Report and Financial Statements 2023

EMPOWERING FINANCIAL RESILIENCE

HARGREAVES LANSDOWN

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PURPOSEFUL PROGRESS

A PURPOSE-LED BUSINESS MODEL

FIND OUT MORE
Pg 16: Business Model

We are the UK's largest direct-to-consumer (D2C) digital wealth management service. For over 40 years, we have helped clients to manage their finances with our easy-to-use service and breadth of offering. Today we are trusted with the savings and investments of more than 1.8 million clients. We are a FTSE 100 company with over 2,000 colleagues, headquartered in Bristol.

Our purpose is to empower people to save and invest with confidence.

Supporting clients with their...	through channels that work for them...	alongside high quality products and services...	that enable the right client outcomes.
Savings	Self-serve (D2C)	HL funds	Feeling safe and supported
Investment	Advice	Digital tools	Managing finances with confidence and convenience
Retirement	Workplace	Accumulation/ decumulation	Having access to expertise
		Active Savings	Feeling in control of finances
		Trading	Aligning with appetite for risk and personal values
			Achieving financial goals

UNDERPINNED BY OUR CLIENT-FOCUSED CULTURE

Having over 40 years' experience of helping people save and invest means 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 all we do, and that we work in a sustainable and responsible way.

1

We put the client first

From the day-to-day client experience to the constant improvement of our services, we use client feedback to shape future development.

2

We go the extra mile

For our clients and for our colleagues. We focus on driving positive outcomes, taking every opportunity to delight, inspire and reassure.

3

We do the right thing

We always aim to do the best for our clients. We're fair, honest and focus on the long term. It's why our clients trust us, and how we earn their loyalty.

4

We make it easy

Savings and investments should be easy to access, understand and execute. We make things simple, which gives our clients the confidence to make important decisions at the right time.

5

We do it better

Since 1981, HL has set the tone for the retail investment market. We are committed to energetically innovating and improving.

ENABLING US TO DELIVER OUR STRATEGY

Transform
the savings and investment experience

Combine
the best of human expertise
with digital capability

Deliver
a uniquely personalised service
to simply manage your financial
health and wealth

FIND OUT MORE
Pg 22: Strategy & KPIs

ACHIEVING RESULTS ACROSS OUR FIVE STRATEGIC PILLARS

The delivery of our strategy has been mobilised across five strategic pillars, with good progress made in 2023 as we execute on enabling the next stage of HL's growth.

Accelerate Growth via our Integrated Proposition

Key to our strategy is building out and broadening our savings and investment proposition. We delivered several Growth initiatives in 2023: we accelerated our Active Savings proposition, delivered six HL Funds and piloted our new financial coaching offering. This comes alongside evolving elements of our pricing structure to support families in managing their wealth.

Create a step change in Client Service and Efficiency

Over the year, our focus has been on building out our digital capability to enable an improved client experience. This includes introducing new technology on our Helpdesk to make it easier for clients to get to the right expert colleagues. We have also launched open banking payments on Active Savings, offering clients a new way to pay and reducing our cost to serve.

Develop our Digital Backbone

Our digital capability and technology is critical to our future success and the delivery of our strategy. This year, we have invested in building key foundational capability, including data skills and resilience enhancements.

Enable our People, Strengthening our Culture

Developing our people and building an inclusive and development-focused culture is key to the success of the transformation and how we deliver our strategy. In 2023, we have built capability across the business, enhanced our reward structure and offered increased development opportunities. This year has also seen us continue to enhance our position as a responsible business, with our ESG priorities aligned with our business-wide KPIs and a key focus on supporting the community in building financial resilience.

Scale the Foundations

Our strategy is focused on building our long-term resilience and enabling sustainable returns into the future. This year saw the introduction of the Consumer Duty, and we have been focused on embedding this in line with our existing client-centric approach. We have done this alongside enhancing core systems to support our scalability and resilience and developing our risk maturity.

WHY HL? – DELIVERING SUSTAINABLE VALUE

A trusted and experienced business

We are a FTSE 100 company headquartered in Bristol who, for more than 40 years, has been empowering people to save and invest with confidence. We offer a full suite of tax wrappers and over 14,000 investment options, alongside access to market-leading savings rates through our Active Savings cash management platform. We are now trusted with £134.0 billion by over 1.8 million clients, making us the UK's largest savings and investment platform.

1.8m
clients

92%
client retention rate

Delivering an increasingly personalised experience

We combine the data we get from the millions of interactions we have with our clients each year with our expertise to deliver relevant and timely content to our clients, educating them and helping them reach better financial outcomes. Clients can engage with us however suits them, be it via our mobile app, our website or our Helpdesk.

41.8%[1]
D2C market share

4+ star
Trustpilot rating

1 Platforum UK D2C Market update June 2023

Seizing a broad market opportunity

The addressable wealth market is expected to grow from £3.1 trillion to £3.7 trillion over the next three years as savers and investors navigate an increasingly complex economic climate and wealth management landscape. Delivery of our strategy will deepen existing relationships, building client and asset retention, and continue to grow assets on our platform.

£3.1tn[2]
addressable wealth market 2023

£3.7tn
estimated addressable wealth market 2026

2 Source: BCG Global Wealth Market Sizing 2023

Creating long-term and sustainable value

We are highly cash-generative, have a strong balance sheet, no debt and retain a surplus of capital over and above our regulatory requirement – this has allowed us to pay an increasing ordinary dividend for the last eight years. Our targeted strategic investment of £175 million through to 2026 will enable our future growth and continue our track record of dividend growth.

£402.7m
profit before tax 2023

41.5p
dividend 2023

> We continue to help people build their financial understanding.
>
> **Deanna Oppenheimer**
> Chair

PURPOSEFUL PROGRESS IN A GROWING MARKET

HL has been helping clients save and invest with confidence for over 40 years and this year has been no different. Given the macroeconomic challenges we're currently faced with, our role at HL has become even more important, and we continue to help people build their financial understanding, health and resilience by offering tangible solutions such as our Financially Fearless initiative and Better Investors programme, our Active Savings cash management service and the expansion of our HL fund range.

This year, we have set out our Corporate Responsibility Approach, recognising the responsibility we have to all our stakeholders including clients, colleagues, community and society, and to use our influence for good.

We have strengthened our ESG considerations through our actions as a responsible business, stewardship as a responsible fund manager, our offering as a responsible savings and investment provider, and our strategy as a responsible employer. We have set out what we have achieved, and our ambitions, on pages 33 to 44. Some notable progress in the year includes:

- Reporting our Scope 3 financed emissions for our fund management business for the first time
- Further narrowing our gender pay gap and voluntarily publishing our ethnicity pay gap
- Establishing a dedicated ESG Analysis team as part of our broader investment research function

Board governance and changes

We have made substantial progress in our evolution to a systemically resilient, financially strong and independently governed FTSE company. To achieve this, we are focused on balancing the needs of all our stakeholders, including our shareholders. And whilst those goals are a journey and not a destination, I am pleased that we have moved significantly along the road.

During the past year, the Board has overseen a smooth and seamless CEO transition from Chris Hill to Dan Olley. This followed a thorough, global review of candidates and Dan, joined us as our new CEO on 7 August 2023. We thank Chris for doubling the client base and near doubling the assets on the platform during his six-year tenure, and for guiding the business through the challenges of a pandemic and other significant events. Dan is off to a great start, helped by his knowledge of HL, its colleagues, culture and values gained during his past four years on the Board as a Non-Executive Director, and by his proven track record of creating efficiently scalable, agile and competitive platform businesses.

Dan's leadership will look to build on and accelerate the past year's progress on our strategic transformation. Of note was the delivery of new funds, which attracted over £200 million of flows in challenging market conditions. The HL US Fund launch was one of the most successful fund launches this year, demonstrating the strength of HL's brand.

In addition, Active Savings grew substantially, with the addition of new partner banks, 60,000 additional client accounts and improved margins. We also invested in our Helpdesk, which is a core part of our service proposition, providing our clients with expert support and insight to help them navigate their savings and investments. This year, we had a very busy run in to tax year end, as clients looked to take advantage of the tax and pension changes announced as part of the Budget. These changes led to longer and more complex calls, and at times, meant clients were waiting too long to speak to an agent. We therefore invested in our capability to adjust, through better allocation of resources and by implementing new technology which is improving service levels.

Returning service levels to the standards that both we and our clients expect is a key focus for Dan, as is continuing to improve the broader client experience. In his CEO statement on page 8, Dan shares his perspective on how our investment into data and technology is driving greater engagement with our mobile app and helping us to increase the relevance of our communications with clients, helping them reach better outcomes while at the same time driving value for the business.

To read more about progress against our strategy, please see **pages 22 to 26**

Amy Stirling is well into her second year as our CFO, guiding our financial performance that, this year, has exceeded expectations despite the tough market backdrop. You can read Amy's review on the performance of the business and our financial results on page 27 to 32.

Since 2018, we have been strengthening the skills and capabilities of the Board in the areas of audit, risk management, remuneration, investment, wealth management, technology transformation and growth through the appointment of skilled and experienced Independent Non-Executive Directors. We were delighted that our newest board member, Michael Morley, former CEO of Coutts and a past CEO of UK Deutsche Bank Wealth Management, joined us on 1 August 2023. You can read more about Michael's appointment on page 122.

Darren Pope has now been a Board member for a year and has been a valuable addition. Having joined the Board as Audit Chair designate in September 2022 I am pleased to confirm that Darren will be succeeding Roger Perkin in that role from 1 October 2023 (subject to regulatory approval). I would like to extend my thanks to Roger for his tenure and you can read more about the Audit Committee's activity this in year on page 81.

As Chair of the Risk Committee, Andrea Blance has strengthened the oversight of Risk and Compliance. During the past three years, the addition and development of an accomplished risk management team has advanced the proactive identification and mitigation of risk and management of compliance. You can read more about our focus on risk and regulation on pages 53 to 62 and 125 to 127 and how the Board has ensured the business was well prepared for the new Consumer Duty regulation, when it came into effect in July 2023, on pages 126 and 134.

This year, Moni Mannings, Chair of the Remuneration Committee, has consulted with our shareholders on the new remuneration policy we are asking you to support at the forthcoming AGM. The policy more closely aligns our Executive Directors with investors through the creation of a Long-Term Incentive Plan that pays out when key drivers of business success are achieved – this includes a Total Shareholder Return and an ESG component as well. We would appreciate your affirmative vote on our new remuneration policy.

Detail of the Remuneration policy can be found on **pages 85 to 119**

Dividend

The ordinary dividend policy outlined at Capital Markets Day was to commit to grow the ordinary dividend by 3% per annum for FY22 and FY23. Given the positive financial performance in the year, the Board recommends payment of a final ordinary dividend of 28.80p per share, subject to shareholder approval at the AGM. If approved, the dividend will be paid on 15 December 2023 to all shareholders on the register at the close of business on 17 November 2023.

An interim dividend of 12.70p per share was paid on 31 March 2023. Taking this into account, the total ordinary dividend for the year will be 41.50p per share (2022: 39.70p), an increase of 4.5% on last year.

Since joining HL, I have enjoyed seeing the recruitment of new colleagues, the different skill sets they have brought to the business, and how they work collaboratively with the seasoned and experienced leaders we already have in the team. Whilst change is disruptive, the Board regularly challenges management on colleague engagement and reviews succession plans for all senior positions and ensures these align with our commitments on inclusion and diversity. It is the strength of our emerging talent, integrated with a positive and inclusive culture, as well as the new skills and approaches we have introduced to the business that will carry this company to its full potential as the industry continues to change and transform.

On behalf of the Board, I would like to thank our 1.8 million clients – both those who have joined us recently and those who have been with us for some time – and our dedicated colleagues for their relentless focus on helping our clients. Finally, I would like to thank you, our shareholders, for your continued investment and support during these challenging economic times.

As Peter Drucker, the famous management consultant, pointed out, the best way to predict the future is to create it. Under the leadership of the Board and executive management of HL today, this firm is well positioned to play a vital part in creating the next generation of wealth management, savings and investment, that harnesses world-class technologies and data application to benefit our clients' financial position.

Deanna Oppenheimer
Chair

18 September 2023

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We have a unique opportunity to benefit from structural demographic and workplace behaviour shifts and the UK regulatory changes to encourage greater saving and investment.

Dan Olley
Chief Executive Officer

HELPING CLIENTS ACHIEVE BETTER FINANCIAL OUTCOMES

I was delighted to move from being a Non-Executive Director to CEO of your Company as of August this year. Our last financial year has been a period of significant change and I will spend some time outlining the financial and operational execution that the team has delivered. However, before I do so, I want to set out some early reflections as CEO, a role which gives me a very different lens on the Group.

HL is a great business built on a fantastic heritage of delivering its clients the best, most relevant information on an industry-leading breadth of savings and investment solutions, underpinned by a focus on providing client-led service and support and making execution seamless and easy. What is clear to me as I reflect on the interactions I have had with both HL clients and non-clients alike since starting as CEO, is that getting these basics right – for every client, every time – is still the core driver of value. It is clear that our service and execution must return to the high standards we and our clients expect and deserve. This is a core focus for me. However, I have been very encouraged by all my conversations with the Client and Service teams at HL. They know that becoming the trusted financial partner for clients is a right you must earn through every interaction. Their passion for ensuring this happens is equal to mine, which is why I know we will deliver this non-negotiable objective for HL and our clients.

What was also clear from both my conversations with clients and the regulatory initiatives in our sector, is that investing remains a daunting task for a large proportion of the population. Many of the people I have spoken to are confused by the array of jargon and terminology, or put off by the wide range of product options available to them. This often results in inertia as investing is put off ‘until tomorrow’. The current economic environment is only exacerbating this issue, putting more demands on people’s finances, and dropping saving and investing down the list for many. The size of our client base is a significant differentiator in enabling us to have a strong gauge on changing client needs and our ability to therefore respond to help make investing accessible and understandable to everyone, with initiatives like Financially Fearless, which aims to tackle money inequality and specifically help women save and invest with confidence.

Doing this for a small number of clients may be relatively straight forward. However, to offer this proactive and personalised service in a scalable and cost-effective way to over 1.8 million clients, each with different needs, knowledge and experience, is a completely different challenge. It demands that we combine the best of our curated knowledge and market insights, with advances in technology and our digital platform, to help our clients identify the best savings and investment options for them. For example, earlier this year it became clear from our client interactions and market trends that gilts could be an attractive yielding investment option for higher rate taxpayers and those that have used their full ISA allowance. Through personalised and targeted education-based content, we were able to help clients take advantage of this opportunity, investing over £430m in July.

As HL continues to help more clients reach good financial outcomes, the opportunity to grow, and as a result drive long-term, sustainable attractive returns and growth for all our stakeholders, is clear. The alignment of the interests of the organisation, our clients, our shareholders, and the regulator has never been stronger.

This tells me that, at its core, our strategic direction is the right one. We have a unique opportunity to benefit from structural demographic and workplace behaviour shifts and the UK regulatory changes to encourage greater saving and investment. However, the world has changed since we set out the strategy in February 2022, with a fundamentally different macro-economic and geopolitical environment. We have also learnt lessons from the execution of the strategy since then. Coming in as a new CEO with the teams 18 months into delivery, now is a good time to take stock, keep what works and learn from areas where we can do even better. We will refocus and refine our approach, where needed, to ensure we still have our strategic initiatives in the right order and our resources focused on the right areas to maximise value to clients, colleagues, and shareholders. Work will also continue to develop and mature our control environment to ensure we're managing all our processes and controls efficiently and effectively as we scale further.

Initial priorities

Being only a few weeks in to my new role I am very much in listening mode, speaking with our clients, shareholders and colleagues to understand their views and insights. Based on what I'm hearing from initial discussions and what I know from the time I've spent on the Board, I am focused, in the near-term, on four key areas.

1. Drive client and asset growth – Increase focus on tailored client content and a seamless experience, backed by great service and broad product range.

2. Increase pace – Drive execution pace and agility to continuously deliver additional client value at speed.

3. Save to Grow – Continuously strive to be fitter and leaner as a business, so we can save to invest more for clients.

4. Focus on our people – Make HL great for colleagues and clients – the right culture, with the right people in the right roles, focused on the right things.

I will be providing a more thorough update at the half year results early in 2024. In the meantime, it is important to reflect on the achievements and challenges of the last financial year.

Market backdrop

As the data from our Savings and Resilience Barometer shows, the rising cost-of-living is putting pressure on the UK's financial wellbeing. People have less disposable income, investor confidence is low and the outlook remains uncertain. Markets have been volatile and with interest rates rising, savers have looked to make their cash work harder for them without always wanting to invest.

This has been evident in the strong performance across our Active Savings cash platform, which attracted record new business of £3.2 billion in the year. Conversely, the challenging external conditions and low investor confidence impacted net flows onto the platform and stockbroking volumes, something that has been seen across the sector.

Our focus has remained on supporting our clients and helping them to achieve better financial outcomes during these challenging times including helping them to build their financial awareness and confidence, whilst at the same time continuing to deliver on our strategy.

An example of this would be during the US banking crisis in March this year, which followed the collapse of Silicon Valley Bank. This was a challenging time for many of our clients – insight from our interactions with them told us they had questions around their own investments in the banking sector and that they wanted reassurance of the security of the cash they were holding with UK banks. We acted quickly and wrote two specific articles and sent targeted communications to clients we knew engaged with macroeconomic news. Our articles attracted over 18,000 readers, who spent almost a minute longer on the page than the average of our other news articles, showing how clients value the relevance and timeliness of our research.

FY23 performance

In spite of the challenging backdrop, we have delivered robust financial performance. The value of our proposition attracted £4.8 billion of net new business and a further 67,000 net new clients, taking our total assets under administration and active client numbers to £134.0 billion and 1.8 million respectively.

Our investment in data and technology has helped us to support our clients in the ways that suit them. In FY23, we had 249 million digital visits and mobile engagement remained high – it is clear that more and more of our clients want to manage their accounts on-the-go, and this is steering our "app first" approach to developing our service going forward.

We also continued building out our Better Investors programme in line with the FCA's Consumer Duty regulation. This programme provides personalised content to clients with the aim of helping them and their families achieve good outcomes from their hard-earned savings. Topics include holding an appropriate level of cash, portfolio diversification, the importance of regular investing and the power of compounding. This educational-based content is just one way in which HL fosters long-term client relationships and stable client retention rates, at 92.2% (2022: 92.1%).

The impact of economic and financial challenges has seen the value of cash withdrawals increase this year as families deal with the cost-of-living issues, and this has led to a reduction in our asset retention rate, to 90.4% (2022: 91.8%).

We know our high level of service is a critical part of what our clients value and our Client Service Net Promoter Score fell to 45% (2022: 51%). Despite implementing technology improvements and adding resource to our Service teams, we had a very busy tax year end which meant increased waiting times for client queries and our service levels falling below our expectations. This is an area where we will improve further.

Revenue for the full year was £735.1 million, up 26% on the prior year (2022: £583.0m). We have seen continued base rate increases throughout the year and have passed over 85% of the benefit through to our clients over the last 12 months. Net interest margin has also increased as a result and it is encouraging to see growth across all our key revenue lines in the second half of the year.

We have delivered spend in line with our guidance with underlying costs of £314.6 million (2022: £284.7m). In addition, strategic spend in the year was £51.4 million (2022: £32.9m) of which £36.1 million was expensed and £15.3 million was capitalised.

