are available to Executive Directors on the same basis as other employees. For 2024, benefits include Life Insurance, Income Protection, Private Medical Insurance, Save As You Earn (SAYE) scheme, reduced platform fees for holding assets on the Group's investment platform, reduced dealing charges for self and connected persons and access to a range of voluntary benefits such as Critical Illness cover.

No Executive Director has a prospective entitlement to a defined benefit pension by reference to their length of qualifying service.



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## Assessment of annual performance for the 2024 financial year (1 July 2023 to 30 June 2024)

The value of any bonuses payable to Executive Directors was determined by the Committee based on:

- An assessment of the performance of the Group against financial/growth and non-financial measures, including an assessment of risk performance and risk events;
- Delivery of the strategic goals, including the personal contribution of each Executive Director towards these; and
- An overlay that takes account of the conduct, behaviours and culture evidenced by each Executive Director in line with the Hargreaves Lansdown values and the extent to which they have operated within the agreed risk parameters.

For each Executive Director, the Committee determined their overall bonus, taking all factors into account and using all relevant information, by reference to the following target and maximum levels, as disclosed in the 2023 Report and Financial Statements:

	Threshold bonus opportunity (% of base salary)	On-target bonus opportunity (% of base salary)	Maximum bonus opportunity (% of base salary)
Dan Olley <sup>1</sup>	62.5%	125%	250%
Amy Stirling	55%	110%	220%

Note:

1. For FY24 Dan Olley will receive a pro-rata bonus for the period 7 August 2023 to 30 June 2024

Group performance has been considered in relation to the following financial and non-financial measures, as set out below:

	Measure	Weighting	Performance Range			Actual	Outcome	Weighted Outcome
			Threshold 25%	Target 50%	Stretch 100%			
Financial/ Growth (60%)	Net New Business	15.0%	£4.1bn	£4.8bn	£5.5bn	£4.2bn	28.6%	4.3%
	Underlying Cost (audited)	17.5%	£357m	£345m	£333m	£338.5m	77.1%	13.5%
	Profit Before Tax (Statutory) (audited)	17.5%	£331.8m	£352.4m	£373m	£396.3m	100.0%	17.5%
	Client Retention	10.0%	91.0%	91.60%	92.20%	91.4%	41.7%	4.2%
Non- financial (20%)	ESG – Colleague engagement	5.0%	68%	70%	72%	62.0%	0.0%	0.0%
	ESG – Risk and Controls	5.0%	25%	50%	100%	50%	50.0%	2.5%
	Client Service NPS	10.0%	48%	51%	53%	42.4%	0.0%	0.0%
<b>TOTAL</b>		<b>80.0%</b>						<b>41.9%</b>



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The Risk and controls measure is assessed through a Risk Maturity score, which was assessed to have been achieved at target. Material progress was made during the year, including continued focus from first line teams and a more data-led approach through recording and reporting and embedding of the Group's Risk Maturity Model.

The remaining 20% of the annual bonus is based on Strategic Delivery. Performance against key strategic goals during the financial year is as set out below:

Strategic Priority	Overview	Key achievements in the year
<b>Delight clients, drive growth</b>	Continue to evolve our value proposition to delight our clients and drive our growth.	<p>Strong progress in FY24, demonstrated by a record platform AUA of £155.3 billion (2023: £134bn), and an additional 78,000 net new clients over the year (2023: 67,000).</p> <p>Active Savings reached a record of £10.6 billion in AUA (2023: £7.8bn) and 300,000 total clients (2023: 175,000), underpinned by new product developments and attractive rates from partner banks.</p> <p>Extended retirement proposition with a new lifestyle arrangement launched for SIPP clients and expanded range of Ready-Made solutions.</p> <p>Continued evolution of digital to provide a more seamless client journey and improve client experience.</p>
<b>Save to invest</b>	Striving to be a fitter and leaner business, so we can reinvest savings back into the business.	<p>Increased basic cost discipline with reviews of organisational spans and layers, 3rd party contracts, ways of working and the use of contractors and 3rd party consultants where we have reduced the total number by 62%.</p> <p>Simplification of the organisation through new ways of working and organisation structure to increase efficiency and drive delivery, including through the standardisation, automation, and simplification of previously manual processes.</p>
<b>Increase execution pace</b>	Delivering for our clients every day, improving our proposition on an ongoing basis	<p>Successful delivery of key strategic programmes on time including regulatory initiatives, while ensuring a seamless client experience.</p> <p>Restructured projects and teams to increase pace of delivery and evolved ways of working.</p> <p>Increased focus on metrics and data visibility to support decision-making.</p>
<b>Right people, right roles</b>	Make HL a great place to work. The right culture, with the right people in the right roles, focused on the right priorities to deliver the strategy.	<p>Strengthening of the executive team with several key hires made in the year, including Chief Digital &amp; Technology Officer, Chief Strategy Officer, Chief Operating Officer and Director of Corporate Affairs.</p> <p>Creation of new digital and technology leadership team, which is executing at pace.</p> <p>Renewed People strategy with a focus on performance and the simplification of our purpose and values.</p> <p>Creation of enhanced ESG risk framework.</p>

In addition to the above achievements, the Committee also took into account the personal contribution of each Executive Director to Strategic Delivery.

During his first year as CEO, Dan has demonstrated exemplary leadership in driving forward HL's strategy, with a clear focus on delivery and commitment to change and growth. His notable achievements for FY24 include reaching a record platform AUA, as well as a material increase in net new clients over the year with demonstrated progress towards attracting younger clients. Dan successfully renewed the structure of the executive team, and enabled a reset of client service levels through improvements in the digital offering and the empowering of colleagues through the continued rollout of technology solutions. Continued progress was also made in strengthening operational resilience and risk management. Taking this into account, it has been determined that the Strategic Delivery outcome for Dan will be 12.5% out of a maximum of 20%.

Amy demonstrated a strong performance in FY24. She continued to build strong and effective relationships with investors as well as strengthening the finance function. Good progress was also made in the delivery of key projects and her increased rigour and business ownership was reflected in the delivery of financial plans and cost savings across the organisation. She has also led and supported in the context of the proposal from the consortium to acquire the Company. Taking this into account, it has been determined that the Strategic Delivery outcome for Amy will be 12.5% out of a maximum of 20%.



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## Overall assessment and bonuses awarded for the financial year (1 July 2023 to 30 June 2024)

The Committee considered all of the above in making their bonus determination for Dan Olley and Amy Stirling for the 2024 financial year.

In addition, it also considered the extent to which performance (both Group and individual) has been achieved within the agreed risk parameters, based on an assessment from the Group Chief Risk Officer, and the extent to which the bonus outcome reflects the overall performance of the business.

The Committee concluded that the bonus outcomes for Dan Olley and Amy Stirling reflect Company performance, effective management of costs, risks and governance, together with a strong focus on the strategic transformation plans. The Committee has also considered the individual performance, contribution and behaviours in line with Company values in determining bonuses.

The resulting bonuses determined by the Committee for the year ending 30 June 2024 are set out below: (Audited)

	Cash £'000	Deferred £'000	Total £'000	% of maximum
Dan Olley 2024	560	340	900	54%
Amy Stirling 2024	397	232	629	54%

No bonus was paid to Chris Hill for the FY24 period.

### Notes

As well as the deferral approach in accordance with IFPR regulations, (whereby at least 60% of all variable pay (bonus, SPP and PSP) must be deferred unless de minimis applies), HL operates an internal deferral framework, whereby for annual bonus awards over £75,000, 40% of the awards above £50,000 is deferred. The HL internal deferral framework would apply for any colleague including MRTs where de minimis applies. Both approaches require deferral into nil-cost options over shares which vest in equal tranches over a period of three years. Dividend alternatives will accrue on the deferred share element of bonuses up to the time of vesting and will be paid at exercise. Individuals have a right to exercise deferred awards after their respective vesting/retention date for a period of one year.

For FY24, the portion of the annual bonus deferred was determined in accordance with the IFPR regulations whereby at least 60% of all variable pay must be deferred. The SPP and PSP is included in total variable pay when calculating deferral for regulatory purposes. With the SPP and PSP awards alone both Dan Olley and Amy Stirling met the required regulatory deferral. However, as HL's internal deferral framework would result in a greater level of annual bonus deferral than the regulatory requirements, Dan Olley and Amy Stirling are both subject to the internal deferral framework as well. Therefore 38% of bonus for Dan Olley and 37% of bonus for Amy Stirling was deferred into nil cost options with no further performance conditions to apply, but subject to continued employment.

## Assessment of 2019 Sustained Performance Plan (SPP) Awards (1 July 2019 to 30 June 2024)

The Committee assessed the achievement of the following underpinning performance conditions over a period of five financial years as follows:

Condition	Achievement
The average assets under administration (as determined by the Board) for the complete financial year prior to Vesting exceeds the average assets under administration (as determined by the Board) for the financial year immediately before the beginning of the Performance Period.	Met (FY19 average AUA: £92.8m, FY24 average AUA: £142.6m)
The Board determines that a satisfactory risk, compliance and internal control environment has been maintained during the Performance Period.	Met Management maintained the risk and control environment over the performance period.
The Board determines that the participant's personal performance has been satisfactory during the Performance Period.	Met

The Committee concluded that all underpinning performance conditions were met and therefore it was satisfied that the awards should vest in full.



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## Governance

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### Assessment of 2021 Sustained Performance Plan (SPP) Awards (1 July 2021 to 30 June 2024)

The Committee assessed the achievement of the following underpinning performance conditions over a period of three financial years as follows:

Condition	Achievement
The average assets under administration (as determined by the Board) for the complete financial year prior to the end of the Performance Period exceeds the average assets under administration (as determined by the Board) for the Financial Year immediately before the beginning of the Performance Period.	Met (FY21 average AUA: £119.5m, FY24 average AUA: £142.6m)
The Board determines that a satisfactory risk, compliance and internal control environment has been maintained during the Performance Period.	Met Management maintained the risk and control environment over the performance period
The Board determines that the Participant's personal performance has been satisfactory during the Performance Period.	Met

The Committee concluded that all underpinning performance conditions were met and therefore it was satisfied that the awards should vest in full. A two year holding period is to apply ending September 2026.

### Malus and clawback

Variable awards are subject to malus and clawback provisions in exceptional circumstances. In addition, the Committee can defer a decision to grant variable awards, or award and suspend payment of bonuses, and/or vesting of deferred or long-term awards for any individual in scope of an investigation into their conduct or responsibility, accountability or knowledge and/or influence over any material risk event identified during or after the performance year. The triggers that apply to malus and clawback under all incentive plans are set out on page 95 of the 2023 Report and Financial Statements.





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## Share awards made during the year ending 30 June 2024 (audited)

Name of Director	Type of award nil cost options under:	Market value of maximum award at date of grant £	Exercise price £	Share price on day of grant £	Number of shares over which the award was granted <sup>1</sup>	Face value <sup>2</sup> of award £	% of face value that would vest at threshold	Performance period
Dan Olley	Buy-out <sup>3</sup>	380,590	0.00	7.82	48,668	380,584	n/a	n/a
Dan Olley	Buy-out <sup>3</sup>	47,250	0.00	7.82	6,042	47,248	n/a	n/a
Dan Olley	Buy-out <sup>3</sup>	47,250	0.00	7.82	6,042	47,248	n/a	n/a
Dan Olley	Buy-out <sup>3</sup>	47,250	0.00	7.82	6,042	47,248	n/a	n/a
Dan Olley	Buy-out <sup>3</sup>	398,959	0.00	7.82	51,017	398,953	n/a	n/a
Dan Olley	Buy-out <sup>3</sup>	421,875	0.00	7.82	53,948	421,872	n/a	n/a
Dan Olley	SPP <sup>4</sup>	365,000	0.00	7.82	46,675	364,999	n/a	1 July 2023 to 30 June 2026
Dan Olley	PSP <sup>5</sup>	1,095,000	0.00	7.27	150,618	1,094,993	25	1 July 2023 to 30 June 2026
Dan Olley	SAYE <sup>6</sup>	n/a	5.56	6.94	3,336	23,152	n/a	n/a
Chris Hill	Deferred bonus <sup>7</sup>	864,628	0.00	7.82	110,566	864,626	n/a	n/a
Amy Stirling	SPP <sup>4</sup>	262,500	0.00	7.82	33,567	262,494	n/a	1 July 2023 to 30 June 2026
Amy Stirling	PSP <sup>5</sup>	682,500	0.00	7.27	93,878	682,493	25	1 July 2023 to 30 June 2026
Amy Stirling	Deferred bonus <sup>7</sup>	439,094	0.00	7.82	56,150	439,093	n/a	n/a

### Notes

- The number of shares awarded was calculated using the value of HL shares as detailed in note 2.
- Face value is calculated by reference to,
  - the average of the mid-market value of HL shares on 15, 18 and 19 September 2023 multiplied by the number of options granted for the SPP, deferred bonus and buy-outs
  - the average of the mid-market value of HL shares on 13, 14 and 15 December 2023 multiplied by the number of options granted for the PSP
  - the close of business value of HL shares on 19 March 2024 multiplied by the number of options granted for the SAYE
- Further details of Dan Olley's buy-out awards are available on page 103
- Awards under the SPP were granted on 20 September 2023 as nil cost options at 50% of base salary subject to the achievement of underpinning performance conditions assessed over a three-year performance period. The awards, once vested, will be subject to a two-year retention period. The underpinning performance conditions are:
  - A requirement for average AUA for the last complete financial year prior to the third anniversary of grant to be above the average AUA for the last complete financial year prior to award;
  - Maintenance of and continued management focus to improve risk, compliance and internal control environment across the performance period; and
  - Satisfactory personal performance throughout the performance period.
- Awards under the PSP were granted on 18 December 2023 as nil cost options at 150% of base salary for Dan Olley and 130% of base salary for Amy Stirling subject to achievement of performance conditions assessed over a three-year performance period. The awards once vested will be subject to a two-year retention period. The performance conditions are:

Measure (unaudited)	Weighting	Threshold (25% of award)	Maximum (100% of award)
Relative TSR (performance assessed against FTSE 51-100 companies, excluding investment trusts)	30%	Median	Upper Quartile
Cumulative statutory EPS	50%	145p	225p
Environmental & Social:			
Responsible employer (senior women representation)	20%	36%	40%
Responsible employer (ethnic minority representation)		6%	10%
Responsible business (scope 1, 2 & 3 business travel and employee commuting)		Climate neutral by FY26	Climate +ve by FY25
Responsible Fund Manager (Scope 3 financed emissions targets agreed and TCFD reporting across HLFM funds)		Qualitative assessment of progress made to target setting	

<sup>6</sup> Awards under the SAYE were granted as options on 17 April 2024.

<sup>7</sup> Awards under the deferred bonus were granted as nil cost options on 20 September 2023. These awards are not subject to any forward-looking performance conditions.



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## All-employee share plans

The Company operates a SAYE share option scheme on the same terms for all employees, including a 20% discount on the exercise price of options under the scheme. All employees are encouraged to become shareholders, through direct ownership and/or through participation in the share scheme. At the end of the latest financial year, 38% of the Group's employees were participating in a SAYE. The CEO opted to participate in the 2024 cycle of the SAYE scheme and the CFO opted to join the 2022 cycle.

## Sourcing shares

The Investment Association guidelines on sourcing shares have been followed and, in line with the scheme rules, the Company has not issued shares under all employee schemes which, when aggregated with awards under all of the Company's other schemes, exceed 10% of the issued ordinary share capital in any rolling ten year period. The Company has also not issued new shares under executive (discretionary) schemes which exceed 5% of the issued ordinary share capital of the Company in any rolling ten year period.

## Executive Directors' shareholding and share interests (audited)

The current guideline for Executive Directors to accumulate minimum personal holdings in Hargreaves Lansdown plc shares amounts to a value of three times base salary within six years of appointment to the Board. Current shareholdings are summarised in the following table:

Name of Director	Beneficially owned at 30 June 2023	Beneficially owned at 30 June 2024 <sup>1</sup>	Outstanding share options subject to continued employment arising from SAYE scheme	Outstanding share options subject to continued employment arising from other plans <sup>2</sup>	Outstanding share options subject to performance conditions and continued employment arising from sustained performance plan and the performance share plan	No. of share options exercised in year	No. of share options vested but unexercised at 30 June 2024	Shareholding guideline (multiple of base salary)	Shareholding as a multiple of base salary achieved at 30 June 2024	Shareholding guideline met <sup>3</sup>
Dan Olley	0	7,242	3,336	91,032	197,293	0	0	Three times	152%	no
Amy Stirling	13,881	24,392	2,227	33,731	158,400	3,747 <sup>5</sup>	0	Three times	125%	no
Chris Hill <sup>4</sup>	87,321	87,321	1,547	80,763	79,087	0	7,321	Three times	272%	no

### Notes

1 Includes shares held by the Executive Directors and their connected persons.

2 The number stated is the gross number of share options and is subject to income tax and NIC on exercise

3 Audited – at present the Executive Directors have not currently met their shareholding guideline. As the CEO and CFO only joined in August 2023 and February 2022 respectively, they will continue to build their shareholdings during the relevant time period.

4 Chris Hill's share interests are shown as at 7 August 2023 when he stepped down from the role of Chief Executive Officer. Following his departure on 17 October 2023, Chris Hill's continuing interest in performance shares has been pro-rated to the period he was employed during each performance period.

5 Options exercised granted under 2022 Deferred Bonus Plan (DPBP). The market value at the date of exercise was £7.70 per share and the option exercise price in aggregate for 3,747 options was £1.00.

There has been no subsequent change in Executive Directors' shareholding and share interests as at the date of this report.

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**Pension (audited)**

No Directors or employees participate in a defined benefit pension scheme nor have any future entitlement benefits under such an arrangement.

The Group operates its own Group Self Invested Personal Pension (the GSIPP) which applies to Executive Directors and employees. The Company requires a minimum employee contribution of 5% of reference salary and in exchange the Company will contribute 5%. Employees who contribute up to 3% more than the 5% receive double matching. This means that for an 8% employee contribution the Company contribution is 11%.

Colleagues wishing to make additional contributions to the GSIPP can do so via salary exchange or bonus waiver ensuring that they benefit from the maximum, immediate relief from income tax and National Insurance.

Additionally, the Group has a pension redirection mechanism where colleagues who have maximised their pension tax relief can contribute, on a post-tax basis, to a Fund & Share Account and continue to receive matching in the same way as the current pension matching, up to a maximum 11% employer contribution, net of appropriate taxes. Where a colleague, who has maximised their pension tax relief does not wish to contribute to a savings vehicle, the Group will make an additional monthly payment equivalent to the employer's pension contribution amount forsaken up to a maximum of 5% of reference salary. The Committee confirms that no excess retirement benefits have been paid to current or past Executive Directors.

**Joining arrangements for Dan Olley (audited)**

Dan Olley was appointed Chief Executive Officer on 7 August 2023. His remuneration arrangements were set in line with our new Remuneration Policy and are detailed within this Annual Report on Remuneration. In order to facilitate his appointment, Dan Olley also received a buy-out in lieu of forfeited annual bonus and long-term incentive plan awards from his previous employers.

In making the buy-out, the Committee looked to maintain consistency with the awards forfeited in terms of the form of awards (e.g. cash or shares), expected value, vesting terms and original time horizons, taking into account performance assessment, where appropriate. The replacement awards are no more generous than the awards that were forfeited.

The buy-out consisted of:

- Share awards to replace long-term awards from his previous employer. These had a grant value of £380,590 which vested in September 2023 and £398,959 and £421,875 which are due to vest in October 2024 and March 2025, respectively.
- A cash payment of £94,500 in August 2023 and share awards with an aggregate grant value of £141,750 that are due to vest in equal instalments in September 2024, September 2025 and September 2026. The share awards are subject to a post-vesting six-month holding period. This replaced a forfeited bonus opportunity at his previous employer.
- A cash payment of £712,435 in August 2023 to compensate for a buy-out award paid by his previous employer but subsequently forfeited as a result of his appointment at HL.

The aggregate value of the replacement awards is set out in the single figure table on page 96 and details of individual share awards are disclosed in the "Share awards made during the year" table on page 101.

The awards remain subject to continued employment and malus and clawback as well as enhanced forfeiture provisions such that awards would need to be repaid if Dan Olley left within 12 months of commencing employment.

**Payment for loss of office (audited)**

Chris Hill retired and stepped down as Chief Executive Officer on 7 August 2023. Details of remuneration arrangements associated with his departure were disclosed in the 2023 Directors' Remuneration Report.

In accordance with the terms of his service agreement and the Policy, Chris Hill received his salary and contractual benefits until the end of his notice period on 17 October 2023. The value received while Chief Executive Officer is included in the single figure table on page 96 and the value received in the period 7 August to 17 October 2023 was £160,165. He did not receive any annual bonus or long-term incentive awards in respect of FY24.

As set out in last year's report, all outstanding deferred bonus awards will continue on their original terms and be released on the original vesting dates. Chris Hill was treated as a 'good leaver' in respect of his outstanding SPP awards. Accordingly, these awards will continue and vest on their original vesting date, subject to the extent that the performance conditions are met, and time pro-rated to reflect period in employment. The value of his 2019 and 2021 SPP awards, which will vest in 2024, are included in the single figure table on page 96. All awards will remain subject to malus and clawback provisions.

He will maintain a post-employment shareholding in accordance with the Policy for a period of two years following cessation of employment.

We made no other payments within the scope of the disclosure requirements to any past director during the year ended 30 June 2024.

**Payments to third parties (audited)**

The Committee confirms that no amounts have been paid to third parties in respect of Directors' services.



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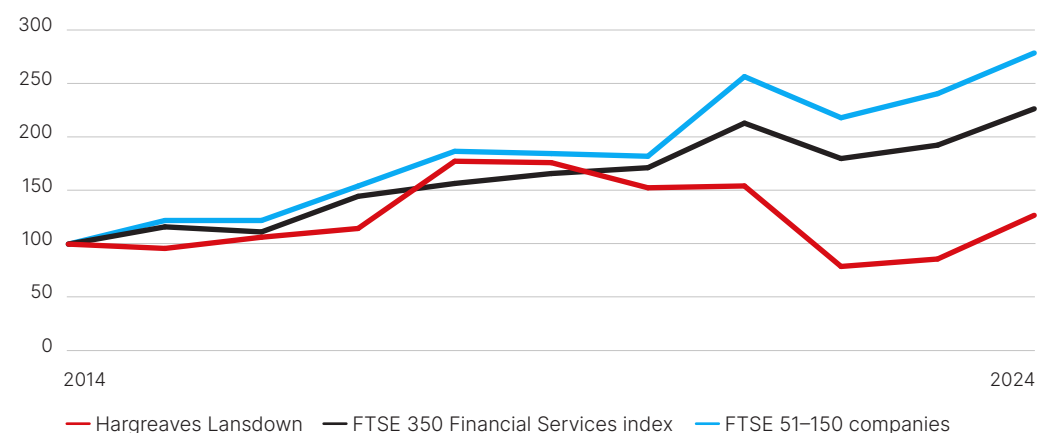
## Remuneration in context

### Total shareholder return

The following graph shows the Company's performance measured by total shareholder return (TSR), which is the capital growth and dividends paid. This is compared with the performance of the FTSE 350 Financial Services Index and FTSE 51-150 companies (excluding investment trusts) for the last ten years.

This chart shows the value of £100 invested in the Company on 1 July 2014 compared with the value of £100 invested in each of the above two comparator groups for each of our financial year ends to 30 June 2024. We have chosen the FTSE 350 Financial Services Index as we believe this is the most appropriate broad comparator for benchmarking our corporate performance over the ten year period. We have also included the FTSE 51-150 (excluding investment trusts) to align to the comparator group used when assessing TSR performance for the PSP.

### Total Shareholder return



## Chief Executive Officer remuneration for the past ten years

	CEO	Total remuneration	Annual bonus as a percentage of maximum	Shares vesting as a percentage of maximum
2015	Ian Gorham	£2,058,642	52% (£1,170,000)	nil
2016	Ian Gorham	£2,070,861	78% (£1,550,000)	nil
2017	Ian Gorham <sup>1</sup> /Chris Hill <sup>2</sup>	£1,167,549/£1,035,211	43%/81% (£600,000/£790,625)	66%
2018	Chris Hill	£2,454,048	81% (£1,700,000)	39%
2019	Chris Hill	£648,278	nil	nil
2020	Chris Hill	£2,739,520	94% (£2,072,000)	nil
2021	Chris Hill	£2,678,581	86% (£1,958,092)	nil
2022	Chris Hill	£1,944,122	37% (£963,375)	100%
2023	Chris Hill	£2,581,183	49.4%	100%
2024	Chris Hill <sup>3</sup> /Dan Olley <sup>4</sup>	£437,125/£3,784,388	nil/54%	100%

### Notes

- Emoluments for Ian Gorham for 2017 are shown for the period to 9 February 2017 when he stepped down as Chief Executive Officer.
- Emoluments for Chris Hill for 2017 reflect his emoluments for the period from 9 February 2017, and exclude his earnings as Chief Financial Officer and Deputy Chief Executive Officer prior to that date.
- Emoluments for Chris Hill for 2024 are shown for the period to 7 August 2023 when he stepped down as Chief Executive and exclude his earnings after this.
- Emoluments for Dan Olley for 2024 reflect his emoluments for the period from 7 August 2023 and exclude his earnings as a NED prior to that date.



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**Percentage change of all Directors and all employees**

The table below shows the average percentage change in remuneration of each Executive and Non-Executive Director against all UK employees of the Group for the last five years, between years ended 30 June 2020 and the year ended 30 June 2024 inclusive.