Underlying Profit Before Tax increased 47% to £438.8 million (2022: £297.5m) and Statutory Profit Before Tax increased by 50% to £402.7 million (2022: £269.2m).

The dividend for the financial year has increased 4.5% to a total dividend of 41.50p for the full year, reflecting this year's positive financial performance.

Strategic delivery

Our focus this year has been on building out our client value proposition, while laying the foundations that will allow us to accelerate our growth and scale efficiency. Progress overall has been slower than we originally anticipated, but we have though made good progress on several initiatives as set out below.

Active Savings – With interest rates continuing to rise and clients looking for an easy way to make their cash work harder, we have expanded our partner banks and building societies to a total of 17, launched a new Cash ISA, and offered market-leading rates for 59% of the year, leading to record net flows of £3.2 billion and a closing AUA of £7.8 billion across more than 175,000 client accounts. Further improvement is needed to accelerate onboarding of banks.

Funds – Our new US and UK Income funds support clients looking to put together their own diversified portfolio, and we launched four managed Portfolio funds which offer greater diversification in a single investment for those who wish to take a more hands-off approach. AUM in these funds now totals £2.2 billion. We remain focused on continuing to improve the performance of our funds and creating more efficiency in the time-to-market of new fund launches. We will launch a new tool that helps less experienced clients and their families choose the right HL account for their situation, and the most suitable investment solutions to meet their needs.

Trading – This year, we relaunched our enhanced online Share Exchange service to help clients make the most of their tax allowances, brought in a new online voting solution, giving more power to retail investors, and reduced the cost of share dealing for almost 500,000 clients by removing the dealing charge for regular investors and those reinvesting dividends.

Investing – We reduced the management charge for the Lifetime ISA and removed charges completely for Junior ISAs, reducing costs and supporting families in saving for the future and creating lifelong, and beyond, relationships by encouraging intergenerational wealth transfer.

Service – As well as making tactical changes, such as reallocating resource across the business to better support clients over the period, we have commenced the roll out a Cloud-based telephony system. This has started to improve the client experience, drive colleague efficiency and improve the quality of data captured to drive even better service and provide client insights into our digital and service roadmaps. As I said, this is a core focus for me.

Cost Savings – We launched Pay by Bank for our clients using Active Savings towards the end of financial year. This not only makes it easier for clients to top up their accounts, but will also generate meaningful cost savings for HL. By year end, the adoption rate was already at 25% and we will be rolling it our across other accounts through the course of this year.

As well as client proposition improvements, we have made progress in building more secure foundations to improve our operational resilience and risk management, whilst continuing to invest in our client facing digital products.

In the year, we continued work and have made progress towards the FCA's 2025 Operational Resilience deadline. The Board approved our annual Operational Resilience Self-Assessment for the year to 31 March 2023, which we evolved from the 2022 assessment to add greater rigour and structure to the process. The Board also attested our compliance with the FCA's Consumer Duty by the end of July. I am pleased to report that our Consumer Duty programme confirmed that our existing embedded focus on good client outcomes has led to no major change requirements across all the FCA prescribed dimensions, with only minor enhancements identified to further support our clients in reaching good outcomes.

I am pleased that our colleague engagement surveys showed some improvement during the year, reflecting both our focus on helping colleagues build their financial resilience and building an inclusive and client focused culture. As ever there is more to do, which is why this is one of my four initial focus areas. We have also made good progress against our Inclusion and Diversity priorities, increasing gender and ethnicity representation across the business through both our new early talent programmes and improved recruitment processes, which have increased senior representation across the board.

On ESG, this year we have continued to strengthen our requirements as part of our Wealth Shortlist research, with all funds included on the shortlist meeting our minimum ESG requirements. We have also launched our new ESG Investment Policy and our Stewardship and Engagement Policy and are reporting on Scope 3 Financed Emissions across the portfolio of HL managed funds.

Finally, work continues to progress development of our enhanced relevance and personalisation engine within the HL digital platform. Sitting under both our digital and human interaction experiences, this engine will ensure clients receive the most relevant information, the best service and a seamless and easy experience, however they chose to engage with us.

Outlook and guidance

The current economic climate is likely to remain much the same for the coming financial year, and so will continue impacting investor confidence. This will provide a continued tailwind for flows into Active Savings but a potential constraint on net new investment flows and dealing volumes, although we will proactively mitigate this by helping all HL clients identify the opportunities that do exist and could be right for them, as we did with gilts. We will also provide tools to help clients efficiently consolidate assets to save them time and help us provide increasingly personalised services, whether they want to interact digitally or speak to an HL colleague directly.

Against this backdrop, we have already started to take initial actions on cost and will continue to carefully manage all operating costs and efficiency improvements whilst balancing with the importance of providing the high level of service and support that our ever-growing client base demands.

In terms of our financial outlook for FY24, Amy Stirling has provided some detailed guidance in her CFO's report.

It has been a busy first few weeks in the new role, and I have thoroughly enjoyed hearing from many of our clients, colleagues and shareholders. I'm looking forward to the coming months as I focus on my initial priority areas of driving growth, increasing pace, identifying opportunities to save to grow and ensuring we have the right people in the right roles and focusing on the right things, so we are truly future fit to deliver for our clients and, in turn, for our shareholders.

Dan Olley
Chief Executive Officer

18 September 2023

A GROWING MARKET OPPORTUNITY AT AN INFLECTION POINT

The UK savings and investment market has seen significant growth over recent years and our addressable market is estimated at £3.1 trillion, which is made up of £1.2 trillion of private wealth plus £1.9 trillion of cash savings.

HL is the UK's largest direct-to-consumer (D2C) savings and investment platform with £134.0 billion AUA. The majority of the addressable private wealth market is held through independent financial advisers, wealth managers and vertically integrated funds, with savings predominantly held by UK high street banks. Despite the recent cost-of-living challenges, the market is set to continue its growth trajectory, underpinned by a range of secular and industry specific trends. HL is well-placed to benefit from these and capture the opportunity by delivering our client and growth-focused strategy.

Secular shifts

Across society there is an increased demand for people to understand and manage their finances and therefore a growing need for simple, trusted and easy-to-use services to support this.

People living longer

There is an estimated £314 billion gap between retirement expectations and the cost of funding such expectations – "The Savings Gap". The level of funding necessary to provide retirement income is increasing, driven by longer life expectancies, less generous company pensions and ambitious retirement expectations.

Changing interest rates

After many years of low interest rates on cash-based products, we have seen significant increases over the last year. Individuals need help to understand how they can best manage both their savings and investments, to ensure they remain on track to meet their goals.

SECULAR SHIFTS

Political and market uncertainty

Political and market uncertainty reinforces the importance of saving and investing, and the need for individuals and families to be financially resilient. This drives engagement as people realise the importance of being financially prepared for the future.

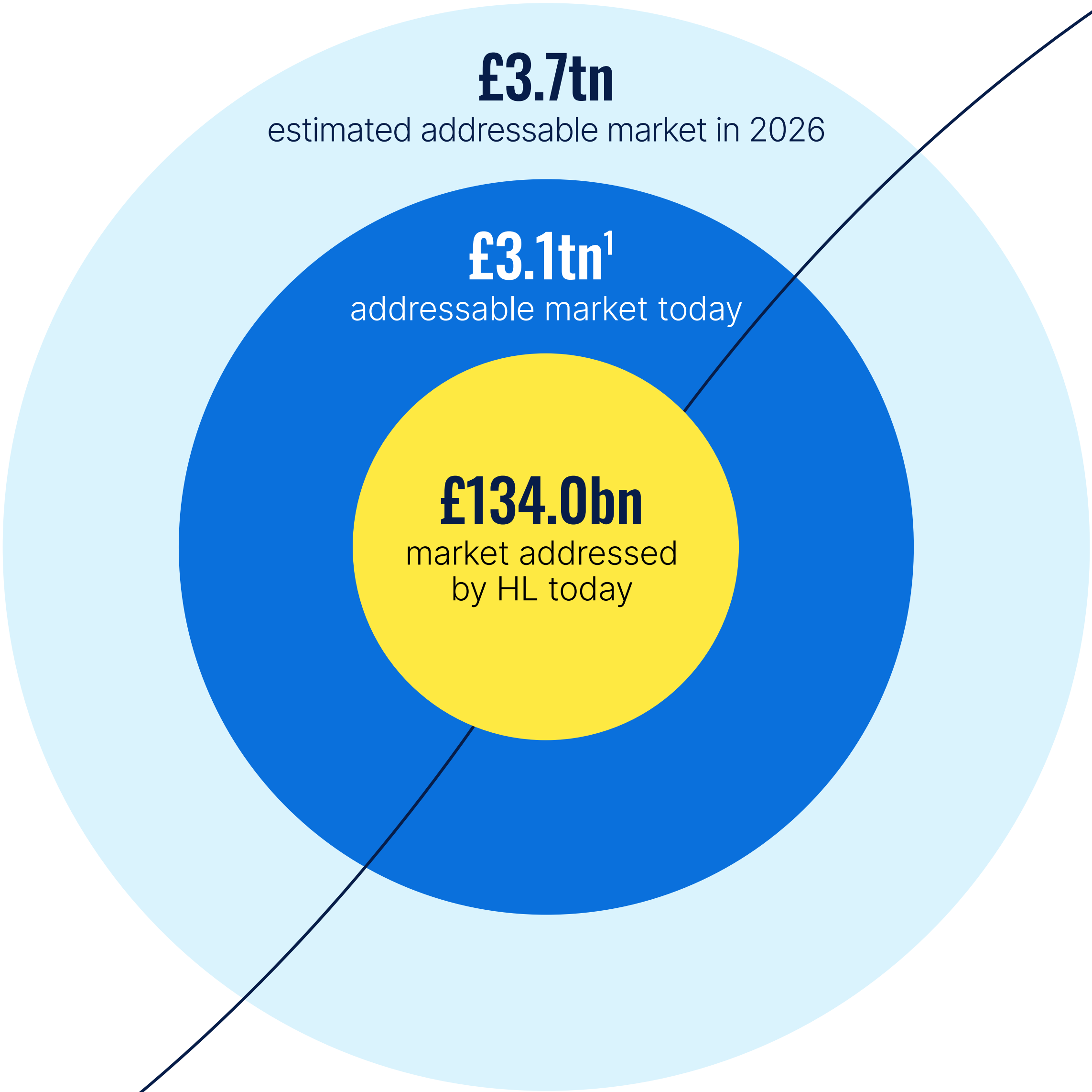
Complex savings environment

Successive UK governments implementing further changes to pension savings, introducing new ISA products, the growing awareness of responsible investing, historically low but rising interest rates and significant cost inflation have made finding the right solution for individuals' investment needs ever more complex.

Individual responsibility

The burden of responsibility for retirement is shifting from government and corporates to the individual. This gap cannot be closed without individuals taking ownership for self-provision or without the use of long-term investments, alongside cash savings. HL and the rest of the UK financial services industry have an important role to play in helping bridge this gap.

MARKET OVERVIEW
CONTINUED



1) Source: BCG Global Wealth Market Sizing 2023

Clients

Clients' expectations of their savings and investment management providers have continued to rise, as people become ever more confident in using personalised digital services and look for the same ease-of-use as they get from companies like Amazon and Netflix.

Regulation

The regulator has a clear focus on client outcomes and the value of long-term investing, as illustrated by the implementation of the Consumer Duty across the industry in 2023. There is an increasing recognition of the importance of empowering more people to save and invest with confidence.

MARKET TRENDS

Incumbent players

The market has become increasingly complex, consumer needs continue to evolve, and much of the industry is failing to keep up. Expensive adviser fees, confusing and jargon-heavy communications, and manual and time-consuming processes mean that, despite an increasingly competitive landscape, there is a gap for a simple, trusted and easy-to-use service to support people in managing their finances.

Technology

Technological capability has moved even further forward – from Cloud computing to the power of artificial intelligence and digital tools. There is an opportunity to better harness these advances and drive the next level of client experience.

CAPTURING THE MARKET OPPORTUNITY

Through our position as the UK's largest savings and investment provider and our deep understanding of clients and their needs, we are confident in our ability to seize the growing market opportunity.

By delivering on our strategic ambition, we will strengthen our digital service, deepen existing relationships, build retention, and grow assets over time.

Broadening our proposition to embrace evolving technology and changing client needs

Over the last 40 years, we have developed the broadest offering in the market, giving clients access to over 14,000 investment options. We offer a diversified service where they can manage their investments and savings in one place and can access the HL platform via our Helpdesk, our website, or our mobile app. The app is increasingly becoming the channel of choice for clients, and in 2023, we saw 877,000 clients access our service through our mobile offering, with our app being rated 4.7 stars on the mobile app store.

BROADENING OUR PROPOSITION TO EMBRACE EVOLVING TECHNOLOGY AND CHANGING CLIENT NEEDS

Broadening our proposition to support our clients reach the right outcomes goes to the heart of our strategy. In 2023, we have seen more clients utilising cash savings in the rising interest rate environment and taking advantage of our Active Savings service which provides access to cash deposits with a range of third-party banks and building societies offering different terms with often market-leading rates. We have continued to enhance the service this year, making payments easier and raising awareness of the leading rates available among clients. We have also built out our HL Fund Management proposition this year, delivering six new funds across sectors that our clients have shown interest in, such as the US.

For more insight on developments in our proposition to meet our clients' changing needs, see Strategy and KPIs on page 22.

Driving innovation into how individuals manage their finances

HL has a history of innovation, being the original D2C platform and an early-mover on key products and services such as the Lifetime ISA, Active Savings cash savings platform, and mobile access. We operate in an increasingly competitive landscape, and recognise that, across the market, there is still more to be done to better enable people to manage their finances. We are focused on innovating to drive improvement.

Enhancing our service to support clients as the market environment changes

Delivering a quality service and putting the client at the centre of what we do is core to HL. This has become more important as people are having to take increased responsibility for their own finances. Our strategy is focused on enhancing our service by enabling better personalisation, more efficient processes and increased insight for our clients.

Continuing to capture the market opportunity

HL has a strong track record of growth and is a leader in terms of market share and the scale of its operations. The progress we have made over the past five years is≈shown in the charts below. The investment we are making will help unlock the wealth of client insight and data we have and will drive our proposition and client experience forward to ensure we continue to win in this growing market.

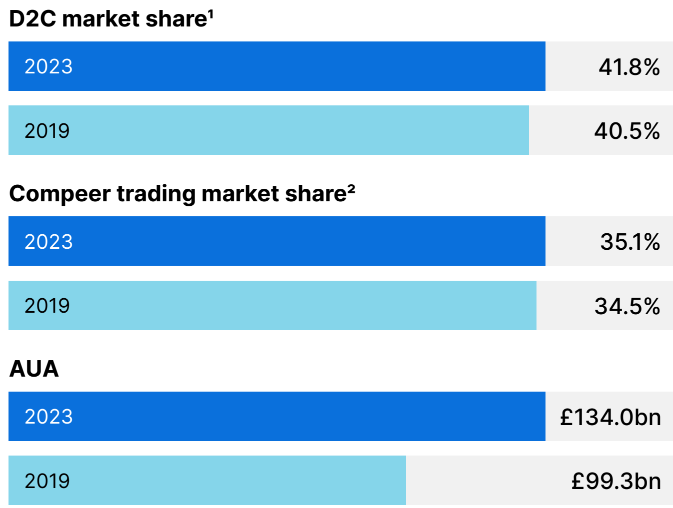
DRIVING INNOVATION TO HELP INDIVIDUALS MANAGE THEIR FINANCES

In 2023, we further developed our proposition and service to support clients – we introduced a Cash ISA through our Active Savings service, delivered six new fund solutions, and improved the way in which equity investors can engage with their shareholding with a new online voting solution. Alongside this, we continued to enhance how we support our clients, delivering almost three million personalised nudges to help people reach better financial outcomes and piloting a new financial coaching service.

ENHANCING OUR SERVICE TO SUPPORT CLIENTS AS THE MARKET ENVIRONMENT CHANGES

Our focus on support has been clear in 2023, enabling us to further build our lifelong relationship with clients and their families, meaning we are well placed to be their trusted partner to support them through future market changes. Our Savings and Resilience Barometer, and the insight it provides, has enabled clients to better understand their resilience versus their peers. Our regular news updates and articles on key market dynamics have provided insight on the external challenging environment, whilst our evergreen 'Learn' content continues to evolve to help those starting out with investing better understand the basics.

CONTINUING TO CAPTURE THE MARKET OPPORTUNITY



1 Source: Platforum Market Update June 2023.
2 Compeer Limited XO Quarterly Benchmarking Report – Q2 2023.

OUR RESILIENT GROWTH CYCLE DRIVES VALUE

The breadth of our proposition and client focus enables us to build long-term relationships, driving growth and sustainable returns for our stakeholders.

Our proposition

We provide an award-winning digital platform, that enables clients to access a broad range of savings and investment products to manage their finances and facilitate their investment goals.

Through the channel of their choice, whether that be self-serve (direct-to-consumer), advice or through their workplace, clients can access a range of products and services that match their needs.

HL Funds

Through our HL Fund Management fund range we manage over £8.7 billion of assets, providing investment solutions for clients across a broad range of sectors and investment needs. This includes a range of Portfolio Funds offering instant diversification, Portfolio Building Blocks which provide greater diversification across different global sectors and our range of Select Equity Funds, which are concentrated portfolios with a high level of transparency and insight.

Active Savings

Our Active Savings deposit service provides a simple, digital solution for managing cash savings across multiple providers.

In the rising interest rate environment, Active Savings has been an important service for both new and existing clients, now holding £7.8 billion of assets.

Investment and Retirement

We offer a range of tax-efficient investment solutions across both ISAs and pensions. Our suite of ISA products includes the Lifetime ISA (LISA) and Junior ISA (JISA) which support clients through different life stages, and our varied retirement proposition features Self Invested Personal Pensions (SIPPs), Income Drawdown and Annuities. These are supported by a number of retirement planning tools.

Trading

Last year clients conducted over 22 million fund and share trades through HL's platform. Trading can be placed on the app, via the website or by phone, and we focus on achieving best execution on prices across a wide range of investments in the UK and abroad. Our clients have access to live prices, a digital voting tool and access to equity primary capital raises. Retail investors play an increasingly important role in capital markets and we continue to build our trading proposition to better enable this.

Powers our distribution engine

We attract clients with our high-quality service and offering, we engage them with our expert-led content and easy-to-use functionality, and we retain them for the long-term by supporting them in driving towards their financial goals.

Attract
Our 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 marketing, service and proposition to ensure we maintain and improve our offering and empower clients to save and invest with confidence.

Engage
Through our high-quality client experience, which is underpinned by our expertise and technology, we engage with clients as they build wealth, becoming their trusted partner and reinforcing our relationship with them.

The happier and more engaged clients are, the greater is the flywheel effect for increased new business flows through transfers of investments held elsewhere onto our platform, new lump sum contributions and regular savings, particularly with regards to the tax allowances within a SIPP and an ISA.

Retain
Retention is key to our ongoing revenue generation, as clients consolidate their wealth with our service and build their assets through time.

Our deep understanding of client needs, combined with our expertise on the wealth management market, enables us to focus our reinvestment and the allocation of resources to improve existing and develop new services, which makes us an ever more integral part of clients' daily financial lives.

Driving strong growth

By attracting, engaging and retaining clients, we grow our AUA which helps drive revenue growth. Our revenues fund the administration of the platform, our client proposition and the investment to build a more operationally-efficient business that can deliver sustainable growth.

Total AUA

£134.0BN

(2022: £123.8BN)

Total active clients

1.8M

(2022: 1.7M)

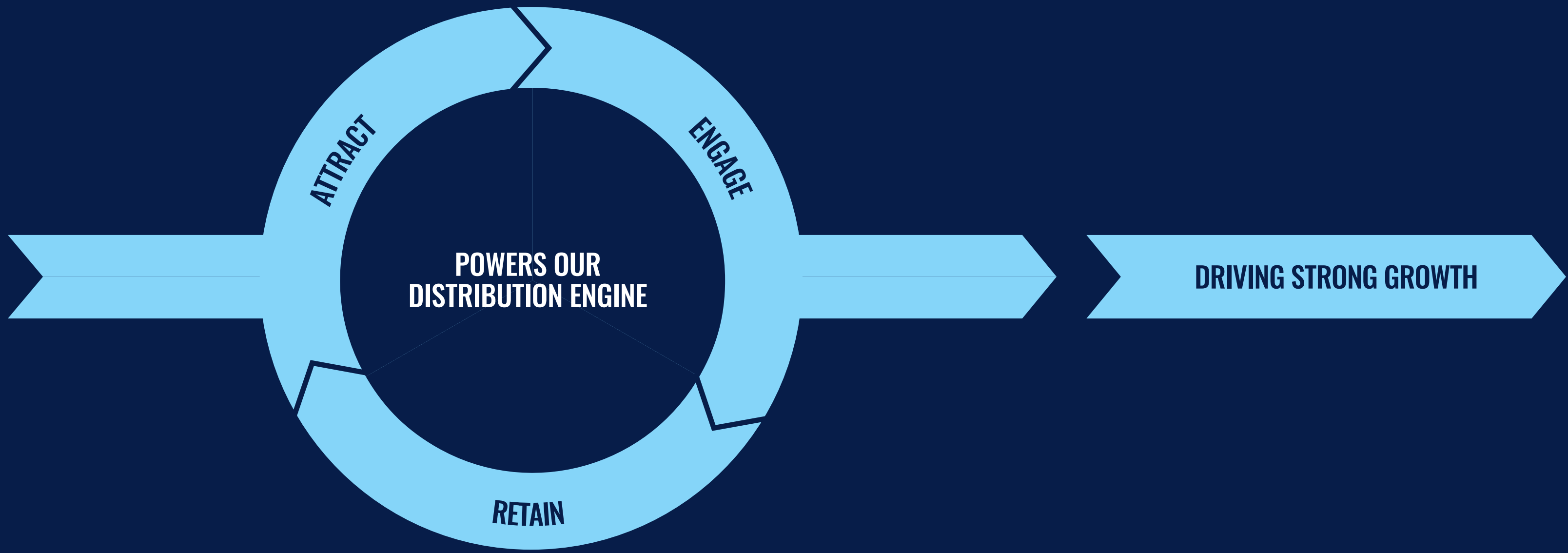
Creating value

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, 83% are ongoing in nature, providing a high degree of profit resilience.

Our diversified revenue streams, scalable growth and effective cost management enables sustainable profits which quickly convert into cash. After ensuring we maintain a surplus of capital over and above our regulatory requirement, being sure we remain able to meet our clients' needs and have invested to support the future growth of the business, we can then pay dividends to our shareholders.

Meeting stakeholder needs
Our investment in the business will enhance our business model and ensure we remain able to meet our clients' needs, further driving our powerful distribution engine and enabling growth.

This will deliver long-term value creation across our broad range of stakeholders, including clients, colleagues, investors and our community.



Detail on how we have addressed these stakeholders in our strategy is on **page 18**

SHAPING OUR STRATEGY TO DELIVER FOR ALL OUR STAKEHOLDERS

The evolution of our strategy has been directly informed by our stakeholders. Regular engagement supports us in understanding their evolving needs, which we then reflect in our decision-making processes and the ongoing delivery of our strategic goals.

Section 172 Statement

You can read about how the Board considers the interests of our stakeholders when complying with its obligations under Section 172 Companies Act 2006 on page 132.

Building a lifelong relationship with our clients

We are a client-focused business, and our strategy is built around empowering clients to save and invest with confidence and delivering the right outcomes as their needs evolve.

In 2023, we continued to enhance and deepen the ways we engage with clients. We conducted extensive user research on our new and existing propositions, undertook surveys after clients used key journeys as part of our service, built our understanding of client needs by learning from their behaviour on our website and app and we continued our regular dialogue through 1.3 million client interactions with our Helpdesk over the period.

The insight this engagement provides shapes our strategic development, focusing our investment on how we can best meet clients' needs. We continue to increase the ease of use of our service, broaden our savings and investment proposition to ensure we have the right products to help clients meet their goals and enhance our support and guidance to build clients' confidence as they manage their finances.

Developing our people

HL benefits from dedicated and talented colleagues, who deliver a high-quality service in line with our values.

As we focus on delivering our strategic goals, engaging with colleagues and making sure we build an inclusive and development-focused culture is more important than ever. Over the year, we refreshed our Colleague Forum to provide more direct feedback to our Leaders on the business and key colleague issues. We also ran multiple colleague surveys, held transformation and leadership deep-dive sessions and continued to enhance our online colleague portal.

Building a better HL for colleagues is key to our strategy and we are focused on how we make HL the best place to work for people at all stages of their careers.

For more insight on the developments we have made for colleagues this year please see the **Responsible employer section on page 40**

Enhancing our partnership with our shareholders

As owners of our company and providers of capital, supportive shareholders are instrumental to our growth.

We value the relationships we have with our shareholders, and engage regularly to understand their thoughts and views on the business and our strategy. We do this through our investor relations programme, which includes regular trading updates, results presentations, management roadshows, investor and analyst meetings and attendance at investor conferences both in the UK and US. The programme covers existing shareholders and potential new investors, and regular reports and feedback are shared with the executive team and the Board on key market issues and concerns.

Issues raised in the year included progress on the strategy and impacts of the challenging market backdrop on the business. These have been addressed in results announcements and presentations. The transition to a new CEO has also been raised and was covered primarily by the Chair on her Governance roadshow.

Our AGM, attended by all members of the Board, also enables shareholders to ask questions and vote on resolutions.

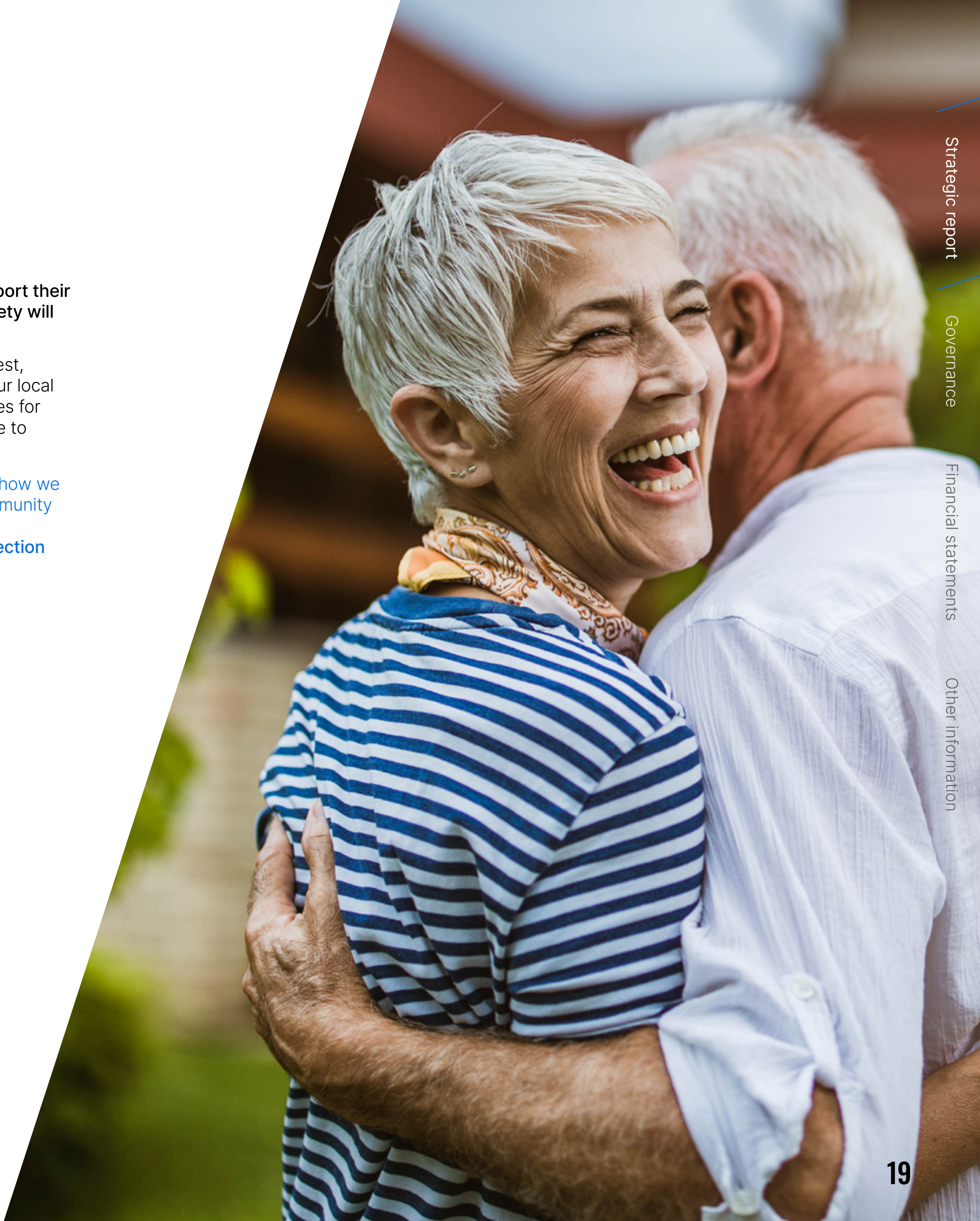
Our strategy was built to enable us to better meet client needs, to ensure we are well placed to continue to build our market share across the wealth management sector, and to reinforce our position as an innovative and leading brand in the UK market. By delivering this, we will enable future growth and ensure sustainable returns in-line with our shareholders' goals.

Partnering with our community

Responsible businesses that support their local communities and wider society will be those that thrive in the future.

As a large business in the Southwest, we are committed to supporting our local community, driving better outcomes for the area, and utilising our expertise to build financial resilience.

For more information on how we have supported our community this year please see the **Responsible Business section on page 37**



DELIVERING OUR STRATEGY TO DRIVE SUSTAINABLE PERFORMANCE

> During the year, we have delivered on our commitment to build out our client proposition.
>
> **Amy Stirling**
> Chief Financial Officer

In 2022, we set out our strategy to transform the savings and investment experience, by delivering personalised services to help clients simply manage their financial health and wealth.

This is an evolution rather than a revolution for HL, and will enable us to take advantage of the structural market tailwinds by developing compelling and easy-to-use services, delivered in a way that is both client-friendly and cost-effective.

Our strategy also enables improvement right across the business, addressing current manual processes and siloed client journeys which currently require manual intervention and multiple hand-offs to complete, along with increased oversight requirements to ensure operational resilience. This currently drives additional cost and slows down our ability to innovate our proposition, including the service and experience we offer to our clients.

Now that we have built out the capabilities necessary to deliver these changes, we now need to focus on executing at pace which is a key priority for us in the coming year.

During the year, we have delivered on our commitment to build out our client proposition, expanding Active Savings, delivering new funds and improving the trading experience. Client engagement through our app continues to increase and we have begun work to make the business “mobile first”, enabling all functionality to be available on our app as well as on our website.

Against this backdrop, we have made good progress across our KPIs, delivering statutory profit before tax of £402.7 million, increasing our client base to over 1.8 million clients and generating £4.8 billion of net new business. We have improved our gender and ethnic minority senior leadership by 4.7% and 3.0% and have continued to mature our risk management approach.

DELIVERING PROGRESS AGAINST OUR STRATEGIC KPIS

Risk maturity

Net new business

Total clients

Underlying cost

Client service NPS

Client retention

Strategic delivery

ESG

Colleague engagement and diversity

Statutory profit before tax

UNDERPINNED BY OUR STRATEGIC PILLARS

Scale the Foundations

Strengthening operational resilience and risk management to ensure resilient client journeys whilst further developing our enabling functions to support growth and new ways of working.

Accelerate Growth via our Integrated Proposition

We are strengthening our core proposition by investing in our Investment Solutions, accelerating our Active Savings service and continuing to deliver a high quality and increasingly personalised client service. These will all help to drive client acquisition, increase ongoing engagement and improve retention rates.

Enable our People, Strengthening our Culture

We are simplifying the organisation to drive faster decision making and clearer accountability. We are also focused on enhancing our colleague value proposition and strengthening our ways of working and culture.

Create a step-change in Client Service and Efficiency

We are using digital technology and data to deliver tailored, seamless client journeys to improve client experience and enhance client outcomes, whilst delivering scalability and cost-efficiency.

Develop our Digital Backbone

By investing in our digital capabilities – from data analytics, to transferring data to the Cloud, and better managing basic end-to-end client journeys – we will be able to continue to take advantage of growth and scale our platform in a more cost-efficient way, reducing our cost to serve and creating operating leverage.

OUR STRATEGY

Transform

the savings and investment experience

Combine

the best of human expertise with digital capability

Deliver

a uniquely personalised service to simply manage your financial health and wealth

1 Accelerate Growth via our Integrated Proposition

We have a broad savings and investment proposition to support our clients throughout their financial lives.

Through our focused investment, we are building out our client proposition, expanding our core offering and building our capability to better support clients across their savings and investment journey, drive client acquisition, increase engagement, improve client retention and deliver net new business.

Progress in 2023

- Launched Active Savings Cash ISA and added new banking partners, now taking the total number to 17 – Active Savings now has £7.8 billion AUA on behalf of 175,000 clients
- Removed the management fee and online dealing charge on Junior ISA accounts, reduced the management fee on the Lifetime ISA, and removed regular savings and income reinvestment charges – these changes are aligned with our efforts to better support families in managing their financial health and wealth
- Delivered six new funds – the HL US Fund, HL UK Income Fund, and four Managed Portfolio Funds – which now have over £2.2 billion in assets under management

Focus for 2024

- Improve the end-to-end transfer journey for clients moving and consolidating their assets to HL with a particular focus on pensions, by enhancing processes and using automation to improve service levels and the client experience
- Expand our roster of partner banks and introduce a broader product set for Active Savings, including a wider range of Easy Access and Fixed Term products available within the Cash ISA wrapper
- Launch a new tool that helps clients choose the right HL account and investment solutions to meet their needs – investment solutions will feature our growing range of ready-made Portfolio Funds, our Portfolio Building Blocks, and funds from the Wealth Shortlist
- Develop functionality of our mobile app, including SIPP account transfers and fund filter tools

KPI: Net New Business

Represents subscriptions, cash receipts, and assets transferred in, less withdrawals and assets transferred out.

Why

Net New Business is an indicator of the trust and security clients place in HL along with the perceived value of the client offering. The greater the assets gathered, the greater the revenue.

Progress for the year

- General market conditions have worsened, impacting investor confidence and leading to subdued platform net new business of £1.6 billion (2022: £4.0bn)
- Weaker stock markets and the rising interest rate environment contributed to a record year for Active Savings, driving £3.2 billion net new business (2022: £1.5bn)
- Our strong proposition continued to be recognised, with HL winning Best Buy ISA, Best Buy LISA and Best Buy Pension at the 2023 Boring Money Awards, as well as Hargreaves Lansdown Advisory Services receiving chartered status from the Chartered Insurance Institute
- Further built our brand awareness, being named in 31st place on the list of the UK's most valuable 75 brands, according to Kantar's BrandZ ranking

Result

£4.8bn (2022: £5.5bn)

Principal Risks

Strategic and operational

KPI: Total Clients

The total number of active clients that are using our service at the end of the year. An active client is one who holds at least one account with a value over £100 at year end.

Why

As we attract, engage and retain a higher volume of clients, we build increased potential for growing future AUA.

Progress for the year

- New client acquisition remained resilient through the challenging external conditions, as we attracted 67,000 net new clients over the period
- We ran our fourth brand awareness campaign and relaunched our Financially Fearless initiative, which focuses on female savers and investors, underpinned by our position as the most recognised direct-to-consumer (D2C) brand
- New clients added across our range of accounts and across all demographic segments

Result

1.80m (2022: 1.74m)

Principal Risks

Strategic and operational

2 Create a step-change in Client Service and Efficiency

We have always been recognised for our high-quality client service and experience – helping and supporting clients to save and invest with confidence.

We have a clear strategy for how we will evolve our service, using digital technology and data to deliver seamless, personalised journeys to improve the client experience and enhance client outcomes whilst delivering scalability and cost-efficiency. We want to make it easy for clients to manage their investments and to provide a service that enables them to do it better and reach their financial goals.

Progress in 2023

- Launched Pay by Bank, our first Open Banking payment journey, on Active Savings, enabling a direct way for clients to pay via their banking app and removing the need for inputting debit card details, improving the client experience and reducing our transactional costs
- Piloted a financial health check and a financial coaching capability, with the learnings from this being carried forward into work to increase the relevance and personalisation of our communications with clients and improve client outcomes in line with the FCA's Consumer Duty
- Delivered proof-of-concept for using Cloud technology to automate elements of our operational processes, creating efficiencies and improving the client and colleague experience
- Improved our trading capability and functionality, including the relaunch of our updated and digitised Share Exchange service (formerly Bed & ISA), bringing in a new online voting functionality, and partnering with RetailBook to enable more clients to access book builds
- New Cloud-based telephony system steers clients to the most suitable agent to reduce internal transfers and offers call backs during peak periods
- Cost savings of £6.6m in FY23, driven through procurement and resource efficiency

Focus for 2024

- Re-establish best service in line with our clients' expectations, with new technology and automation driving efficiencies, improving accuracy, reducing risk and making it easier for colleagues to support our clients, reducing our cost to serve
- Continue roll out of Pay by Bank across other client accounts
- Launch new Client Relationship Management system, with initial focus on Complaints, Estates and Workplace Solutions in FY24
- Invest in technology to support our advisers, aiming to automate parts of processes that are currently manual and allowing us to scale our service in future
- Continue with the next phase of the pilots of a new financial coaching service, which will aim to bridge the gap for clients not wanting full advice but looking for more support than our execution-only service

KPI: Client Service NPS

Our net promoter score (NPS) is based on the average results of client feedback from the monthly Helpdesk client satisfaction surveys in 2023.

We have moved from using Client Satisfaction to Client Service NPS as this metric gives a truer indication of the level of service our clients are receiving.

Why

This provides a measure of our clients' likelihood to recommend our service. A high score demonstrates the positive, long-term relationships we build with our clients and gives an indication of our ability to attract new clients.