Element of pay		Average employee (% change) <sup>1</sup>	Executive Directors (% change)					Non-Executive Directors (% change)								
			D Olley <sup>2</sup>	A Stirling	C Hill <sup>3</sup>	A Platt <sup>4</sup>	D Oppenheimer <sup>5</sup>	J Troiano	M Mannings	A Blance <sup>6</sup>	A Collins	R Perkin <sup>5</sup>	D Olley <sup>2</sup>	P James <sup>7</sup>	D Pope <sup>8</sup>	M Morley <sup>9</sup>
Base Salary	2024	9.52%	–	0%	–	–	-56.03%	0%	0%	2.02%	0%	-60.24%	-90.13%	42.79%	45.61%	–
	2023	9.97%	–	0%	4.29%	–	0%	0%	0%	0%	0%	-2.70%	0%	20%	–	–
	2022	6.59%	–	–	8.02%	–	0%	1.92%	27.01%	31.99%	55.15%	-2.30%	2.99%	–	–	–
	2021	6.85%	–	–	2.86%	–	2.92%	103.64%	–	–	–	11.33%	2.86%	–	–	–
	2020	6.41%	–	–	2.90%	–	0%	–	–	–	–	4.30%	0%	–	–	–
Benefits	2024	32.97% <sup>10</sup>	–	64% <sup>10</sup>	64% <sup>10</sup>	–	-53.44%	-44.49%	-44.33%	6.43%	-0.22%	-91.19%	-100%	560.45%	745.32%	–
	2023	0.12%	–	-75% <sup>11</sup>	-2.06%	–	-24.33%	-35.01%	-3.75%	-48.53%	37.32%	265.68%	0.96%	-60.06%	–	–
	2022	-11.13%	–	–	0%	–	–	–	–	–	–	–	–	–	–	–
	2021	-7.15%	–	–	-78.72% <sup>11</sup>	–	-100% <sup>12</sup>	-100% <sup>12</sup>	–	–	–	-100% <sup>12</sup>	-100% <sup>12</sup>	–	–	–
	2020	2.82%	–	–	0%	–	–	–	–	–	–	–	–	–	–	–
Annual Bonus	2024	-3.6%	–	-30.7% <sup>13</sup>	-100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2023	12.20%	–	281% <sup>14</sup>	49.58%	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–
	2022	-6.70%	–	–	-50.82%	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–	–
	2021	0.80%	–	–	-5.50%	–	n/a	n/a	–	–	–	n/a	n/a	–	–	–
	2020	11.80%	–	–	–	–	n/a	n/a	–	–	–	n/a	n/a	–	–	–

**Notes**

- This table shows the average percentage change in salary, benefits and bonus (on a full-time equivalent basis) delivered to eligible colleagues in the last five years. This population has been chosen as there are no employees of the parent company and this is considered the most appropriate comparator group for these purposes.
- Dan Olley transitioned from the role of Non-Executive Director to Chief Executive Officer on 7 August 2023. Remuneration has been shown separately for these roles.
- Chris Hill stepped down from the Board, and as Chief Executive Officer on 7 August 2023.
- The table includes A Platt who was appointed Chair on 6 February 2024. It is therefore not possible to reflect a percentage change figure.
- The table includes D Oppenheimer and R Perkin who stepped down on 8 December 2023.
- The increase in base salary for A Blance is attributable for the time in the role of Senior Independent Director (8 December 2023 to 6 February 2024).
- The increase in base salary for P James is attributable for the time in the role of Chair of the plc Board (8 December 2023 and 6 February 2024).
- The increase in base salary for D Pope is attributable to his appointment to Audit Committee Chair on 15 September 2023.
- M Morley was appointed as a Non-Executive Director on 1 August 2023. It is therefore not possible to reflect a percentage change figure.
- The increase in benefits for the average employee, A Stirling and C Hill is attributable to the large increase in the PMI premium in 2024.
- The decrease in benefits for C Hill and A Stirling is due to the exclusion of the SAYE discount value over the full three-year contract term which was reported last year (in accordance with the single figure methodology).
- As there were no taxable expenses reimbursed for the Non-Executive Directors for the 2020/21 performance year, it is not possible to show the percentage change to the 2021/22 performance year.
- The decrease in bonus is attributable to the change in bonus opportunity in the Remuneration Policy approved by shareholders at the 2023 AGM.
- The increase in annual bonus for A Stirling is largely attributable to receipt of a pro rata bonus in the 2022 performance year having joined HL on 21 February 2022.



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## CEO pay ratio

The table below sets out the ratio at median, 25th and 75th percentile of the total remuneration received by the CEO for the last five years compared to the total remuneration received by our UK colleagues. For the past five years, we have published our CEO pay ratio using the same methodology as set out below.

Year	Method	Lower quartile	Median	Upper quartile	Change in median
2020	Option A	103:1	73:1	47:1	n/a
2021	Option A	101:1	73:1	47:1	0%
2022	Option A	73:1	52:1	32:1	-29%
2023	Option A	88:1	60:1	36:1	15.4%
2024	Option A	73:1	47:1	27:1	-22%

### Notes to the calculations:

- The median, 25th and 75th percentile colleagues were determined based on calculating total annual remuneration up to and including 30 June 2024 for colleagues employed at 30 June 2024.
- Basic salary for part-time colleagues and new joiners within the calculation year have been converted into full-time annualised equivalent values for the purposes of the calculations.
- For 2024, recognising the change in leadership during the year, CEO pay is calculated taking into account the pay of both Chris Hill and Dan Olley. The ratios included in the above table do not include the buy-out made to Dan Olley given this is a one-off payment and not part of ongoing remuneration for the CEO. The ratios including the buy-out are 149:1, 97:1 and 56:1 at the lower quartile, median and upper quartile, respectively.
- 'Option A' was chosen from the options available in the reporting regulations since it is the most robust and statistically accurate method.
- Benefits are provided on the same terms to Executive Directors and all employees alike and as such are not included within the table above. The methodology used in these calculations is consistent with those in the single figure table, with the same approach being taken each year since 2020.

Year	Pay element	UK employee lower quartile	UK employee Median	UK employee upper quartile
2024	Basic salary	26,000	34,670	59,000
	Total remuneration	28,367	43,608	75,902

The pay ratio has decreased this year given the CEO's target bonus award has reduced in line with the remuneration policy approved by shareholders at the AGM in 2023. In addition the CEO's bonus was pro-rated to reflect his time in role and the previous CEO did not receive a bonus award in the year.

The remuneration policies and practices at HL are consistent across both our Executive Directors and the wider workforce and are designed to promote the long-term success of the Company, promoting both high individual and team performance. The same considerations and criteria apply across a consistent framework during the assessment of performance and pay outcomes, noting that the quantum of (risk-based) variable pay is higher for the CEO than across the wider workforce.

Having overseen the application of performance and pay policies, and reviewed reports from the Executive Committee and Colleague Forum throughout the period, the Committee is satisfied that our 2024 median pay ratio is consistent with the Company's wider pay, reward and progression policies for our UK employees.

## Relative importance of the spend on remuneration

The table below shows the actual expenditure of the Group in terms of total employee remuneration, profit before tax, and total dividends for this and the previous year together with the percentage change between the years. Profit before tax has been chosen as a metric in this instance to demonstrate the profits generated for shareholders and the relationship between this and the overall cost of employee remuneration.

	Total dividend paid £m	Profit before tax <sup>1</sup> £m	Employee costs £m	Total dividend declared (pence per share)
2024	199.2	396.3	203.0	43.2p
2023	190.4	402.7	179.3	41.5p
% change	4.6%	1.6%	13.2%	4%

### Notes

- Further details are set out on page 136

All employees across the Group are subject to the same process in respect of annual salary reviews. Consideration is given to the scope of each role, the level of experience, responsibility, progress in role, and pay levels for similar roles in comparable companies. The performance and potential of the individual is also considered.

Participation in variable pay varies by grade, with our more junior colleagues receiving primarily fixed pay. For those employees eligible for an annual performance bonus, or equivalent, individual performance metrics are used to determine awards and similar metrics to those used for the Executive Directors guide the overall bonus pool. All eligible employees (under the rules of the scheme) may also participate in the Group's SAYE.



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### Chair and Non-Executive Director remuneration

Fees for Non-Executive Directors are structured with a base fee payable to all Non-Executive Directors, with additional fees paid for the role of Senior Independent Director and for the Chairs of Board sub-committees.

Fees for Non-Executive Directors for the 2024 financial year are as follows:

#### Fee Policy

	Fees from 1 July 2024 (£ p.a.)	Fees from 1 July 2023 (£ p.a.)
Chair	£334,500	£334,500
Base fee for Non-Executives	£74,150	£74,150
Senior Independent Director	£15,850	£15,850
Chair of Audit Committee	£21,100	£21,100
Chair of Remuneration Committee	£21,100	£21,100
Chair of Risk Committee	£21,100	£21,100
Chair of Nomination Committee <sup>1</sup>	£10,000	£10,000

#### Note

Under current arrangements the Chair fulfils this role for no additional fee.

The Non-Executive Director fee review will take place later in the year with potential for changes from the half year.

### Remuneration payable for the 2024 financial year (1 July 2023 to 30 June 2024) (audited)

The remuneration received by Non-Executive Directors in 2024 is set out below.

	2023 fees (£)	2023 Taxable Benefits i.e. expenses (£)	2023 Total (£)	2024 fees (£)	2024 Taxable Benefits i.e. expenses (£)	2024 Total (£)
D Oppenheimer <sup>1</sup>	334,500	21,263	355,763	147,065	9,901	156,966
A Platt <sup>2</sup>	–	–	–	136,782	759	137,541
M Mannings	95,250	2,030	97,280	95,250	1,130	96,380
A Blance	95,250	2,052	97,302	97,177	2,184	99,361
A Collins	74,150	1,389	75,539	74,150	1,386	75,536
R Perkin <sup>1</sup>	95,250	3,687	98,937	37,875	325	38,200
D Olley <sup>3</sup>	74,150	914	75,064	7,316	0	7,316
J Troiano	114,150	807	114,957	114,150	448	114,598
P James	90,000	440	90,440	128,515	2,906	131,421
D Pope <sup>4</sup>	61,792	342	62,134	89,975	2,891	92,866
M Morley <sup>5</sup>	–	–	–	67,971	162	68,133

#### Notes

- Deanna Oppenheimer and Roger Perkin stepped down on 8 December 2023
- Alison Platt was appointed Chair on 6 February 2024
- Dan Olley transitioned from the role of Non-Executive Director to Chief Executive Officer on 7 August 2023. The figures shown in the table above are in respect of his services as a Non-Executive Director.
- Darren Pope was appointed on 1 September 2022.
- Michael Morley was appointed on 1 August 2023

Non-Executive Directors received no other benefits or other remuneration other than reimbursement of all reasonable and properly documented travel, subsistence and other incidental expenses incurred in the performance of their duties and any tax and social costs arising thereon, the benefit of officers' liability insurance and reduced fees for the use of Hargreaves Lansdown services for themselves and connected persons, on the same basis as all other Hargreaves Lansdown employees.



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### Non-Executive Directors' shareholdings table (audited)

The table below shows, as at 30 June 2024; the Company shares held by the Non-Executive Directors and connected persons:

	Shares
D Oppenheimer	30,572
A Platt	18,696
M Mannings	Nil
A Blance	Nil
A Collins	13,400
R Perkin	Nil
J Troiano	14,400
P James	Nil
D Pope	3,999
M Morley	Nil

#### Note

There has been no subsequent change in current Non-Executive Directors' shareholdings as of 24 July 2024.

### Non-Executive Directors' Service Contracts

Details of the Non-Executive Directors' terms of appointment are set out below

	Commencement of appointment	Date of contract	Expiry/review date of current contract
D Oppenheimer	2 February 2018	2 February 2021	8 December 2023
A Platt	6 February 2024	6 February 2024	5 February 2027
M Mannings	1 September 2020	1 September 2023	31 August 2026
A Blance	1 September 2020	1 September 2023	31 August 2026
A Collins	2 November 2020	1 November 2023	30 October 2026
R Perkin	1 September 2017	1 September 2023	8 December 2023
D Olley	1 June 2019	1 June 2022	7 August 2023
J Troiano	1 January 2020	1 January 2023	31 December 2025
P James	1 September 2021	1 September 2021	31 August 2024
D Pope	1 September 2022	1 September 2022	31 August 2025
M Morley	1 August 2023	1 August 2023	31 July 2026

Non-Executive Directors are appointed for a three-year term, subject to confirmation by shareholders at the following annual general meeting (AGM) and annual re-election at each subsequent AGM.





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## Implementation of the Remuneration Policy in FY25 – Executive Directors

### Salary

The Executive Directors' base salaries were reviewed in June 2024. In reviewing base salaries, the Committee takes into account salaries paid elsewhere across the Group, relevant market data and information on remuneration practices in the financial services sector.

Dan Olley was appointed as CEO in August 2023 on a salary of £730,000. This was in line with the salary of his predecessor. In considering his salary for FY25, the Committee took into account his strong performance in the year. Notwithstanding this, Dan Olley requested that his salary remain unchanged for FY25 recognising that he had only been in role for less than a year.

For Amy Stirling, a salary increase of 3.5% is proposed. This is in line with the average salary increase across our senior leadership population, but below the salary increase for the wider workforce at 3.7%. This is the first salary increase Amy has received since her appointment as CFO in February 2022, having requested not to take an increase last year.

Name of Director	Salary as at 1 July 2023 (£)	Salary as at 1 July 2024 (£)	% increase
Dan Olley	–	730,000	0%
Amy Stirling	525,000	543,375	+3.5%

### Annual bonus

In FY25, whilst our headline strategic pillars remain the same, we will be focusing on five key priorities to drive the business forward, with the management team setting out their individual priorities against each of these. The Committee has determined that it is appropriate to continue to align the assessment of annual bonus awards against the strategic priorities whilst maintaining a strong focus on financial performance (56% across profit before tax, underlying costs, net new business and asset retention).

The performance assessment will include the following measures:

Priority	Weighting	Measure*
<b>Drive new Client Growth</b>	16%	Net New Business (NNB)*(16%)
<b>Increase Retention</b>	16%	Asset Retention*(%) (8%) Client NPS (8%)
<b>Drive execution, decrease toil</b>	16%	Profit Before Tax (Statutory) (£m)*(16%)
<b>Save to Invest</b>	16%	Underlying Cost* (16%)
<b>Performance Culture</b>	16%	Colleague Engagement (8%) Risk and Controls (Maturity Risk Score) (8%)
<b>Total</b>	<b>80%</b>	

**Note:**

\* indicates financial/growth measures which together make up 56% of the overall performance assessment.

The measures remain largely same as in FY24 with the exception of client retention which has been replaced by asset retention.



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Targets have been set at the start of the financial year based (where applicable) on the agreed operating plan and taking account of consensus. The targets set in relation to these measures are considered to be commercially sensitive but will be disclosed in next year's Annual Remuneration Report.

The assessment of any award will also take account of each Executive Director's personal contribution (being 20% of the overall maximum outcome) and will include an overlay that takes account of the conduct, behaviours and culture evidenced by each Executive Director in line with the Hargreaves Lansdown values.

Risk and compliance considerations will also be taken into account at both Company and individual levels.

In making an assessment of performance, the Committee retains flexibility to apply discretion to the formulaic outcome in line with the Policy and details of the Committee's assessment will be given in the Annual Report on Remuneration next year. Malus and clawback will apply.

Bonus opportunities are as follows:

	On-target bonus opportunity (% of base salary)	Maximum bonus opportunity (% of base salary)
Dan Olley <sup>1</sup>	125%	250%
Amy Stirling	110%	220%

## Performance Share Plan (PSP)

For FY25, the CEO and CFO will receive a PSP award with a maximum opportunity of 150% of salary and 130% of salary, respectively, subject to satisfactory personal performance in the period prior to grant.

These awards will be assessed against achievement of the below performance measures over a period of three financial years (1 July 2024 to 30 June 2027):

Measure	Weighting	Threshold (25% of award)	Maximum (100% of award)
Relative TSR <sup>1</sup>	30%	Median	Upper Quartile
Cumulative EPS <sup>2</sup>	50%	155.0p	245.0p
Environmental and Social:			
Responsible employer (senior women representation)	5%	38%	42%
Responsible employer (ethnic minority representation)	5%	0%	14%
Responsible Fund Manager (scope 3 financed emissions targets agreed and TCFD reporting across HLFM funds)	10%	Reduction of 35% on 2019 baseline	Reduction of 40% on 2019 baseline

1. Relative TSR is assessed against the FTSE 51-150 companies (excluding investment trusts) comparator group.

2. The cumulative statutory EPS target has been set at a stretching level in the current economic environment, based on internal plan and consensus forecast for the relevant period.



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### Sustained Performance Plan (SPP)

For FY25, each Executive Director is to receive an SPP award with a maximum opportunity of 50% of base salary, subject to satisfactory personal performance in the period prior to grant.

Awards will be assessed against achievement of the below underpinning performance conditions over a period of three financial years:

- A requirement for average AUA for the last complete financial year prior to the third anniversary of grant to be above the average AUA for the last complete financial year prior to award;
- Maintenance of and continued management focus to improve risk, compliance and internal control environment across the performance period; and
- Satisfactory personal performance throughout the performance period.

In assessing performance for both the PSP and SPP, the Committee will review performance against these underpinning conditions in the round and will retain flexibility to apply discretion in line with the Policy. The Committee also retains discretion to make adjustments to the vesting outcome if it is not considered to be appropriate taking into account share price performance including consideration of any windfall gains arising and any other significant events which may have impacted the Company's share price or the market as a whole.

At the end of the performance period, any vested PSP and SPP awards will be subject to a further two-year holding period such the performance and holding periods together span a minimum of five years.

In line with the Policy, dividend alternatives will accrue and both PSP and SPP awards are subject to a formal malus and clawback mechanism.

### Statement of voting at the AGM

At the AGM held in 2023, votes cast by proxy and at the meeting in respect of the Directors' Remuneration Report were as follows:

Resolution	Votes for (including discretionary votes)	% for	Votes against	% against	Total votes cast excluding votes withheld	Votes withheld	Total votes cast including votes withheld
Approve Directors' Remuneration Report (excluding the Policy)	302,104,242	96.96	9,466,162	3.04	311,570,404	93,880,116	405,450,520
Approve Directors' Remuneration Policy in 2023	293,385,741	95.09	15,147,800	4.91	308,533,541	96,916,978	405,450,519

### Moni Mannings

Chair of the Remuneration Committee

14 August 2024



# GOVERNANCE SUPPORTING GROWTH



“ensuring the right capabilities are in place to execute on the strategy and drive value for shareholders and clients

**Alison Platt**  
Chair of the Nomination & Governance Committee

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## Dear Shareholder,

As Chair of the Nomination & Governance Committee, I am pleased to present this report on the Committee's activities in the year under review.

The Committee has overseen a busy year including my own appointment and the Committee's expansion into a Nomination & Governance Committee.

## Role of the Nomination Committee

The detailed responsibilities of the Committee are set out in its terms of reference, which are available on the Group's website at [www.hl.co.uk/about-us/board-of-directors](http://www.hl.co.uk/about-us/board-of-directors)

At a summary level the Committee plays a key role in:

- Reviewing and monitoring the composition of the Board and its Committees to ensure the right balance of skills, knowledge and experience;
- Conducting ongoing succession planning to ensure there is a diverse pipeline of talent for appointments to the Board and senior management;
- Leading the process for appointments to the Board and re-election of Directors;
- Providing oversight of the Group's approach to Inclusion and Diversity;
- Ensuring the Board and its Committees are functioning effectively through the oversight of the annual evaluation of the Board's performance. The Committee also monitors the Group's progress in implementing recommendations; and
- Supporting the plc Board on defined governance items such as reviewing compliance with good practice, reviewing and recommending key documentation for publication and overseeing the Colleague Forum (formerly a responsibility of the Remuneration Committee).

As noted in the prior year's report, whilst a key focus of the Committee has been on Chair succession the Committee has also devoted time to working with members of the ELT to further develop succession planning and talent management within the business with a focus on diversity. This is to ensure the Company has the right skills in the right place and at the right time to support the ongoing execution of the strategy.

## Composition and meeting attendance

At the date of this report (14 August 2024), Committee members are Alison Platt (Chair), Andrea Blance, Penny James, Moni Mannings, Michael Morley, Darren Pope and John Troiano each of whom are independent Non-Executive Directors. Not all have been members throughout the period under review – details can be found on page 67. The membership satisfies the Code requirement that a majority of members are independent Non-Executive Directors.

Committee appointments are made for three-year terms and can be extended for no more than two additional three-year terms, provided that the member still meets the criteria for membership and annual re-election at the AGM by shareholders. The Board regularly reviews the composition of the Committee and makes appointments accordingly.

The Committee met six times in the period under review. The attendance of members is set out in the table on page 67. Other individuals attend Committee meetings at the request of the Committee Chair and usually include the Chief Executive Officer and Chief People Officer and, where relevant, the Group's external advisers. The Committee has access to the Group Company Secretary, who also acts as secretary to the Committee. The Committee is authorised to obtain independent professional advice where it considers it necessary.



## NOMINATION & GOVERNANCE COMMITTEE REPORT

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#### Committee activities during the period under review

##### Board size, structure and composition (including skills matrix)

During the year the Committee regularly reviewed the size, structure and composition of the Board, as well as conducting annual reviews of the composition of its Committees. A review of the Board skills matrix was undertaken against the needs of the Group both now, and in the future, to deliver the Strategy and aligned with governance requirements. In addition to the search processes for a new Chair a search has also been undertaken for an independent Non-Executive Director to address the skills gap created by Dan Olley transitioning to the role of CEO. It is anticipated a further search will be undertaken to increase resilience within the Non-Executive Director population and provide greater optionality in contingency planning.

##### Succession planning

In tandem with considering composition during the year the Committee also ensured appropriate succession planning for both the Board and the Group's senior management was in place. This involved:

- Reviewing the succession planning and talent pipeline for members of the ELT and those who hold Senior Manager Functions (SMFs) to ensure resilience in these key areas is maintained;
- Taking account of key drivers such as recommendations from Board evaluations, feedback from meetings with key stakeholders including the FCA, investors, the Committee's own reviews of Board size, structure and composition, and developments in corporate governance good practice;
- Actively considering mechanisms for staggering Board tenure to manage evenly the distribution of change amongst the Board; and
- Reviewing arrangements for short-term contingency planning to prepare for unexpected periods using existing talent – for Non-Executive Directors, ELT members and individuals holding SMFs. This process helped identify any areas of over-reliance on key individuals which further supported the decision to increase the number of Non-Executive Directors sitting on the Board. The tenure of the Non-Executive Directors was also considered as part of this process.

All of these assessments (relating to composition and succession) were undertaken in line with the Group's Board diversity policy – the Committee reviews broader aspects of diversity as part of its reviews of Board composition and succession planning, and when searching for candidates.

Work previously undertaken by the Committee in assessing the Board skills matrix and succession planning was used to feed into the searches conducted by the Committee this year. In addition, and in line with good practice, thought has been given to the role of the Chair and how this will evolve as HL moves deeper into its execution of the Strategy.

##### Approach to recruitment

The Committee leads the process for appointments to the Board other than for the Nominated Director (Adrian Collins). For both Executive and Non-Executive searches the Committee uses input from: succession planning; contingency planning; and regular assessment of Board and Committee composition to identify the skills, knowledge and experience required in candidates to meet the Group's current and future requirements. The aim is to refine the leadership of the organisation to ensure the right capabilities are in place to execute on the strategy and drive value for shareholders and clients.

For both Executive and Non-Executive searches the Committee takes into account a number of factors, including the benefits of diversity and balance of composition of the Board, including in terms of ethnicity and gender. The Group's policy is to work with search firms who have signed up to the Standard Voluntary Code of Conduct for Executive Search Firms on diversity and best practice, and reject candidate lists that are not suitably diverse without sufficient reason. The overriding requirement is that recommendations for appointments are based on merit against objective criteria, and that the best candidates are put forward for consideration.

##### Search for a new independent Chair

The Company announced in July 2023 that as Deanna Oppenheimer was due to participate in her sixth AGM as Chair of the plc Board later that year work had commenced to determine the attributes of any successor candidates. It was felt that the timing was appropriate given good governance and succession planning practices and being mindful that the CEO transition was successfully underway.

Penny James (as SID) was nominated to lead the process on behalf of the Committee which was supported by Spencer Stuart. Spencer Stuart is independent of the Group although it should be noted that Moni Mannings, Non-Executive Director, sits on the Spencer Stuart Advisory Board. This potential conflict was declared and noted by the Board ahead of any search process commencing. The Board was satisfied that there was no cross over between the search activities and those of the advisory board. The Nomination & Governance Committee managed the search as set out below providing regular updates to Board members.

**Step 1.** A detailed candidate specification was agreed which included specific attributes aligned with HL's long-term direction and culture including:

- business leadership experience ideally within the financial services sector with listed company experience;
- experience of digitisation within a large corporate environment;
- Board and Chair experience;
- well respected in the City, with a reputation for generating shareholder value;
- ability to facilitate Board debate and challenge recognising HL's stakeholder needs; and
- support and hold the current Executive team to account in executing HL's strategy.



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**Step 2.** Spencer Stuart presented a candidate long-list mapped against the role profile which was reviewed by the Committee leading to a shortlist of candidates. The Committee challenged itself throughout the process on the skills and experience sought against candidate profiles.

**Step 3.** Alongside the Committee's work Spencer Stuart confirmed with candidates capacity for the role including time capacity and potential conflicts which fed into the short list preparation.

**Step 4.** Face-to-face interviews took place between the shortlist and each member of the Committee excluding the incumbent Chair Deanna Oppenheimer who was recused from the process. Preferred candidates were nominated to meet Board members.

**Step 5.** Throughout the search the Committee regularly challenged Spencer Stuart with regards to diversity of candidates in terms of gender, ethnicity, geographical and educational backgrounds. As a result the final evaluation led to the Committee considering the core skills and personal specifications of a number of high calibre candidates.

The Nomination & Governance Committee confirmed that Alison Platt had demonstrated the desired capabilities and experience including previous experience of working in regulated environments, not least in her role as Chair of Ageas (UK) Limited. It was also felt that she would be a sound cultural fit for the organisation, providing considered leadership to both the plc Board and Group. The Board unanimously approved the recommendation that she be deemed independent on appointment with the associated announcement being made on 29 November 2023. Alison took up the role of Non-Executive Chair on 6 February 2024 following regulatory approval.

It was felt that Alison has significant and directly relevant experience for HL including:

- being a highly experienced FTSE Chair, board director and senior leader across both private and listed companies in highly regulated sectors;
- four years as a FTSE CEO and more than twenty years in healthcare and financial services, including at Bupa and as a non-executive at L&G Financial Advice, both of which are FCA regulated financial services businesses; and
- experience of issues relevant to HL from increased digitisation to transformation against a changing macro backdrop through to regulatory changes such as Consumer Duty.

You can find Alison's full biography on page 62 with details of the Board induction programme on page 68.

#### Search for a new independent Non-Executive Director

During the period under review, the Committee carried out a detailed search for a new Non-Executive Director. The focus of this search was primarily around increasing resilience within the Non-Executive population of global technology skills given the transition of Dan Olley to the CEO role. For this search the Committee engaged Heidrick & Struggles which is independent of the Group. At the time of writing the search remains ongoing.

#### Board induction and training

Once a new Board member has been appointed the Committee oversees the induction programme that will support them in understanding the Group and contributing to debate from an early point. Each new Board member receives an induction pack containing key material and is allocated a bespoke induction plan. The latter is tailored depending on existing skills and knowledge to ensure the new Board member understands the Group's purpose and Strategy, the operational environment and regulatory requirements including Directors' duties.

During the year the Committee received a summary of training provided to Board members during the year. Further detail can be found on page 69.

#### Director independence, time commitment and re-election

The Committee conducted its annual review of the independence of the Non-Executive Directors, and time commitments of the Directors generally, at its June meeting. In reviewing the independence of the Non-Executive Directors, the Committee considered in detail whether any circumstances had arisen, including those set out in Provision 10 of the Code, which are likely to impair, or could appear to impair the independence of each Non-Executive Director.

The Committee concluded that it considered each of the Non-Executive Directors (other than the Nominated Director) to be independent under the provisions of the Code. As an appointee of a shareholder, the Nominated Director is not considered to be independent, but contributes through providing a link to Peter Hargreaves' experience as well as his own wealth of experience in the fund management industry. The Nominated Director does not sit on any of the Committees and given that the majority of the Non-Executive Directors are independent, the Committee considers this adequately compensates for any potential imbalance that may arise from the presence of the Nominated Director.