Progress for the year

- Our Helpdesk took 1.04 million client calls (2022: 1.27 million) and responded to 300,000 emails (2022: 416,000) – service performed well in the first half but was below our high expectations of best service for our clients in the second half of the year
- HL were one of only ten providers in the ISA/GIA category and one of only three in the SIPP and SSAS category to achieve STAR Gold Accreditation – STAR is the cross-industry initiative which promotes good practice in transfers

Result

45% (2022: 51%)

Principal Risks

Strategic and operational

KPI: Underlying Cost

Based on the underlying operating costs for the year, which excludes strategic investment.

Why

Cost discipline supports the business in effectively scaling as we gain more clients and enables us to invest in future growth.

Progress for the year

- Delivered underlying cost below our guidance of circa 11% cost growth

Result

£314.6m (2022: £284.7m)

Principal Risks

Strategic and Financial

3 Develop our Digital Backbone

As a digital platform, technology enhances the client experience we provide and enables us to optimise our service, enhance our proposition and improve our efficiency.

By investing in our digital capabilities – from improved data analytics to Cloud technology – we will be able to provide an increasingly differentiated client experience, reduce cost to serve and create operating leverage.

Progress in 2023

- Further increased operational resilience and security by strengthening our digital foundations and delivering a new Cloud platform
- Supported Service teams in driving efficiencies by delivering Amazon Connect telephony system, first Robotic Process Automation (RPA) use case, transfers out Cloud solution and Pay by Bank for Active Savings clients
- Preparatory work done to map foundations and build new API layer
- Launched 'Contentful', our new Content Management System, and first version of data platform
- Continued development of mobile app driving engagement and improved client experience – over 81% of digital sessions are now on the app (2022: 79%)

Focus for 2024

- Strategic Cloud migration to AWS and Azure Drive further colleague efficiencies by scaling automation, expanding use of Amazon Connect and moving critical journeys to Salesforce, our new Cloud-based customer relationship management software
- Migrate on-premise products and existing relevancy and personalisation engine to the Cloud to enable real-time personalisation
- Continue to enhance the digital client experience, focusing on end-to-end transfer journeys, ready-made investments and rolling out Pay by Bank across other HL accounts
- Scale relevant and personalised content to deliver greater value for both clients and HL

KPI: Strategic Delivery

Our Strategic Delivery KPI is a qualitative assessment made by the Board on the progress we have made against our strategic priorities.

Why

Delivery of our strategy is critical to ensure we generate sustainable growth into the future.

Progress for the year

- Established new processes for tracking and reporting, issue resolution, communications and engagement regarding the transformation programme
- Delivery against each strategic pillar is set out in this Strategy and KPI section
- Whilst we have delivered on key initiatives during the year, it has taken longer than expected to establish the programme which has led to slower progress than planned

Result

BELOW TARGET
(2022: Not assessed)

Principal Risks

Strategic and operational

KPI: Client Retention

Based on the monthly retained number of clients as a percentage of the month's opening clients, and then averaging for the year. Any client whose account value falls below £100 is deemed to no longer be active and therefore, has been lost.

Why

A high client retention rate demonstrates that clients are happy with the service we provide and that it fulfils their financial needs. The longer a client is with HL, the more assets they are likely to accumulate.

Progress for the year

- Retention rate remains steady as clients continue to see HL as their lifelong partner and consolidate their assets against a challenging market backdrop
- Enhanced our support and guidance, continuing our Better Investors programme which uses data to identify clients who require nudges to drive better behaviours such as moving uninvested cash into Active Savings, piloting new digital tools, and introducing targeted educational initiatives, like Financially Fearless
- 290 million digital client visits and increased mobile engagement with 61.5% of clients digitally active (2022: 58.3%)

Result

92.2% (2022: 92.1%)

Principal Risks

Operational and financial

4 Enable our People Strengthening our Culture

Our people are our biggest asset and are fundamental to delivering our strategy and to the sustainable growth of our business.

As part of our strategy, we have clearly defined how we need to enable our people and strengthen our culture. We need to simplify the organisation to drive faster decision-making and clearer accountability, to enhance our colleague value proposition and strengthen our ways-of-working and culture. We will also build our position as a responsible business, through our Corporate Responsibility Approach as set out on pages 33 to 44.

Progress in 2023

- Improvements made to colleague value proposition, including to parental leave and sick pay provision
- Over 700 of our more junior colleagues received a 7% pay increase in exchange for annual discretionary bonus providing greater certainty over earnings
- Expanded our learning infrastructure with a new partnership with LinkedIn Learning, a new management development programme and a relaunch of our mentoring scheme
- All funds on the Wealth Shortlist now meet minimum ESG requirements
- Relaunched Financially Fearless initiative

Focus for 2024

- Create and embed an improved operating model, with more streamlined and effective processes and decision-making
- Focus on growing talent, reducing the reliance on external hires and tracking progression at an enterprise level, to equip our colleagues to deliver on our strategy
- Complete TCFD reporting for HLFM and continue to evolve the Responsible Investment Hub on our website, expanding the content available which will include educational videos, fund ideas and news

KPI: Colleague Engagement, Inclusion and Diversity

Colleague engagement is a key score from our annual colleague survey, which is based on four core metrics assessing colleague pride, advocacy, motivation to go the extra mile and intent to remain at HL. Our Senior Leadership Gender and Ethnic Minority Diversity scores are based on demographics of our leadership population.

Why

We believe it is important to listen to and understand our colleagues' views and motivations. We also know that building an inclusive culture and a diverse workforce is critical for enabling HL's future success.

Progress for the year

- Colleague survey saw a strong response rate at 80% (2022: 73%)
- Colleague feedback and engagement insight was used to inform decision making around a number of projects, including building out our colleague value proposition and enhancing our reward structure
- Continued to execute our Inclusion and Diversity strategy and reported our Ethnicity Pay Gap and published Minority Ethnic diversity targets for the first time

Result

Colleague Engagement

68% (2022: 64%)

Gender Diversity – Senior Leadership

35.4% (2022: 30.7%)

Ethnic Minority Diversity – Senior Leadership

6.7% (2022: 3.7%)

Principal Risks

Strategic and operational

KPI: Environmental Social Governance (ESG)

For FY23, performance has been assessed against our three TCFD targets which were the primary focus of our ESG work this year. More detail is available in the TCFD section of the report on page 45.

Why

Being a responsible business is a critical part of our underlying strategic focus and an important deliverable as part of our People and Culture Strategic Pillar.

Progress for the year

- Measured and reported Scope 3 Financed Emissions for the first time, with reduction planning now underway.
- Introduced new ESG Investment and Stewardship and Engagement policies
- Launched the Bristol Financial Resilience Action Group, helping employers in the Southwest to better support their employees in building their financial resilience
- Introduced energy saving operational changes, including LED lighting across UK offices and electric vehicle charging

Result

ABOVE TARGET

(2022: Not assessed)

Principal Risks

Strategic, operational, investment and financial

5 Scale the Foundations

A critical element of any successful business is the enabling functions that support the core operational processes and day-to-day operations of the business.

To drive sustainable returns over the long-term, we must ensure we strengthen our operational resilience and risk management, whilst further developing our enabling functions to support growth and new ways of working.

Progress in 2023

- Comprehensive review of strategy, products and services completed ahead of July 2023 Consumer Duty implementation date – this confirmed our embedded focus on good outcomes being delivered for clients, with only minor opportunities for enhancements identified to further support our clients in reaching good outcomes
- Delivered Risk Transformation Programme, including embedding of new risk management tool, and began Discovery phase of Operational Resilience work to comply with FCA requirements

Focus for 2024

- Focus on key cross business initiatives needed to address manual processes, reduce operational risk and improve pace of delivery
- Simplify governance model to embed controls, increase efficiency and release capacity in our enabling functions
- Establish and begin execution of an updated property strategy, addressing our future ways of working and ensuring we continue to support both our colleague value proposition and our ESG ambitions

KPI: Statutory Profit Before Tax

Profit generated by the business over the period. In light of our strategic spend announced in 2023, we are now reporting Profit Before Tax (PBT) in two ways:

- Underlying – measuring the underlying performance of the business excluding strategic spend
- Statutory – measuring the overall business performance, including strategic spending

Underlying PBT is defined in the Glossary of Alternative Financial Performance Measures on page 184.

Why

A scalable platform with strong operational resilience, risk management and enabling functions helps to gather and retain assets and clients, which drives revenues and profits.

Progress for the year

- The diversified nature of our service offering drove performance, with factors including an uplift in net interest margin and more modest share trading in line with expectations.
- Cost discipline in Underlying Costs
- Finance Income generation as a result of balance sheet management

Result

£402.7m (2022: £269.2m)

Principal Risks

Strategic, operational and financial

KPI: Risk Maturity

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

Why

To ensure the business has a culture and process to proactively manage risks in order to safeguard the firm and client assets and maintain high levels of regulatory compliance.

Progress for the year

- Created, assessed and reviewed a quantitative risk maturity measurement process to be introduced in 2024
- Continued to enhance our Risk and Compliance capability to ensure we have right structure and team to provide comprehensive second line expertise, insight and oversight during this period of investment
- Implemented improved risk management systems and enhanced the risk management framework

Result

ON TARGET

(2022: Not assessed)

Principal Risks

Strategic, operational and financial

INVESTING FOR FUTURE GROWTH

Strategic investment programme underway to deliver operational efficiency and growth potential

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

	Year ended 30 June 2023 £bn	Year ended 30 June 2022 £bn
Opening AUA	**123.8**	135.5
Platform growth*	2.3	4.3
Net movement to Active Savings*	(0.7)	(0.3)
Active Savings growth*	3.2	1.5
Total Net New Business	4.8	5.5
Market growth and other*	5.4	(17.2)
Closing AUA	**134.0**	123.8

* Platform growth, Movement to Active Savings and Active Savings Growth are alternative performance measures. See the Glossary of Alternative Performance Measures on page 184 for the full definition.

Hargreaves Lansdown provides the leading direct wealth management service in the UK.

The continued strength of our brand and breadth of services available to clients on our platform has seen us grow net new business every quarter this year despite the continued challenging macroeconomic backdrop for our clients.

Total net new business for the year was £4.8 billion (2022: £5.5bn).

Of this figure, platform growth was £2.3 billion (2022: £4.3bn) with £0.7 billion (2022: £0.3bn) of net movement into Active Savings, where we saw a significant increase in flows, contributing £3.2 billion (2022: £1.5bn) of new money to the £4.8 billion total growth.

Total AUA increased by 8% to £134.0 billion at the year end (2022 £123.8bn). This increase was supported by the net new business uplift and £5.4 billion of positive market movement across the year, after the negative market growth experienced in the first half returned to positive in the second half.

AUA for the period of £134.0 billion was 8% above that for the prior year. The increase has occurred across both halves of the year, with the second half of the year providing two thirds of the increase. Market growth and other represents the impact of the underlying market and other retained investment income. In the current period this movement is driven by the changes in the market.

Throughout the year we have maintained our focus on engaging with clients to help them improve their financial engagement and resilience. During this period of low investor confidence, we have supported them in navigating the challenging economic backdrop. We were pleased to see that despite the financial impacts of the cost-of-living challenges, our client retention rate remained consistent at 92.2% (2022: 92.1%).

Asset retention reduced to 90.4% (2022: 91.8%) for the year, as we saw a higher level of cash withdrawals from specific cohorts of clients to help with cost-of-living increases or to fund large expenses and major life events.

We introduced 67,000 net new clients in the year (2022: 92,000), growing our active client base by 4% to 1,804,000.

> “Throughout the year we have maintained our focus on engaging with clients to help them improve their financial engagement and resilience.
>
> **Amy Stirling**
> Chief Financial Officer

An active client is defined as one who holds an account containing £100 or more with us. The average age of new clients remains consistent with recent periods at 36 (2022: 36) and we are encouraged by the quality of clients we are welcoming who brought an average NNB of £19,809, up 27% on last year (2022: £15,565). This was driven by greater numbers of new clients opening Active Savings accounts, which attract a higher opening balance – during the year there were 17,000 new Active Savings accounts (2022: 7,000).

Income Statement

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Revenue	**735.1**	583.0
Operating costs	**(350.7)**	(313.0)
Finance and other income	**19.0**	–
Finance costs	**(0.7)**	(0.8)
Profit before tax	**402.7**	269.2
Tax	**(79.0)**	(53.4)
Profit after tax	**323.7**	215.8
Profit before tax	**402.7**	269.2
Adjusted for:		
– Strategic Investment Costs (including dual running costs)	**36.1**	28.3
Underlying profit before tax*	**438.8**	297.5
Tax on underlying profit*	**(86.1)**	(59.0)
Underlying profit after tax*	**352.7**	238.5

* Underlying profit before tax, Tax on Underlying profit, and Underlying profit after tax for the period exclude strategic investment costs (including dual running costs) of £36.1 million (2022: £28.3m). See the Glossary of Alternative Performance Measures on page 184 for the full definition.

Revenue

Total revenue for the period increased 26% to £735.1 million (2022: £583.0m), with all key revenue lines increasing in the second half of the year driven by a return to growth in all asset classes excluding cash as asset levels benefitted from positive market movements and net new business. Year-on-year revenue growth reflects an improvement to Net Interest Margin following a period of historic low interest rates, and the level of cash held by clients in both their Investment and Savings accounts more than offsetting the impact of lower average asset values and lower stockbroking volumes resulting from negative market movements and low levels of investor confidence.

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

	Year ended 30 June 2023			Year ended 30 June 2022		
	Revenue £m	Average AUA £bn	Revenue margin* bps	Revenue £m	Average AUA £bn	Revenue margin bps
Funds[1]	**236.4**	**60.7**[8]	**39**	254.5	65.3[8]	39
Shares[2]	**147.7**	**48.8**	**30**	194.9	52.3	37
Cash[3]	**268.7**	**14.0**	**192**	50.0	13.6	37
HL Funds[4]	**54.3**	**8.4**[8]	**65**	60.3	8.8[8]	69
Active Savings[5]	**8.7**	**6.4**[6]	**14**	1.8	3.8[6]	5
Other[7]	**19.3**	**–**	**–**	21.5	–	–
Double-count[8]	**–**	**(8.3)**[8]	**–**	–	(8.7)[8]	–
Total	**735.1**	**130.0**[8]	**–**	583.0	135.1[8]	–

* Revenue margin is an alternative performance measure, see the Alternative Performance Measures glossary on page 184 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, distribution of VCTs and HL Currency Services).
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 47% of average AUA for the year and 46% of closing AUA (2022: 47%) reflecting the significant range of investment solutions available to meet a broad range of client needs. Revenue on Funds decreased by 7% to £236.4 million (2022: £254.5m) reflecting the decrease in average AUA, particularly in the first half, with this revenue line returning to growth in the second half of the year. Revenue margin on funds was flat at 39bps.

Funds remain one of our largest sources of revenue, with the margin for this year having remained stable on the prior year.

During the year, decisions have been taken to reduce fees on the Lifetime ISA (LISA), from 45bps at base to 25bps, and remove all fees on Junior ISA accounts. As a result, we expect the fund revenue margin to fall slightly in the next financial year and be in the range of 36.5bps to 38.5bps, driven primarily by the full year impact of the fee cuts made in the Junior ISA and LISA accounts in FY23.

Shares

Revenue on Shares decreased by 24% to £147.7 million (2022: £194.9m) and the revenue margin of 30bps (2022: 37bps) was at the low end of our expected range. This was as a result of a reduction in deal volumes, reflecting comparatively lower investor confidence as clients deal with cost-of-living issues, rising interest rates and market volatility and also the impact of the decline in the value of equities under administration, given the previously mentioned market volatility.

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 35,000 per day. However, total deal volumes, including automated deals such as dividend reinvestment, decreased by 21% to 8.3 million (2022: 10.5m) but were in line with the low end of our expectation of deals per trading day. Dealing peaked in January 2023 at 39,000 deals per trading day, propelled by news of growth in UK, US and European markets. This compared with a low in December of 27,000, given the seasonally quieter Christmas period. Overseas dealing volumes fell slightly and represented 21% of our total client driven deals (2022: 22%).

Client driven trading is higher than levels seen prior to the pandemic and we continue to improve our client experience in relation to share trading, with improvements to best execution on trades and the removal of fees for income reinvestment and regular share savings. As and when investor confidence improves we believe we are well placed to see a return to higher trading volumes. Shares AUA, at the end of the year, was £50.8 billion (2022: £45.9bn).

Revenue guidance on shares for the next financial year is 28bps to 32bps. This incorporates the full year impact of the price changes on the Junior ISA, income reinvestment and regular savings.

Cash

Cash held in Investment accounts plays an important role in clients' portfolio management by providing access to the broad range of products and services available on our platform. We manage this cash according to clear principles which are set out in our Platform Client Fairness Policy. In determining rates, HL considers the client need, characteristics and behaviour by account type and the flexibility or limitations of the account when determining and reviewing the rates paid to clients. For example, we pay higher rates of interest where the accounts have more product restrictions (e.g. the SIPP over an unwrapped account) and where clients will hold higher cash balances (e.g. the Drawdown account). The step up in base rate has increased interest earned on cash and, as a result, we have increased both the amount and the proportion earned by clients during the period. The level of cash held in Investment accounts increased during the period with average cash AUA of £14.0 billion (2022: £13.6bn) which also contributed to the increase in revenue.

The average cash balance represented 10.8% of total average AUA, an increase from 10% in the prior year. However, across the year, cash held in investments accounts has been reducing as clients use existing funds on the platform to invest, and for certain clients we are seeing increased cash withdrawals to fund planned and unplanned needs. Our closing cash AUA at the end of 2023 was £13.1 billion (2022: £15.0bn).

Revenue on cash significantly increased in the year to £268.7 million (2022: £50.0m) reflecting increases in the Bank of England base rate during the period and the level of cash held by clients in investment accounts, partially offset by the pass through rate to clients. Seven rate increases were made during the year, taking the base rate from 125bps in July 2022 to 500bps as at 30 June 2023, compared to the changes in the previous year, which saw five increases taking the rate from 10bps to 125bps as at 30 June 2022.

Over the last twelve months, we have passed over 85% of the benefit of base rate increases to our clients and should we see further increases from here, we would expect to do broadly the same.

As a result, our guidance for net interest margin for the next financial year is 180bps to 200bps.

HL Funds

During the year we have delivered two new Building Block funds (US Fund and UK Income fund) and four new Portfolio funds (Cautious, Balanced, Moderately Adventurous and Adventurous), all of which come with a lower annual management charge than our existing fund offerings. These funds give clients access to key asset classes and are structured via segregated mandates so they can be held directly and also invested into by our flagship HL Managed funds. The sector-focused funds within the existing HL Multi-Manager range will be converted over time, resulting in further efficiencies and reductions in costs for investors.

Despite a very challenging market context for fund flows, across the year we saw net flows into the fund range of £0.3 billion, driven largely by the fund launches. HL Funds' AUM at the end of 2023 was £8.7 billion.

Revenues on HL Funds were down 10.0% to £54.3m (2022: £60.3m). The main driver of this was average funds under management being down 5% versus last year and lower margin, largely as a result of the launch of new, lower cost funds delivered in the year. The margin on HL Funds has reduced to 65bps (2022: 69bps) accordingly.

HL Funds are a key part of our strategy and we continue to launch further funds across FY24, including a Global Corporate Bond fund that launched in July 2023. This will continue to improve the overall proposition and competitiveness of our own investment funds and will continue to bring net inflows. The margin for 2024 is therefore expected to reduce and be in the range of 55bps to 60bps.

Active Savings

Revenue from Active Savings has grown significantly in the year to £8.7 million (2022: £1.8m) driven by the changes in the base rate and the increase in AUA. The average margin throughout the year was 14bps (2022: 5bps).

We have continued with the increased marketing of Active Savings from the end of the last financial year and we have subsequently seen strong flows across the period totalling £3.2 billion (2022: £1.5bn). As at 30 June 2023 the AUA was £7.8 billion (2022: £4.6bn) and over 175,000 clients now have an Active Savings account.

Looking forward, we will continue our focus on growing the Active Savings service through adding additional partner banks and improving functionality, particularly within our app.

Our revenue margin for the next financial year is expected to be in the range of 15bps to 20bps.

Other

Other revenues comprise advisory fees and ancillary services, such as annuity broking and distribution of VCTs. The amount has declined year-on-year, with the largest movements seen in distribution income in respect of third party services, where lower investor confidence for trading services has been partially offset by increased revenues from Annuity arrangement fees, due to the increase in rates available for these products.

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Ongoing revenue	612.6	414.1
Transactional revenue	122.5	168.9
Total revenue	735.1	583.0

The Group's business model offers clients a broad range of asset classes to suit their needs in differing market environments and as such, benefits from a diversified revenue stream. The Group's revenues are largely ongoing in nature, as shown in the table above. The proportion of ongoing revenues has increased to 83% in the period (2022: 71%) as the transactional stockbroking commission decreased versus last year and the net interest income increased significantly as the base rate of interest increased. 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 48% to £612.6 million (2022: £414.1m) driven by improved net interest margin from the higher interest rates earned, which more than offset lower platform fees and management fees from lower average AUA levels.

Transactional revenue primarily comprises stockbroking commission and advisory event-driven fees. This decreased by 27% to £122.5 million (2022: £168.9m) reflecting the 26% decrease in client-driven equity dealing volumes.

Underlying operating costs*

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
	Underlying cost	Underlying cost
People costs*	167.9	144.2
Activity costs*	45.5	50.4
Technology costs*	38.8	28.7
Support costs*	56.3	49.3
Underlying costs (pre-FSCS)	308.5	272.6
Total FSCS levy	6.1	12.1
Underlying operating costs**	314.6	284.7

* Definitions have been amended and are shown in the Glossary of Alternative Financial Performance Measures on page 184. The amendment has been made to align to the way that the Board discusses matters internally.

** Underlying operating costs exclude strategic investment costs (including dual running costs) of £36.1 million (FY22: £28.3m). See the Glossary of Alternative Performance Measures on page 184 for the full definition.

Underlying operating costs

Underlying operating costs increased by 10.5% to £314.6 million (2022: £284.7m) reflecting wage and cost inflation, annualisation of headcount growth, increased technology spend, offset by lower volume driven Activity costs and a reduction in the FSCS levy.

People costs

People costs increased 16% to £167.9 million (2022: £144.2m) as we invested to support our colleagues through the course of the year. Our pay award for the year was an average of 5% and we have made further changes to colleague pay. Given the economic backdrop, we have reset junior colleagues compensation, providing a higher level of guaranteed earnings throughout the year and we have seen additional wage inflation in specific functions, addressing skill scarcity and retention. In addition we made a £1.1m one-off support payment for colleagues to help offset the impact of inflation.

Our headcount remained flat during the first half of the year, with targeted additions made in the second half of the year in our Service and Digital teams to support increased client contact and improving our systems and security respectively.

The impact of the annualisation of 2022 headcount increases was also felt in the year and contributed 3% to the increase in the current year.

Activity

Activity costs comprise marketing costs, dealing-related costs, and payment costs for client cash transferred onto the platform. Overall activity costs have reduced by £4.9 million during the period reflecting the lower dealing volumes, higher payment volumes driven by Active Savings and £5 million cost savings achieved through renegotiation of third-party dealing contracts.

Payment costs have increased in line with the level of cash added to the platform. In Q4, we introduced Pay by Bank capabilities to those clients using Active Savings to make it easier to transfer funds onto the platform whilst significantly reducing the associated transaction cost. We have seen encouraging take up so far and will be rolling out to all clients during next year. Marketing costs, including client acquisition, client engagement and brand awareness, have remained stable year-on-year as we have continued to invest to drive awareness of our breadth of savings and investment solutions, particularly in the run up to tax year end this year.

Technology

Technology costs increased to £38.8 million (2022: £28.7m) driven by software support fees and service subscriptions as we build out our digital capability and transfer our systems to the Cloud, and improving the security of our IT environment. This requires the use of more third-party software, leading to an increase in licence and subscription costs throughout the year.

Support

Support costs, which include legal and professional fees, office running costs, depreciation and amortisation increased to £56.3 million (2022: £49.3m). Including the impact of higher energy costs and a £1.8 million one off increase in the dilapidations provision, office running costs account for £3.5 million of this increase. Insurance costs and professional fees have increased as have travel expenses as staff returned to more normalised working patterns.

The Financial Services Compensation Scheme (FSCS) levy run by the FCA decreased to £6.1 million (2022: £12.1m), due to a scheme surplus from the prior year, which reduced the amount the FCA needed to raise for the current year. The FSCS is the compensation scheme of last resort for customers of authorised financial services firms. At present, we expect that the levy cost next year will return to being in line with the prior year and as a result, expect to see Underlying cost growth of 9% – 11% for the next financial year.

Strategic Investment Costs (including Dual Running Costs)

Total strategic spend in the year was £51.4 million, of which £36.1 million has been expensed and £15.3 million has been capitalised in line with our accounting policy. As the programme scales up in both overall activity and individual project scale, we expect our spend to increase further next year. Spend primarily comprises staff (including contractor) costs and associated professional fees, associated compliance, infrastructure and support costs. With our strategic investment programme now well underway, the strategic investment costs incurred in the period are in addition to the business as usual, or underlying, costs of the business.

We have previously presented strategic investment costs and dual running costs as separate measures for the purpose of reporting our underlying costs. Through review, we determined that the use of a further Alternative Performance Measure provides no additional clarity or insight to readers or users of the financial statements regarding our approach to our Strategic Investment Programme. As such, we have reverted to using strategic investment cost as a single measure.

Profit before tax

During the year, £19.0 million of Finance Income resulted from term deposits of corporate cash being placed at higher interest rates. 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 47% to £438.8 million (2022: £297.5m). On a statutory basis profit before tax increased by 50% to £402.7 million (2022: £269.2m).

Tax

The effective tax rate for the period was 19.7% (2022: 19.9%). This is despite the higher rate of tax in effect from April 2023 and its impact on the Group in the year. This was largely driven by reclaims on our prior year submissions for R&D credits.

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

Earnings per share

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Operating profit	384.4	270.0
Finance and other income	19.0	–
Finance costs	(0.7)	(0.8)
Profit before tax	402.7	269.2
Tax	(79.0)	(53.4)
Profit after tax	323.7	215.8
Underlying profit before tax*	438.8	297.5
Tax on underlying profit*	(86.1)	(59.0)
Underlying profit after tax*	352.7	238.5
Weighted average number of shares for the calculation of diluted EPS	474.6	474.5
Diluted EPS (pence per share)	68.2	45.6
Underlying diluted EPS (pence per share)*	74.3	50.4

* Underlying profit before tax, Tax on underlying profit before tax, Underlying profit after tax and Underlying diluted EPS for the year exclude strategic investment costs (including dual running costs) of £36.1 million (2022: £28.3m). See the Glossary of Alternative Performance Measures on page 184 for the full definitions.

Diluted EPS increased by 50% from 45.6 pence to 68.2 pence, in line with the Group's increase in profits. The Group's basic EPS was 68.3 pence, compared with 45.6 pence in 2022.

Underlying diluted EPS increased by 48% from 50.4 pence to 74.3 pence. (See Glossary of Alternative Performance Measures on page 184 for the full definition). The Group's underlying basic EPS was 74.4 pence, compared with 50.4 pence in 2022.

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 2023 was £503.3 million (2022: £508.0m). Cash generated from operations more than offset the payments of the 2022, final ordinary dividend and the 2023 interim dividend. This includes cash on longer-term deposit and is before funding the 2023 final dividend of £136.6 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 surplus liquidity to allow same day switching between products that have mismatched settlement dates.

Capital

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Shareholder funds	**709.7**	575.1
Less: goodwill, intangibles and other deductions	**(54.7)**	(41.0)
Tangible capital	**655.0**	534.1
Less: provision for dividend	**(136.6)**	(130.2)
Qualifying regulatory capital	**518.4**	403.9
Less: estimated capital requirement	**(248.3)**	(219.1)
Estimated capital surplus	**270.1**	184.8

Total attributable shareholders' equity, as at 30 June 2023, made up of share capital, share premium, retained earnings and other reserves increased to £709.7 million (2022: £575.1m) due to the increased profit in the year. Having made appropriate deductions as shown in the table above, estimated surplus capital amounts to £270 million.

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**.

Dividend

Dividend (pence per share)

	2023	2022
Interim dividend paid	**12.70p**	12.26p
Final dividend declared	**28.80p**	27.44p
Total dividend	**41.50p**	39.70p

The Board has declared an increase in the total ordinary dividend of 4.5% taking the ordinary dividend per share to 41.5 pence (2022: 39.7 pence per share of ordinary dividend). The ordinary dividend is made up of an interim dividend of 12.70 pence per share that was paid on 31 March 2023 (2022: 12.26 pence per share) and a final ordinary dividend of 28.80 pence per share (2022: 27.44 pence per share). Subject to shareholder approval of the final ordinary dividend at the 2023 AGM, the final dividend will be paid on 15 December 2023 to all shareholders on the register at the close of business on 17 November 2023.

In terms of capital allocation, our priority continues to be to ensure our robust financial health, maintaining a meaningful capital surplus over the regulatory minimum. The Board has begun discussion regarding the overall approach to capital allocation acknowledging that we are currently in a period of investment and the importance of shareholder return. As a result and subject to market conditions and the Group's growth, investment and regulatory capital requirements, we expect to continue to grow the ordinary dividend at least 4% in the next financial year.

Amy Stirling
Chief Financial Officer

18 September 2023

CORPORATE RESPONSIBILITY

Our Approach

As a FTSE 100 company trusted with £134 billion on behalf of over 1.8 million clients, we recognise that the way in which we do business will have a significant impact on our clients, our colleagues, the environment and our community.

We strive to integrate social and environmental considerations into our operations with a strong corporate governance underpin, to ensure more sustainable management of our business model and development with a long-term view. This is in addition to the responsibility we have to manage our wider environmental and social footprint. We are committed to aligning to the global goals of the Paris agreement and want to make it easy for all our stakeholders to understand the work we're doing and how we're measuring our performance – this is why we will be reporting in line with the Task Force on Climate-related Financial Disclosures (TCFD).

We are committed to achieving net zero emissions no later than 2050, and in 2023 we continued to develop our approach to this. We refined our commitments in line with our transition pathway, providing more details on Financed Emissions for our Fund Management operations, and built explicit climate change-focused objectives into our business-wide strategic key performance indicators.

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

Aims of our Corporate Responsibility Approach

1

Support our local community and help build financial resilience across the UK.

2

Make HL a great place to work, where colleagues have equal opportunities and can be their true selves.

3

Embed ESG considerations throughout our engagement among our colleagues, clients and wider stakeholders.

4

Strive to align with the goals of the Paris Agreement to limit global warming to 1.5°C and achieve net zero emissions no later than 2050.

5

Embed climate considerations into our investment management and stewardship activities.

We are proud of the progress we have made but are very aware that there is more to do. We have set out our Corporate Responsibility Approach, which breaks down our areas of influence into four categories.

We share certain responsibilities with our peers and other companies of our size and influence – 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 digital wealth management service, we have a responsibility to support our growing client base as a Responsible Savings and Investment Provider and to manage money on behalf of investors as a Responsible Fund Manager.

Our Corporate Responsibility Approach

Responsible savings and investment provider

Our efforts to ensure that we enable clients to get the right outcomes, providing the insight they need to save and invest in line with their values

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Responsible fund manager

Our focus on ensuring that we manage money in a responsible way to ensure sustainable long-term returns for clients and society

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Responsible business

Our actions to support the local community and build financial resilience across our stakeholders

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Responsible employer

Our strategy to make HL the best place to work for our colleagues, ensuring we build an inclusive and diverse culture for all

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RESPONSIBLE SAVINGS AND INVESTMENT PROVIDER

We enable clients to get the right outcomes, providing the insight they need 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**

Client Proposition

We have a broad proposition which supports clients in better managing their financial health and wealth across their lifetime and helps people 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, and our Better Investors programme, which uses the data from our 1.8 million clients and the experience we've gathered over more than 40 years, provided over 3 million tailored emails to clients, educating them and driving positive action on things like diversification and risk.

You can find out more about how we've developed our proposition on pages 22 to 26.

Consumer Duty

At HL, we have always put client outcomes at the heart of what we do, and this year, we have extended this to prepare for the implementation date of the FCA's Consumer Duty. We have undertaken a suitability review of our products and rolled out our readiness plan to ensure colleagues were aware of what was required from them ahead of 31 July 2023.

ESG Analysis and Research

We now have a dedicated ESG Analysis team, within our broader investment research function, who share insight on responsible investing with clients and work with the wider investment team to integrate ESG processes in their analysis.

All our fund and equity research notes now have a dedicated ESG analysis section, to ensure clients are aware of the ESG risks and opportunities that come with their investments. We also regularly include a segment of ESG analysis in HL's fortnightly Switch Your Money On podcast.

We continue to strengthen our ESG requirements as part of our Wealth Shortlist research, for all funds included on the shortlist meeting our minimum ESG requirements, as outlined in our ESG Investment Policy. The insight provided through our Responsible Investment Hub on our website also continues to evolve, including educational videos and content, fund ideas and news and insight.

Financially Fearless

As we develop our content and insight to support a broader audience and make investing accessible to all, we relaunched Financially Fearless, an initiative designed to empower women at every stage of their financial journey, build financial resilience and provide practical paths to financial independence.

We have created a new web section, which features weekly content from our ambassadors, a powerful video and daily updates. We also work alongside our HL Workplace team to increase the reach of the campaign and have run monthly online and in-person events with hundreds of attendees.

Accessibility

HL's goal is to help everyone save and invest with confidence, regardless of their accessibility needs. This year, we took major steps towards making HL accessible for all, including establishing a design system which houses web components and brand guidelines with accessibility built in, reviewed our colour

combinations, changed our font and formed a strategic partnership with an expert third party to help us scale accessibility across the business.

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 scale.

Our security processes are aligned with industry best practice and with ISO 27001 and we conduct regular internal security audits, 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

We manage money in a responsible way to ensure sustainable long-term returns for clients and society.

ESG Investment Policy and Stewardship and Engagement Policy

In 2023, we launched our new ESG Investment Policy and our Stewardship and Engagement Policy. This is a meaningful step in enhancing our responsible processes and controls in our fund management approach.

Our ESG Investment Policy outlines the ESG-integrated criteria within which our fund managers invest. This includes, for the first time, our exclusions screening across HL Select Funds and the segregated mandates through which we manage the HL Multi-Manager and HL Building Block funds. We will not invest in firms associated with controversial weapons, who are a persistent violator of the UN Global Compact, or make more than 20% of their revenue from thermal coal or oil sands. We additionally require groups to be a UNPRI signatory and to have pledged net zero targets for their direct emissions (Scope 1 and Scope 2) or be working towards committing within a two-year period.

We are pleased that most groups we invest with already meet these expectations.

Our Stewardship and Engagement Policy strengthens our approach and practice around engaging with the companies and fund groups we invest with to influence their responsible policies and behaviours to the benefit of long-term investors. The introduction of our dedicated ESG Analysis team this year has enabled us to build out our engagement approach, including joining Climate Action 100. The outputs of our efforts can be found in our Engagement Report published on our website.

Financed Emissions

Another area of focus has been on building our understanding of the Scope 3 financed emissions (category 15) associated with our portfolio of HL funds.

We are reporting on this for the first time this year and we will continue to improve our reporting on this area.

We have begun work to establish our net zero transition plan for our Scope 3 financed emissions, including targets for both 2050 and 2030. The table below outlines two core carbon metrics for our investment portfolio, recommended by the Task Force on Climate related Financial Disclosure (TCFD). While standards are still emerging, we believe investors should consider both metrics for decision-making including the WACI 2023 93.88 (2022: 106.72).

HL Fund Managers TCFD

Next financial year, HL Fund Managers Limited will complete entity level reporting under TCFD, setting out how we take climate-related matters into account in managing and administering investments of behalf of our clients.

		Enterprise Value Calculation		Market Value Calculation	
Core portfolio-level metrics	Unit	**2023**	2022	**2023**	2022
Total carbon emissions	tCO_2e	**416,403.86**	464,763.30	**734,190.53**	767,355.01
Carbon footprint	tCO_2e/\$m invested	**37.77**	49.66	**66.59**	81.99

Note:
When calculating our financed emissions, we use Emission Data (tCO_2e) provided by a third party. These are based on information made available by third parties, subject to continuous change and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-datedness or fitness for a particular purpose. In cases where a company does not report their emissions, an estimation model is used. The data will capture equity securities only, cash and bonds have been excluded for our calculations. We do not consider equities with a nil carbon intensity number for our Market and Enterprise values, we reweight everything to 100% (which equates to a 1.25 gross up) to more accurately calculate the emissions of our managed products.

Definitions
Total carbon emissions are the absolute greenhouse gas (GHG) emissions associated with the portfolio. Scope 1 and Scope 2 GHG emissions are allocated to investors based on an equity ownership approach.
Carbon footprint is the total carbon emissions for the portfolio normalised by the market value of the portfolio.
Weighted average carbon intensity (WACI) is 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).
Market Value calculation values a company based on the value of outstanding shares in the stock market.
Enterprise Value calculation values a company based on both the equity and debt value of a company excluding any cash.

Please visit our website
www.hl.co.uk/funds/responsible-investment

RESPONSIBLE BUSINESS

We support the local community and build financial resilience across our stakeholders.

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 analyses the financial resilience of households across the nation against our 5 To Thrive pillars.

These pillars are:

1. Control your debt
2. Protect you and your family
3. Save a penny for a rainy day
4. Plan for later life
5. Invest to make more of your money

In July, we published our latest half year Barometer report – the outputs of this work allow HL to shine a light on the need for policymakers to think holistically about financial resilience and helps us to better design products for clients.

We also recognise the responsibility we have to support our community, and as a company founded and based in Bristol, we have focused our financial resilience and education initiatives on the City and the Southwest area.

In May, HL launched the Bristol Financial Resilience Action Group, a free initiative bringing together 19 employers with over 25,000 employees from a variety of industries across the city, to provide them with the tools they need to support their employees and work towards making Bristol the most financially resilient city in the UK.

HL Foundation

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

The HL Foundation organises a series of fundraising events to raise money for our Charity of the Year, as voted for each year by colleagues, and supports humanitarian crises, such as the earthquake felt in Turkey and Syria this year.

Alongside colleague fundraising, the HL Foundation receives donations through both HL plc and payroll giving. This resulted in our two 2022 Charities of the Year, 1625 Independent People and Bristol Mind each receiving £90,000.

For 2023, we realigned the Foundation's aims to match HL's wider focus on financial resilience

This resulted in two key focus areas for donations in the year.