In concluding that each of the Non-Executive Directors has sufficient time available to allocate to the Company as set out in their letters of appointment, the Committee considered: the detailed requirements of the Code and other key regulatory requirements; attendance records for each Director and responsiveness to Company business; as well as the confirmations given to the Chair by each of the Non-Executive Directors that they continue to have sufficient time to discharge their responsibilities effectively.

Based on its assessment of each Director's performance and ability to continue to contribute to the Board in light of the knowledge, skill and experience they possess, the Committee has recommended to the Board that each of the Directors is eligible to be put forward for election or re-election at the 2024 AGM as appropriate.



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#### Board effectiveness

The Committee oversaw progress against the internally led 2023 Board Effectiveness Review (BER) the key points of which were detailed in last year's Report and Financial Statements. All actions were either closed or embedded into ongoing ways of working.

With the last externally led BER having taken place in 2021 the Committee appointed Independent Board Evaluation (IBE) to facilitate the 2024 BER. To ensure that the new Chair received enough time to bed into their role and therefore be able to maximise the outputs of any BER the decision was taken to run the review later in the calendar year than in 2023. This will enable an in depth review of how the Board can perform best both individually and collectively to support clients, shareholders, colleagues and wider stakeholders.

#### Diversity

The Board believes that building a diverse and inclusive workforce is important not just because it is the right thing to do, but because it is good for the Group's shareholders, clients, its business and its people. The Group's objective is to build a diverse workforce at all levels and create an inclusive culture for all. The Board is committed to creating a culture where people treat each other with dignity and are encouraged to realise their full potential.

The Group's Inclusion & Diversity Policy supports this by making clear the Group's aspirations and commitment to inclusion and diversity, and by defining the roles and responsibilities that will support it in attaining its objectives. Further information can be found on page 38. The Board Diversity Policy dovetails with the wider Group Policy focusing on ensuring the Board is diverse and provides role models for the organisation.

During the period, the Committee reviewed progress against the Group's Inclusion and Diversity Strategy and action plan. In addition, the Committee and all other Board members were included in Group-wide training relating to diversity covering topics including implicit bias; micro aggressions; power and privilege; and how to be an ally.

Further information on the Group's progress in achieving its objectives can be found on pages 18 to 20 of the Strategic Report.

#### Gender balance

The Board continues to focus on gender diversity both at Board level and in the Group's senior management. The Committee has overseen the development of specific strategic initiatives in this respect, including to hire more, promote more and retain more women in senior positions.

As of 30 June 2024, the Board numbered ten in total, five of whom are women with three of the four senior Board positions (defined as Chair, Senior Independent Director Chief, Chief Executive Officer and Chief Financial Officer) being held by women. The Board recognises that there is always more to do with regards to diversity in all its elements and continues to focus on promoting diversity as part of its recruitment processes.

The Group continues to promote diversity across the organisation and is proud to be a signatory to the Women in Finance Charter, a government initiative to promote inclusion and diversity. As of 30 June 2024, female representation across the Group's senior management (as per the Code definition) was 43.5%. For these purposes 'senior management' comprises members of the ELT and each of their direct reports including administrative staff.

If administrative staff are removed then female representation across the Group's senior management as per the Companies Act 2006 definition (which only includes those responsible for planning, directing or controlling the activities of the Group or a strategically significant part) was 41.4%. Further information on how the Group is seeking to promote diversity can be found on page 68 of the Strategic Report.

#### Ethnic diversity

The Committee is pleased to report that the Company continues to meet the recommendation from the Parker Review that there should be at least one Director of colour on the Board by 2021.

During the period the Committee agreed to work with Empowering People of Colour (EPOC) – an organisation founded by the Group's Remuneration Committee Chair Moni Mannings OBE. The aim of EPOC is to address the lack of diversity on the UK's private, public and not for profit Boards. As part of this HL has selected an EPOC fellow from within its colleague population to join a third party board. HL agreed to use EPOC's Board fellowship programme to search for an EPOC fellow to join the HL Board for a period of circa 12 months and is considering the appropriate time to select an EPOC fellow. The aim being that individuals gain a better understanding of how Boards operate, develop their skills, experience and networks and see if a Non-Executive career is something they would wish to pursue.

For more information about the Group's approach to ethnic diversity more widely please see the Responsible employer section on page 38.



Governance

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**GOVERNANCE SUPPORTING GROWTH CONTINUED**

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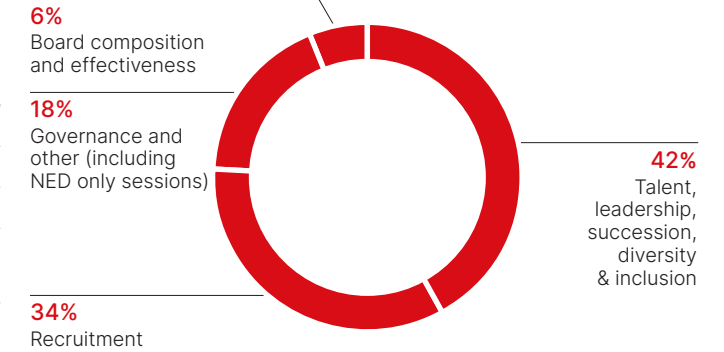
**Reporting on gender, identity or sex**

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	50%	1	6	60%
Women	5	50%	3	4	40%
Not specified/prefer not to say	0	0%	0	0	0%

**Reporting on ethnic background**

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	8	80%	4	8	80%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%
Asian/Asian British	1	10%	0	1	10%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	1	10%	0	1	10%

**Overview of the Committee's activities in the year to 30 June 2024**



**Committee priorities for 2024/25**

Looking ahead to the next financial year, it is anticipated that the Committee will focus in particular on:

- Completing the current round on Non-Executive recruitment to further develop resilience and flexibility within that population.
- Recognising the change there has been within the ELT working with members to further develop succession planning and talent management with a focus on diversity and developing pipelines across the organisation.
- Further developing the role of the Committee with regards to governance elements.
- Completing and overseeing the implementation of recommendations from the externally led BER 2024.

**Alison Platt**

Chair of the Nomination & Governance Committee

14 August 2024





# DRIVE FOR CONTINUOUS IMPROVEMENT



“  
**Strong risk management is essential in supporting the firm achieve its strategic aims**

**Andrea Blance**  
Chair of the Risk Committee

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**Dear Shareholder**

As Chair of the Risk Committee, I am pleased to present the Committee's report on the activities undertaken in the year under review.

The Group's approach to risk management and how it evaluates and manages the principal risks and uncertainties the Group faces are set out on pages 51 to 58.

**Role of the Risk Committee**

The Board is responsible for the Group's risk management and strategy, and for determining an appropriate risk appetite. The Committee ensures that risk management is properly considered in Board decisions and provides oversight of risk within the Group. The Committee advises the Board on changes to the Group's risk profile and risk appetite and monitors the effectiveness of the Group's risk management framework.

The Committee plays a key role in overseeing the management of capital adequacy and liquidity through the Internal Capital Adequacy and Risk Assessment (ICARA) which includes ensuring HL has sufficient capital for its future growth strategy.

Continued enhancements to the Group's risk maturity have been reviewed by the Committee who have scrutinised the Group's risk profile in relation to solvency, liquidity, operational, conduct and reputational risks.

The Committee has continued to keep under review the Group's strategy. Regular updates on mobilisation priorities have been received to ensure that the activities supporting the delivery and execution of the strategy are adequately managed and prioritised across other business as usual activities in order to support good client outcomes.

The Committee reviews a report from the Group Chief Risk Officer (GCRO) at each meeting which includes key themes impacting the risk profile and regulatory change risks that could

impact the Group. It also covers the output of risk assurance activities and specific areas of financial and non-financial risk including regulatory risk and client outcomes.

The detailed responsibilities of the Committee are available on the Group's website.

The Committee works closely with the Audit Committee on risk and control matters and both Committee Chairs are members of the other Committee to ensure a co-ordinated approach. The operation of effective key controls for assessing and managing the Group's key risks is delegated to the Audit and Risk Committees.

**Composition and meeting attendance**

As at the date of this report (14 August 2024), the members of the Committee are Andrea Blance (Chair), Penny James, Moni Mannings, Michael Morley, Darren Pope and John Troiano, each of whom are independent Non-Executive Directors. With the exception of Michael Morley, who has been a member since his appointment in August 2023, all those listed have been members throughout the period under review. Dan Olley was a member of the Committee until his appointment as CEO on 7 August 2023 and Roger Perkin was a member until he stepped down from the Board on 8 December 2023.

Ongoing training is provided to assist Committee members in performing their duties. This year this included briefing sessions on wind down planning, complex products and vulnerable clients.

The Committee met six times in the period under review. The attendance of members is set out in the table on page 67. Other individuals attend Committee meetings at the request of the Committee Chair.

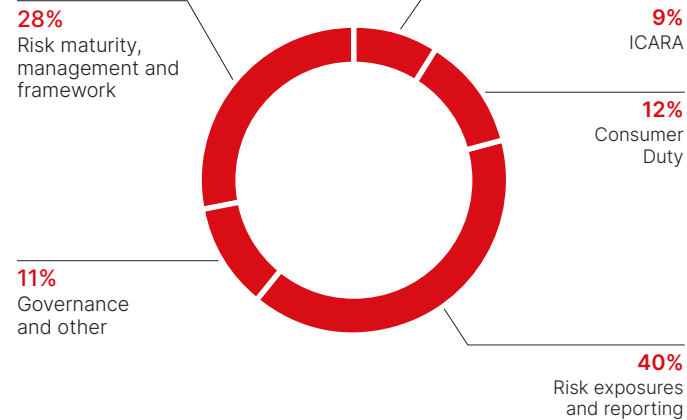


## Governance

# RISK COMMITTEE REPORT DRIVE FOR CONTINUOUS IMPROVEMENT CONTINUED

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## Overview of the Committee's activities in the year to 30 June 2024



## Areas of focus during 2023/2024

### Consumer Duty

- To support the delivery of good client outcomes, regular updates on embedding activities related to the Consumer Duty were reviewed.
- Progress of the embedding plan and delivery of key elements, including ongoing monitoring frameworks, were monitored to ensure all aspects of the regulations had been considered prior to completion of the annual assessment by 31 July 2024. This included oversight of the ongoing development of data to ensure monitoring and assurance is in place.

### Operational resilience

- In its role overseeing operational resilience, the Committee scrutinised the completeness of the Operational Risk Self-Assessment, including Important Business Service coverage and thresholds as well as management plans to address outstanding actions, prior to recommending this for approval by the Board.

## Information Security, Data and fraud risk

- To provide visibility of risk exposure and activities underway to address and mitigate risks, a deep dive review of the data risk environment was carried out. This covered the regulatory compliance position, including GDPR.
- The update on cyber security and the cyber risk control environment included a specific focus on the risk management approach to Artificial Intelligence.
- Regular updates on enhancements made within the Group's financial crime framework and controls were received, including a new anti-money laundering (AML) screening tool which will further aid the detection and prevention of fraud.
- The annual report from the Money Laundering Reporting Officer (MLRO) took into account the FCA's findings from its recent assessment of compliance with AML regulations and was subsequently approved by the Board.

## Risk assessment of strategy

- The Committee continued to oversee any risks associated with the strategy through second line assessments of mobilisation and prioritisation activities and the risk profile associated with any change execution risks.
- Projects to address regulatory requirements, including those requiring technology enhancements, were reviewed and the GCRO provided updates on change management progress.

## Committee activities during the period under review Risk management oversight

- Reviewed and challenged the risk appetite statements in support of consistent risk-informed decision-making aligned with HL's strategic aims.
- Received regular updates on the status of the Group's risk profile supported by reference to the approved risk appetite, reviews undertaken of risk and compliance events and the status of control effectiveness and remediation activities.
- Reviewed and challenged reporting for evidence of the continued evolution of risk management capabilities in the first line and monitored the response of management to issues identified, including root cause analysis.
- Continued to encourage the Group's Risk function to further focus on oversight through the increased transfer of risk management activities to the first line operational teams.

- Received and challenged an assessment of the Group's emerging risks and the principal risks and uncertainties the Group faces as set out on pages 56 to 58.
- Reviewed and monitored progress of the second line assurance plan and oversaw the ongoing prioritisation of risk management activity across the Group.
- Received reports from the Compliance Monitoring function on the effectiveness of measures designed to ensure compliance with the Group's regulatory risk and control framework.
- Oversaw the activity of the Compliance function which ensures adequate oversight of the regulatory obligations and compliance with them. The adequacy and effectiveness of the function was confirmed as part of the annual review.
- Received regular updates from the GCRO on the resource capacity and capability in the Risk function.
- Reviewed a summary of the GCRO's paper to the Remuneration Committee relating to risk events or issues including compliance and audit findings that impacted, or could have impacted, the Group or clients and which were taken into account when determining Executive remuneration.

## ICARA

- As part of ensuring HL has sufficient capital for its growth strategy, the Committee kept the ICARA under periodic review via quarterly updates.
- The ICARA results in October 2023 were recommended to the Board for approval, following review and challenge to ensure they were proportionate to the nature, scale and complexity of HL. The review covered the key assumptions and methodologies used to assess the material risks of harm to ensure the results continued to reflect the risk profile of the Group. The Committee oversaw the scenarios used such as regulatory compliance, technology and severe market movements to validate the results and also reviewed the annual regulatory disclosures.



## RISK COMMITTEE REPORT

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#### Operational risk

- The Committee has focused on change management and the action plans in place to reduce operational risk through the programmes being prioritised as part of the transformation.
- A joint meeting was held with the Audit Committee to oversee progress against management actions identified by second line and Internal Audit reviews.
- The assurance reviews carried out by the newly formed Model Risk team were also reviewed to oversee any risks resulting from using insufficiently accurate models to make decisions.

#### Risk maturity

- The Committee oversaw the implementation of a Group Risk Maturity Assessment Framework as part of the continued enhancement of the Group's risk maturity, aligned to the scale and complexity of a financial services organisation the size of HL.
- The Group Risk and Compliance tool continues to provide a central system of record for key risk data including risk events and issues, which provides greater insights on risk management.

#### Risk management and internal controls

- In order to monitor and maintain the Group's internal controls systems on behalf of the Board, the Audit and Risk Committees carried out an annual review of the adequacy and effectiveness of the risk management systems and the internal control environment which included key financial, operational and compliance controls and the risk management framework.
- The Committee reviewed the disclosures and statements in the Report and Financial Statements relating to risk management prior to review and approval by the Audit Committee.
- The Committee also reviewed the risk self-assessment process run in accordance with the Director's risk attestation process which provided assurance by the CEO and GCRO of HL's adherence to the requirement to maintain sound risk management and internal control systems.

#### Committee performance

- In line with its terms of reference, the Committee is required to undertake a review of its performance on an annual basis to ensure it is operating effectively.
- The review was undertaken in April and this year included the completion of an effectiveness questionnaire by the members.
- The review confirmed that activities during the period had been in line with the Committee's remit. Minor amendments to the Terms of Reference, which included the Committee's role in overseeing and challenging the design and execution of stress and scenario testing and reviewing and recommending the annual self-assessment of client outcomes, were approved by the Board.

#### Committee priorities for 2024/25

Looking ahead to the next financial year, it is anticipated that the Committee's focus in particular will be to:

- Ensure the Group Risk Maturity Framework enhancements focus on Risk Maturity elaboration, finalisation and embedding of risk appetite measures and monitoring and escalation processes;
- Ensure actions taken in relation to the implementation of the Consumer Duty regulations are embedded and ongoing assurance is in place;
- Continue to oversee change execution risk whilst legacy systems are transformed as part of HL's strategy; and
- Oversee the further development of the emerging risk profile.

#### Andrea Blance

Chair of the Risk Committee

14 August 2024



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The Directors present their report on the affairs of the Group, together with the audited consolidated financial statements for the year ended 30 June 2024.

The Company is the holding company for the Group. The Group's regulated operating subsidiaries carry out its business of providing financial products and services, principally to retail clients. The Group operates predominantly in the United Kingdom, with one operating subsidiary (HL Tech) located in Poland that provides IT development services to the rest of the Group.

The Directors' Report for the period under review comprises pages 120 to 123 of the Report and Financial Statements, as well as other sections incorporated by reference.

As permitted by legislation, certain information required to be included in the Directors' Report has instead been included in the Strategic Report, on the basis that the Board consider those matters to be of strategic importance. Commentary on the development and performance of the Group's business, including in the field of research and development, and an indication of likely future developments can be found on pages 1 to 30 of the Strategic Report. Disclosures relating to the Group's greenhouse gas emissions, energy consumption and the measures being taken to increase energy efficiency can be found on pages 43 to 50 of the Strategic Report.

Details of how the Group engages with its key stakeholders, including its shareholders, can be found on pages 22 to 23 of the Strategic Report and on pages 69 to 70 of the Corporate Governance Report. Details of how the interests of stakeholders are considered in the Board's decision making can be found in the Section 172 Statement on pages 124 to 126.

The Strategic Report and the Directors' Report together form the Management Report for the purposes of DTR 4.1.8R. For the purposes of DTR 7.2.1R:

- A statement as to the Company's compliance with the Code and details of where the Code is publicly available can be found in the Chair's Introduction to Corporate Governance on page 61;
- A description of the main features of the Group's internal control and risk management systems in relation to the financial reporting process can be found on pages 79 to 80;

- Information regarding significant shareholders, special rights regarding control of the Company, restrictions on voting rights, the appointment and replacement of Directors and changes to the Company's articles of association, and the powers of the Directors can be found on pages 120 to 122;
- A description of the composition and operation of the Group's corporate governance framework can be found on pages 70 to 71 and
- A description of the Group's Diversity and Inclusion Policy, its objectives, how it has been implemented and the results in the period under review can be found on pages 38 to 42 and 115 to 116.

#### Information to be disclosed under LR 9.8.4R

Listing Rule 9.8.4R requires listed companies to include in their annual financial report all information required under Listing Rule 9.8.4R in a single identifiable section, or otherwise in a cross reference table indicating where that information is set out. The following cross reference table sets out where the relevant disclosures can be found in the Report and Financial Statements.

Listing rule	Disclosure	Page reference
LR 9.8.4R (1) to (11)	Not applicable	Not applicable
LR 9.8.4R (12)	Current year dividend waiver agreements	Note 3.2 to consolidated financial statements on page 154
LR 9.8.4R (13)	Future dividend waiver agreements	Note 3.2 to consolidated financial statements on page 154
LR 9.8.4R (14)	Information regarding controlling shareholder	The Company does not have a Controlling Shareholder. Details of the ongoing relationship with the Company's former Controlling Shareholder can be found under the heading Shareholder Agreement on page 121

#### Share capital structure

The Company's share capital consists of a single class of ordinary shares of 0.4p each. As at 30 June 2024 and the date of this report, there were 474,318,625 ordinary shares in issue, each of which is fully paid up, amounting to an aggregate nominal share capital of £1,897,274.50. Each ordinary share is listed on the Official List maintained by the FCA and admitted to trading on the Main Market of the London Stock Exchange. Further details of the Company's share capital can be found in note 3.1 to the consolidated financial statements on page 154. There were no changes to the Company's share capital during the period under review.

#### Rights attaching to shares and restrictions on transfer

The ordinary shares have attached to them full voting, dividend and capital distribution rights, and rank pari passu in all respects.

Save for deadlines for voting by proxy, there are no restrictions on voting rights attaching to, or on the transfer of, the Company's ordinary shares. Full details regarding the exercise of voting rights at the 2024 AGM, whether in person or by proxy, will be set out in the Notice of AGM. To be valid, the appointment of a proxy to vote at a general meeting must be received not less than 48 hours before the time of the meeting.

The Company is not aware of any agreements between the holders of ordinary shares that may restrict their transfer or the voting rights attaching to them.

None of the Company's ordinary shares carry any special rights regarding control of the Company.

#### Authority to allot or buy back shares

The Company was granted authority at the 2023 AGM to purchase in the market its own shares up to an aggregate nominal value of 10% of its issued ordinary share capital. No shares were purchased under this authority in the year to 30 June 2024 and up to the date of this report. This authority expires at the end of the 2024 AGM, at which a special resolution will be proposed for its renewal. This is a standard authority that the Directors have no present intention of exercising.

The Directors were granted authority at the 2023 AGM to allot relevant securities up to an aggregate nominal amount of £632,424.83, representing approximately one third of the



## Governance

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Company's issued ordinary share capital. No shares were allotted under this authority in the year to 30 June 2024 and up to the date of this report. This authority expires at the end of the 2024 AGM, at which an ordinary resolution will be proposed for its renewal. This is a standard authority that the Directors have no present intention of exercising.

### Shares held in trust for employee share schemes

Hargreaves Lansdown EBT Trustees Limited (the EBT Trustee) holds ordinary shares in the Company in trust under the terms of the Hargreaves Lansdown Employee Benefit Trust (the EBT) to satisfy the exercise of options granted to the Group's employees under its approved and unapproved share option schemes. Under the rules of the EBT, the EBT Trustee has discretion as to the exercise of voting rights attaching to ordinary shares held within the EBT. As at 30 June 2024, the EBT Trustee held 163,348 ordinary shares, equating to approximately 0.03% of the Company's issued ordinary share capital.

Hargreaves Lansdown Trustee Company Limited (the SIP Trustee) holds ordinary shares in the Company in trust under the terms of the Hargreaves Lansdown plc Share Incentive Plan (the SIP) to satisfy the exercise of options granted to the Group's employees under the SIP. Save where the Company notifies it that such waiver does not apply, the SIP Trustee must refrain from exercising the voting rights attaching to ordinary shares held in the SIP trust that have been allocated to employees. The SIP Trustee has no express power under the terms of the SIP to exercise voting rights attaching to ordinary shares held in the SIP trust that have not been allocated to employees. As at 30 June 2024, the SIP Trustee held 20,725 ordinary shares, equating to approximately 0.004% of the Company's issued ordinary share capital.

### Substantial shareholdings

Notifications received by the Company in accordance with DTR 5 are published on a Regulatory Information Service and on the Company's website. As at 30 June 2024 the following shareholders have notified the Company in accordance with DTR 5 of their interest in 3% or more of the Company's issued share capital:

Name	Ordinary shares	% holding
Peter Hargreaves	93,838,474	19.78%
Lindsell Train Limited	56,874,459	11.99%
Stephen Lansdown	27,087,419	5.71%
Blackrock, Inc*	27,082,571	5.71%
Baillie Gifford	23,517,973	4.96%

\* On 8 August 2024, the Company received a notification from BlackRock, Inc. in accordance with DTR 5 that it held voting rights in respect of 27,056,870 ordinary shares, equal to 5.70% of the Company's total voting rights. In the period between 30 June 2024 and the date of this report, the Company received no notifications pursuant to DTR 5.

### Shareholder Agreement

The Company announced on 7 February 2020 that Peter Hargreaves had reduced his shareholding to 24.35% and therefore ceased to be a controlling shareholder of the Company. Peter Hargreaves has since reduced his shareholding further and now holds 19.78%.

In October 2020, the Board announced that in order to reflect Peter Hargreaves' continuing interest in the Company whilst respecting the strong independent governance principles of the Board, the Company had agreed with Peter Hargreaves to enter into a new shareholder agreement (the Agreement) to govern their ongoing relationship. Pursuant to the Agreement, Peter Hargreaves is entitled to nominate one Non-Independent, Non-Executive Director for appointment to the Board, subject to the applicable regulatory and governance framework that is observed by the Company. Peter Hargreaves exercised this right and Adrian Collins was appointed to the Board on 2 November 2020. This Agreement and nomination right shall remain in place for so long as Peter Hargreaves and his Associates' (as such term is defined in the Listing Rules) control or are entitled to control the exercise of at least 10 per cent of the Company's voting rights.

The Agreement intends to ensure that any transactions or arrangements with him are conducted at arm's length and on commercial terms, and that neither he nor his associates would prevent the Company complying with its obligations under the Listing Rules or propose or procure a shareholder

resolution intended to circumvent the proper application of the Listing Rules. In February 2023, the Company shared protocols for interactions with Peter Hargreaves and also with his shareholder representative to codify relevant obligations of each party under the shareholder agreement, relevant legislation and the Code to ensure a common understanding of how interactions will take place.

### Dividends

The Board recommends a final ordinary dividend of 30.0 pence per ordinary share to be paid in respect of the period ending 30 June 2024. Subject to shareholder approval at the 2024 AGM, it is proposed that this ordinary dividend is paid on 1 November 2024 to all shareholders on the register at close of business on 4 October 2024.

For further information on the dividend see page 30 of the Strategic Report.

### Board of Directors Powers of the Directors

The Company's articles of association (the Articles) set out the powers of the Directors. Subject to company law, the Articles and any directions given by special resolution of the Company, the Directors have been granted authority to exercise all the powers of the Company.

The Articles may only be amended by special resolution at a general meeting of the Company's shareholders.

### Appointment and replacement of Directors

The appointment and replacement of Directors is governed by the Articles, the Code and the Companies Act 2006 and related legislation.

Under the Articles, Directors may be appointed, either to fill a vacancy or as an addition to the existing Board, by ordinary resolution of the Company or by resolution of the Board.

If appointed by the Board, a Director must retire and, if willing to act, seek election at the next AGM following appointment.

In addition, the Articles require all Directors to retire at each AGM and, if willing to do so, offer themselves for re-election. This aligns to the requirements of provision 18 of the Code. Further details can be found on page 69 of the Corporate Governance Report.



## Governance

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In addition to the powers set out in the Companies Act 2006, the Articles provide for the removal of a Director before the expiration of their period of office by ordinary resolution of the Company.

### The Board

The names of the Directors of the Company as at the date of this report, along with their biographies, are set out on pages 62 to 64.

Appointments to and departures from the Board during the period under review are set out in the table below.

Name	Role	Date of appointment/departure
Michael Morley	Independent Non-Executive Director	Appointed 1 August 2023
Chris Hill	CEO	Resigned 7 August 2023
Dan Olley	CEO	Appointed 7 August 2023
Roger Perkin	Independent Non-Executive Director	Resigned 8 December 2023
Deanna Oppenheimer	Independent Non-Executive Director	Resigned 8 December 2023
Alison Platt	Independent Non-Executive Director	Appointed 6 February 2024

### Directors' interests

Details of the Directors' interests in the Company's ordinary shares can be found on pages 102 to 108 of the Annual Report on Remuneration.

During the period under review, no Director had any material interest in a contract to which the Company or any of its subsidiary undertakings was a party (other than their own service contract) that required disclosure pursuant to the Companies Act 2006.

### Directors' indemnities

As permitted by the Articles, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in place throughout the period under review and remains in place as at the date of this report.

The Company also maintains Directors' and Officers' liability insurance cover to protect the Directors from loss resulting from claims against them in relation to the discharge of their duties.

This cover was in place throughout the period under review and remains in place as at the date of this report.

### Compensation for loss of office

There are no agreements in place between the Company and its Directors or employees for compensation for loss of office or employment as a result of a takeover bid.

### Financial instruments and financial risk management

Details of the Group's financial risk management policies and objectives in relation to the use of financial instruments, and its exposure to market, liquidity and credit risk, can be found in note 5.7 to the consolidated financial statements on pages 160 to 165.