1. We have formed a three-year strategic partnership with the Just Finance Foundation (JFF), a national charity working with schools, families and changemakers to build financially resilient communities where everyone has an equal opportunity to thrive.
2. We have aligned our Charity of the Year selection with our aim to build financial resilience, and our colleagues chose FearLess, a charity working to break the cycle of domestic abuse across the Southwest, as our charity to support for 2023.

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 2023, colleagues volunteered over 2,300 hours.

We run several volunteering schemes focused on building social mobility and improving resilience, support local organisations such as Fareshare and the Bristol Sport Foundation, and work with sustainability-focused organisations, like Avon Needs Trees.

More information can be found at **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**

Measuring our emissions

Effectively measuring our annual emissions profile and setting relevant targets is critical to ensuring we are on track to deliver our ESG strategy and that mitigations are effectively in place to manage climate risks.

2023 Performance: We have continued to expand our reporting of carbon emissions, including outlining the Scope 3 financed emissions associated with the investments made by our investment business, HLFM, for the first time.

The Group's Scope 1, Scope 2 and our Scope 3 emissions (Business travel and Employee commuting) for the year to 30 June 2023 are set out in the table below. Scope 1 emissions relate to direct greenhouse gas (GHG) emissions from sources that are owned or controlled by the Group. Scope 2 emissions are GHG emissions associated with the generation of purchased electricity consumed by the Group. This year we are also reporting our Scope 2 emissions on a market basis, alongside the location basis we have used in prior reporting, to highlight the progress we have made in renewably sourcing our electricity in our core offices.

Our Scope 3 emissions include two key operational emissions categories relating to business travel and employee commuting, alongside our financed emissions included in our Responsible Fund Manager section.

We have seen an increase in all areas of business travel and employee commuting as business practise returns to normal after COVID. Although we do not consider our emissions high in this area, we will continue to actively monitor and explore methods to reduce them where possible.

Our employee commuting figure is calculated using Travel West travel to work survey data extrapolated to cover our average FTE. We have restated FY22 using the same approach.

To provide an intensity ratio for our emissions disclosure, we have calculated our greenhouse emissions per employee. The Directors believe that the number of employees is the best indicator for a Group of this size and nature for the purposes of this disclosure. The number of employees used is the average number of full-time equivalent employees over the measurement period. For the year ending 30 June 2023, our emissions per average employee was 0.49 tonnes, down 31% on the prior year (2022: 0.71). The average number of employees for the year was 1,857 (2022: 1,984).

		Tonnes of CO_2e		
Scope	Description	**Current reporting year 2022-2023**	Comparison year 2021-2022	% Change
1	Emissions from gas, refrigerants and owned vehicles	**876.8**	942.1	-7%
2	**Location based** Electricity emissions using geographical locations	**490.4**	476.1	3%
	Market based Electricity emissions using purchased electricity factor	**24.9**	476.1	-95%
	Tonnes of CO_2e per avg full time equivalent employee	**0.49**	0.71	-31%
	Energy used KwH, (market based)	**1,640,741**	3,851,381	-57%
3	Business travel	**148.9**	29.9	398%
	Employee commuting	**512.8**	439.3	17%

Note

In accordance with the GHG protocol guidelines, and in absence of appropriate renewable sourcing in 2021-22 our figures for Scope 2 market-based is equal to our location-based emissions.

Definitions

Under the Greenhouse Gas Protocol, emissions are categorised as:

Scope 1: Direct emissions associated with our offices. Calculated by taking the invoice consumption data (in KwH) from our Gas supplier and refrigerant gas data multiplied by the UK Government GHG conversion factors.

Scope 2: Emissions produced via the electricity we purchase. On a location basis this is calculated by taking the invoice consumption data (in KwH) from our Electricity supplier multiplied by the UK Government GHG conversion factors. On a market basis we discount electricity used that we have Renewable Energy Guarantees of Origin (REGO) certificates to confirm the supply is renewably sourced. This is currently the case for our two main UK sites.

Scope 3: Emissions produced indirectly in our value chain. We currently report three categories of Scope 3 emissions: business travel (category 6), employee commuting (category 7) and financed emissions (category 15). Business travel is calculated by taking colleague expense claim data multiplied by emission factor data. Employee commuting is calculated using Travel West 'travel to work survey data' and average distances travelled, multiplied by emission factor data. The percentage of colleagues working from home is also factored in.

Market based emissions reflect the emissions from the electricity that companies have chosen to purchase, often through contracts or instruments like Renewable Energy Certificates (RECs)12345.

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 2023 was £94.6 million (2022: £61.6m). 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**

Human Rights and Modern Slavery

We are committed to being a responsible business and upholding Human Rights. Our Human Rights Policy, which we updated and published on our website in 2023, 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 is shared with 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.

Please visit our website – **www.hl.co.uk/corporate-social-responsibility/our-policies**

RESPONSIBLE EMPLOYER

We make HL the best place to work for our colleagues, ensuring we build an inclusive and diverse culture for all.

We want our colleagues to have meaningful and rewarding careers and make HL a great place to work, develop and fulfil career potential.

This starts with supporting our colleagues with their financial resilience, as we do for our clients and community – this is particularly relevant given the current cost-of-living crisis.

In January this year, we made a standalone support payment to over 1,600 colleagues most impacted by the current external circumstances and reviewed our pay balance resulting in over 700 colleagues receiving a 7% pay increase in exchange for annual discretionary bonus, increasing certainty over their earnings.

We made these changes to our pay balance because of the feedback we received from colleagues. Last year, we relaunched our Colleague Forum to provide another way to offer feedback and have discussions on important topics. Other changes from colleague feedback included updating our family friendly policies and increasing our company sick pay provision to help make sure HL is an inclusive and supportive workplace that can attract and retain the best talent.

Another focus for us was developing our culture that has made us so successful this far. Last year, we launched 'The HL Way' – HL's Code of Conduct – which is approved annually by the Board. HL have always been about driving good client outcomes and this Code was developed with our clients front-and-centre. We enhanced The HL Way further this year to align it to the FCA's Consumer Duty and ensured all colleagues have committed to upholding the standards and expectations through an online learning module.

Our Commitment to Inclusion and Diversity

Inclusion and Diversity is at the heart of The HL Way – having an inclusive culture and a diverse workforce leads to better outcomes for clients, colleagues, our community and our business. It ensures we can attract and harness the talent we need to drive our transformation, deliver for our clients and ensure we have a positive societal impact.

In 2020, we set three Inclusion and Diversity priorities:

1. Increase ethnic minority representation, recognising the need to accelerate progress in this area to better align HL to the local demographic;
2. Maintain our commitment to increase female representation and close the gender pay gap; and
3. Increase the focus on building a culture of inclusion.

This strategy marked a step-change in our commitment to Inclusion and Diversity and supported the delivery of a number of initiatives to drive change.

Having reviewed the progress against our action plan and the outcomes we have delivered over the past three years, we have now broadened our focus and ambitions to agree three new strategic priorities:

1. Deliver on agreed representation targets
2. Broaden our diversity focus to include plans to support:
   - Colleagues with disabilities and chronic conditions
   - LGBTQ+ colleagues
   - Social mobility
   - Colleagues across all age groups
3. Intensify our focus on inclusion as a core expectation of life at HL

We believe in managing our commitment to Inclusion and Diversity in the same way as we approach any other business objective, by ensuring accountability for progress. This is why we have a number of internal and external commitments and targets that are built into our strategic KPIs and Business Performance Metrics.

In 2020, we agreed targets for senior and mid-level female, ethnic minority groups and Black representation to be achieved by December 2025. Progress against these targets is tracked via a quarterly dashboard which is shared with the Executive Committee, 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**

> Our Median Gender Pay Gap has significantly narrowed over time, having moved from 20.4% in 2018 to 13.6% in 2022.

Female representation

We continue to make progress with regard to increasing the proportion of women at HL and aspire to hire more, promote more and lose fewer women. Our specific focus is on increasing the representation of women at mid-level and senior levels, building a sustainable pipeline to create long-term change. Whilst we are currently on track to achieve our targets, there is more to do to ensure continued progress.

Internal commitments

Our 2025 targets for senior and mid-level female representation are 36-40% for both groups. As at 30 June 2023, we are at 35.4% for senior female representation and 35.8% for mid-level female representation, both of which are on track to meet our 2025 target range.

External commitments

We are proud signatories of the Women in Finance Charter where we report annually on progress against our target for senior female representation of 36-40% by 2025. In the HM Treasury Women in Finance Charter Annual Review 2022, we reported 31.6% of senior management roles were held by women. Since reporting, this figure has risen to 35.4% as noted above.

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 2022 submission, reflecting data as at 31 October 2022, we reported that women made up 30.2% of the Executive Committee and its direct reports. As at June 2023, that has increased to 35.6%.

Our 2023 Gender Pay Gap (GPG) report, which shares data from 5 April 2022, shows that we have reduced our Median GPG, Mean Bonus Gap and Median Bonus Gap since the last submission. Our Mean GPG has increased. Our Median GPG has significantly narrowed over time, having moved from 20.4% in 2018 to 13.6% in 2022. The Mean Bonus Gap has reduced by 26.8% since 2018.

These figures reflect the increases in senior female representation, in particular at Board and senior management level. Our focus continues to be ensuring that the gender balance reflected at these levels is replicated deeper in the organisation to drive long-term change.

Ethnic minority representation

Since the launch of our Inclusion and Diversity strategy in 2020, we have focused on increasing the ethnic diversity of our workforce and supporting the progression and development of ethnic minority groups (colleagues from Black, Asian and minority ethnicities).

Internal commitments

We have agreed 2025 targets for senior and mid-level colleagues from ethnic minority groups and also a specific target for Black representation.

- Our target for senior ethnic minority representation is 6-10%. As at 30 June 2023, we are on track at 6.7%.
- Our target for mid-level ethnic minority representation is 8-12%. As at 30 June 2023 we are on track at 10.4%.
- Our target for Black representation is 2-4% across both senior and mid-level colleagues. As of 30 June we are on track for both, at 1.1% for senior Black representation and 1.6% 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**

> This year, we voluntarily published our Ethnicity Pay Gap for the first time – we believe that pay gap transparency helps drive accountability and progress.

External commitments

The Board continues to meet the Parker review recommendation to have at least one Director from an ethnic minority background and we are currently modelling targets to apply to the Executive Committee and their direct reports, as recommended by the review, alongside our senior management ethnic minority target which is already in place.

This year, we voluntarily published our Ethnicity Pay Gap (EPG) for the first time, measuring the difference between ethnic minority (Black, Asian and minority ethnicities) and non-ethnic minority (White) colleagues' earnings. We believe that pay gap transparency helps drive accountability and progress and is aligned to our commitment to the Race at Work Charter. Our initial baseline report shows we have a Median EPG of 21.2% and a Median Ethnicity Bonus Gap of 43.1%, which reflects the higher proportion of colleagues of non-ethnic minority in senior and higher paying roles. In line with the government EPG reporting guidance, published in April 2023, we plan to further disaggregate our data into ethnicity categories next year, adding as much granularity as possible, whilst ensuring colleague privacy. Continuing to deepen our analysis and reporting will help us to identify inequalities and support us to narrow these gaps in the years ahead.

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 scaling up our training and engagement initiatives, so colleagues know what is expected of them and why it is important to HL, and ensuring we have ways to identify any barriers to inclusion.

Our Colleague Networks play a critical role in fostering inclusion and belonging – their purpose is to encourage inclusivity, empower colleagues to use their voice, support network members with signposting and raising 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 600 members across our six Colleague Networks:

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

We also have Mental Health First Aiders, sports groups and community groups, such as Women in Tech (WIT).

Manager training has also been a focus for this year, recognising their importance in making HL an inclusive place to work. A programme of mandatory inclusion training for managers has been launched and is equipping managers with the awareness and skills to build inclusive teams.

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 made significant changes to our Family Friendly policies, including increasing maternity and adoption leave to 26 weeks full pay and paternity leave to 6 weeks, and reviewed our Company Sick Pay provision, increasing this to 26 weeks full pay and putting HL in the upper quartile of the market.

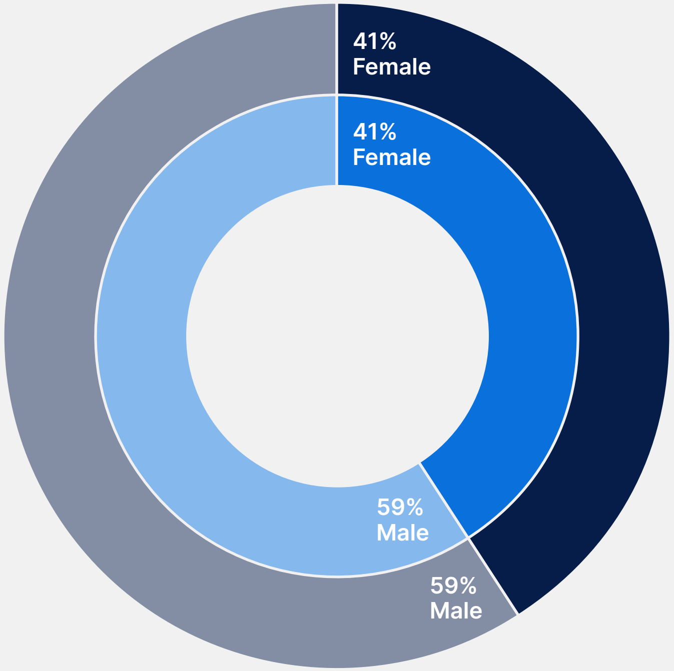
This work is part of our continuous improvement of the colleague experience at HL, aimed at supporting colleagues with their financial resilience and having a positive impact on their wellbeing at work.

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. We have also relaunched our Reverse Mentoring programme to help senior leaders build their understanding of a diverse range of more junior colleagues.

Our Colleague Survey gives a snapshot of colleague sentiment around Inclusion and Diversity, with results of the 2023 survey showing that 85% of colleagues feel positive that HL values and promotes employee diversity.

Our workforce

Total workforce 2023: **2,277**
Total workforce 2022: **2,042**



	As at 30 June 2023			As at 30 June 2022		
	Board of Directors	Other senior management[1]	Total employees (FTE)	Board of Directors	Other senior management[1]	Total employees (FTE)
Female	5 (45%)	16 (28%)	927 (41%)	5 (50%)	13 (28%)	839 (41%)
Male	6 (55%)	41 (72%)	1,350 (59%)	5 (50%)	34 (72%)	1,203 (59%)

1 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 any Non-Executive Directors of the Group's principal operating subsidiaries.

Reward

Key to attracting and retaining the best people is our approach to reward. We use independently benchmarked pay and benefits data to ensure we pay our colleagues fairly for the work they do.

We believe in clear, fair and transparent pay and reward, and our salaries go beyond our legal obligations.

We are proud to be accredited with the Living Wage Foundation and we apply the Real Living Wage to all colleagues, including those on internships, placements or apprenticeships.

It has never been more important to help our colleagues build their financial resilience. Given the challenging external conditions faced in the year from the increased cost of living, we paid a further standalone support payment to over 1,600 colleagues – the second support payment in a 12-month period.

Following significant feedback from colleagues through our Colleague Forum and Listening Sessions, we understand the importance for colleagues, particularly those in more junior roles, to have more certainty over their earnings. As such this year, we increased the salaries of over 700 colleagues by 7% in exchange for annual discretionary bonus. This gives these colleagues certainty of an increased salary each month rather than waiting until the end of the year to see what their bonus might be.

We have simplified our approach to performance and have aligned the performance framework for all colleagues to our strategy. This approach ensures all colleagues are measured against how they have contributed and collaborated to support our strategic common objectives.

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 2023, 41.4% of eligible colleagues are currently participating in one of our existing Share Save 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. This also includes double matching any payroll giving made by our colleagues to the HL Foundation.

Building capability

Fast-paced technology advances have led to significant increases in the need for digital skill sets, with one in eight job roles in financial services now technology-centric.

We also recognise that behaviours remain vitally important for HL to maximise the potential of technology, to deliver sustainable growth through both human and digital skills.

HL's commitment to becoming a learning organisation has led to significant growth of our learning infrastructure this past year:

- Partnership with LinkedIn Learning, providing colleagues with access to a wide range of on-demand learning;
- Launch of HL's new management development programme, strengthening essential skills in managing and leading high-performing teams; and
- Relaunch of an enhanced Mentoring Scheme, enabling sharing of experience and knowledge through relational learning.

We are also strengthening how we track the progression of HL's capability at an enterprise level, ensuring we are shifting the dial and equipping our colleagues to deliver the strategy.

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 grown our programmes to support our strategy.

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

- Our Graduate Schemes, Apprenticeships, industrial placements and work experience weeks;
- Our Strive internship scheme and our commitment to the nationwide 10,000 Black Interns programme; and
- Partnerships with Women's Work Lab and Makers, offering roles to 'graduates' from their programmes.

Colleague engagement and listening

In our most recent colleague survey, 80% of colleagues gave us their view – the highest response rate we've achieved since the pandemic (Nov 2022: 75%).

Our engagement metric improved by four points to 68% favourable (May 2022: 64%). While there is still significant room to improve, this shows real progress. We also continue to have strong scores for the strength of our manager relationships – 78% favourable (May 2023: 77%).

Over the course of the year, we've updated our approach to engaging and communicating with colleagues, focusing on three main audiences key to the success of our organisation – leaders, people managers and colleagues. We tailor our messages and approach for each group.

We have also introduced new channels, such as Transformation Showcase events, to keep colleagues connected to the progress we are making against our strategy. The latest event in June 2023 was watched by over 1,000 colleagues and was rated good or very good by 99% of attendees.

The HL Colleague Forum was relaunched in October 2022 with a focus on being business-led. Colleagues are elected to represent their different business areas and the Forum is chaired by Colleague Representatives. 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.

Although the new Forum is in its infancy, it has already made significant progress and has helped drive meaningful change – the Forum have discussed and provided feedback on changes to our approach to pay for colleagues at more junior role levels, changes to our absence management approach, our colleague survey results and The HL Way.

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

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD Compliance Statement

The Task Force on Climate-related Financial Disclosures (TCFD) seeks to improve and increase the reporting of climate-related financial information. We are pleased to present our latest report, covering HL Plc and its operations, and how consistent we are in aligning ourselves to the recommendations set out in the TCFD framework.

We will continue to develop our reporting year-on-year and intend to enhance the insight we provide across each of the four areas outlined including any recommended sector specific guidance.

Theme	Disclosures	Progress	Status	Pages
Governance	1. Describe the Boards oversight of climate-related risks and opportunities	◆	We have outlined how the Board oversees our ESG strategy and climate-related risks and opportunities alongside details of how this oversight flows through the management level ESG Taskforce.	46
	2. Describe management's role in assessing and managing climate-related risks and opportunities	◆		77 Governance Framework
Strategy	3. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	◇	We have started to consider scenario analysis across three different scenarios (including +2°C or lower) and the climate-related risks and opportunities across different timeframes and impact levels based on this analysis. We are clear on the strategic actions we are taking to address these points but need to continue to evolve this work to provide insight on the quantitative impact alongside the qualitative.	46-49
	4. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	◇		
	5. Describe the resilience of the organisation's strategy, taking into consideration different climate scenarios, including +2°C or lower	◇		
Risk Management	6. Describe the organisation's processes for identifying and addressing climate-related risks	◆	Our process for identifying and assessing climate-related risks is integrated into our Group-wide risk management process outlined in the Risk management section of this report. We continue to evolve how we manage climate-related risks through business-wide co-operation.	50
	7. Describe the organisation's process for managing climate-related risks	◇		
	8. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	◇		
Metrics and Targets	9. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	◆	We have provided our Scope 1 and Scope 2 metrics alongside Scope 3. We have also outlined our progress against targets and updated targets in line with our 2050 net zero ambition. We have more to do to report our entire Scope 3 emissions profile and to set additional short and medium-term targets across our emissions profile to signal our progress towards our 2050 goal.	36 Financed emissions 38 Other emissions
	10. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and related risks	◇		51 Targets
	11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	◇		

◆ = Recommendations we have been able to fully disclose against. ◇ = Recommendations we have made significant progress against, and plan to enhance our disclosure further.