### Change of control

The Company's RCF contains a statement that it will fall away on a change of control. Other than the RCF, there are no significant agreements to which any member of the Group is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid.

### Employee engagement and involvement

The Group is committed to engaging and communicating with colleagues to ensure they understand the Group's purpose, vision and priorities and how they each play their part in the development of its business. Information on action taken to ensure colleagues are provided with information on matters that concern them and to promote awareness of the factors affecting the Group's performance can be found on page 42 of the Strategic Report. Details of how the Group engages with colleagues and how their interests are considered in decision making can be found on pages 23 and 42 of the Strategic Report and in the Group's Section 172 Statement on pages 124 to 126.

Further details of how we encourage colleague involvement in the Group's performance, including by way of participation in share schemes, can be found on page 41 of the Strategic Report.

Details of the Group's policies for the recruitment, continuing employment and career development of disabled persons can be found on page 38 of the Strategic Report.

### Post-balance sheet events

Details of important events affecting the Group that have occurred since the end of the period under review can be found in note 5.5 to the consolidated financial statements on page 159.

### Political donations

The Group did not make any political donations or contributions or incur any political expenditure during the period under review.

### Environment and climate

Climate related financial disclosures including SECR can be found in the Strategic Report on pages 43 to 50.

### Annual General Meeting

The Board looks forward to welcoming shareholders to the Company's AGM which will be held later this year with details available at [www.hl.co.uk/investor-relations/agm](http://www.hl.co.uk/investor-relations/agm) in due course. Further information, along with details of all resolutions to be proposed to the Company's shareholders and how to vote, will be set out in the Notice of AGM that will be circulated ahead of the meeting.

### Electronic communications and dividend payments

Shareholder communications are only sent in paper format to shareholders who have elected to receive documents in this way. This approach enables the Company to reduce printing and distribution costs and the impact of the documents on the environment. Shareholders who wish to receive email notification instead of paper copies can register online at [www.shareview.co.uk](http://www.shareview.co.uk).



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# DIRECTORS' REPORT CONTINUED

Shareholders can also request that dividends are paid directly into their bank or building society account via Shareview. This saves time and is more secure than receiving dividends by cheque, which could arrive late or be lost in the post.

### Going concern

In adopting the going concern basis for preparing the financial statements, the Directors have considered the Group's business activities, together with the factors likely to affect its future development, performance and position, including current market conditions, the increase in inflation and the associated cost-of-living crisis. This includes the Group's principal risks and uncertainties, details of which can be found in the Strategic Report. The Operating and Financial Review on pages 24 to 30 of the Strategic Report describes the Group's robust balance sheet, managed to internal risk appetite and regulatory capital limits, and a business with a high conversion of operating profit to cash and a strong net cash position.

Having regard to the Company and Group's financial, liquidity and capital position, the Board has concluded that it remains appropriate to adopt the going concern basis of accounting in preparing the Company and Group's financial statements.

### Long-term viability

In accordance with Provision 31 of the Code, the Directors have assessed the prospects of the Group over a longer period than the 12 months required by the going concern provision. Details of this assessment can be found on page 55 of the Strategic Report.

### Disclosure of information to external auditor

Each of the persons who are Directors at the time when this report is approved confirms that:

- So far as they are aware, there is no relevant audit information of which the Company's external auditor is unaware; and
- They have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's external auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Approved by and signed by order of the Board.

**Claire Chapman**

Group Company Secretary

14 August 2024



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In their discussions and decisions during FY24, the Directors have acted in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its stakeholders as a whole and the matters set out in sub-sections 172(1)(a)–(f) of the Companies Act 2006, including as below. Aligned with exercising their duties to promote the success of HL, the Directors also have regard to the interests of HL's stakeholders. These include shareholders, clients, colleagues, suppliers, the environment and the communities within which the Company operates, as well as the relative impacts of any decision on each group within its stakeholder base, acting fairly between members of the Company and ensuring the Company's ongoing reputation for a high standard of business conduct.

#### The likely consequence of any decision in the long term:

The Board is keenly aware of the relative impact its decisions have on stakeholders. By understanding their duties and stakeholder interests, the Directors make decisions that promote long-term sustainable value for shareholders. The Board integrates stakeholder interests and the Group's success into its strategy, values and policies, delegating day-to-day decisions appropriately under its corporate governance framework.

The Board, well-versed in HL's business and operating environment, recognises the importance of today's decisions on the Group's future success. This year, strategic discussions balanced current and future business needs while considering HL's risk profile. Regular updates on strategy implementation and Group performance are received by the Board, which sets the strategy, culture and values and oversees the Group's governance, risk management and internal controls to ensure long-term success. HL's strategy focuses on client proposition development, and you can read more about this in the Strategic Report.

Operating in a highly regulated environment, the Group prioritises effective risk management to underpin the effective delivery of its strategy. More on risk evaluation and management, including principal and non-financial risks, is available on pages 51 to 58 of the Strategic Report.

#### The interests of the Group's employees:

The Board emphasises understanding the needs of Group employees to foster a workplace where they can thrive, ensuring long-term success. The HL Colleague Forum, our workplace advisory panel, comprises representatives chosen by colleagues and facilitates direct feedback on matters of operational importance. This year, the Forum was revamped to enhance forward-looking insights into proposed initiatives and other relevant issues, with outcomes reported to the Remuneration Committee (Nomination & Governance Committee for FY25) and escalated to the Board as needed.

Monthly Colleague Updates led by the CEO and senior management, both in-person and online, reinforce our purpose and engage employees in dialogue, fostering a supportive environment for questions and suggestions. Regular surveys and departmental forums further gather colleague input, with results shared with the Executive and Senior Leadership Teams, as well as sharing across the Company with key themes brought to the Board's attention.

The HL platform is for everyone and we are committed to inclusion and diversity. This year, initiatives coordinated by the Group included:

- Colleague networks represent different colleague groups and look to embed an inclusive culture at HL. Each network is sponsored by an Executive Leadership Team member who supports each network in developing a deep awareness of challenges and issues which they, alongside the Network, can then amplify and support. Progress on inclusion and diversity, along with the networks' activities and focus areas, is shared annually in the I&D update to the Nomination and Governance Committee.
- The award-winning Strive Internship programme, launched by HL in 2020, which offers paid work experience placements to Black, Asian and minority ethnic university students across organisations in the West of England.
- Speed networking events to connect female employees with management and senior leaders from across the business to aid their understanding of career progression opportunities.
- A Line Manager Inclusion Series was launched with six mandatory workshops delivered to all line managers, continuing our commitment to focus on inclusion at the core of HL's culture.

You can read more about how we engage with colleagues and the actions we have taken as a result of that engagement on page 23 of the Strategic Report.

#### The need to foster business relationships with the Group's suppliers, clients and others:

The Board prioritises strong supplier relationships to ensure effective and efficient client service over the long term. The Group continues to enhance and embed its supplier manager framework in line with business, market and regulatory expectations. Soon, supplier dashboards will provide visibility for contract managers on supplier performance, risk and governance. Prompt payment is a priority and in the six months to 30 June 2024 HLAM averaged 27.6 days and HLFM 37.2 days.

Client interests are central to HL's strategy and a key consideration in everything HL does. Throughout HL's 40 year history, we have always been about offering great value to clients as we make it easy for them to save and invest for a better future. Demonstrating this, the Board approved a recent new offer which saw all clients, new and existing, get £100 back on online trading charges.

Regular updates on client proposition and service metrics inform Board and Executive Leadership Team decisions and the Group's innovation and strategy is driven by current and future client needs. You can read more about how we engage with our clients and the actions we have taken as a result on page 22 of the Strategic Report.

The Group regularly engages with the FCA and the Board is regularly briefed on regulatory developments and expectations and the Group's continued compliance with regulatory obligations and the Risk, Audit and Remuneration Committees receive detailed insights into specific areas such as CASS and Consumer Duty. The Board considers the interests and views of the FCA in its decision making and receives updates in relation to specific matters such as operational resilience which are of interest to the FCA.

The Group also engages in regular exchange with HM Government and its various departments, trade bodies and industry associations and local stakeholders such as MPs and authorities, charity partners and community organisations.





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### The impact of the Group's operations on the community and the environment:

The Board is conscious of the impact of the Group's operations on the community and environment and understands the importance of being a good corporate citizen.

The Board monitors HL's corporate social responsibility primarily through reporting from senior management. The Board regularly reviews the strategy to ensure that this remains appropriate and in line with good practice, serving needs of the environment generally and the communities that HL serves. Progress updates are reported to the Board throughout the year. The Board has oversight of the processes and procedures put in place to improve ESG reporting including to meet the required TCFD disclosures this year.

More information on HL's ESG Strategy can be found on page 44.

### The desirability of the Group maintaining a reputation for high standards of business:

The Board is responsible for setting and monitoring the culture, values and reputation of HL. Maintaining a reputation for high standards of business conduct is an essential aspect of this responsibility.

The Board receives regular updates including issues raised through Speak Up, our confidential whistleblowing hotline, and our internal controls and risk management framework. Stakeholder engagement and metrics such as NPS scores and supplier payment practices are important tools to ensure HL's good corporate reputation is maintained.

The Board supports the CEO in embedding a culture that encourages HL colleagues to live our values and help the Group deliver on its strategic objectives. The Group encourages colleagues to 'do the right thing' to ensure that, as a business, we act with integrity in all our dealings and decisions with the aim of being clear, fair and transparent. You can read more about HL's purpose and values on page 10 of the Strategic Report.

The Board also approves and oversees the Group's adherence to policies that promote high standards of conduct and receives regular updates on the Group's culture through KPIs that form part of the CEO's business performance update.

### The need to act fairly as between the Company's shareholders:

The views and interests of shareholders are key considerations when the Board determines the level of dividend payments and when setting the Group's strategy and business priorities.

HL's Investor Relations team hold regular meetings with investors, including seminars and presentations, and attend investor conferences throughout the year to provide investors the opportunity to discuss their views on matters including HL's financial and operational performance.

This year, presentations and question and answer sessions were held alongside our results announcements which included comprehensive information and updates regarding our business.

The Board offers regular engagement with its Founder shareholders, with meetings taking place with the Chair, as well as management. The Shareholder Agreement between Peter Hargreaves and the Company executed in 2020 continues to govern the key elements of the relationship, providing assurance to other stakeholders that the relationship remains balanced and independent. In particular, this allows the appointment by Peter Hargreaves of a representative to the Company's Board. Adrian Collins has held the role since November 2020. During 2023 protocols which provided additional clarity were put in place which again provide assurance to the Company, shareholders and to the regulator that codify operational elements of the relationship arising under the Shareholder Agreement and relevant companies and other legislation.

In accordance with its obligations, the Company has looked to consult with all shareholders regarding any AGM resolution which did not have support from shareholders of 80% or more and is satisfied that any concerns that pertain to a voting position have been appropriately discussed.



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### Decisions made during the year

The following are some of the decisions made by the Board this year which demonstrate how section 172 matters have been taken into account as part of Board discussions and decision-making:

What Happened	Decision
<b>Embedding of Consumer Duty</b>	<p>The Board has further embedded Consumer Duty principles into its business decisions and priorities and the Group has made significant progress in embedding these standards and remains compliant with its obligations.</p> <p>Annually the Board receives a report considering whether HL is delivering good outcomes and highlighting areas where further work is required to address any potential misalignments. Efforts to address any misalignments include strategic programmes and continuous improvements, especially in the service transformation programme. Client surveys and third party research show HL ranks highest in nine out of ten client perceptions and its service Net Promoter Score (NPS) improved to over 50 in May 2024, up from 38.5 in December 2023.</p> <p>HL offers high-quality products well-aligned with the target market's needs, including solutions for basic investors. These products provide value and are expected to continue doing so. HL's strategy, driven by client-focused values, aligns with Consumer Duty obligations and emphasises a client-centric culture, with systems to oversee good outcomes.</p> <p>HL has developed seven core frameworks, aligned with FCA rules and publications, closing critical gaps through product reviews and introducing new client harm metrics and a Product and Client Outcomes Committee. HL understands the evolving needs of its clients and will address any misalignments identified in its 3-year plan.</p>
<b>3 Year Plan</b>	<p>Following the appointment of Dan Olley as CEO and Alison Platt as Chair, the Board has taken the opportunity to review the Company's 3-year plan and process that supports preparation of that plan.</p> <p>The Board recently approved a detailed 3-year plan which includes strategic investment and longer-term capital investment. Client outcomes are an integral part of this strategy and aligned to Consumer Duty and the Board is focused on the Group continuing to give clients the support needed. The proposed investment projects span all offerings including trading, financial advice and workplace solutions and include technology improvements.</p> <p>The Board recognises evolving client needs and the associated solutions and products which are designed for good client outcomes. The evolution of HL's strategy continues to be informed by stakeholders and regular engagement to understand clients' evolving needs is reflected in the Board's decision-making processes.</p> <p>HL's value proposition focuses on products and propositions for every life stage of our clients, an industry leading service continuum and deeper engagement with existing clients. From an operational standpoint, HL is considering scalability, efficiency and the value offered to clients and how it can demonstrate this on a more personalised basis and the Board remains focused on protecting vulnerable clients.</p> <p>For more information on our strategy and purpose, please see page 6 of the Strategic Report.</p>

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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The Directors are responsible for preparing the Report and Financial Statements 2024 and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that

the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Directors' confirmations**

Each of the Directors, whose names and functions are listed in Board of Directors profiles on pages 62 to 64 confirm that, to the best of their knowledge

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Parent Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Parent Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the group's and Parent Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Parent Company's auditors are aware of that information.

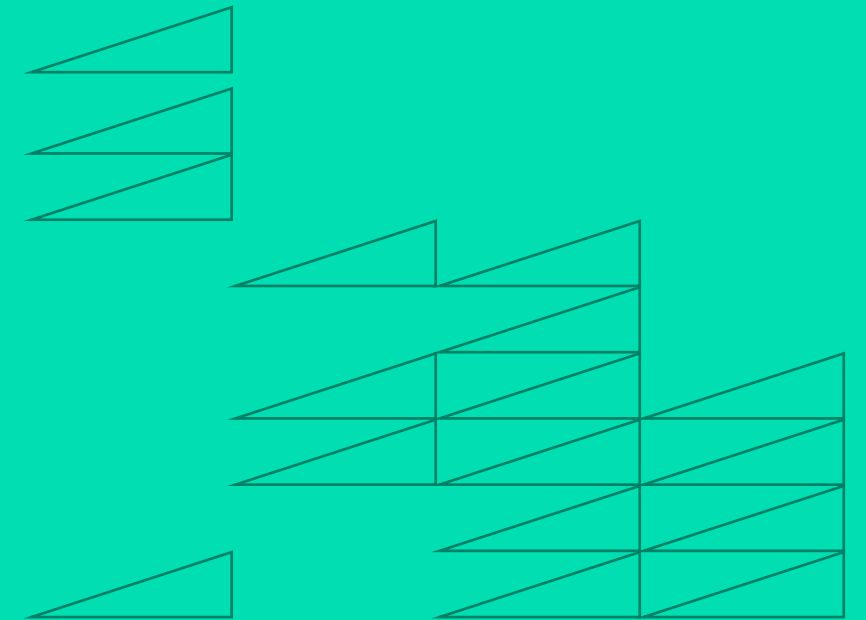
**Amy Stirling**  
Chief Financial Officer

14 August 2024



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## Report on the audit of the financial statements

### Opinion

In our opinion:

- Hargreaves Lansdown plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements 2024 (the "Annual Report"), which comprise: the consolidated statement of financial position and the parent company statement of financial position as at 30 June 2024; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the parent company statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Audit Committee report, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

### Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 5.1 to the financial statements concerning the group's and the parent company's ability to continue as a going concern. As explained in note 5.1, on 9 August 2024 the Board of Hargreaves Lansdown plc received a firm offer for Hargreaves Lansdown plc from a consortium comprising CVC Advisers Limited ("CVC"), Nordic Capital XI Delta, SCSP (acting through its general partner Nordic Capital XI Delta GP SARL) ("Nordic Capital"), and Platinum Ivy B 2018 RSC Limited ("Platinum Ivy"), a wholly-owned subsidiary of Abu Dhabi Investment Authority ("ADIA") managed by the Private Equities investment department of ADIA (together, the "Consortium") which the Board has announced will be recommended to the shareholders for approval. As a result the Directors do not have certainty on the future plans for the business, including whether the offer will be approved by the shareholders and the FCA, the potential timing for transfer to the potential new owners or their future plans, including any financing arrangements. These conditions, along with the other matters explained in note 5.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the parent company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining, evaluating and challenging management's going concern assessment (specifically covering operational resilience, current and projected capital and liquidity positions, and the appropriateness of downside scenarios) using our knowledge of the group's business performance and its regulatory capital and liquidity requirements;
- Agreeing cash flow forecasts to the Board approved operating plan (which is used in management's assessment) and performing lookback testing over budgeted versus actual results for the previous year to assess the historical accuracy of management's forecasting;
- Considering information obtained through review of regulatory correspondence, minutes of meetings of the Board, Group Audit and Group Risk Committees, as well as publicly available market information to identify any evidence that would contradict management's assessment;
- Substantiating the group and parent company liquid resources, and borrowing facilities; and
- Reviewing of materials in relation to the offer from the Consortium, including the firm offer received.



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In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, other than the material uncertainty identified in note 5.1 to the financial statements, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting, or in respect of the directors' identification in the financial statements of any other material uncertainties to the group's and the parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Our audit approach Overview

#### Audit scope

- The group financial statements comprise the consolidation of 19 individual components, each of which represents a legal entity within the group, as well as group level consolidation adjustments.
- We assessed each component and considered the contribution it made to the group's performance in the year, whether it displayed any significant risk characteristics and/or whether it contributed a significant amount to any individual financial statement line item.
- The above assessment resulted in us identifying two financially significant components that required audit procedures for the purpose of the audit of the consolidated financial statements.
- The financially significant components are based in the UK and were audited by the PwC UK audit team.
- By performing audit procedures on these components, the consolidation adjustments and by audit of specific balances in the components with large individual balances, we achieved coverage greater than 65% of each material financial statement line item within the group's financial statements.

#### Key audit matters

- Material uncertainty related to going concern (group and parent company)
- Revenue Recognition (group)
- Carrying value of investments in subsidiaries (parent company)

#### Materiality

- Overall group materiality: £19,800,000 (2023: £20,139,000) based on 5% of consolidated profit before tax.
- Overall parent company materiality: £6,670,000 (2023: £3,375,000) based on 1% of total assets.
- Performance materiality: £14,900,000 (2023: £15,100,000) (group) and £5,000,000 (2023: £2,500,000) (parent company).

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

#### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.



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The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition (group)</b> Revenue is material to the group and is an important determinant of the group's results. Revenue may be misstated due to errors in system datasets, calculations and/or manual processes, for example, arising from incorrect securities' prices or levels of assets held used in such calculations and/or processes.</p> <p>Further, there are incentive schemes in place for Directors and staff which are in part based on the group's results, and therefore impacted by the reported revenue amount. Where there are incentives based on financial performance, there is an inherent risk of fraud in revenue recognition in order to overstate revenue. Our assessment in this regard in respect of each of the group's revenue streams concluded that the relevant area of risk related to the posting of inappropriate journal entries to increase reported revenue for the group.</p>	<p>In order to address these areas, including the risk of fraud in revenue recognition, we evaluated the design and implementation of key controls as well as performing the following procedures:</p> <p>We tested relevant IT controls over the administration system, as well as the front end systems which capture and transmit customer transactions to the administration system. We identified and tested relevant IT dependencies (for example the interface between the front end systems and the administration system) in the revenue reporting process. We identified a number of exceptions from our testing of the IT controls and therefore performed additional work to address these including consideration of mitigating controls, with no further issues arising.</p> <p>We tested relevant controls over the accuracy of relevant data in the administration system (for example over the recording of customer holdings, and matching of transactions to third party records), with no exceptions being noted from this testing.</p> <p>We tested samples of key data inputs held and used in the administration system for revenue calculation purposes to supporting documentation, with no exceptions being noted from this testing.</p> <p>We used our data analytics software to reperform the platform fees and stockbroking commission calculations, using source data extracted from the administration system. We then compared our independent recalculations to the amounts reported.</p> <p>We tested a risk-based sample of revenue related journals as part of our overall response to the risk of management override of controls.</p> <p>With respect to the revenue recalculations, we noted differences which required further investigation and testing. We obtained further evidence to address those, and we evaluated the residual differences. Based on the evidence obtained we did not consider the differences to require adjustment.</p> <p>For the gross interest received balance, which is non-system generated revenue; we have performed an independent manual recalculation of the interest received from third party banks and performed sample-based testing over the inputs ( for example deposit amounts and interest rates to external deposit confirmations) with no exceptions noted from this testing. Specifically regarding interest expense, we have performed tests over the automated calculation including tests over of the system configuration and performed a recalculation of this process to ensure the accuracy of the system calculation.</p> <p>There were no issues noted in our testing of key data inputs and journals.</p>



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Key audit matter	How our audit addressed the key audit matter
<p><b>Carrying value of investments in subsidiaries (parent company)</b></p> <p>The carrying value of investments in subsidiaries is £108.7m as at 30 June 2024 (2023: £90.8m). The investments in subsidiaries are recorded at cost less any provision for impairment.</p> <p>Management is required by IAS 36 'Impairment of assets' to perform an annual review and consider if there are any impairment indicators following which impairment reviews were performed for two subsidiaries (Hargreaves Lansdown Savings Limited ("HLS") and Hargreaves Lansdown Advisory Services Limited ("HLAS") whereby the recoverable amount of HLS was determined using a value-in-use approach and the recoverable amount of HLAS was determined using a fair value less cost to sell approach.</p> <p>For HLS, the recoverable amount determined by management was in excess of the current carrying value, and in excess of the historical cost of the investment (which had been previously impaired). As such management recognised an impairment reversal of £5m to increase the carrying value to the recoverable amount.</p> <p>For HLAS, the recoverable amount determined by management was in excess of the current carrying value (which had been previously impaired). As such management recognised an impairment reversal of £3m to increase the carrying value to the recoverable amount.</p> <p>The determination of recoverable values requires judgement, and recognising the changes in circumstances identified, the carrying value of investments in subsidiaries was classified as a significant risk for the audit.</p>	<p>We evaluated the design and implementation of key controls as well as performing the following procedures:</p> <p>For HLS, we agreed the cash flow forecasts used by management in the value-in-use calculations for the first three years of the forecast period to approved business plans. We also assessed the key revenue and cost assumptions within the business plans and subsequent period and corroborated those to external data where available.</p> <p>We evaluated the historical accuracy of cash flow forecasts, including a comparison of the current year actual results with those forecast.</p> <p>We obtained and understood management's sensitivity calculations over the carrying value assessments, as well as performing further sensitivity scenarios ourselves.</p> <p>For HLAS, we agreed the revenue forecasts used by management in the fair value less costs to sell calculations to financial information for the current year and to approved business plans for the three years of the forecast period.</p> <p>We have agreed revenues from future strategic initiatives to approved board plans and determined that their inclusion is appropriate under IAS 36.</p> <p>We evaluated the key assumptions made by management in determining the recoverable value and corroborated those to external data where available. These included the forecast growth in assets under management and revenues and multiples applied based on the identification of comparable companies.</p> <p>Overall we are satisfied that there is sufficient evidence to support the key assumptions made by management within the updated assessments and that these are compliant with IAS 36. We therefore concur with the impairment reversals recognised for HLS and HLAS.</p>

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

The group operates primarily in the UK, and has one Polish based subsidiary. There were 5 key operating subsidiaries during the year. We considered two legal entities to be financially significant components, Hargreaves Lansdown Asset Management Limited and the parent entity, Hargreaves Lansdown plc, for which we performed an audit of their complete financial information. Together these two components represent 95% of the group's consolidated profit before tax (before considering the impact of intercompany eliminations) and 89% of the group's consolidated revenue. A component was considered to be financially significant if it contributed more than 15% of consolidated profit before tax or otherwise met relevant risk or other criteria. Specific audit procedures were also performed over consolidation adjustments, balances that could be tested centrally which included share-based payment expenses, intercompany transactions and balances, and material movements through the consolidated statement of changes in equity. All of the audit work was performed by the group engagement team in the UK.

### The impact of climate risk on our audit

In planning our audit, we considered the extent to which climate change is impacting the group and how it impacted our risk assessment for the audit of the group's financial statements. In making these considerations we:

- Enquired of management in respect of their own climate change risk assessment and obtained their completed Climate-related risk questionnaire, including associated governance processes and understood how these have been implemented.
- Obtained the latest Task Force for Climate Related Financial Disclosures ("TCFD") report for the group and checked it for consistency with our knowledge of the group based on our audit work.
- Considered management's risk assessment and the TCFD report in light of our knowledge of the wider asset management and wealth management industries.

Our conclusion was that the impact of climate change does not give rise to a key audit matter for the group and it did not impact our risk assessment for any material financial statement line item or disclosure.





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### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – parent company
<b>Overall materiality</b>	£19,800,000 (2023: £20,139,000).	£6,670,000 (2023: £3,375,000).
<b>How we determined it</b>	5% of consolidated profit before tax	1% of total assets
<b>Rationale for benchmark applied</b>	Based on the benchmarks used in the Annual Report, profit before tax is a key measure used by the shareholders in assessing the financial performance of the group, and is a generally accepted auditing benchmark. Our approach is consistent with that used in the prior year.	The parent company operates primarily as a holding company for investments in the group's subsidiaries, with limited other operating activities. Accordingly, we consider that Total assets is an appropriate benchmark for materiality. Our approach is consistent with that used in the prior year.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £6,670,000 to £18,800,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £14,900,000 (2023: £15,100,000) for the group financial statements and £5,000,000 (2023: £2,500,000) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1,000,000 (group audit) (2023: £1,000,000) and £330,000 (parent company audit) (2023: £168,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 30 June 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

### Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.



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Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic Report and Directors' Report is materially consistent with the financial statements and our knowledge obtained during the audit, and, except for the matters reported in the section headed 'Material uncertainty related to going concern', we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and parent company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

### Responsibilities for the financial statements and the audit Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to bias in significant accounting estimates, and posting inappropriate journal entries to increase reported revenue for the group. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee, individual directors, the Risk and Compliance functions, Internal Audit and the parent company's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;



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- Performing an assessment of the susceptibility of the financial statements to be materially misstated from fraud and how fraud might occur;
- Understanding and assessing management's controls designed to prevent and detect irregularities and the policies and procedures on fraud risks;
- Reading the Audit Committee papers in which whistle blowing matters are reported and considered the impact of these matters on the group's compliance with laws and regulations;
- Reading key correspondence with and making enquiries of the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Board, Risk and Audit Committees;
- Reviewing data regarding customer complaints, litigation and claims, in so far as they related to potential non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations increasing reported revenues of the group;
- Critically assessing for bias in significant accounting estimates;
- Reviewing the Report and Financial Statements 2024 disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 25 October 2013 to audit the financial statements for the year ended 30 June 2014 and subsequent financial periods. The period of total uninterrupted engagement is 11 years, covering the years ended 30 June 2014 to 30 June 2024.

### Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

#### Darren Meek (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

14 August 2024



## Financial statements

# SECTION 1: RESULTS FOR THE YEAR CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2024

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	Note	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
<b>Revenue</b>	1.1	<b>764.9</b>	735.1
Operating costs	1.3	<b>(398.2)</b>	(350.7)
<b>Operating profit</b>		<b>366.7</b>	384.4
Finance and other income	1.6	<b>30.2</b>	19.0
Finance costs	1.7	<b>(0.6)</b>	(0.7)
<b>Profit before tax</b>		<b>396.3</b>	402.7
Tax	1.8	<b>(103.1)</b>	(79.0)
<b>Profit for the financial year</b>		<b>293.2</b>	323.7
<b>Attributable to:</b>			
Owners of the parent		<b>293.2</b>	323.8
Non-controlling interest		<b>–</b>	(0.1)
		<b>293.2</b>	323.7
<b>Earnings per share</b>			
Basic earnings per share (pence)	1.9	<b>61.9</b>	68.3
Diluted earnings per share (pence)	1.9	<b>61.7</b>	68.2

The results relate entirely to continuing operations.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
<b>Profit for the financial year</b>	<b>293.2</b>	323.7
<b>Total comprehensive income for the financial year</b>	<b>293.2</b>	323.7
<b>Attributable to:</b>		
Owners of the parent	<b>293.2</b>	323.8
Non-controlling interest	<b>–</b>	(0.1)
	<b>293.2</b>	323.7

The results relate entirely to continuing operations.



## SECTION 1: RESULTS FOR THE YEAR

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### 1.1 Revenue

Revenue represents fees receivable from financial services provided to clients, net interest income on client money and management fees charged to clients. It relates to services provided in the UK and is stated net of value added tax.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of commission payable, discounts, VAT and other sales related taxes.

#### Ongoing revenue

The largest source of revenue for the Group encompasses ongoing revenue, which includes platform fees, fund management fees, net interest income on client money and ongoing advice charges and renewal commission. This is revenue predominantly earned over time.

Platform fees are received for the provision of custody and administration of products on the HL platform and are charged monthly in arrears for the service provided in the period, recognised on an accruals basis as they fall due. The consideration due is based on the value of clients' underlying assets under administration.

Fund management fees are calculated as a proportion of the net asset value of the funds under management in each of the HL Multi-Manager, Select funds, building block funds and portfolio funds for the management services provided by the Group's fund management subsidiary. They are charged monthly in arrears and are recognised on an accruals basis in the period during which the service is provided.

Active Savings revenue is earned on fees from partner banks and interest earned on cash held in the client hub account.

Net interest income on client money is the revenue earned on money held within Group products by clients. It represents amounts retained and received from clients for the administration of cash on the platform, after interest is received by clients. It is linked to the underlying interest rates and is recognised over time, based on the balances held in investment accounts under administration.

Renewal commission is earned on third-party agreements entered into by clients, as a result of advice provided to them, and is recognised on an accruals basis as it becomes due and payable to the Group.

Ongoing advice charges are levied monthly in arrears for the period during which the service is provided and are calculated as a percentage of the assets under management within the Group's Portfolio Management Service.

The Portfolio Management Service is provided to clients who prefer a managed service. This service encompasses the HL platform custody and administration, fund management and ongoing advice services. All revenue streams are as described above. Additionally, initial advice charges are levied on taking the product up or on any advised deposit into the product, as described in transactional revenue below. Each stream is separately charged in relation to the product. Each stream can also be taken by HL clients who do not use the Portfolio Management Service, either as separate services or in any combination as required.

Although most ongoing revenue is based on the value of underlying assets, these are not considered to constitute variable income in which significant judgement or estimation is involved. The calculations are based on short timelines or point in time calculations that represent the end of a quantifiable period, in accordance with the contract. These are charged to and paid by the client on the same value, constituting the transaction price for the specified period. At any time during the period a client may choose to remove their assets from a service and no further revenue is received.

All obligations to the customer are satisfied at the end of the period in which the service is provided for ongoing revenue, with payment being due immediately.

#### Transactional

The other source is revenue earned on individual transactions and is primarily made up of fees on stockbroking transactions and advisory event driven fees, referred to as initial advice charges in the table on the next page. The price is determined in relation to the specific transaction type and are frequently flat fees. There is no variable consideration in relation to transactional revenue.

The Group earns fees on stockbroking transactions entered into on behalf of clients. The fee earned is recorded in the accounts on the date of the transaction, being the date on which services are provided to clients and the Group becomes entitled to the income.

Initial advice charges are made to clients for providing advice to clients on specific financial matters or in relation to amounts deposited into the Portfolio Management Service. This can take the form of ad hoc advice on a specific pool of assets or initial advice about taking managed services. The transaction price is determined at the point advice is accepted based on the final value of assets that are being advised upon. Revenue is recognised at the point at which acceptance of the advice is made by the client and payment is taken on the implementation of advice. The average time between acceptance and implementation is 30 days, if advice is not accepted then no charge will be taken. If the client is advised to take a managed service, ongoing advice charges are levied separately.



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# SECTION 1: RESULTS FOR THE YEAR

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### INCOME STATEMENT CONTINUED

## 1.1 Revenue continued

### Timing and judgements made in relation to revenue

As at year end, the Group has discharged all of its obligations in relation to contracts with customers, other than in relation to those services that are billed in advance or arrears. These amounts are not material and where an obligation still exists at year end and the payment exceeds the services rendered a contract liability is recognised as deferred income in trade payables and spread across the period of the transaction evenly. At the year end the longest period of liability in relation to deferred income is eleven months.

None of the revenue streams contain financing components.

There are no judgements made in relation to the timing or determination of transaction price of any revenue streams.

	Year ended 30 June 2024 £m	Restated Year ended 30 June 2023 £m
<b>Ongoing revenue</b>		
Platform fees*	278.4	268.4
Fund management fees	53.2	54.3
Ongoing advice charges	7.1	7.4
Active Savings revenue	19.9	8.7
Net interest income	260.7	268.7
Renewal commission	3.2	3.0
<b>Transactional revenue</b>		
Fees on stockbroking transactions	133.9	116.9
Initial advice charges	4.5	4.7
Other transactional income*	4.0	3.0
<b>Total revenue</b>	<b>764.9</b>	<b>735.1</b>

\* For the year ended 30 June 2023, we had previously offset £2.1 million in relation to discounts provided to clients on platform fees against other transactional income. These are now considered to be more appropriately classified against platform fees, as the discounts only relate to platform fees.

## 1.2 Segmental reporting

Under IFRS 8, operating segments are required to be determined based upon the way the Group generates revenue and incurs expenses and the primary way in which the Chief Operating Decision Maker (CODM) is provided with financial information. In the case of the Group, the CODM is considered to be the Executive Committee.

It is the view of the Board and of the Executive Committee that there is only one segment, being the direct wealth management service administering investments in ISA, SIPP and Fund & Share accounts, and providing cash management services for individuals and corporates in the United Kingdom. Given that only one segment exists, no additional information is presented in relation to it, as it is disclosed throughout these financial statements.

The Group does not rely on any individual customer and so no additional customer information is reported.

## 1.3 Operating costs

### Operating costs

Operating costs represent those arising as a result of our operations and include depreciation and amortisation. All amounts are recognised on an accruals basis.

### Activity costs

Activity costs comprise marketing costs, dealing related costs, and payment costs for client cash transferred onto the platform.

### Support costs

Support costs comprise costs other than staff, activity and technology costs that are part of the underlying business of the Group. Calculated as the total cost, less staff, activity, technology, leasing and amortisation, depreciation and impairment costs.

### Technology costs

Technology costs include software support fees and service subscriptions. As we build our digital capacity we utilise more third-party services that are cloud based.



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## NOTES TO THE GROUP FINANCIAL STATEMENTS

### INCOME STATEMENT CONTINUED

### 1.3 Operating costs continued

Operating profit has been arrived at after charging:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Depreciation of owned plant and equipment and right-of-use assets (note 2.3)	8.3	8.5
Amortisation of other intangible assets (note 2.2)	6.3	6.8
Impairment of intangible assets (note 2.2)	14.4	–
FSCS costs	5.0	6.1
Activity costs		
– Marketing costs	26.2	20.7
– Dealing and financial services costs	27.4	23.4
Technology costs	48.9	40.4
Support costs		
– Legal and professional costs	34.0	40.9
– Office running costs	6.4	8.4
– Other operating costs	18.3	16.2
Staff (including contractors) costs (note 1.5)	203.0	179.3
Operating costs	398.2	350.7

### 1.4 Auditors' remuneration

The analysis of auditors' remuneration is as follows:

	Year ended 30 June 2024 £m	Restated Year ended 30 June 2023 £m
<b>Audit fees</b>		
Fees payable to the Company's auditors and their associates for the audit of Parent Company and consolidated financial statements <sup>1</sup>	0.3	0.2
Fees payable to the Company's auditors and their associates for the audit of Company's subsidiaries	0.7	0.5
Audit related assurance services	0.7	0.5
Other assurance services	0.1	0.1
	1.8	1.3

<sup>1</sup> In the current and prior period we have split the remuneration figure between the audit of the consolidated financial statements and the subsidiary audits. Previously, in the prior period fees payable to the Company's auditors and its associates for the audit of Parent Company, Company's subsidiaries and consolidated financial statements were shown in one line.

Audit and related services provided by the auditors are discussed further in the Audit Committee Report on page 79.



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# SECTION 1: RESULTS FOR THE YEAR

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### INCOME STATEMENT CONTINUED

#### 1.5 Staff costs

Staff costs represent amounts payable to employees, contractors and NEDs in respect of services provided in the year including wages and salaries, share-based payment expenses, bonuses, payments to a defined contribution retirement benefit scheme and related social security costs. Amounts are recognised as the services are provided.

	Year ended 30 June 2024 No.	Year ended 30 June 2023 No.
<b>The average monthly number of employees of the Group (including Executive Directors and contractors) was:</b>		
Operating and support functions	1,668	1,558
Administrative functions	879	661
	<b>2,547</b>	<b>2,219</b>
<b>Their aggregate remuneration comprised:</b>	<b>£m</b>	<b>£m</b>
Wages and salaries	163.0	149.9
Social security costs	17.2	14.4
Share-based payment expenses	9.2	8.2
Other pension costs	21.1	16.0
Total costs paid for staffing	<b>210.5</b>	<b>188.5</b>
Capitalised in the year	<b>(7.5)</b>	<b>(9.2)</b>
Staff costs (including contractors)	<b>203.0</b>	<b>179.3</b>

The staff (including contractors) costs of £203.0 million (2023: £179.3m) are net of costs capitalised under intangible assets as disclosed in note 2.2. In total, £7.2 million of wages and salaries (2023: £8.9m), social security costs of £0.2 million (2023: £0.1m) and pension costs of £0.1 million; (2023: £0.2m) were capitalised. See note 2.2 for further detail of the amounts capitalised.

There were 86 (2023: 143) contractors with a total cost of £14.3 million (2023: £17.7m).

#### 1.6 Finance and other income

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Interest on bank deposits	29.9	15.8
Other income	0.3	3.2
	<b>30.2</b>	<b>19.0</b>

#### 1.7 Finance costs

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Commitment fees	0.3	0.3
Interest incurred on lease payables	0.3	0.4
Finance costs	<b>0.6</b>	<b>0.7</b>

The finance costs relate to the commitment fees paid in respect of a revolving credit facility available to the Group. The facility allows the Group to draw up to £75 million (2023: £75m) and is undrawn as at 30 June 2024. The facility incurs interest charges, consisting of a margin of 0.85% plus SONIA per annum when drawn.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The rates range between 2.5% and 4.4%, with a weighted average incremental borrowing rate of 2.5%. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.





## SECTION 1: RESULTS FOR THE YEAR

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## 1.8 Tax

### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit nor are deferred tax liabilities recognized for taxable temporary differences arising on investments in subsidiaries and associates where the Group is able to control the reversal of the temporary difference and it is probably that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Current tax: on profits for the year	103.1	80.0
Current tax: adjustments in respect of prior years	(2.9)	(0.2)
Deferred tax	(1.0)	(0.8)
Deferred tax: adjustments in respect of prior years	3.9	–
	103.1	79.0

Corporation tax is calculated at 25% of the estimated assessable profit for the year to 30 June 2024 (2023: 20.5%).

In addition to the amount charged to the Consolidated Income Statement, certain tax amounts have been credited directly to equity as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Deferred tax relating to share-based payments	2.0	(0.2)
Current tax relating to share-based payments	(0.1)	(0.1)
	1.9	(0.3)

### Pillar Two – Global Minimum Tax

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the global economy.

These rules seek to ensure that UK-headquartered multinational enterprises pay a minimum tax rate of 15% on UK and overseas profits. Where a group has an effective tax rate below 15% in a jurisdiction, the group may still not be required to pay a top-up tax if the group maintains sufficient staff and assets in that jurisdiction. These rules have been enacted or substantively enacted in the jurisdictions in which the Group operates, however they are not in effect for the year ended 30 June 2024. The Group has undertaken an assessment and does not reasonably believe these rules will affect the Group for the year ending 30 June 2025. As a result, the Group has not recognised any deferred tax liabilities in respect of Pillar Two.

We have performed an assessment of the Group's potential exposure to Pillar Two rules by simulating the impact of these rules using our consolidated financial statements for 2021, 2022, 2023 and 2024. As a result of this simulation the Group does not reasonably believe these rules will materially affect the Group for the year ending 30 June 2025. The Group pays tax in the UK close to the prevailing rate of 25% and is expected to continue to do so. The Group's effective tax rate in Poland may fall below 15%, however; no top-up tax is expected due to the Group's expenditure on staff and assets in Poland. We will continue to assess the impact of Pillar Two throughout the year ending 30 June 2025.



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# SECTION 1: RESULTS FOR THE YEAR

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### INCOME STATEMENT CONTINUED

## 1.8 Tax continued

### Factors affecting tax charge for the year

It is expected that the ongoing effective tax rate will remain at a rate approximating to the standard UK corporation tax rate in the medium term, except for the impact of deferred tax arising from the timing of exercising of share options which is not under our control. The Group's taxable profits for this accounting year are taxed at 25%. Deferred tax has been recognised at 25% as that is the rate expected to be in force at the time of the reversal of the temporary difference.

The charge for the year can be reconciled to the profit per the Income Statement as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Profit before tax	396.3	402.7
Tax at the standard UK corporation tax rate of 25% (2023: 20.5%)	99.1	82.6
Non-taxable income	–	(5.7)
Items not allowable for tax	3.0	2.3
Additional deduction for tax purposes	–	(0.2)
Adjustments in respect of prior years	1.0	0.1
Foreign tax suffered	–	0.1
Impact of the change in tax rate	–	(0.2)
Tax expense for the year	103.1	79.0
Effective tax rate	26.0%	19.7%

The additional deduction for tax purposes only arises from enhanced capital allowances available from the super deduction on qualifying plant and machinery purchased within the financial year ended 30 June 2023.

### Factors affecting future tax charge

Any increase or decrease to the share price of Hargreaves Lansdown plc will impact the amount of tax deduction available in future years on the value of shares acquired by staff under share incentive schemes.

## 1.9 Earnings per share (EPS)

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in free issue during the year, including ordinary shares held in the Hargreaves Lansdown Employee Benefit Trust (HL EBT) and Hargreaves Lansdown SIP Trust (SIP) reserve which have vested unconditionally with employees.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares.

The weighted average number of anti-dilutive share options and awards excluded from the calculation of diluted earnings per share was 640,804 at 30 June 2024 (2023: 1,285,599).

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
<b>Earnings</b>		
Earnings for the purposes of basic and diluted EPS – net profit attributable to equity holders of parent company	293.2	323.8
<b>Number of shares</b>		
Weighted average number of ordinary shares	474,318,625	474,318,625
Weighted average number of shares held by HL EBT and SIP	(454,269)	(242,404)
Weighted average number of shares held by HL EBT and SIP that have vested unconditionally with employees	150,645	89,116
<b>Weighted average number of ordinary shares for the purposes of basic EPS</b>	<b>474,015,001</b>	474,165,337
Weighted average number of dilutive share options held by HL EBT and SIP that have not vested unconditionally with employees	1,220,895	686,256
<b>Weighted average number of ordinary shares for the purposes of diluted EPS</b>	<b>475,235,896</b>	474,851,593
<b>Earnings per share</b>	<b>Pence</b>	<b>Pence</b>
Basic EPS	61.9	68.3
Diluted EPS	61.7	68.2



## SECTION 1: RESULTS FOR THE YEAR

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#### INCOME STATEMENT CONTINUED

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### 1.10 Share-based payments

The Group issues equity settled share-based payments to certain employees. Equity settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The awards are expensed on a straight-line basis over the vesting period, based on management's best estimate of awards vesting and adjusted for the impact of non-market-based vesting conditions. Annual revisions are made to the estimate of awards vesting, based on non-market-based vesting conditions. The impact of the revision is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Any gains or losses on the sale of the Company's own shares held by the EBT are credited or debited directly to the EBT reserve.

#### Equity settled share option schemes

The Group seeks to facilitate equity ownership by employees, principally through schemes that encourage and assist the purchase of the Company's shares.

The Group operates six share option and share award plans: the Employee Savings Related Share Option Scheme (SAYE), the Hargreaves Lansdown plc Share Incentive Plan (SIP) and the Executive Option Scheme which includes the Hargreaves Lansdown Company Share Option Scheme, Sustained Performance Plan (SPP), Deferred Performance Bonus Plan (DPBP) and the Performance Share Plan (PSP).

Options granted under the SAYE scheme vest over three years.

Options granted under the Employee Share Incentive Plan vest over a three-year period.

Options granted under the Executive Option Scheme range between vesting at grant date and a maximum of five years. Options under the Hargreaves Lansdown Company Share Option Scheme are exercisable at a price equal to the market value of the Company's shares on the date of grant. Options granted under the SPP, DPBP and the PSP are granted at nil cost.

There are currently no performance conditions attached to any options granted under any of the schemes, with the exception of the Sustained Performance Plan (SPP) and the Performance Share Plan (PSP) – a part of the Executive Option Scheme, although options are forfeited (in most circumstances) if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows:

	Year ended 30 June 2024		Year ended 30 June 2023	
	Share options No.	Weighted average exercise price Pence	Share options No.	Weighted average exercise price Pence
<b>SAYE</b>				
Outstanding at beginning of the year	1,284,981	693.6	978,323	919.5
Granted during the year	913,206	556.0	993,039	626.0
Exercised during the year	(3,512)	626.0	–	–
Lapsed during the year	(59,208)	1,175.0	(7,123)	1,245.1
Forfeited during the year	(664,007)	655.9	(679,258)	914.4
Outstanding at the end of the year	1,471,460	609.3	1,284,981	693.6
Exercisable at the end of the year	23,874	1,232.0	–	–
<b>Executive Option Scheme</b>				
Outstanding at beginning of the year	1,813,631	278.0	1,484,090	358.5
Granted during the year	1,251,696	–	662,847	–
Exercised during the year	(612,220)	75.34	(257,447)	24.53
Lapsed during the year	(66,311)	–	–	–
Forfeited during the year	(166,928)	–	(75,859)	–
Outstanding at the end of the year	2,219,868	178.0	1,813,631	278.0
Exercisable at the end of the year	439,206	888.4	576,152	875.0
<b>SIP</b>				
Outstanding at beginning of the year	20,725	23.5	33,475	23.5
Exercised during the year	–	23.5	(12,750)	23.5
Outstanding at the end of the year	20,725	23.5	20,725	23.5
Exercisable at the end of the year	20,725	23.5	20,725	23.5

The weighted average market share price at the date of exercise for options exercised during the year was 829.3 pence (2023: 861.3 pence).



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# SECTION 1: RESULTS FOR THE YEAR

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### INCOME STATEMENT CONTINUED

#### 1.10 Share-based payments continued

The share options outstanding at the end of each year have exercise prices and expected remaining lives as follows:

	Year ended 30 June 2024		Year ended 30 June 2023	
	Share options No.	Weighted average options exercise price Pence	Share options No.	Weighted average options exercise price Pence
<b>Weighted average expected remaining life</b>				
0–1 years	1,115,029	452.7	1,085,774	517.1
1–2 years	817,198	341.3	516,695	423.4
2–3 years	1,614,636	305.7	1,215,280	506.5
3–4 years	165,190	–	74,193	–
4–5 years	–	–	227,394	–
	<b>3,712,053</b>	<b>343.8</b>	<b>3,119,336</b>	<b>447.5</b>

The fair value at the date of grant of options awarded during the year ended 30 June 2024 and the year ended 30 June 2023 has been estimated by the Black-Scholes methodology and the principal assumptions required by the methodology were as follows:

	At 30 June 2024	At 30 June 2023
Weighted average share price (pence)	<b>805.2</b>	839.21
Expected dividend yields	<b>2.43%</b>	3.05%
<b>SAYE</b>		
Weighted average exercise price	<b>5.56p</b>	6.26p
Expected volatility	<b>52%</b>	38%
Risk free rate	<b>4.33%</b>	3.68%
Expected life	<b>3 years</b>	3 years
Fair value	<b>254.0p</b>	223.0p
<b>Executive Option Scheme</b>		
Weighted average exercise price	<b>0.00p</b>	0.00p
Expected volatility	<b>35%</b>	38%
Risk free rate	<b>3.25%</b>	3.23%
Expected life	<b>2.8 years</b>	3.8 years
Fair value	<b>795.9p</b>	891.1p

#### The expected volatility

The expected Hargreaves Lansdown plc share price volatility was determined by calculating the historical volatility of the Group's share price since flotation in May 2007. Prior to 15 May 2007, the Company's shares were not listed on a stock exchange and therefore no readily available market price existed for the shares. Since 15 May 2007, a quoted market price has been available for the Company's shares.

The Group recognised total expenses related to equity settled share-based payment transactions as shown in note 1.5.



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## Financial statements

# SECTION 2: ASSETS AND LIABILITIES CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	At 30 June 2024 £m	At 30 June 2023 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	2.1	1.3	1.3
Other intangible assets	2.2	39.3	50.4
Property, plant and equipment	2.3	12.5	17.4
Deferred tax	2.7	0.5	2.6
		<b>53.6</b>	<b>71.7</b>
<b>Current assets</b>			
Investments	2.4	1.2	0.5
Trade and other receivables	2.5	824.6	836.9
Cash and cash equivalents	2.6	616.6	373.3
Current tax assets		3.2	3.4
		<b>1,445.6</b>	<b>1,214.1</b>
<b>Total assets</b>		<b>1,499.2</b>	<b>1,285.8</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	2.8	671.9	565.5
		<b>671.9</b>	<b>565.5</b>
<b>Net current assets</b>		<b>773.7</b>	<b>648.6</b>
<b>Non-current liabilities</b>			
Provisions	2.9	8.0	3.0
Non-current lease liabilities	2.10	4.2	7.6
<b>Total liabilities</b>		<b>684.1</b>	<b>576.1</b>
<b>Net assets</b>		<b>815.1</b>	<b>709.7</b>
<b>EQUITY</b>			
Share capital	3.1	1.9	1.9
Shares held by EBT		(1.4)	(6.4)
EBT reserve		2.9	(1.0)
Retained earnings		811.7	715.2
<b>Total equity, attributable to the owners of the parent</b>		<b>815.1</b>	<b>709.7</b>
<b>Total equity</b>		<b>815.1</b>	<b>709.7</b>

The consolidated financial statements on pages 136 to 165 were approved by the Board and authorised for issue on 14 August 2024 and signed on its behalf by:

**Amy Stirling**  
Chief Financial Officer



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## Financial statements

# SECTION 2: ASSETS AND LIABILITIES

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

## 2.1 Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash generating unit expected to benefit from the synergies of the combination.

The cash generating unit to which goodwill has been allocated is reviewed for impairment at least annually as a matter of course, and whenever an event or change in circumstances occurs which indicates potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Cost – at beginning and end of year	1.5	1.5
Accumulated impairment losses At beginning and end of year	0.2	0.2
Carrying amount – at end of year	1.3	1.3

The net carrying value of goodwill relates entirely to the acquisition of Hargreaves Lansdown Pensions Direct Limited (HLPD) now named Hargreaves Lansdown Advisory Services Limited (HLAS).

The Group has prepared financial forecasts for the cash generating unit to which the purchase and goodwill relates for the period to June 2027 that show the cash generating unit is expected to remain profitable and cash generative. Impairment has been assessed with respect to the underlying cash generating unit to which the goodwill relates and no issues are noted.

## 2.2 Other intangible assets

Other intangible assets comprise customer lists, computer software and the Group's significant propositional systems, which are stated at cost less amortisation and any recognised impairment loss. Amortisation is provided, where material, on all intangible assets excluding goodwill at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful life as follows:

### Customer list – eight years

The customer list relates to acquired books of business and does not include internally generated client lists. The carrying value of the assets is reviewed for impairment at least every 12 months, or when events or changes in circumstances indicate that the carrying value may not be recoverable.

### Computer software – over three to eight years

Computer software relates to purchases of licences and software, in line with the requirements of IAS 38. The carrying values of computer software are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Income Statement.

### Internally developed software – eight years

IT development costs are capitalised only to the extent that they have led to the creation of enduring assets, which deliver benefits at least as great as the amount capitalised and in accordance with the recognition criteria of IAS 38 intangible assets.

When assessing projects for capitalisation we apply IAS 38's recognition and measurement criteria for internally generated intangible assets to development expenditure that is both propositional in nature (as opposed to regulatory or administrative), and which is, or is expected to be, material over the life of the project.

Development work has been undertaken in house by IT staff, management and contractors to develop new strategic solutions focused on improving our ability to serve clients, including improving our transfers, payment solutions, client experience and Advice and Guidance propositions as well as continued improvements to our key operating systems.



## SECTION 2: ASSETS AND LIABILITIES

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

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## 2.2 Other intangible assets continued

In-house development work has also been undertaken in Hargreaves Lansdown Savings Limited to further develop digital cash savings products. Development commenced in the year to 30 June 2016 and continues to the current year.

Costs relating to an asset that is not yet fully available for use by the business, are classified as internally developed software and are reviewed for impairment at least annually. During the period we impaired internally developed software for which there is no longer an intended future use. These assets have been written off in full and the net book value of £14.4 million (2023: £nil), equivalent to the cost, has been recorded in operating costs in the Income Statement.

In accordance with the provisions of IAS 38 the costs are capitalised as an intangible asset and subsequently amortised over the estimated useful life of the systems of eight years, starting from the date at which the assets are put into use.

### Impairment of intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the loss. Where the asset does not generate cash flows, independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Recoverable amount is the higher of fair value, less costs to sell, and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised as an expense immediately.

	Customer list £m	Computer software £m	Internally developed software £m	Total £m
<b>Cost</b>				
At 1 July 2022	4.6	18.8	46.0	69.4
Additions	–	–	19.9	19.9
Disposal	–	(0.7)	–	(0.7)
At 30 June 2023	4.6	18.1	65.9	88.6
Additions	–	1.0	8.6	9.6
Impairment	–	–	(14.4)	(14.4)
<b>At 30 June 2024</b>	<b>4.6</b>	<b>19.1</b>	<b>60.1</b>	<b>83.8</b>
<b>Accumulated amortisation</b>				
At 1 July 2022	1.8	17.3	13.0	32.1
Disposal	–	(0.7)	–	(0.7)
Charge	0.6	–	6.2	6.8
At 30 June 2023	2.4	16.6	19.2	38.2
Charge	0.6	1.1	4.6	6.3
<b>At 30 June 2024</b>	<b>3.0</b>	<b>17.7</b>	<b>23.8</b>	<b>44.5</b>
<b>Carrying amount</b>				
<b>At 30 June 2024</b>	<b>1.6</b>	<b>1.4</b>	<b>36.3</b>	<b>39.3</b>
At 30 June 2023	2.2	1.5	46.7	50.4
At 30 June 2022	2.8	1.5	33.0	37.3

During the period we impaired internally developed software for which there is no longer an intended future use as part of a detailed review of our technology roadmap. Two internally generated assets have been written off in full and both with a net book value of £7.2 million. In total, £14.4 million has been impaired and has been recorded in operating costs in the Income Statement.

The amortisation charge above is included in operating costs in the Income Statement.

The customer lists are a separately acquired intangible asset and do not include any internally generated element. The remaining amortisation period for these assets is five years.

Computer software includes externally acquired licences and internally developed software relates entirely to in-house developed systems. Commitments in respect of intangible assets are shown in note 5.3. Internally developed software includes capitalised staff costs, as disclosed in note 1.5.



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## Financial statements

# SECTION 2: ASSETS AND LIABILITIES

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

## 2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to working condition for its intended use.

Property, plant and equipment now includes both owned and leased assets. Owned assets are measured initially at cost and subsequently at cost less accumulated depreciation. Leased, or right-of-use assets are measured initially at the present value of all future lease payments, less any prepaid or accrued rent or incentives and any expected dilapidation cost being the initial value.

Subsequently, leased assets are measured at initial value less accumulated depreciation.

Depreciation is charged based on the estimates of useful economic lives and expected residual values, which are reviewed annually, for all plant and equipment, except for leased assets which are depreciated on a straight-line basis over their economic lives. Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors, such as any expected changes in technology. The charge is calculated to write off the cost or valuation, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful life as follows:

**Computer hardware – over three to ten years**  
**Office equipment (includes fixtures and leasehold improvements) – over three to ten years**  
**Right-of-use assets – over the term of the associated lease**

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income Statement.

## Property, plant and equipment

	Right-of-use assets £m	Computer hardware £m	Office equipment £m	Total £m
<b>Cost</b>				
At 1 July 2022	20.4	43.9	13.0	77.3
Additions	–	2.1	1.4	3.5
Disposals	–	(2.1)	(1.4)	(3.5)
At 30 June 2023	20.4	43.9	13.0	77.3
Additions	0.1	2.9	0.4	3.4
Disposals	–	(7.0)	(0.1)	(7.1)
<b>At 30 June 2024</b>	<b>20.5</b>	<b>39.8</b>	<b>13.3</b>	<b>73.6</b>
<b>Accumulated depreciation</b>				
At 1 July 2022	8.9	36.0	9.9	54.8
Charge	3.1	3.9	1.5	8.5
Disposal	–	(2.0)	(1.4)	(3.4)
At 30 June 2023	12.0	37.9	10.0	59.9
Charge	3.1	3.8	1.4	8.3
Disposal	–	(7.0)	(0.1)	(7.1)
<b>At 30 June 2024</b>	<b>15.1</b>	<b>34.7</b>	<b>11.3</b>	<b>61.1</b>
<b>Carrying amount</b>				
<b>At 30 June 2024</b>	<b>5.4</b>	<b>5.1</b>	<b>2.0</b>	<b>12.5</b>
At 30 June 2023	8.4	6.0	3.0	17.4
At 30 June 2022	11.5	7.9	3.1	22.5

During the period we conducted a review for tangible assets that have nil net book value but are still active in our fixed asset register. It was identified that around £7.1 million of hardware assets were no longer in use and could therefore be disposed of. As these assets have all fully depreciated there is no loss on disposal as a result of this review.

## Leases recognised in property, plant and equipment

	At 30 June 2024 £m	At 30 June 2023 £m
<b>Right-of-use assets</b>		
Buildings	5.4	8.4





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# SECTION 2: ASSETS AND LIABILITIES

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

## 2.3 Property, plant and equipment continued

### Amounts recognised in the Consolidated Income Statement

	Note	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
<b>Right-of-use assets – depreciation</b>			
Buildings		3.1	3.1
Lease expense recognised in finance costs	1.7	0.3	0.4

## 2.4 Investments

Investments are recognised in the Group's Statement of Financial Position, on trade date, when the Group becomes party to the contractual provisions of an instrument and are initially measured at fair value.

Investments by default are designated as being held at fair value through profit or loss and are subsequently measured at fair value. Fair value being the quoted market price of the listed investment, with any gain or loss reported within the Income Statement. An investment is classified in this category if it is held principally for the purpose of selling in the short-term mandatorily, in accordance with IFRS 9.

The Group derecognises financial assets only when the contractual rights to the cash flows, or substantially all of the risks and rewards of ownership from the asset are transferred or expire. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
At beginning of year	0.5	0.8
Purchases	2.7	2.0
Disposals	(2.0)	(2.3)
At end of year	1.2	0.5
<b>Comprising:</b>		
Current asset investment – UK-listed securities valued at quoted market price	1.2	0.5

£1.2 million (2023: £0.5m) of investments are classified as held at fair value through profit and loss, being deal related short-term investments. Fair value movements on investments are included in support costs, as disclosed in note 1.3.

Investment balances are short-term positions the Group takes as a result of deals placed either in error or due to having to take positions where clients are no longer able to hold an investment. The gross gains and losses in relation to fair value include movements where no investment position is taken and are as shown below:

### Fair value movements on investments

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Gross gains	2.4	0.6
Gross losses	(4.1)	(2.1)
	(1.7)	(1.5)

## 2.5 Trade and other receivables

Financial assets are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument and are initially measured at fair value.

### Trade and other receivables

Trade and other receivables comprise fees due from clients and counterparty positions. They are subsequently measured at amortised cost using the effective interest method less any expected credit losses. The financial assets are held in order to collect the contractual cash flows and those cash flows are payments of interest and principal only.

### Term deposits

Term deposits comprise cash deposits held by UK licensed banks for a period of greater than three months, over which there is no recall during the term of the deposit. The amounts are measured at amortised cost using the effective interest method in line with IFRS 9.

### Accrued income

Accrued income relates to amounts earned by the Group, for which the Group has provided services, but balances are not invoiced and collected in arrears. The amount relates to fund management fees, interest on deposits and services direct to clients.

### Expected Credit Losses

The Group recognises Expected Credit Losses (ECLs) relating to trade and other receivables, term deposits and accrued income in line with the simplified approach per IFRS 9 and are calculated based on the historic information available from the preceding years alongside factors impacting the individual debtors, economic conditions and forecast expectations.

Impairment losses are recognised immediately in the Income Statement.



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# SECTION 2: ASSETS AND LIABILITIES

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

## 2.5 Trade and other receivables continued

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
<b>Financial assets:</b>		
Trade receivables	619.2	510.3
Term deposits	20.0	130.0
Accrued income	158.5	169.0
Other receivables	8.4	7.6
	<b>806.1</b>	816.9
<b>Non-financial assets:</b>		
Prepayments	18.5	20.0
	<b>824.6</b>	836.9

In accordance with market practice and accounting standards on trade date accounting, certain balances with clients, Stock Exchange member firms and other counterparties totalling £595.2 million (2023: £486.0m) are included in trade receivables. These balances are presented net where there is a legal right of offset and the ability and intention to settle net. The gross amount of trade receivables is £747.2 million (2023: £659.7m) and the gross amount offset in the Statement of Financial Position with trade payables is £169.7 million (2023: £186.6m). Other than counterparty balances, trade receivables primarily consist of fees and amounts owed by clients and renewal commission owed by fund management groups. There are no balances where there is a legal right of offset but not a right of offset in accordance with accounting standards, and no collateral has been posted for the balances that have been offset.

Given the short-term nature of the Group's receivables and the expectation of the Group in relation to its counterparties, there has been no material expected credit loss recognised in the year – see note 5.7 for further details.

The Group does not have any contract assets in respect of its revenue contracts with customers (2023: £nil).

## 2.6 Cash and cash equivalents

The composition of cash and cash equivalents is explained in note 4.2.

Term deposits held by the Group on unbreakable terms greater than three months are classified as financial assets and are shown in note 2.5.

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
<b>Cash and cash equivalents:</b>		
Group cash and cash equivalent balances	616.3	368.0
Restricted cash – balances held by HL EBT	0.3	5.3
	<b>616.6</b>	373.3

At 30 June 2024, segregated deposit amounts held by the Group on behalf of clients in accordance with the client money rules of the Financial Conduct Authority amounted to £6,517 million (2023: £7,214m). In addition, there were pension trust and Active Savings cash accounts held on behalf of clients not governed by the client money rules of £6,322 million (2023: £6,224m). The client retains the ownership in both these deposit and cash accounts, and accordingly they are not included in the Statement of Financial Position of the Group.

Restricted cash balances relate to the balances held within the HL Employee Benefit Trust. These are strictly held for the purpose of purchasing shares to satisfy options under the Group's share option schemes.



## SECTION 2: ASSETS AND LIABILITIES

### NOTES TO THE GROUP FINANCIAL STATEMENTS

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

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### 2.7 Deferred tax

Deferred tax assets/(liabilities) arise because of temporary differences only. The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior reporting years. Deferred tax has been recognised at either 20.5% or 25% (2023: 20.5% or 25%) depending upon the rate expected to be in force at the time of the reversal of the temporary difference. A deferred tax asset in respect of future share option deductions has been recognised based on the Company's share price as at 30 June 2024.

	Fixed asset tax relief £m	Share-based payments £m	Other deductible temporary differences £m	Total £m
At 1 July 2022	(0.5)	1.5	0.9	1.9
(Charge)/credit to income	(0.2)	1.0	–	0.8
Charge to equity	–	–	(0.1)	(0.1)
At 30 June 2023	(0.7)	2.5	0.8	2.6
(Charge)/credit to income	(3.0)	0.2	(0.1)	(2.9)
Credit/(charge) to equity	–	0.9	(0.1)	0.8
<b>At 30 June 2024</b>	<b>(3.7)</b>	<b>3.6</b>	<b>0.6</b>	<b>0.5</b>
Deferred tax expected to be recovered or settled:				
Within 1 year after reporting date	(1.3)	0.5	0.3	(0.5)
>1 year after reporting date	(2.4)	3.1	0.3	1.0
	(3.7)	3.6	0.6	0.5

### 2.8 Trade and other payables

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Trade payables are measured at amortised cost using the effective interest method. In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties are included as creditors.

Current elements of lease liabilities are included within other payables, being initially calculated in line with IFRS 16. On inception a lease liability is measured as the present value of future lease payments, discounted at the incremental borrowing rate implied within the lease. The future lease payments of the Group are fixed, except for those that relate to leases in a currency other than GBP, which may vary due to exchange rate movements.

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
<b>Financial liabilities</b>		
Trade payables	597.7	487.4
Current lease liabilities	4.4	4.6
Other payables	31.7	38.0
	<b>633.8</b>	530.0
<b>Non-financial liabilities</b>		
Deferred income	0.3	0.3
Accruals	27.0	26.5
Social security and other taxes	10.8	8.7
	<b>671.9</b>	565.5

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £593.4 million (2023: £483.5m) are included in trade payables, similar to the treatment of trade receivables. As stated in note 2.5, where we have a legal right of offset and the ability and intention to settle net, trade payable balances have been presented net.

Other payables principally comprise amounts owed to staff as a bonus and rebates due to the regulated funds operated by the Group. Accruals and deferred income respectively principally comprise amounts outstanding for trade purchases and receipts from clients, where cash is received in advance for certain services.

All balances classified as deferred income in the prior year have been recognised in revenue in the current year.



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# SECTION 2: ASSETS AND LIABILITIES

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED

## 2.9 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

	£m
<b>Included within non-current liabilities</b>	
At 1 July 2022	2.6
Released in the year	(1.5)
Charged during the year	1.9
At 30 June 2023	3.0
Released in the year	(0.2)
Charged during the year	5.2
<b>At 30 June 2024</b>	<b>8.0</b>

The provision brought forward relates to property-related costs, including contractual obligations that arise on the surrendering of the leases, in relation to the offices in Bristol. In the year we increased these provisions by £0.2 million. Property provisions are not expected to be fully utilised until 2026.

In the current year we have recognised a provision of £5.0 million in relation to potential compensation claims. The figure represents the current most reliable estimate of the present obligation. It is probable, but not certain, that a level of payment will be made and work is ongoing to assess any liability.

## 2.10 Non-current lease liabilities

Lease liabilities are included within current other payables and non-current lease liabilities, being initially calculated in line with IFRS 16. On inception a lease liability is measured as the present value of future lease payments, discounted at the incremental borrowing rate implied within the lease. The future lease payments of the Group are fixed, except for those that relate to leases in a currency other than GBP, which may vary due to exchange rate movements.

Interest expense is incurred in relation to these leases, based on the incremental borrowing rate implied in the contracts. This expense is recognised as a finance cost in the period to which payment relates, see note 1.7 for further details.

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Lease liabilities greater than 12 months	4.2	7.6

Finance costs and financing cash flows associated with the lease are reconciled below to show the movement in the year.

### Reconciliation of lease liability changes to cash flows

	Note	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Opening balance		12.2	16.5
Payment of principal in relation to lease liabilities	4.1	(3.9)	(4.7)
Interest incurred on lease payables	1.7	0.3	0.4
Current element of liability	2.8	(4.4)	(4.6)
Long-term liability		4.2	7.6



## SECTION 3: EQUITY

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

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	Attributable to the owners of the parent				Total £m	Non- controlling interest £m	Total equity £m
	Share capital £m	Shares held by EBT £m	EBT reserve £m	Retained earnings £m			
<b>At 1 July 2022</b>	1.9	(3.6)	(2.4)	579.2	<b>575.1</b>	(1.6)	<b>573.5</b>
<b>Total comprehensive income<sup>1</sup></b>	–	–	–	323.8	<b>323.8</b>	(0.1)	<b>323.7</b>
<b>Change in ownership</b>	–	–	–	(1.7)	<b>(1.7)</b>	1.7	<b>–</b>
<b>Employee Benefit Trust</b>							
Shares sold in the year	–	2.2	–	–	<b>2.2</b>	–	<b>2.2</b>
Shares acquired in the year	–	(5.0)	–	–	<b>(5.0)</b>	–	<b>(5.0)</b>
HL EBT share sale	–	–	(2.2)	–	<b>(2.2)</b>	–	<b>(2.2)</b>
Reserve transfer on exercise of share options	–	–	3.6	(3.6)	<b>–</b>	–	<b>–</b>
<b>Employee share option scheme</b>							
Share-based payments expense	–	–	–	8.2	<b>8.2</b>	–	<b>8.2</b>
Current tax effect of share-based payments (note 1.8)	–	–	–	(0.1)	<b>(0.1)</b>	–	<b>(0.1)</b>
Deferred tax effect of share-based payments (note 1.8)	–	–	–	(0.2)	<b>(0.2)</b>	–	<b>(0.2)</b>
<b>Dividend paid (note 3.2)</b>	–	–	–	(190.4)	<b>(190.4)</b>	–	<b>(190.4)</b>
<b>At 30 June 2023</b>	1.9	(6.4)	(1.0)	715.2	<b>709.7</b>	–	<b>709.7</b>
<b>Total comprehensive income<sup>1</sup></b>	–	–	–	293.2	<b>293.2</b>	–	<b>293.2</b>
<b>Employee Benefit Trust</b>							
Shares sold in the year	–	5.0	–	–	<b>5.0</b>	–	<b>5.0</b>
Shares acquired in the year	–	–	–	–	<b>–</b>	–	<b>–</b>
HL EBT share sale	–	–	(4.7)	–	<b>(4.7)</b>	–	<b>(4.7)</b>
Reserve transfer on exercise of share options	–	–	8.6	(8.6)	<b>–</b>	–	<b>–</b>
<b>Employee share option scheme</b>							
Share-based payments expense	–	–	–	9.2	<b>9.2</b>	–	<b>9.2</b>
Current tax effect of share-based payments (note 1.8)	–	–	–	(0.1)	<b>(0.1)</b>	–	<b>(0.1)</b>
Deferred tax effect of share-based payments (note 1.8)	–	–	–	2.0	<b>2.0</b>	–	<b>2.0</b>
<b>Dividend paid (note 3.2)</b>	–	–	–	(199.2)	<b>(199.2)</b>	–	<b>(199.2)</b>
<b>At 30 June 2024</b>	1.9	(1.4)	2.9	811.7	<b>815.1</b>	–	<b>815.1</b>

<sup>1</sup> Total comprehensive income includes profit for the year and the total comprehensive income presented is equal to profit in both years presented.



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# SECTION 3: EQUITY

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CONTINUED

#### 3.1 Share capital

	At 30 June 2024 £m	At 30 June 2023 £m
<b>Authorised:</b> 525,000,000 (2023: 525,000,000) ordinary shares of 0.4p each	2.1	2.1
<b>Issued and fully paid:</b> ordinary shares of 0.4p each	1.9	1.9
	Shares	Shares
<b>Issued and fully paid:</b> number of ordinary shares of 0.4p each	474,318,625	474,318,625

The Company has one class of ordinary shares which carry no right to fixed income.

The shares held by the EBT represents the cost of shares in Hargreaves Lansdown plc purchased in the market and held by the Hargreaves Lansdown EBT to satisfy options under the Group's share option schemes.

The EBT reserve represents the cumulative gain on disposal of investments held by the HL EBT. The reserve is not distributable by the Company as the assets and liabilities of the EBT are subject to management by the Trustees in accordance with the EBT trust deed.

#### 3.2 Dividends

##### Dividend recognition

Dividend distributions to the Company's shareholders are recognised in the accounting period in which the dividends are declared and paid, or, if earlier, in the accounting period when the dividend is approved by the Company's shareholders at the Annual General Meeting.

Amounts recognised as distributions to equity holders in the year:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
2023 final dividend of 28.8p (2022 final dividend: 27.44p) per share	136.6	130.2
2024 interim dividend of 13.20p (2023: 12.70p) per share	62.6	60.2
Total dividends paid during the year	199.2	190.4

After the end of the reporting period, the Directors proposed a final ordinary dividend of 30.0 pence per share, payable on 1 November 2024 to shareholders on the register on 4 October 2024. Dividends are required to be recognised in the financial statements when paid, and accordingly the proposed dividend amounts are not recognised in these financial statements, but will be included in the 2025 financial statements as follows:

	£m
2024 final dividend of 30.00p (2023 final dividend: 28.80p) per share	142.2
Total dividends	142.2

Under an arrangement dated 30 June 1997, the Hargreaves Lansdown Employee Benefit Trust, which held the following number of ordinary shares in Hargreaves Lansdown plc at the date shown, has agreed to waive all dividends.

	At 30 June 2024 No. of shares	At 30 June 2023 No. of shares
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust	163,348	779,080
Representing percentage of called-up share capital	0.03%	0.16%



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# SECTION 4: CONSOLIDATED STATEMENT OF CASH FLOWS

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Note(s)	Year ended 30 June 2024 £m	Restated Year ended 30 June 2023 £m
<b>Net cash from operating activities</b>			
Profit for the year after tax		293.2	323.7
Adjustments for:			
Income tax expense	1.8	103.1	79.0
Depreciation of plant and equipment	1.3/2.3	8.3	8.5
Amortisation of intangible assets	1.3/2.2	6.3	6.8
Impairment of intangible assets	1.3/2.2	14.4	–
Interest income*		(30.2)	(15.8)
Share-based payment expense	1.5	9.2	8.2
Interest on lease liabilities	1.7/4.1	0.3	0.4
Increase in provisions		5.0	0.4
Operating cash flows before movements in working capital		409.6	411.2
Increase in receivables		(97.6)	(203.4)
Increase in payables		101.4	72.2
<b>Cash generated from operations</b>		<b>413.4</b>	280.0
Income tax paid		(101.4)	(80.5)
Interest received*		33.5	15.8
<b>Net cash generated from operating activities</b>		<b>345.5</b>	215.3
<b>Investing activities</b>			
Decrease/(increase) in term deposits		110.0	(110.0)
Purchase of property, plant and equipment	2.3	(3.4)	(3.5)
Cash capitalisation of intangible assets	2.2	(9.6)	(19.2)
(Purchase)/Proceeds on disposal of investments		(0.8)	0.3
<b>Net cash generated from/(used in) investing activities</b>		<b>96.2</b>	(132.4)
<b>Financing activities</b>			
Purchase of own shares in EBT		–	(5.0)
Proceeds on sale of own shares in EBT		4.7	2.2
Payment of principal in relation to lease liabilities	2.10/4.1	(3.9)	(4.7)
Dividends paid to owners of the parent	3.2	(199.2)	(190.4)
<b>Net cash used in financing activities</b>		<b>(198.4)</b>	(197.9)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>243.3</b>	(115.0)
<b>Cash and cash equivalents at beginning of year</b>	2.6	<b>373.3</b>	488.3
<b>Cash and cash equivalents at end of year (including restricted cash)</b>	2.6/4.2	<b>616.6</b>	373.3

\* For year ended 30 June 2023, we previously did not show interest income and interest received separately. In the prior year there was no difference between the total income and cash amount. We have updated the prior year presentation and as per IAS 7 now show interest income and interest received separately on the Consolidated Statement of Cash Flows.



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# SECTION 4: CONSOLIDATED STATEMENT OF CASH FLOWS NOTES TO THE GROUP FINANCIAL STATEMENTS CONSOLIDATED STATEMENT OF CASH FLOWS CONTINUED

## 4.1 Lease payments

Cash flows in relation to lease payments, recorded under IFRS 16, are presented as follows in the Group Statement of Cash Flows:

- Payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities; and
- The interest element of recognised lease liabilities are included within cash flows from operating activities.

## 4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash, subject to insignificant changes in value and are considered to be holdings of less than three months or those over which the Group has an immediate right of recall. The carrying amount of these assets is approximately equal to their fair value.

Included within cash and cash equivalents are amounts held by the Group which are subject to restrictions. Restricted cash balances relate to the balances held within the HL Employee Benefit Trust. They are strictly held for the purpose of purchasing shares to satisfy options under the Group's share option schemes. These amounts held are not readily available to be used for other purposes within the Group and total £0.3 million (2023: £5.3m).

Cash and cash equivalents are also referred to in note 2.6.





## SECTION 5: OTHER NOTES

### NOTES TO THE GROUP FINANCIAL STATEMENTS

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## 5.1 General information

Hargreaves Lansdown plc (the Company and ultimate parent of the Group) is a company incorporated in England and Wales with company number 02122142 and domiciled in the United Kingdom under the Companies Act 2006 whose shares are publicly traded on the London Stock Exchange. The address of the registered office is One College Square South, Anchor Road, Bristol BS1 5HL, United Kingdom. The nature of the Group's operations and its principal activities are set out in the Operating and Financial Review and Strategic Report.

These financial statements are presented in millions of pounds sterling (£m) which is the currency of the primary economic environment in which the Group operates.

### Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements are presented to allow users to understand the primary statements and the related balances that make them up. It is our aim to ensure that the information provided is pertinent and indicates balances of most importance, whilst ensuring conformity with IFRS. In order to do this, we have aligned the notes to the financial statements with the relevant primary statements; where there is an associated accounting policy, it is denoted by a box presented at the beginning of the note.

The preparation of financial statements in conformity with IFRS requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, if any, are disclosed in note 5.2.

### Going concern

The financial statements are prepared on a going concern basis and in assessing this the Board has considered the Group's and the Company's ability to continue as a going concern for at least 12 months from the date of signing and by reference to forecasts across the next three financial years based on the assumptions used in the Group's planning process. This is in line with the approach taken in assessing the Group's viability as stated on page 55.

The Board expects the Group to remain profitable and has no intention or expectation of liquidating the Group or ceasing trading. In all scenarios and testing of future cash flows, including the most extreme, the Group and the Company maintains sufficient liquidity and capital to continue in business, within the timeframes outlined above.

### Material uncertainty in relation to going concern

As announced on 9 August 2024, the Board has received a firm offer for the purchase of the company, subject to shareholder and other approvals including regulatory approval, which it intends to recommend to shareholders. As a result the Directors do not have certainty on the future plans for the business, including whether the offer will be approved by shareholders and

gain regulatory approval, the potential timing for transfer to the potential new owners or their future plans; including any financing arrangements.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Accordingly, the financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Notwithstanding this uncertainty, the Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and subsidiary undertakings controlled by the Group made up to 30 June 2024. The Group controls a subsidiary when it has power over an investee, is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the investee. The Group reassesses whether it controls a subsidiary when facts and circumstances indicate that there are changes to one or more elements of control.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

### Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired entity. The acquired entity's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 'Business Combinations' are recognised at their fair value at the acquisition date.

The Group recognises any non-controlling interest in the acquired entity at the non-controlling interest's proportionate share of the recognised amounts of the acquired entity's identifiable net assets.

### Application of new standards

The following standards have been adopted in the current year, but do not have a material impact on these financial statements:

- Narrow scope amendments to IAS 1, IAS 8 and IFRS Practice Statement 2
- Amendments to IAS 12, 'Taxation' relating to deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17, 'Insurance contracts'
- Amendments to IAS 12 – International tax reform – Pillar Two model rules
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates



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# SECTION 5: OTHER NOTES

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### OTHER CONTINUED

### 5.1 General information continued

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS standards that have been issued but are not yet effective:

- Amendment to IAS 1, 'Presentation of financial statements' on classification of liabilities
- Amendments to IAS 1, 'Presentation of financial statements' on non-current liabilities with covenants
- Amendment to IAS 7 and IFRS 7 – Supplier finance
- Amendments to IAS 21 – Lack of Exchangeability
- Amendment to IFRS 16, 'Leases' – Lease Liability in a Sale and Leaseback
- IFRS 19, Subsidiaries without Public Accountability: Disclosures

The Group has assessed the impact that the above noted standards and amendments will have on the Group's results reported in the financial statements. The Directors do not expect that the adoption of the standards or amendments listed above will have a material impact on the financial statements of the Group in future periods.

Certain amendments to accounting standards have been published that are not mandatory for the year ended 30 June 2024 reporting period and have not been early adopted by the Group:

- IFRS S1 – General requirements for disclosure of sustainability-related financial information
- IFRS S2 – Climate-related disclosures
- IFRS 18, 'Presentation and disclosure in financial statements'

The above amendments are continuing to be assessed for the impact on the Group for future reporting periods.

#### Accounting policies

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial assets at fair value through profit and loss. The principal accounting policies adopted are set out at the start of each note to which they relate.