Governance

Our Board of Directors oversee the long-term strategy. This includes ESG, climate change and sustainability.

They analyse progress through bi-annual board papers, regular focused presentations and deep-dive sessions. This covers topics such as the overarching ESG strategy, our approach to risks and opportunities and how these approaches feed into objectives. The Board agrees the corporate objectives and approves initiatives, such as our emissions targets, Director objectives and our supporting Group policies.

The Board delegates some elements of its responsibilities to other committees and groups. The ESG taskforce reports into the Executive Committee and fits into HL's wider governance structure as detailed on page 77 of the Corporate Governance Report.

The ESG Taskforce are responsible for the day to day execution and monitoring of our ESG strategy. This involves ensuring key deliverables are on track, fostering business-wide commitment to our climate goals, and addressing key actions as the regulatory and climate risk landscape evolves.

We continue to evolve and embed our ESG and climate change governance and controls. In 2023, we have further embedded our ESG commitments with our wider business strategy – introducing ESG KPIs to our business-wide performance measures and strengthening alignment with our executive remuneration. For more details on this please see the Directors' Remuneration Report.

Strategy

Delivering our ESG strategy and enhancing our sustainability is a priority for HL, which is embedded across our wider business strategy, investments, and operations. The impact of climate change will affect all of us and across multiple sectors of society and business – therefore addressing this threat is directly aligned with our purpose and our efforts to ensure that people improve their financial health and wealth.

Whilst we are aware that changes required to achieve a low-carbon economy may present some risks, we also believe that there are opportunities for us and our clients during this transition. We are committed to ensuring our business operations are structured to enable us to contribute to a low-carbon economy, as well as providing our clients with access to the relevant tools, information, and research to make informed decisions on where to invest, available on our Responsible Investment Hub.

Scenario Analysis

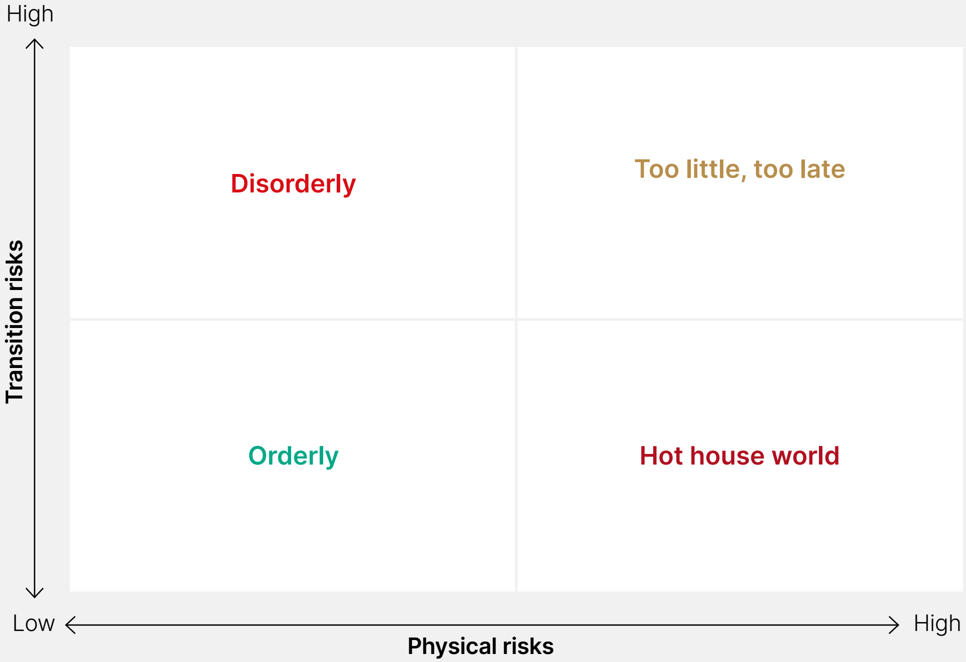
To assess our exposure to climate risks and opportunities across the five key risk areas outlined in the TCFD recommendation, we have started to consider scenario analysis. Scenario analysis is a process for identifying and assessing the potential implications of a range of plausible future states under conditions of uncertainty. We have selected three scenarios based on the established, and broadly used, framework of Network for Greening the Financial System (NGFS). Many central banks, including the Bank of England, carry out assessments based on NGFS scenarios.

We have chosen to model three contrasting scenarios; the first representing a smooth and orderly transition, the second involving a disorderly transition, and a third which incorporates more extreme physical risks due to a lack of climate-related policy:

- 1.4°C: Net Zero 2050 (Orderly)
- 1.6°C: Delayed Transition (Disorderly)
- 3°C+: Current Policies (Hot house world)

We view scenario analysis as an iterative process and will look to progress this assessment in future years, including enhancing our quantitative assessment of the financial impact of scenarios so that it can further inform our strategy and risk assessment.

Modelled Scenarios



1.4°C

Net Zero 2050
Limits global warming to 1.5°C through stringent climate policies and innovation, reaching global net zero CO_2 emissions around 2050.

1.6°C

Delayed Transition
Assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. Negative emissions are limited.

3°C+

Current Policies
Assumes that only currently implemented policies are preserved, leading to high physical risks.

Risks and Opportunities

We have utilised our scenario analysis to provide base states for an assessment of risks and opportunities driven by the changing climate and the associated impact that will result across the world. The risks have been assessed across both velocity timeframe and impact level, and each identified risk is summarised below, including the potential impact of these risks and our strategic mitigations.

Each scenario and our strategic responses to address the risks outlined above also present opportunities for the business. Key opportunities for the business include the following:

- By offering responsible investment solutions we can better meet client needs and drive new business by fulfilling changing consumer demand for these solutions
- We could utilise more resource-efficient technology solutions and practices to both improve our carbon footprint but also reduce operational costs for the business
- As markets evolve to low-carbon focused society and business, by ensuring our investments are aligned with our broader net zero strategy, we have an opportunity for minimised risks and increased returns
- By investing in mitigating climate-based risks which affect our operations, we will improve our resilience which in turn may have financial benefit

If HL successfully identifies and invests in these opportunities, it may also have a positive impact on brand reputation as a sustainable and responsible company, attract new investors and potentially increase market share.

	Risk	Description	Potential impact
Transition	**Reputation**	The potential harm to HL's reputation and brand value that may arise from stakeholders perceiving the company as being unresponsive or insensitive to climate-related risks, failing to align its investments with the transition to a low-carbon economy, lacking transparency about its climate-related risks, or facing legal or regulatory action related to its exposure to climate risks.	• Damaged brand reputation • Loss of client trust through perceived inaction from HL to tackle climate change • Perception HL is unable to cater to and fulfil a shift in client preferences • Reduced demand for products and services from existing and prospective clients • Potential fines, litigation, or financial penalties
Transition	**Market**	Potential financial losses that may arise from exposure to climate-related risks, such as changes in financial markets, market demand, pricing or regulation and the transition to a low-carbon economy.	• Assets with exposure to climate-related risks may be subject to a decrease in value • Reduced investment returns, increased costs and decreased market share, which could negatively impact the platform's financial performance and competitiveness • If HL is unable to effectively manage its exposure to market risks, it may face reputational harm, legal and regulatory penalties and decreased investor confidence
Transition	**Policy and Legal**	The potential financial losses that may arise from changes in climate-related policies or regulations, such as carbon pricing or emissions targets, or legal actions related to climate risks.	• Increased compliance costs, reduced investment returns, reputational harm and potential legal liability • Restrictions and/or amendments to product offerings • If HL fails to properly manage policy and legal risks, it may face legal and regulatory penalties, decreased investor confidence and potential loss of market share
Transition	**Technology**	The potential financial losses that may arise from the failure to adapt to technological changes related to the transition to a low-carbon economy, such as renewable energy technologies or carbon capture and storage.	• Increased operating costs • Decreased revenues • Decreased security valuations
Physical	**Acute**	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
Physical	**Chronic**	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 HL's investments and operations.	• Increased cost to the business due to risk of flooding at our offices or reduced employee productivity

	Risk	Strategic response
Transition	**Reputation**	A robust and transparent climate strategy will help mitigate the reputational impact stemming from climate inaction. This includes ensuring any promotion of funds is accurate and does not lead to claims of greenwashing which would have a negative impact on reputation.
Transition	**Market**	Disruptive policies and the subsequent shift away from fossil fuels poses a risk to client outcomes, for example to meet the 1.5°C target, a phase-down of coal usage will be a key requirement and this in turn could impact companies and investments exposed to coal industries. We mitigate this risk by creating content that educates our clients on the importance of diversifying their investments. Diversification is a key part of building resilience into a portfolio, and we offer clients the opportunity to save and invest in a large selection of assets. We currently have nine funds in the Responsible Investment sector on the Wealth Shortlist and we launched our Responsible Investment Hub to provide clients with the tools and research to invest in line with their preferences. We have also launched, or will be launching, an additional 19 new funds that are ESG integrated. We are aware of the risk of portfolio exposure and risk management, and are exploring tools to help identify our transition risks and to support client decision making. Within our Fund Management business, we utilise our third-party data provider, Sustainalytics, to bolster our understanding of climate risk across our portfolios. Our ESG Investment Policy outlines the requirement for all fund managers we invest with in our solutions to have a net zero target, or to be working towards setting one within a two-year period. Our Stewardship and Engagement Policy outlines our core engagement themes, which include climate change. We are also working with the regulator through various working groups, such as the Investment Association, to push for supportive policy that will enable an orderly transition across the market.
Transition	**Policy and Legal**	We horizon scan for policy and legal risks associated with climate change. We screen regulatory press releases, consultations, and publications to spot potential changes that could impact our operations. Through this process, risks are assessed in terms of impact.
Transition	**Technology**	The risk of energy scarcity is being managed through the transition to Cloud-hosted services, such as Amazon Web Services (AWS). Using the Cloud means fewer servers are needed and less energy used. HL is transitioning to using AWS systems, for which Amazon claims the AWS infrastructure is 3.6 times more energy efficient than the median of the surveyed US enterprise data centres, delivering a 72% reduction in carbon footprint on average. As this transition has been confirmed, HL could expect increased energy efficiency by 2030. Coupled with our investment in Cloud-based services is our exploratory work into how we can deploy artificial intelligence to enhance efficiencies. We're also improving the energy efficiency of our operations through conscious switches, such as our 2022 installation of LED lighting across our offices.
Physical	**Acute** **Chronic**	As part of our business continuity plans, we consider the effects of adverse weather. We have plans and playbooks for incidents such as flooding. These plans also include annual due diligence of our suppliers, including climate-related risks. In terms of flooding, Bristol City Council's flood zone planning encompasses our core Harbourside office, whilst insurance is also in place for further protection. The flexible working practices we have embraced following the pandemic have enabled us to further secure our business continuity with colleagues working in different areas of the country and executing effectively through remote working. Temperature rise is mitigated through the installation of improved cooling systems that reduce the overheating of our core technology systems and server rooms.

Risk Management

Climate change risk forms part of HL's Risk Universe. Each department within the business has responsibility to identify potential climate-related risks and implement mitigating controls. Strategic implementation of climate-related objectives are overseen by the Executive Committee.

Emerging developments of climate related risks are monitored through the Group's Emerging Risk and Horizon Scanning process. The Executive Risk Committee and Board Risk Committee receive quarterly updates on HL's emerging risks and the actions being taken by Accountable Executives.

We continue to focus on strengthening our management of climate-related risks making these considerations a component of our strategic planning process and executed through strategic implementation. HL has assessed the financial impact of the risks and the financial impact is not material. Over future iterations we intend to develop our quantification of these risks and add further analysis to the financial impact.

Progress against targets

Target setting and tracking is a key part of our climate reporting and ensures we are remaining on track for our strategic goals. HL recognises the significance of net zero, transparent disclosures and authentic pledges to allow for a sustainable economy. We are proud to support the transition to carbon neutrality by committing to net zero and publishing our TCFD assessment of climate-related risks and opportunities for our operations. We recognise that the hard work starts here in evolving our business to embed climate-related risk management, and we will continue to refine and expand our disclosures, while focusing on reducing HL's environmental footprint. We have set our net zero target for 2050 and continue to build our transition plan to meet this goal. In order to highlight our progress towards this we have had some historic short-term targets to focus our emission reduction and are now in the process of building out medium-term targets in line with our transition path.

In 2022, we outlined a number of short-term targets and over 2023 we have the following progress against our key targets with outcomes due this year:

Target	Achieved?	Detail
Reduce our Scope 1 and Scope 2 emissions by 15% (relative to baseline year FY18) each year	Yes	We have reduced our combined Scope 1 and Scope 2 (market basis) emissions by more than 15% against our baseline year of 2018.
20% reduction in tonnes of CO_2e for Scope 1 and Scope 2 emissions per average full-time equivalent employee (relative to baseline year FY16) each year	Yes	We have reduced our Scope 1 and Scope 2 emissions and tonnes of CO_2 per average FTE by 31% (market-based), we remain ahead of our target due to the strength of our 2016 baseline. We continue to be committed to reducing our emissions intensity and will do so in line with our updated targets below.
Measure and report Scope 3 financed emissions by 2023	Yes	As outlined, we are reporting our financed emission for the first time this year. We will be reporting all other Scope 3 by 2025.

Looking ahead we are now focused on building out significant medium-term milestones that highlight our progress towards the 2050 net zero target state. As we continue to build our understanding of our Scope 3 emissions profile, our intermediate targets for 2024 and beyond are focused on Scope 1, Scope 2 and Scope 3 business travel and employee commuting reductions.

- We aim to be climate positive in Scope 1, Scope 2 and Scope 3 business travel and employee commuting by 2025. We will go beyond carbon neutral and invest more in carbon offset and reduction projects in line with Our Corporate Responsibility Approach than what is required to neutralise our emissions from these source
- We aim to be net zero in Scope 1 and Scope 2 GHG emissions in our core UK offices by 2030 – marking an important step towards our overall net zero by 2050 goal.
- We continue to aim to be GHG net zero by 2050 across all emissions.

By 2025 we aim to publish our net zero 2050 transition plan and we aim to report our Scope 3 emissions across all relevant categories. In line with this publication and beyond we will outline our medium-term targets towards the 2050 goal across our full emissions profile, including Scope 3 financed emissions.

CORPORATE RESPONSIBILITY

Reporting requirement	Policies and standards which govern our approach	Where you can find out more
Environmental matters	The Responsible Business section of the Corporate Responsibility part of the annual report provides details of our energy consumption and greenhouse gas emissions. Further detail can be found in the TCFD statement, which includes progress against our targets for FY23 and areas of focus for FY24.	Responsible Business section on page 37 TCFD statement on page 45
Employees	We want our colleagues to have meaningful and rewarding careers and make HL a great place to work, develop and fulfil career potential. The Responsible Employer section of the Corporate Responsibility part of the annual report provides detail on how we reward our colleagues and support them with their career development and wellbeing, how we ensure we have the right talent in the business to deliver on our strategy, and our commitment to inclusion and diversity. Further information on our policies to promote diversity and inclusion can be found in the Nomination Committee Report.	Responsible Employer section on page 40 Nomination Committee Report page 120
Social	The Responsible Business section of the Corporate Responsibility part of the annual report details how we support our community and our working on building the UK's financial resilience. You can also read more on how we conduct our tax affairs in a clear, fair and transparent way.	Responsible Business section on page 37
Respect for human rights	We are committed to supporting the rights of individuals and our People policies promote and support the protection of the rights of our colleagues. We have a zero tolerance approach to slavery and human trafficking of any kind within our business operations and supply chain. You can read more on our approach and the policies in place to support it in the Responsible Business section of Corporate Responsibility part of this report.	Responsible Business section on page 39
Anti-corruption and anti-bribery	We have a full suite of policies and procedures in place to guard against financial crime, including bribery and corruption, money laundering and terrorist financing, market abuse and fraud. You can read more about our approach and the policies in place to support it in the Responsible Business section of the Corporate Responsibility part of the annual report.	Responsible Business section on page 39

As a FTSE 100 business, we recognise that the way in which we do business will have a significant impact on our clients, our colleagues, the environment and our community.

We focus on driving high levels of corporate responsibility, governance and sustainability and look to engage with a wide range of stakeholders in order to help create value for all.

This section of the Strategic Report constitutes the Group's Non-Financial and Sustainability Information Statement for the purposes of sections 414CA and 414CB of the Companies Act 2006. The information listed is incorporated by reference.

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

Dan Olley
Chief Executive Officer

Additional information		Page
Description of principal risks and impact of business activity	Principal risks and uncertainties, conduct risk (client outcomes) and operational risk (financial crime)	53
Description of the business model	Business model	16
Non-financial key performance indicators	Strategy and KPIs	22

EVALUATING AND MANAGING RISKS

1. Risk management

We aim for effective and proactive risk management to be integrated into the culture of HL.

The Board has ultimate responsibility for ensuring HL deploys effective risk management. The Board determines and oversees risk appetite including setting and monitoring appropriate tolerance levels within which the business must operate.

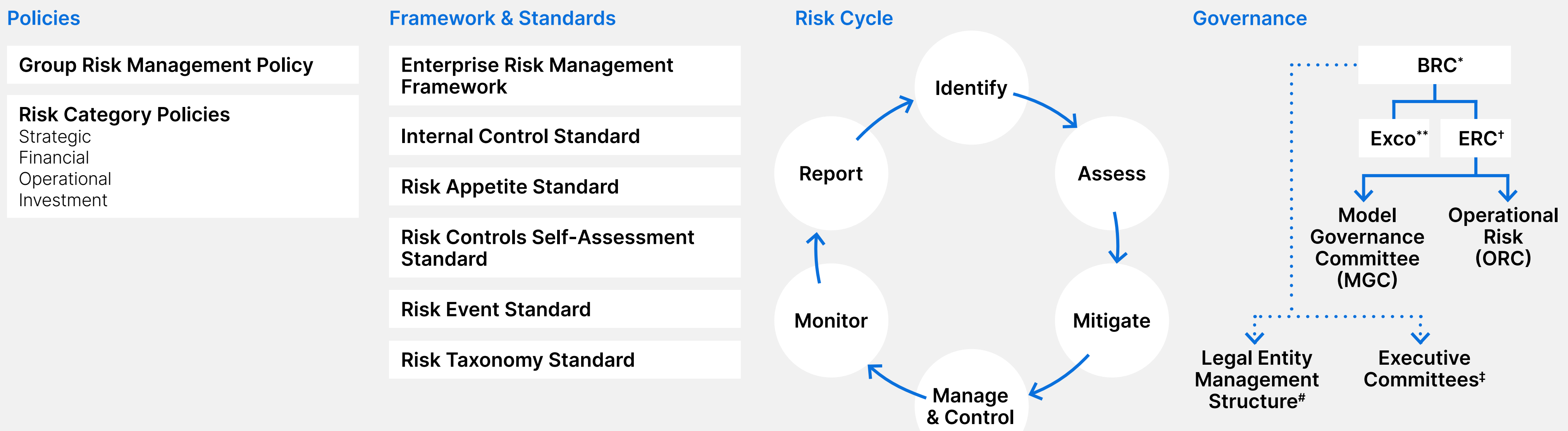
To assist the Board in discharging its responsibilities, we have implemented a comprehensive risk management framework to support identification, mitigation and management of risk exposures which is further described below.