### 5.2 Critical judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If, in the future, such estimates and assumptions, which are based on management's best judgement at the date of preparation of the financial statements deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. There are no assumptions made about the future, or any other major sources of estimation uncertainty at the end of the reporting

period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. There are no critical judgements regarding the application of accounting policies or significant estimates in relation to the preparation of these financial statements.

### 5.3 Contingencies and commitments

#### Capital commitments

At the end of the reporting period, the Group had no capital commitments (2023: £0.5m) for software development and IT hardware.

#### Contingencies

The Group operates in a highly regulated environment and, in the ordinary course of business, provides information to various regulators and authorities as part of informal and formal requests and enquiries. In addition, the Group receives complaints or claims in relation to its services from time to time brought by clients, investors or other third parties. These may be notified to the Group or directly to third parties, such as the Financial Ombudsman Service in the case of client and investor complaints investigated and not upheld by the Group. These include enquiries, complaints and a threatened claim relating to the LF Equity Income Fund (formerly the Woodford Equity Income Fund).

The Company received a letter purporting to be a pre-action letter from a law firm in March 2021. In June 2021, the Company rejected all the claims made for lack of a substantive basis of claim. The Company is aware that the law firm has since filed a claim form with the court against both Link Fund Solutions Limited and Hargreaves Lansdown Asset Management Limited ("HLAM") for an unspecified amount in October 2022. As at the date of issuing these financial statements, the law firm has not yet confirmed that it has secured sufficient funding to progress the claim, HLAM has not been served with the claim form and no timetable has been set for the conduct of any claim.

All such matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Group incurring a liability. There are inherent uncertainties in the outcome of such matters and it is not practicable to reliably estimate the financial impact, if any, on the Group's results or net assets at the period end.

These matters have been re-assessed throughout the financial year and the above statement is accurate as at the reporting date and up to the date of issue.

### 5.4 Subsidiaries

A list of the investments in subsidiaries included in the consolidated results of Hargreaves Lansdown plc is shown in note 6.5 to the parent company financial statements. Also included in the Group consolidated financial statements are 'The Hargreaves Lansdown Employee Benefit Trust' and 'The Hargreaves Lansdown plc SIP Trust'.



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# SECTION 5: OTHER NOTES

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### OTHER CONTINUED

### 5.5 Events after the reporting period

On 9 August 2024 the Directors proposed a final ordinary dividend payment of 30.0 pence per ordinary share, payable on 1 November 2024 to all shareholders on the register at the close of business on 4 October 2024 as detailed in note 3.2.

On 9 August 2024 as announced and highlighted in note 5.1 the Consortium has announced a firm offer for the acquisition of the Company and Group, subject to shareholder approval and other approvals, including regulatory approval.

### 5.6 Related party transactions

The Company has a related party relationship with its subsidiaries, its Directors and members of the Executive Committee (the 'key management personnel'). Transactions between the Company and its key management personnel are disclosed below. Details of transactions between the Company and other related parties are also disclosed below.

#### Trading transactions

The Company entered into the following transactions with Directors within the Hargreaves Lansdown Group and related parties who are not members of the Group:

During the years ended 30 June 2024 and 30 June 2023 the Company has been party to a lease with P K Hargreaves, a significant shareholder during the year and former Director, for rental of the old head office premises at Kendal House. A five-year lease was signed in April 2021 for a rental of part of the building, to be used for disaster recovery purposes at a market rate rent of £0.1 million per annum. No amount was outstanding at either year end.

During the years ended 30 June 2024 and 30 June 2023, the Group has provided a range of investment services in the normal course of business to shareholders on normal third-party business terms. These amounts are not material.

Directors and staff are eligible for a discount on some of the services provided. These amounts are not material.

### Remuneration of key management personnel

The remuneration of the key management personnel of the Group, being those personnel who were a member of the Board or Executive Committee during the relevant year shown, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Short-term employee benefits	8.1	8.1
Post-employment benefits	0.4	0.4
Other long-term benefits	1.7	0.5
Termination benefits	1.0	0.9
Share-based payments	3.7	2.1
	<b>14.9</b>	12.1
Non-Executive Directors' fees	1.1	1.1

In addition to the amounts above, nine key management personnel (2023: six) received gains of £2.3 million (2023: £1.0m) as a result of exercising share options. During the year, awards were made under executive option schemes for eleven key management personnel (2023: nine).

Included within the previous table are the following amounts payable to Executive Directors of the Company who served during the relevant year. Full details of Directors' remuneration, including numbers of share options exercised, are shown in the Directors' Remuneration Report.

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Short-term employee benefits	3.6	2.7
Post-employment benefits	0.1	0.1
Other long-term benefits	1.0	0.2
Share-based payments	2.4	0.6
	<b>7.1</b>	3.6

In addition to the amounts above, Directors of the Company received gains of £0.8 million relating to the exercise of share options (2023: £0.3m).



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## 5.6 Related party transactions continued

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Emoluments of the highest paid Director	3.8 <sup>1</sup>	2.5 <sup>1</sup>
	Number	Number
Number of Directors who exercised share options during the year	2	1
Number of Directors who were members of money purchase pension schemes	2	2

<sup>1</sup> The highest paid Director was the Chief Executive Officer and full details of his emoluments can be found in the audited 'Remuneration payable' table in the Directors' Remuneration Report

Any amounts outstanding with related parties are unsecured and will be settled in cash.

No guarantees have been given or received in respect of amounts outstanding. No provisions have been made for doubtful debts in respect of the amounts owed by the related parties.

## 5.7 Financial instruments

Financial instruments include both assets and liabilities. Financial assets principally comprise trade and other receivables, cash and cash equivalents and current asset listed investments. Financial liabilities comprise trade and other payables.

### Categories of financial assets and financial liabilities

The categories and carrying value of the financial assets and financial assets held in the Group's Statement of Financial Position are summarised in the table. The impact of climate change does not have a material impact on the fair values of the assets.

At 30 June	Financial assets and liabilities at fair value through profit and loss		Financial assets at amortised cost		Financial liabilities measured at amortised cost		Total	
	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
<b>Financial assets</b>								
Equity investments	1.2	0.5	–	–	–	–	1.2	0.5
Cash and cash equivalents	–	–	616.6	373.3	–	–	616.6	373.3
<b>Trade and other receivables:</b>								
Trade receivables	–	–	619.2	510.3	–	–	619.2	510.3
Other receivables	–	–	6.3	7.6	–	–	6.3	7.6
Accrued income	–	–	158.5	169.0	–	–	158.5	169.0
Term deposits	–	–	20.0	130.0	–	–	20.0	130.0
<b>Total financial assets</b>	<b>1.2</b>	<b>0.5</b>	<b>1,420.6</b>	<b>1,190.2</b>	<b>–</b>	<b>–</b>	<b>1,421.8</b>	<b>1,190.7</b>
<b>Financial liabilities</b>								
Trade payables	–	–	–	–	597.7	487.4	597.7	487.4
Other payables and current lease liabilities	–	–	–	–	36.1	42.6	36.1	42.6
Lease liabilities	–	–	–	–	4.2	7.6	4.2	7.6
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>638.0</b>	<b>537.6</b>	<b>638.0</b>	<b>537.6</b>



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### OTHER CONTINUED

## 5.7 Financial instruments continued

### Fair value hierarchy

The table below sets out the classifications of each class of financial asset and liability and their fair values.

	Level 1 Quoted prices for similar instruments £m	Level 2 Directly observable market inputs other than Level 1 inputs £m	Level 3 Inputs not based on observable market data £m	Total £m
<b>At 30 June 2024</b>				
Financial assets at fair value through profit or loss – listed equities	1.2	–	–	1.2
	1.2	–	–	1.2
<b>At 30 June 2023</b>				
Financial assets at fair value through profit or loss – listed equities	0.5	–	–	0.5
	0.5	–	–	0.5

There were no transfers between Level 1 and Level 2 assets during the year (2023: £nil). The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.

Instruments included in Level 1 comprise primarily equity investments and fund units entered into on a counterparty basis. As such there is no recurring valuation of financial instruments between reporting periods.

### Nature and extent of risks arising from financial instruments

#### Financial risk management

The main risks arising from financial instruments are market risk (including interest rate risk, foreign exchange risk and price risk), liquidity risk and credit risk. Each of these risks is discussed in detail below.

The Group monitors financial risks on a consolidated basis. The Group's financial risk management is based upon sound economic objectives and good corporate practice. No hedging transactions have taken place during the years presented. The Group has designed a framework to manage the risks of its business and to ensure that the Directors have in place risk management practices appropriate to a listed company. The management of risk within the Group is governed by the Board.

### Market risk

#### • Interest rate risk

Interest rate risk is the risk that the Group will sustain losses from adverse movements in rates associated with interest bearing assets and liabilities. There is an exposure to interest rates on banking deposits held in the ordinary course of business. At 30 June 2024, the value of financial instruments on the Group Statement of Financial Position exposed to interest rate risk was £636.6 million (2023: £503.3m) comprising cash, cash equivalents and term deposits.

This exposure is continually monitored to ensure that the Group is maximising its interest earning potential within accepted liquidity and credit constraints. The Group has no external borrowings and as such is not exposed to interest rate or refinancing risk on borrowings. Cash at bank, including restricted cash, earns interest at floating rates based on daily bank deposit rates. Term deposits are also made for varying periods of between one day and 13 months, depending on the immediate cash requirements of the Group, and earn interest at the respective fixed term deposit rates.

Given that a source of revenue is based on the value of client cash under administration, the Group has an indirect exposure to interest rate risk on cash balances held for clients, the balance of which was £12,839 million at 30 June 2024 (2023: £13,438m). These amounts are not included in the Group Statement of Financial Position.

The below is an analysis of the impact of a change of 100bps (1.00%) in interest rates on the revenue received in relation to client cash. This calculation considers no other impacts on interest income, it is an isolated adjustment to one input to our revenue stream and as such is not indicative of a real change. The calculations assume the interest income has been earned evenly over the period and that rates have changed in isolation in the period. This does not consider any impact of pass through to clients. 100bps has been chosen, however it is not illustrative of single movements seen during the current or prior financial year from the Bank of England and it is not an expectation of actual changes.

	Change in margin	2024 £m
Net interest income	+100bps (1.00%)	124.0
Net interest income	-100bps (1.00%)	(124.0)



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### OTHER CONTINUED

### 5.7 Financial instruments continued

- Foreign exchange translation and transaction risk

Foreign currency risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. With substantially all of the Group's businesses currently operating within the UK, and therefore with minimal net assets and transactions of the Group denominated in foreign currencies, the Group is not exposed to significant foreign exchange translation or transaction risk and as such does not hedge any foreign current assets or liabilities.

- Price risk

Price risk is the risk that a decline in the value of assets adversely impacts on the profitability of the Group as a result of an asset not meeting its expected value. The Group is exposed to price risk on investments, in corporate entities, held on the Group Statement of Financial Position.

At 30 June 2024, the fair value of investments recognised on the Group Statement of Financial Position was £1.2 million (2023: £0.5m). A 20% move in equity prices, in isolation, would have an impact of £0.2 million (2023: £0.1m).

As a main source of revenue is based on the value of client assets under administration, the Group has an indirect exposure to price risk on investments held on behalf of clients. These assets are not on the Group Statement of Financial Position. The risk of lower revenues is partially mitigated by asset class diversification. The Group does not hedge its revenue exposure to movements in the value of client assets arising from these risks, and so the interests of the Group are aligned to those of its clients.

In addition, the Group acts as a private client investment manager, unit trust manager and agency stockbroker on a matched basis so its exposure to market price movements in this capacity is limited to when there is a trade mismatch or error, or if one matched counterparty fails to fulfil its obligations. The impact of these risks is mitigated by limits and monitoring controls.

### Liquidity risk

The Group is exposed to liquidity risk, namely the risk that it may be unable to meet its payment obligations as they fall due. The Group is highly cash generative and holds significant liquid assets. The Group actively maintains a proportion of cash balances on short-term deposit, as well as ensuring the Group has access to short-term revolving credit facilities, to help ensure that the Group has sufficient available funds for operations.

The table below analyses the maturities of the undiscounted cash flows relating to financial liabilities of the Group based on the remaining period to the contractual maturity date at the end of the reporting period.

	At 30 June 2024				At 30 June 2023			
	0-3 months £m	3-12 months £m	Over 1 year £m	Total £m	0-3 months £m	3-12 months £m	Over 1 year £m	Total £m
<b>Trade and other payables:</b>								
Trade payables	597.7	–	–	597.7	487.1	0.1	0.2	487.4
Other payables, including current lease liabilities	35.3	0.8	–	36.1	34.4	–	8.2	42.6
Non-current discounted lease liabilities	–	–	4.2	4.2	–	–	7.6	7.6
	<b>633.0</b>	<b>0.8</b>	<b>4.2</b>	<b>638.0</b>	521.5	0.1	16.0	537.6

Balances due within twelve months, in the table above, equal their carrying balances as the impact of discounting is not significant. Included in the trade and other payables and the lease liabilities above are figures in respect of leases accounted for under IFRS 16. These include discounted cash flows in relation to leases over property as outlined in note 2.10. The undiscounted maturity profiles of these amounts are shown on the next page.



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## 5.7 Financial instruments continued

The undiscounted liability in relation to leases is shown below.

	At 30 June 2024 £m	At 30 June 2023 £m
Within one year	4.1	4.6
In the second to fifth years inclusive	4.2	8.3
Total minimum lease payments	8.3	12.9

The Group has access to a revolving credit facility, with a UK bank. The facility allows the Group to draw up to £75 million (2023: £75m) and is undrawn as at 30 June 2024. The facility incurs interest charges, consisting of a margin of 0.85% plus SONIA per annum when drawn.

### Credit risk

The Group's credit risk is spread over a large number of counterparties and customers.

The Group is exposed to credit risk from counterparties to securities transactions during the period between the trade date and the ultimate settlement date if the counterparty fails either to deliver securities or to make payment. Settlement risk is substantially mitigated as a result of the delivery versus payment mechanism whereby if a counterparty fails to make payment the securities would not be delivered to the counterparty. Therefore the risk exposure is to an adverse movement in market prices between the time of trade and settlement, which is generally two to four days. Conversely, if a counterparty fails to deliver securities, no payment would be made.

The trade receivables presented in the Statement of Financial Position are net of expected credit losses.

Also included within trade and other receivables in the Statement of Financial Position are term deposits. These are deposits with UK licensed banks for a period of three months or greater, where the Group does not have immediate recall on the cash. The maximum amount of time that these deposits are outstanding at year end is 12 months.

Cash is held with UK licensed banks. The credit risk on liquid funds is managed by only depositing with UK regulated banks and the Group takes a conservative approach to treasury management, carrying out regular reviews of all its banks' and custodians' credit ratings.

The following table discloses the Group's maximum exposure to credit risk on financial assets.

	At 30 June 2024 £m	At 30 June 2023 £m
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents (including restricted cash)	616.6	373.3
Trade and other receivables	625.5	517.9
Accrued income	158.5	169.0
Term deposits	20.0	130.0
<b>Financial assets at fair value through profit or loss</b>		
Financial investments	1.2	0.5
	1,421.8	1,190.7



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### 5.7 Financial instruments continued

The following table contains an analysis of financial assets that are past due at the end of the reporting period. An asset is past due when the counterparty has failed to make a payment when contractually due and is considered to be a key indicator of risk.

The Group applies the simplified approach to providing for expected credit losses for receivables, allowing the use of lifetime expected loss provisions to be made. To determine expected credit losses, financial assets have been grouped based on shared credit risk characteristics, such as the counterparty and the number of days past due.

	Within terms £m	0–3 months past due £m	3–6 months past due £m	6–12 months past due £m	Over 12 months past due £m	Total £m
<b>At 30 June 2024</b>						
<b>Trade and other receivables:</b>						
Trade receivables	608.9	5.6	1.4	1.1	2.2	<b>619.2</b>
Other receivables	6.3	–	–	–	–	<b>6.3</b>
Accrued income	158.5	–	–	–	–	<b>158.5</b>
Term deposits	20.0	–	–	–	–	<b>20.0</b>
	793.7	5.6	1.4	1.1	2.2	<b>804.0</b>
<b>At 30 June 2023</b>						
<b>Trade and other receivables:</b>						
Trade receivables	501.6	3.3	1.8	1.8	1.8	<b>510.3</b>
Other receivables	7.6	–	–	–	–	<b>7.6</b>
Accrued income	169.0	–	–	–	–	<b>169.0</b>
Term deposits	130.0	–	–	–	–	<b>130.0</b>
	808.2	3.3	1.8	1.8	1.8	<b>816.9</b>

During the year, the Group has recognised £1.2m of expected credit losses (2023: £0.1m) in respect of receivables that are not expected to be recovered. At the end of the reporting period, £0.2 million (2023: £0.2m) of expected credit losses are recognised in respect of trade receivables. These balances have been provided for in full against the value of aged receivables and are presented net in the table above and in the Statement of Financial Position. As a result, the carrying amount of those receivables is £nil (2023: £nil) at year end.

The expected credit loss in relation to receivables is considered to be immaterial, due to the short-term nature of the receivable balance and the small value of assets that are outstanding for long periods, without any potential recourse allowing the Group to reclaim the balance in full. The majority of balances are related to underlying investments that the Group can sell to reclaim losses and therefore, while they are susceptible to macroeconomic factors the potential impact is immaterial given their short-term nature, as market balances are generally settled in two to four days.

The table on the next page shows the credit quality of financial assets that are current and not outstanding using the following counterparty grading:

- Financial institutions

In respect of trade receivables, £170.5 million (2023: £116.9m) is due from financial institutions regulated by the FCA or PRA in the course of settlement as a result of daily trading. Accrued income includes £124.8 million related to interest due from financial institutions regulated by the FCA and PRA. A further £4.9 million (2023: £10.9m) relates to revenue items due from financial institutions regulated by the FCA.

- Individuals

In respect of trade receivables, the balance is related to amounts due from individual clients in the course of settlement as a result of daily trading. Daily trading balances generally settle in two to four days.





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## 5.7 Financial instruments continued

The table below shows the credit category of financial assets that are within terms and considered the lowest level of risk.

	Financial institutions £m	Corporate clients £m	Individuals £m	Total £m
<b>At 30 June 2024</b>				
Trade receivables	188.7	–	420.2	<b>608.9</b>
Other receivables	6.3	–	–	<b>6.3</b>
Accrued income	132.7	–	25.8	<b>158.5</b>
Term deposits	20.0	–	–	<b>20.0</b>
Investments held at fair value through profit and loss	1.2	–	–	<b>1.2</b>
	<b>348.9</b>	<b>–</b>	<b>446.0</b>	<b>794.9</b>
<b>At 30 June 2023</b>				
Trade receivables	133.3	0.4	367.9	<b>501.6</b>
Other receivables	7.6	–	–	<b>7.6</b>
Accrued income	146.0	–	23.0	<b>169.0</b>
Term deposits	130.0	–	–	<b>130.0</b>
Investments held at fair value through profit and loss	0.5	–	–	<b>0.5</b>
	<b>417.4</b>	<b>0.4</b>	<b>390.9</b>	<b>808.7</b>

### Other risks

#### Inflation risk

Inflation risk is the risk that the Group will sustain losses due to a high inflationary environment. Our exposure to inflation risk is considered to mostly impact staff costs and support costs. The current levels of inflation seen in the market do not have a material impact on the financial statements.

#### Climate risk

We have assessed our exposure to climate risks and opportunities and undertaken scenario analysis. At the present time there is no material impact of climate-related risks on the financial statements.

### Capital management

The Group's objectives when managing capital are: i) to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; ii) to maintain a strong capital base and utilise it efficiently to support the development of its business; and iii) to comply with the regulatory capital requirements set by the FCA. Capital adequacy and the use of regulatory capital are monitored by the Group's management and Board.

#### Capital management – Unaudited

Regulatory capital is determined in accordance with the requirements prescribed in the UK by the FCA. This is a two-step process requiring an assessment of the minimum capital requirements followed by an assessment of individual entity and Group risks of harm to ensure that an additional amount of capital is held above the minimum amount to accommodate the impact of any residual risk of harm.

Minimum capital requirements are calculated as the higher of certain baseline variables (depending on the specific requirements for the legal entity in question). In Hargreaves Lansdown Asset Management Limited (HLAM) this is calculated as the higher of the permanent minimum capital requirement, fixed overhead requirement and k-factor assessment (capital requirement based on the activities a firm undertakes), and in Hargreaves Lansdown plc it is the group capital test which is the book value that the parent company has invested in the underlying entities.

The second step requires investment firms to assess firm-specific and Group risk of harms, and costs of wind down, ensuring that they hold adequate capital over and above the amount set by the minimum capital requirements. The Group completes this assessment of regulatory capital requirements using its Group Internal Capital Adequacy and Risk Assessment process, which is a continuous and forward-looking exercise that includes stress testing on major risks, such as a significant market downturn, and identifying mitigating actions.

The Group manages its retained earnings and share capital which total £816.5 million (audited) as at 30 June 2024 (2023: £717.1m – audited). Consistent with FCA requirements, HLAM specifically is required to disclose regulatory capital information; this will be available on the Group's website at [www.hl.co.uk/investor-relations](http://www.hl.co.uk/investor-relations).



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# SECTION 6: COMPANY FINANCIAL STATEMENTS

## PARENT COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	At 30 June 2024 £m	At 30 June 2023 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	6.5	108.7	90.9
		<b>108.7</b>	90.9
<b>Current assets</b>			
Trade and other receivables	6.6	232.7	133.8
Cash and cash equivalents	6.7	327.1	121.0
		<b>559.8</b>	254.8
<b>Total assets</b>		<b>668.5</b>	345.7
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	6.8	212.4	22.5
		<b>212.4</b>	22.5
<b>Net current assets</b>		<b>347.4</b>	232.3
<b>Total liabilities</b>		<b>212.4</b>	22.5
<b>Net assets</b>		<b>456.1</b>	323.2
<b>EQUITY</b>			
Called up share capital	6.9	1.9	1.9
Retained earnings	6.9	454.2	321.3
<b>Total equity</b>		<b>456.1</b>	323.2

The Company recorded a profit for the financial year ended 30 June 2024 of £322.2 million (2023: £265.7m).

The financial statements of Hargreaves Lansdown plc, registered number 02122142, on pages 166 to 172, were approved by the Board and authorised for issue on 14 August 2024.

**Amy Stirling**

Chief Financial Officer



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**SECTION 6: COMPANY FINANCIAL STATEMENTS**  
**PARENT COMPANY STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2024

	Share capital £m	Retained earnings £m	Total equity £m
<b>At 1 July 2022</b>	1.9	238.9	240.8
Profit and total comprehensive income	–	265.7	265.7
Increase in investment in subsidiaries	–	7.1	7.1
Dividend paid	–	(190.4)	(190.4)
<b>At 30 June 2023</b>	1.9	321.3	323.2
Profit and total comprehensive income	–	322.2	322.2
Increase in investment in subsidiaries	–	9.9	9.9
Dividend paid	–	(199.2)	(199.2)
<b>At 30 June 2024</b>	1.9	454.2	456.1

Details of the Company's dividends are as set out in note 3.2 to the consolidated financial statements.



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#### 6.1 General information

Hargreaves Lansdown plc (the Company) is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006 whose shares are publicly traded on the London Stock Exchange. The address of the registered office is One College Square South, Anchor Road, Bristol BS1 5HL, United Kingdom. The Company is the parent company of the Group, and the nature of the Group's operations and its principal activities are set out in the Operating and Financial Review.

The Company financial statements are presented in millions of pounds sterling which is the currency of the primary economic environment in which the Company operates.

##### Basis of preparation

The Company financial statements of Hargreaves Lansdown plc have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The Company is a qualifying entity under FRS101, as it is a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation. The Company prepares and is itself included in the consolidated statements on pages 136 to 165. The Company has moved to preparing the financial statements under FRS 101 to take advantage of reduced disclosure requirements, as the activity of the Company is limited in comparison to that of the Group.

In the prior year, year ended 30 June 2023, the Company financial statements were prepared in accordance with UK-adopted International Financial Reporting Standards (IFRS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. No restatements are required and there is no change in accounting policies.

The preparation of financial statements in conformity with FRS 101 requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, if any, are disclosed in note 6.3.

##### Financial Reporting Standard 101 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46–52 of IFRS 2 Share based payments
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91–99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1

- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134–136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)–134(f) and 135(c)–135(e) of IAS 36 Impairment of Assets.

The Company financial statements are prepared on a going concern basis. The Directors believe that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from the date the financial statements are adopted. Please see note 5.1 to the consolidated financial statements on page 158.

The financial statements have been prepared on the historical cost basis. Accounting policies have been applied consistently throughout the current and prior financial year.

#### 6.2 Significant accounting policies

The accounting policies of the Company are the same as those of the Group which are set out in the relevant notes to the consolidated financial statements, except that it has no policy in respect of consolidation and investments in subsidiaries are carried at historical cost, less any provisions for impairment.

#### 6.3 Critical judgements and key sources of estimation uncertainty

As noted in note 5.2 to the Group financial statements, the preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. There are no critical judgements used in the preparation of the Company's financial statements.

The estimates on the following page are made in respect of the Company financial statements only.

##### Investments in subsidiaries

The Company made significant investments in Hargreaves Lansdown Savings Limited to assist in the development of the Active Savings proposition and Hargreaves Lansdown Advisory Services Limited to support the development of the Advice proposition. The parent company holds these investments at cost less accumulated impairment. An assessment is made of the recoverable amounts, which requires estimation of future cash flows and fair values at appropriate discount rates and multiples for the purpose of calculation; the uncertainty comes mainly from the discount rates and fair value multiples used in the recoverable amount valuations. A sensitivity analysis of this estimate is presented in note 6.5.



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#### 6.4 Profit for the year

As permitted by Section 408 of the Companies Act 2006, no Income Statement or Statement of Comprehensive Income is presented for the Company. The Company recorded a profit for the financial year ended 30 June 2024 of £322.2 million (2023: £265.7m).

The auditors' remuneration for audit and other services is disclosed in note 1.4 to the consolidated financial statements.

#### 6.5 Investment in subsidiaries

Investments in subsidiaries are held at cost less impairment, being the fair value of consideration paid and capital contributions made to the subsidiaries less impairment.

Impairment assessments are performed at least on an annual basis for all subsidiaries to assess whether the valuation is still appropriate. A comparison is made between the recoverable amount and the carrying value. This requires the calculation of either the fair value, less costs to sell of each subsidiary or the value in use. Value in use is calculated as the present value of discounted cash flows over an appropriate period at a discount rate appropriate for each subsidiary, fair value is calculated based on a multiple of revenues. Any losses are recognised immediately in the Income Statement.

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
<b>Investments in subsidiaries</b>		
At beginning of year	90.9	68.9
Capital contribution to subsidiaries	9.8	16.9
Reversal of impairment in subsidiary valuation	8.0	15.9
Impairment of subsidiary valuation	–	(10.8)
At end of year	108.7	90.9
<b>Comprising</b>		
Non-current investments – investments in subsidiaries valued at cost less impairment	108.7	90.9

In the financial year ended 30 June 2020, the Company impaired its holding in Hargreaves Lansdown Savings Limited (HLS) and subsequent impairment has also taken place. Changes in the interest rate environment have led to profitability in the current period and for the future forecast period that significantly changes the valuation determined. The amount was determined by calculation of the recoverable amount, using future cash flows at a pre-tax discount rate of 14.7%. The carrying amount after reversing the impairment was £45.0 million (2023: £39.9m).

The Company has also invested in Hargreaves Lansdown Advisory Services Limited and in the prior year impaired its investment by £10.8 million. In the current year we have reviewed the forecast cash flows and future revenues of the business on both a discounted cash flow basis and a fair value less costs to sell basis, in accordance with IAS 36. The recoverable amount, considered the higher of value in use or fair value has been determined to be £9.0 million and as a result we have reversed impairment of £3 million. The fair value is determined with reference to a fair value using appropriate multiples with reference to relevant peers.

#### Sensitivity analysis

The valuations for HLS are performed over a range of pre-tax discount and growth rates, between 10.4% and 14.7% for HLS with value in use calculations providing support for the new valuations. The assessment of the company takes place over a maximum of five years in line with the requirements of IAS 36, the forecast cash flows are determined with reference to the Board approved operating plans for the company. Growth for revenue and costs is in line with the forecasts of the Group and a range of growth rates has been considered with 2% being chosen as appropriate.

Over the range of inputs and assumptions as outlined above the valuations arrived at have been considered for their appropriateness for recoverable amount and it is considered appropriate to use the valuations as outlined in the previous section. Valuation of Hargreaves Lansdown Savings Limited has a lower limit that exceeds the valuation of £45.0 million, being equivalent to cost. Sensitivity analysis is provided below:

Discount rate	Valuation
+0.1%	(1.3)
-0.1%	1.3

For Hargreaves Lansdown Advisory Services Limited the fair value method has been prepared over a range of multiples of revenue and assets under administration, across both transactional and recurring revenue streams. Multiples between 0.5 and 1.5 times revenues have been considered and 0.5% of assets under administration have been considered. We have determined the appropriate valuation is the average of our current year range, less costs to sell ranging between 2.5% and 5.0%. The range of valuations considered is between £8.0 million and £10.8 million. This highlights there is not a material sensitivity to the inputs.



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#### 6.5 Investment in subsidiaries continued

A list of the investments in subsidiaries is shown below, along with their country of incorporation and principal activity. Unless otherwise disclosed below, all subsidiaries have one ordinary class of share only and all shares are held by Hargreaves Lansdown plc.

Subsidiary company name	Country of incorporation and principal place of business	Company purpose/function	Percentage ownership	Voting rights
Hargreaves Lansdown Advisory Services Limited	UK <sup>1</sup>	Advisory services	100%	100%
Hargreaves Lansdown Asset Management Limited	UK <sup>1</sup>	Unit trust and equity broking, investment fund management, life and pensions consultancy	100%	100%
Hargreaves Lansdown Fund Managers Ltd.	UK <sup>1</sup>	Unit trust management	100%	100%
Hargreaves Lansdown Stockbrokers Ltd	UK <sup>1</sup>	Dormant company*	100%	100%
Hargreaves Lansdown (Nominees) Limited (100% shares held by Hargreaves Lansdown Asset Management Limited)	UK <sup>1</sup>	Nominee services*	100%	100%
Hargreaves Lansdown Insurance Brokers Limited	UK <sup>1</sup>	Dormant company*	100%	100%
Hargreaves Lansdown Investment Management Limited (100% shares held by Hargreaves Lansdown Fund Managers Ltd)	UK <sup>1</sup>	Dormant company*	100%	100%
Hargreaves Lansdown Savings Limited	UK <sup>1</sup> UK <sup>1</sup>	Cash services	100% – Ordinary 100% – Class A	100%
Hargreaves Lansdown Savings (Nominees) Limited (100% shares held by Hargreaves Lansdown Savings Limited)	UK <sup>1</sup>	Nominee services*	100%	100%
Hargreaves Lansdown Pensions Limited (100% shares held by Hargreaves Lansdown Advisory Services Limited)	UK <sup>1</sup>	Dormant company*	100%	100%
Hargreaves Lansdown Pensions Trustees Limited	UK <sup>1</sup>	Trustee of the HL SIPP*	100%	100%
Hargreaves Lansdown EBT Trustees Limited	UK <sup>1</sup>	Trustee of the Employee Benefit Trust <sup>†</sup>	100%	100%
Hargreaves Lansdown Trustee Company Limited	UK <sup>1</sup>	Trustee of the Share Incentive Plan <sup>†</sup>	100%	100%
HL Tech Sp. Z O. O (100% shares held by Hargreaves Lansdown Asset Management Limited)	Poland <sup>2</sup>	Service company	100%	100%

\* Exempt from the requirements for audit under s394A and s448A of the Companies Act 2006.

† Exempt from the requirement for audit under s479A of the Companies Act 2006.

<sup>1</sup> Registered address One College Square South, Anchor Road, Bristol, BS1 5HL.

<sup>2</sup> Registered address Pl Europejski, 1 Warsaw 00-844, Poland.



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#### 6.6 Trade and other receivables

	At 30 June 2024 £m	At 30 June 2023 £m
<b>Financial assets</b>		
Amounts receivable from subsidiaries and EBT	212.1	1.2
Term deposits	20.0	130.0
	<b>232.1</b>	131.2
<b>Non-financial assets</b>		
Prepayments	0.6	2.6
	<b>232.7</b>	133.8

Movement in amounts receivable from subsidiaries and EBT relates to Group cash management.

Term deposits are held by the Company on unbreakable terms greater than three months and are classified as financial assets.

The Company applies the simplified approach to providing for expected credit losses for receivables, allowing the use of lifetime expected loss provisions to be made. To determine expected credit losses, financial assets have been grouped based on shared credit risk characteristics, such as the counterparty and the number of days past due. The value of expected credit losses on the assets subject to credit risk is immaterial.

#### 6.7 Cash and cash equivalents

	At 30 June 2024 £m	At 30 June 2023 £m
<b>Cash and cash equivalents</b>		
Company cash and cash equivalent balances	327.1	121.0

Cash and cash equivalents comprise cash and institutional cash funds with near instant access.

No disclosures for financial instruments have been made in respect of the Company as the only significant financial instruments held by the Company are cash and term deposit balances as shown above.

#### 6.8 Trade and other payables

	At 30 June 2024 £m	At 30 June 2023 £m
<b>Financial liabilities</b>		
Amounts payable to subsidiaries	211.8	22.1
Other payables	–	0.1
	<b>211.8</b>	22.2
<b>Non-financial liabilities</b>		
Accruals	0.6	0.3
	<b>212.4</b>	22.5

Amounts payable to subsidiaries comprise short-term borrowing from subsidiaries, repayable on demand. The fair values of amounts owed to subsidiaries are equal to their carrying amounts.

#### 6.9 Called up share capital

Details of the Company's share capital are as set out in note 3.1 to the consolidated financial statements. The Company has a share premium account that represents the difference between the issue price and the nominal value of shares issued and was unchanged at £8,000 throughout the 2023 and 2024 financial years.

The Company has a capital redemption reserve that relates to the repurchase and cancellation of the Company's own shares and was unchanged at £12,000 throughout the 2023 and 2024 financial years.

Details of the movements in retained earnings are set out in the Parent Company Statement of Changes in Equity.



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## Financial statements

# SECTION 6: COMPANY FINANCIAL STATEMENTS NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS CONTINUED

## 6.10 Related party transactions

The key management personnel of the Company are the Directors of Hargreaves Lansdown plc. The relevant disclosures are given in note 5.6 to the consolidated financial statements. These are the only staff costs incurred by the Company in the year. The Company has two employees (2023: two), being the Executive Directors. The cost of providing share scheme benefits to the employees of the subsidiaries is not charged directly to the subsidiaries. Instead, the Company provides a capital contribution to its subsidiaries in respect of these schemes.

Any amounts outstanding with related parties are unsecured and will be settled in cash.

No guarantees have been given or received in respect of amounts outstanding. Immaterial expected credit losses have been recognised in respect of the amounts owed by the related parties.

## 6.11 Events after the reporting period

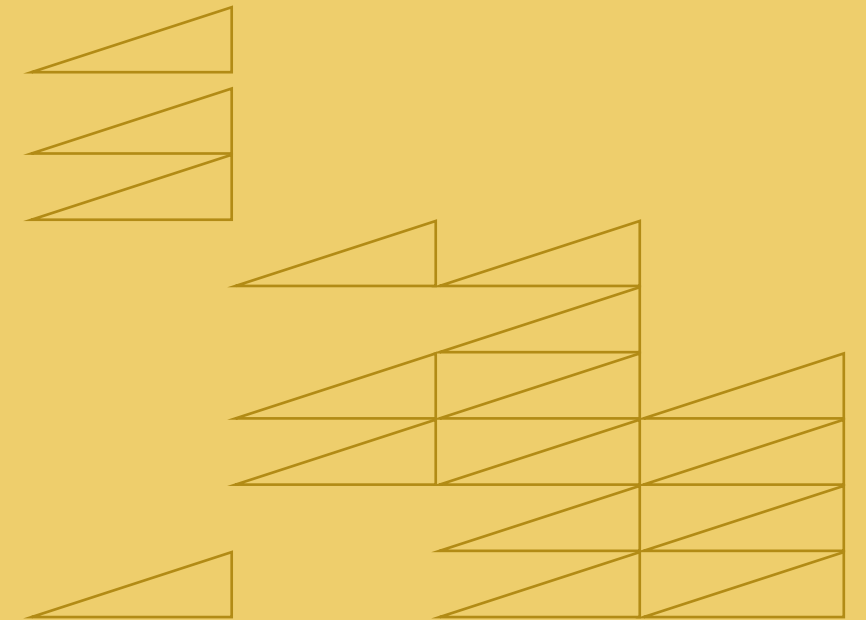
Events after the reporting period are shown in note 5.5 of the consolidated financial statements on page 159.





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# DIRECTORS, COMPANY SECRETARY, ADVISERS AND SHAREHOLDER INFORMATION

### Executive Directors

Dan Olley  
Amy Stirling

### Non-Executive Directors

Andrea Blance  
Adrian Collins  
Penny James  
Moni Mannings  
Michael Morley  
Alison Platt  
Darren Pope  
John Troiano

### Company Secretary

Claire Chapman

### Independent auditors

PricewaterhouseCoopers LLP, London

### Solicitors

Freshfields Bruckhaus Deringer LLP, London

### Principal bankers

Lloyds Bank Plc,  
Bristol

### Brokers

Barclays Bank PLC  
Numis Securities Limited

### Registrars

Equiniti Limited

### Registered office

One College Square South  
Anchor Road  
Bristol BS1 5HL

### Website

[www.hl.co.uk](http://www.hl.co.uk)

### Company number

02122142



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**FIVE-YEAR SUMMARY**

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	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Revenue</b>	<b>764.9</b>	735.1	583.0	631.0	550.9
Fair value gains on derivatives	–	–	–	0.6	1.7
Operating costs	<b>(398.2)</b>	(350.7)	(313.0)	(266.0)	(214.9)
<b>Operating profit</b>	<b>366.7</b>	384.4	270.0	365.6	337.7
Finance income	<b>30.2</b>	19.0	–	1.4	2.8
Finance costs	<b>(0.6)</b>	(0.7)	(0.8)	(1.0)	(1.0)
Other gains <sup>1</sup>	–	–	–	–	38.8
<b>Profit before tax</b>	<b>396.3</b>	402.7	269.2	366.0	378.3
Tax	<b>(103.1)</b>	(79.0)	(53.4)	(69.7)	(65.1)
<b>Profit after tax</b>	<b>293.2</b>	323.7	215.8	296.3	313.2
Non-controlling interests	–	0.1	0.5	0.4	(0.1)
Profit for the financial year attributable to owners of the parent company	<b>293.2</b>	323.8	216.3	296.7	313.1
Equity shareholders' funds	<b>815.1</b>	709.7	575.1	593.5	558.3
<b>Weighted average number of shares for the purposes of diluted EPS (million)</b>	<b>475.2</b>	474.6	474.5	474.5	475.70
	Pence	Pence	Pence	Pence	Pence
Equity dividends per share paid during year	<b>42.00</b>	40.1	50.8	55.6	42.9
Basic earnings per share	<b>61.9</b>	68.3	45.6	62.6	66.1
Diluted earnings per share	<b>61.7</b>	68.2	45.6	62.5	65.9
Underlying basic earnings per share	<b>71.2</b>	74.4	50.4	62.6	57.9
Underlying diluted earnings per share	<b>71.0</b>	74.3	50.4	62.5	57.8

<sup>1</sup> Relates to a one-off gain on the disposal of Funds Library in the year ended 30 June 2020.

**GLOSSARY OF ALTERNATIVE FINANCIAL PERFORMANCE MEASURES**

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Measure	Definition	Why we use this measure
Underlying activity costs	Underlying cost related to stockbroking, financial services costs and marketing costs on a transactional basis related to the volume of activity undertaken by our clients.	This has been amended in the period to provide visibility of the costs that are associated with both client numbers and transactional volumes, to allow comparison from year to year.
Dividend per share (pence per share)	Total dividend payable relating to a financial year divided by the total number of shares eligible to receive a dividend. Note: ordinary shares held in the Hargreaves Lansdown Employee Benefit Trust have agreed to waive all dividends (see note 3.2 to the consolidated financial statements).	Dividend per share is pertinent information to shareholders and investors and provides them with the ability to assess the dividend yield of Hargreaves Lansdown plc shares.
Underlying people costs	Underlying cost related to staff, the main driver of cost in our business.	People costs are our largest cost category and our people are the key driver of our business and our strategy.
Platform growth	The net value of new assets brought onto the platform less assets leaving the platform, excluding cash placed with Active Savings.	Provides the most useful measure of tracking, over time, the element of net new business that is made up of assets brought onto the platform.
Net movement to Active Savings	The net value of assets moving from the HL platform to Active Savings.	Separated out from platform growth to highlight the change in asset mix within the business and the retention provided by Active Savings.
Active Savings growth	The net value of new cash placed with Active Savings.	Provides the most useful measure of tracking, over time, the element of net new business that is made up of cash brought into Active Savings.
Market growth and other	The underlying market movement and other retained investment income, including dividends reinvested on behalf of clients.	Provides the best measure for highlighting changes in the AUA that are not directly impacted by client activity.
Net interest margin (bps)	Revenue from cash divided by the average value of cash under administration, net of interest received by clients.	Provides the most comparable means of tracking, over time, the margin earned on the cash under administration after considering the amount received by clients.
Revenue margin (bps)	Total revenue divided by the average value of assets under administration which includes the Portfolio Management Services assets under management held in funds on which a platform fee is charged.	Provides the most comparable means of tracking, over time, the margin earned on the assets under administration and is used by management to assess business performance.
Revenue margin from cash (bps)	Revenue from cash (net interest earned on the value of client money held on the platform divided by the average value of assets under administration held as client money).	Provides a means of tracking, over time, the margin earned on cash held by our clients.
Revenue margin from funds (bps)	Revenue derived from funds held by clients (platform fees, initial commission less loyalty bonus) divided by the average value of assets under administration held as funds, which includes the Portfolio Management Services assets under management held in funds on which a platform fee is charged.	Provides the most comparable means of tracking, over time, the margin earned on funds held by our clients.
Revenue margin from HL Funds (bps)	Management fees derived from HL Funds (but excluding the platform fee) divided by the average value of assets held in the HL Funds.	Provides a means of tracking, over time, the margin earned on HL Funds.
Revenue margin from shares (bps)	Revenue from shares (stockbroking commissions, management fees where shares are held in a SIPP or ISA, less the cost of dealing errors) divided by the average value of assets under administration held as shares.	Provides a means of tracking, over time, the margin earned on shares held by our clients.



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Measure	Definition	Why we use this measure
Strategic investments costs	The total cost (excluding capitalisation), of the Strategic Investment Programme including staff and professional fees relating to the planning, commencement and undertaking of the digital technology strategy, strategic growth initiatives and the cost of expanding associated compliance, infrastructure and support functions.	Costs relating to the planning and commencement and undertaking of the digital technology strategy and core growth initiatives, which include staff costs, professional fees and technology costs, that are considered separately to reflect the impact on the results of the Group.
Underlying support costs	Underlying support costs includes costs previously known as legal and professional fees and office running costs, including operating lease rentals. Also included in underlying support costs are depreciation of owned plant and equipment, amortisation of other intangible assets and impairment.	Provides an assessment of our other costs.
Underlying technology costs	Costs associated with the use of third-party software and data feeds used in the performance of daily business.	Provides a means of understanding the impact that increasing or changing our proposition has on our costs.
Assets under administration (AUA)	This is the value of all assets administered or managed by Hargreaves Lansdown on behalf of its clients.	Assets under administration provides a measure of the growth and strength of the business on a comparable basis. It is also a key driver of revenue, especially with respect to ongoing revenue.
Net new business (NNB)	Represents subscriptions, cash receipts, cash and stock transfers in less cash withdrawals, cash and stock transfers out.	Net new business provides a clear indication of how assets under administration changes over time it separates those movements in AUA that are related to client movements and those that are market related.
Underlying basic earnings per share	Underlying profit after tax divided by the weighted average number of ordinary shares for the purposes of basic EPS.	The calculation of basic earnings per share using statutory profit after tax adjusted for those costs that are related specifically to our strategic investments.
Underlying costs	Operating costs less strategic investment costs, intangible impairment and restructuring costs.  In the prior year this also excluded “dual running costs”, this phrasing is no longer used, but there is no change in calculation.	Provides relevant information on the year-on-year cost of the underlying business as we go through a period of significant strategic investment.
Underlying diluted earnings per share	Underlying profit after tax divided by the weighted average number of ordinary shares for the purposes of diluted EPS.	The calculation of diluted earnings per share using statutory profit after tax adjusted for those costs that are related specifically to our strategic investments.
Underlying profit after tax	Profit after tax attributable to equity holders of the parent company excluding Strategic investment costs, intangible impairment and restructuring costs.  In the prior year this also excluded “dual running costs”, this phrasing is no longer used, but there is no change in calculation.	Profit after tax includes costs that are part of strategic planning and development. This measure helps to provide clarity between the profit of the business from period to period when those costs are not considered. This is important as we go through a period of significant strategic investment.
Underlying profit before tax	Profit before tax excluding strategic investment costs, intangible impairment and restructuring costs.  In the prior year this also excluded “dual running costs”, this phrasing is no longer used, but there is no change in calculation.	Provides the best measure for comparison of profit before tax of the underlying business performance as we go through a period of significant strategic investment.



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**GLOSSARY OF ALTERNATIVE FINANCIAL PERFORMANCE MEASURES**  
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Measure	Measure per Operating and Financial Review £m	Measure per Financial Statements £m	Difference £m	Explanation
Underlying activity costs	53.6	53.6	–	This measure is the same as the activity costs figures within note 1.3.
Underlying people costs	179.9	203.0	23.1	Equivalent to staff costs figure within note 1.3, less strategic investment costs and restructuring costs totalling £23.1 million.
Underlying support costs	51.8	87.7	35.9	The measure is the same as support costs, within note 1.3, plus depreciation, amortisation and impairment and excluding strategic investment costs of £21.5 million and impairment costs of £14.4 million
Underlying technology costs	48.2	48.9	0.7	Technology costs per note 1.3, less strategic investment costs of £0.7 million.
Underlying costs	338.5	398.2	59.7	Operating costs per note 1.3 less £59.7 million of strategic investment costs, intangible impairment and restructuring costs.
Underlying profit after tax	337.4	293.2	44.2	Profit after tax per the Statement of Comprehensive Income after adding back strategic investment costs, impairment of intangible assets, restructuring costs and adjusting for a tax shield effect, as shown on page 25.
Underlying profit before tax	456.0	396.3	59.7	Profit before tax per the Statement of Comprehensive Income after adding back strategic investment costs, impairment of intangible assets and restructuring costs as shown on page 25.



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**A****AGM** Annual General Meeting**AIFMD** Alternative Investment Fund Managers Directive**Asset retention rate** Based on the monthly lost AUA as a percentage of the opening month's AUA and averaging for the year**AUM** Assets Under Management is the value of all assets managed by Hargreaves Lansdown Fund Managers**AWS** Amazon Web Services**B****Basic EPS** Basic earnings per share**Board** The Board of Directors of Hargreaves Lansdown plc**BRC** Board Risk Committee**C****CASS** Client Assets Sourcebook**CDP** Carbon Disclosure Project**Client retention rate** Based on the monthly lost clients as a percentage of the opening month's total clients and averaging for the year. A lost client is deemed as one who falls below a holding of £100**CMD** Capital Markets Day**CODM** Chief Operating Decision Maker**Company** Hargreaves Lansdown plc**Corporate Schemes** This related to HL Workplace Solutions which allow employers to offer the benefits of the Hargreaves Lansdown Vantage service to employees via the workplace**CSR** Corporate Social Responsibility**D****D2C** Direct-to-consumer**DEFRA** Department for Environment, Food & Rural Affairs**Diluted EPS** Diluted earnings per share**DR** Disaster Recovery**DTR** The FCA's Disclosure Guidance and Transparency Rules sourcebook**E****EBT** Employee Benefit Trust**ERC** Executive Risk Committee**ESG** Environmental, social and governance**ExCo** Executive Committee**F****FATCA** Foreign Account Tax Compliance Act**FCA** Financial Conduct Authority, regulator of the UK financial services industry**FRC** Financial Reporting Council**FSCS** Financial Services Compensation Scheme**FTE** Full-time equivalent employees**G****GAAP** Generally Accepted Accounting Principles**GAYE** Give As You Earn**GCRO** The Group Chief Risk Officer**Group** Hargreaves Lansdown plc and its controlled entities**H****HL** Hargreaves Lansdown**HMRC** His Majesty's Revenue and Customs**I****IAS** International Accounting Standards**IBS** Important Business Services**ICAAP** Internal Capital Adequacy Assessment Process**ICARA** Internal Capital Adequacy and Risk Assessment**IFPR** Investment Firm Prudential Regime**IFRS** International Financial Reporting Standards**IPO** Initial Public Offering**ISA** Individual Savings Account**ISSB** International Sustainability Standards Board**IT** Information Technology**K****KPI** Key Performance Indicator

**GLOSSARY OF TERMS**  
CONTINUED

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**L****LISA** Lifetime ISA**Listing Rules** Regulations subject to the oversight of the FCA applicable to companies listed on a UK stock exchange**Loyalty bonus** A reward to customers for holding certain collective investments within the Vantage wrapper. This is paid on a regular basis as a percentage of qualifying assets**LTIP** Long-term incentive plan**M****Material Risk Takers** Persons identified as meeting the criteria of 'material risk takers' as set out in the European Banking Authority regulatory technical standard and consequently subject to the requirements of the Remuneration Code.**MGC** Model Governance Committee**MLRO** Money Laundering Reporting Officer**Multi-Manager funds** A range of funds offered by Hargreaves Lansdown which are managed under the Fund of Funds format**N****NED** Non Executive Director**Net new clients** Represents the net of new clients less lost clients in the period**Net revenue** Total revenue less commission paid, which is primarily the Loyalty Bonus paid to clients**Nominated Director** The non-independent Non-Executive Director appointed to the Board by Peter Hargreaves pursuant to his shareholder agreement with the Company**NPS** Net Promoter Score**Number of new clients** Unique number of clients holding at least one account (PMS, ISA, SIPP or Fund and Share Account) with a value greater than £100 at the year end**O****ONS** Office for National Statistics**ORC** Operational Risk Committee**Organic growth** Growth in assets under administration can be attributed to two main causes. The first is growth due to the appreciation in the value of existing assets and the second is organic growth through additional contributions**P****Pillar 1 and 2 capital requirements** The Basel Committee on Banking Supervision set out certain capital requirements which must be met by qualifying financial institutions**Pillar 3** A set of disclosure requirements which enable the market to assess information on a firm's risks, capital and risk management procedures**Platform** The advisory and research business specialising in investment platforms which compiles the Direct Platform Guide**PMS** Portfolio Management Service**R****RDR** Retail Distribution Review**S****SASB** Sustainability Accounting Standards Board**SAYE scheme** Save As You Earn scheme**SDR** Sustainability Disclosure Requirements**SID** Senior Independent Director**SIPP** Self-invested Personal Pension**SMCR** Senior Managers and Certification Regime**SPP** Sustained Performance Plan**SREP** The FCA's supervisory review and evaluation process**T****TCFD** Task Force for Climate-related Financial Disclosures**U****UCITS** Undertakings for Collective Investment in Transferable Securities**UK Corporate Governance Code** A code published by the FRC which sets out standards for best boardroom practice with a focus on board leadership and effectiveness, remuneration, accountability and relations with shareholders**UNSDG** United Nations Sustainable Development Goals**Y****Year end/financial year** Our financial year starts on 1 July and ends on 30 June





### Cautionary statement concerning forward-looking statements

This document comprises the Report and Financial Statements for the year ended 30 June 2024 for Hargreaves Lansdown plc (the 'Company') and its subsidiaries.

It contains certain forward-looking statements with respect to the financial condition and the results of the Company, including statements about the Company's beliefs and expectations and including, without limitation, statements containing the words 'may', 'will', 'should', 'continue', 'aims', 'estimates', 'projects', 'believes', 'intends', 'expects', 'plans', 'seeks' and 'anticipates', and words of similar meaning, are forward-looking statements.

These statements are based on plans, estimates and projections as at the time they are made, and therefore undue reliance should not be placed on them. By their nature, all forward-looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future.

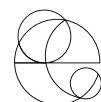
The forward-looking statements are based on current assumptions and estimates by the management of the Company. Past performance cannot be relied upon as a guide to future performance and should not be taken as a representation that trends or activities underlying past performance will continue in the future. Such statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from any expected future results in forward-looking statements.

These risks may include, for example: changes in the global economic situation; a lack of alignment between the Company's propositions and activities and its strategic objectives; poor performance of markets

adversely affecting the Company's revenue and impacting strategic expectations; a failure to effectively manage and maintain existing technological architecture, environment or components that are key to operational delivery; a failure to design or implement appropriate policies, processes or technology; a failure to comply with regulatory and legal standards or expectations; a failure to design or implement frameworks to counter financial crime risks; a failure to design or implement appropriate frameworks to manage data and data storage risk; a failure of the Company's culture and values to support appropriate client-focused conduct leading to poor client outcomes; a failure to establish robust operational resilience solutions; and a failure to attract, retain, develop and motivate people who are aligned to the Company's values. Further information on all these risks is provided on pages 51 to 58 of the Strategic Report section of this document. The Company provides no guarantee that future development and future results actually achieved will correspond to the forward-looking statements included here and accepts no liability if they should fail to do so. Neither the Company nor any member of its group undertakes any obligation to update these forward-looking statements, which speak only as at the date of this document and will not publicly release any revisions that may be made to these forward-looking statements, which may result from events or circumstances arising after the date of this document, except as required under applicable laws and regulations. Nothing in this document constitutes, nor should it be construed as, a profit forecast or estimate.

Additional cautionary statement:

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