Our Enterprise Risk Management Framework (ERMF) (see figure 1) applies at both Group and Legal entity levels and has been in place throughout the period under review and up to the date of approval of the Report and Financial Statements and is line with the UK Corporate Governance Code.

We regularly review the risk framework, risk capabilities and tools to ensure effective ongoing risk management.

Key enhancements made during the period include the roll-out of a Governance, Risk & Compliance recording & reporting system, establishing the Group's Risk Maturity Model that supports ongoing Risk Management enhancements and continuing the build out of key risk specialisms including Model Risk, ESG and Enterprise Risk team capabilities.

Figure 1: Enterprise Risk Management Model



* plc Board Risk Committee ** Executive Committee † Executive Risk Committee ‡ e.g. Treasury & Product Governance Committee
# e.g. Legal Entity Boards, Operating Committee, Commercial Committee and Business Investment committee

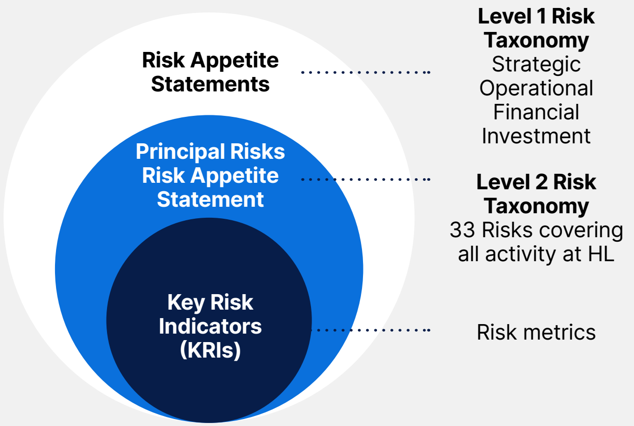
Governance of the Enterprise Risk Management Framework

The Group includes four principal operating legal entities, each of which is supported by a Legal Entity Board. The Legal Entities are supported by three core management committees; Operations Committee, Business Investment Committee and Commercial Committee. The Fund Management business also has a Management Committee. This Legal Entity structure manages risk using the ERMF within agreed risk appetite levels, with escalation on an agreed materiality basis to the Group Executive Committee.

Risk management is acknowledged to be a core responsibility of all colleagues at HL supported by the three lines of defence Risk Management model with ownership for management of risk in the business lines.

Oversight of risk and controls management is provided by Management and Board committees as well as the Group Risk and Compliance functions. The Board is responsible for overseeing the Audit, Risk, Remuneration and Nomination Committees. Risk reporting from both 1st and 2nd lines of defence support these committees in the oversight and management of risk.

Figure 2: Risk Appetite



A risk policy suite is in place aligned to the Risk management framework, with policies reviewed on an annual basis.

Key governance committees relating specifically to the maintenance and oversight of the risk and control environment include the Board, the Board Risk Committee, the Executive Committee and the Executive Risk Committee. The activities of the Board and Executive Committees are detailed in the Corporate Governance report, pages 78 to 79.

Risk Management Framework Components

Risk Taxonomy

We have an agreed and documented risk taxonomy, which sets out the risk categories to which the business is exposed. The risk taxonomy ensures that there is completeness in the capture and management of risks, facilitates effective aggregation of risk across the Group as well as ensuring that there is consistency of treatment across all risk categories.

The broader risk management framework is aligned to this taxonomy which is reviewed regularly and forms a key mechanism to support Management and the Board in the oversight of risk exposures.

Risk appetite

Our risk appetite is an articulation of the nature and level of risk the Group is willing to accept, or wants to avoid, in order to achieve its business objectives and strategy.

The risk appetite statements combine qualitative statements and quantitative measures, or thresholds expressed relative to metrics such as operational performance, capital and liquidity.

Risk appetite and its components are reviewed on at least an annual basis. A particular focus during the period has been the review of associated KRIs linked to corporate strategy.

Risk reporting

The Second Line of Defence provides risk and control reporting to plc committees, Legal Entity Boards and Executive committees which covers trends, the Principal Risk profile, risk appetite, material risk events and emerging risks.

Three Lines of Defence Model

The first line of defence (1LoD) is accountable for understanding all the relevant risks in their area of responsibility, assessing the exposure to these risks and ensuring appropriate risk mitigation strategies are in place. The first line recognises when something has gone wrong, or is going wrong, and reports and manages this through the Loss Event Process. The first line includes everyone in the business, except for those in the second or third lines.

There are a number of specialist dedicated first line control teams, including:

- CASS Oversight team – provides guidance to operational teams on CASS and provides oversight of the CASS control environment.
- Chief Digital & Information Officer and Chief Operating Officer risk and control teams – provide support to 1LoD colleagues
- A dedicated IT Security team, which manages, tests and controls the cyber control environment.
- A specialist data management team which manages, supports and provides guidance on data requirements to colleagues and management teams
- Client Outcome, Conduct Risk and Product Governance teams – to oversee the delivery of positive client outcomes including Consumer Duty, and robust product governance in line with the regulatory rules
- A People, Ethics and Governance team which manages and oversees and reports on the SMCR regime.

The second line of defence (2LoD) is the Risk and Compliance teams. As well as setting company policy on compliance and risk matters, the second line is there to offer advice, guidance, and challenge to the first line, the Executive Committee, and the Board. The third line of defence (3LoD) comprises our internal auditors, who are employed by HL, but report directly to the Board allowing them to be independent.

Internal Capital Adequacy & Risk Assessment (ICARA)

The primary purpose of the ICARA is to ensure that there is 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 (OFR) requirement. The final approval of the HL Annual ICARA was in November 2022. The ICARA is overseen by the Board Risk Committee and is approved by Plc Board.

Viability statement

The Board has considered the principal risks, in arriving at the viability statement below. The principal risks and uncertainties faced by the Group are detailed below. The principal risks are categorised into strategic, operational, financial and investment in accordance with our risk management framework.

Management and the Board regularly discuss emerging risks. Topics discussed during the period included on-going open communications with the regulator, third party services and solutions, operational resiliency, cybercrime, and the Russian Invasion of Ukraine.

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.

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 2026 and 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, cashflows, 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 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 the Group's 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 and inflationary pressures and the impact of these factors on the UK and global economy. Scenarios considered in our approach to assessing the Group's viability include the following factors:

- Client and asset growth and retention
- Impacts of interest rate changes
- Market impacts
- Prolonged business disruption
- Cost inflation
- Operational risk events; and
- Material litigation or regulatory review.

Stress testing and scenario modelling considers impact of events that exhibit significant stresses to determine the robustness of the Group and in all scenarios, including the most extreme, the Directors confirm that the Group remains viable for the next three years.

Examples of stress testing and scenario modelling assessed in the most recent ICARA, approved by the board during FY2023, include but are not limited to:

- Economic downturn and operational event: This particular test assessed the potential impacts of a continued economic downturn combined with a major event. Including an understanding of the impact of increased trading volumes and client attrition over short time frames. This stressed the value of assets under administration, impacting revenue and our required capital, as well as the ability of our systems to maintain performance at significantly higher sustained volumes than normal.
- Targeted Cyber Attacks: Modelled a successful targeted UK based cyber-attack breaching the Group's core IT infrastructure resulting in the theft of confidential client data Stress testing impacts included potential additional costs of temporary staff and consultancy service to provide recovery support, potential client detriment and enhanced information security monitoring.

In all scenarios modelled the Group was considered to maintain adequate capital and suitable levels of liquidity. There would be expected impacts to the Group's revenues and cost base, therefore impacting profitability, but over the same three year period no issues were noted for viability and the Group's risk appetite provides sufficient cover. The two examples noted above include the most extreme stresses and even under these conditions the Board has seen that there is sufficient evidence to support ongoing viability.

These matters and the consideration that 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 support the assertion of continued viability. The Board are confident that the Group remains viable.

2. Principal risks and uncertainties

The Board has carried out an assessment of the emerging risks and principal risks facing the Group, including those that would threaten its business model, future performance, solvency, or liquidity.

In making its assessment, the Board considered the likelihood of each risk materialising in the short and longer term. The Board considered the principal risks in arriving at its viability statement. The principal risks and uncertainties faced by the Group are detailed below. The principal risks are categorised in line with the risk management framework and aligned to the core risk exposures of the Group; strategic, operational, financial and investment risks.

Principal risks reported here are those attracting the greatest focus, and to which the organisation has the largest exposure. The principal risks are linked to risk appetite and KRI measures for reporting

In assessing the 2022-2023 changes, consideration was given to the continuing conflict in Ukraine and the sustained impact on global markets on the Group's inherent risks after considering mitigating actions and controls.

As a result of this, an increasing likelihood has been reported against the performance of markets, people and financial crime principal risks. Operational delivery was considered to be stable after assessing the performance of existing, additional and revised processes and controls.

Management and the Board regularly discuss emerging risks. Topics discussed during the period included third party services and solutions, operational resiliency, cybercrime, continuing market challenges and communications from the regulator.

In assessing all risks, we consider the potential reputational, client, financial impacts of risks materialising as well as the impact of HL achieving its business and strategic objectives. To mitigate potential impacts 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 PR function and Corporate Affairs Group as well as the use of external advisers supporting both the Board and the Executive Committee.

Taxonomy Level 1 Strategic

Taxonomy Level 2 Failure to execute strategic plans

Owner:
Chief Executive Officer

Link to strategy:

Link to HL values:
Put the client first, do the right thing, make it easy, go the extra mile

2022-2023 Change
INCREASED ▲

Risk
The risk that HL does not deliver on the strategy or in the forecasted timescales due to incorrect information or assumptions based on changing market dynamics, inability to react to changes, or that the activities supporting the delivery of the strategy are inadequate or poorly designed.

Potential impact
- Erosion of shareholder value
- Negative impact on our brand and reputation
- Negative impact on client experience and HL's ability to maintain market share

Mitigation and controls
- The Executive Committee and Board review strategy in the context of propositional design and service enhancement on a regular basis
- Oversight and tracking of strategic deliverables at senior level governance forums(i.e. Quarterly Business Review)
- Clear objectives aligned to Executive owners and a supporting operating plan in place

Key risk indicators
- Technology and resiliency risk events
- NNB v forecast
- Client retention
- Service rating

2022/2023 activity
- Commenced execution against three year strategy
- Progressed proposition enhancements including fund develop, active savings capacity and client communication and cash ISA wrapper
- Developed a Digital roadmap, including Cloud deployment and engagement of enhancement telephonic capability

Taxonomy Level 1 Strategic

Taxonomy Level 2 Business Performance

Owner:
Chief Executive Officer

Link to strategy:

Link to HL values:
Put the client first, go the extra mile

2022-2023 Change
STABLE ▶

Risk
The risk that HL does not meet the agreed business performance targets linked to strategy, due to poor delivery, cost management and/or decision making.

Potential impact
- Earning fluctuations
- Blocker to delivery of strategic objectives
- Erosion of shareholder value and/or market share

Mitigation and controls
- Diversified revenue streams balanced between recurring and transaction-based
- Monitoring and maintenance of client service
- Executive and Board Governance
- Robust cost control

Key risk indicators
- Profit Before Tax
- Underlying Costs
- Client metrics (net, new and retention)

2022/2023 activity
- Increased targeted marketing campaigns
- Targeted pricing adjustments
- Prioritisation of internal investment on service, technology & risk
- Executive oversight and development of KPIs

Taxonomy Level 1 Operational

Taxonomy Level 2 Technology

Owner:
Chief Digital & Information Officer

Link to strategy:

Link to HL values:
Do the right thing, make it easy

2022-2023 Change
STABLE ▶

Risk
As HL moves through its transformation, the risk of technology failing to meet current business and future operational requirements or at the pace required to deliver the strategic outcomes, or the risk of system/data being unavailable resulting in disruption to business operations and the potential for customer detriment, financial loss, damage to reputation, regulatory fines and/or censure.

Potential impact
- Inability to maintain operational efficiency
- Failure to deliver against strategy
- Poor client outcomes
- Reputational damage
- Regulatory intervention

Mitigation and controls
- Scalable IT Architecture planning
- Rolling internal and external monitoring of IT environment
- Identification of contingency providers for technology
- IT recovery capability, planning and testing

Key risk indicators
- Unplanned downtime of client facing applications
- Status of critical projects
- Core system monitoring
- System patching status
- Technology risk events

2022/2023 activity
- Formation of new teams to support strategy in tooling and technology enablement
- Leverage Cloud technology to improve transfer out processes
- Broadened our Learning tools and introduced new mentoring and coaching programmes
- Migration of client telephony services to Amazon Connect
- Full End-to-End IT Testing platform
- Platform security improvements
- Launched first Cloud journey, improving our transfers process
- Operational Resilience programme
- Operational Plan, including prioritisation of IT development

Taxonomy Level 1 Operational — Taxonomy Level 2 Administration

Owner:
Chief Operating Officer

Link to strategy:

Link to HL values:
Put the client first, do the right thing, make it easy, do it better

2022-2023 Change
STABLE ▶

Risk
Risk of failure or delay of any of the activities that are carried out in support of the actual process of administration of investing.

Potential impact
- Poor client service & outcome(s)
- Loss of client assets or money
- Reputational damage
- Failure to comply with Consumer Duty
- Regulatory intervention

Mitigation and controls
- Ongoing First Line of Defence monitoring of controls, control management, self assessment and quality assurance
- Process and procedural documents
- Training and development
- Operational MI
- Control focus at key governance forums, including CASS Committee, Executive Risk Committee and Operating Committee oversight

Key risk indicators
- NPS
- Risk events (including CASS breaches) and Compliance breach monitoring
- Third party breaches
- Complaints
- Helpdesk call quality
- Operational processing and transactional error rates

2022/2023 activity
- Focused workforce planning and tool deployment to support service improvements
- Roll out of Amazon Connect telephony capability
- Enhancements to our transfer processes
- Development of digital roadmap to drive further service capability

Taxonomy Level 1 Operational — Taxonomy Level 2 Regulatory Compliance

Owner:
Executive Committee

Link to strategy:

Link to HL values:
Put the client first, do the right thing, make it easy, do it better

2022-2023 Change
STABLE ▶

Risk
Risk that required regulatory change is not implemented to regulatory expectations or requirement and/or existing regulatory requirements are not met.

Potential impact
- Regulatory breaches
- Regulatory intervention
- Reputational damage
- Inability to deliver business strategy or objectives

Mitigation and controls
- Regulatory horizon scanning and business impact analysis
- Compliance monitoring
- Ongoing open dialogue with the FCA
- Executive Risk Committee oversight

Key risk indicators
- Volume of new outputs from regulatory bodies
- Number of regulatory change projects
- Risk Events and Compliance breaches
- Complaints

2022/2023 activity
- Investment into 'Foundation' strategic pillar
- Consumer Duty implementation
- CASS Improvement Plan
- First ICARA under new IFPR rules
- Increased and enhanced Compliance Monitoring capacity

Taxonomy Level 1 Operational

Taxonomy Level 2 Financial Crime

Owner:
Group Chief Risk Officer

Link to strategy:

Link to HL values:
Put the client first, go the extra mile, do the right thing, make it easy, do it better

2022-2023 Change
DECREASED ▼

Risk
Risk that HL fails to design or implement appropriate frameworks, including policies, processes, or technology, to counter HL being used to further financial crime by either internal or external parties

Potential impact
- Loss of sensitive data
- Poor client outcomes (including fraud)
- Negative impact on confidence in HL
- Diminish the integrity of the financial system
- Regulatory intervention

Mitigation and controls
- Dedicated Chief Information Security Officer and team, and a Security Operations Centre focused on the detection, containment and remediation of information security threats
- Dedicated Information Security, Anti Money laundering and Client Protection teams in place
- Specialist AML screening team
- Formal policies and procedures and a robust, rolling risk-based programme of penetration and vulnerability testing in place
- Enhanced Sanction control environment
- Horizon scanning peer group to understand industry trends

Key risk indicators
- Fraud monitoring
- Cyber threat assessment
- Time taken to address security vulnerabilities
- Number of Information Commissioner's Office (ICO) notifiable data protection breaches

2022/2023 activity
- Completion of Financial Crime transformation programme (part 1)
- Increased capability and capacity of Financial Crime teams
- Operational delivery of Client Risk Assessment tool
- Delivery of enhanced client Sanction controls

Taxonomy Level 1 Operational

Taxonomy Level 2 Data Management

Owner:
Chief Digital and Information Officer

Link to strategy:

Link to HL values:
Put the client first, go the extra mile, do the right thing, make it easy, do it better

2022-2023 Change
STABLE ▶

Risk
Risk that HL fails to design or implement appropriate frameworks, including policies, processes, or technology, to manage data and data storage.

Potential impact
- Loss of sensitive data
- Poor client outcomes (including fraud)
- Inefficient processing
- Regulatory intervention

Mitigation and controls
- Dedicated Chief Information Security Officer, Chief Data Officer and Data Protection Officer in place
- Data Governance function
- Robust data access controls
- Data storage standards
- Monitoring of sensitive data usage
- Data Panel

Key risk indicators
- Data related Risk Events
- Data reporting issues
- Data Privacy Impact Assessment completions
- Cyber events
- Fraud events

2022/2023 activity
- New Data Risk Management Policy
- Refresh of the suite of data standards supporting the policy
- Established a cross organisational Data Panel to improve the management and use of data
- Data Management and Information Security programmes

Taxonomy Level 1 Operational

Taxonomy Level 2 Product & Proposition

Owner:
Executive Committee

Link to strategy:

Link to HL values:
Put the client first, go the extra mile, do the right thing, make it easy, do it better

2022-2023 Change
STABLE ▶

Risk
Risk of developing/selling/communicating new products or maintaining existing products that result in poor outcomes for clients.

Potential impact
- Poor client outcomes
- Negative reputational impact
- Regulatory censorship

Mitigation and controls
- Colleague communication and training
- Risk and incident monitoring and review
- Executive Risk Committee and Product Governance Committee oversight
- Corporate and social responsibility programme
- Whistleblowing process
- Fair value assessment
- Robust marketing and financial promotion controls
- Model Risk Management

Key risk indicators
- Client survey results
- Complaints
- Clients cancelling a new product or service

2022/2023 activity
- Delivery against forthcoming Consumer Duty regulations
- Investment in Model Risk capabilities

Taxonomy Level 1 Operational

Taxonomy Level 2 Operational Resilience

Owner:
Chief Operating Officer

Link to strategy:

Link to HL values:
Put the client first, do the right thing, make it easy, do it better

2022-2023 Change
STABLE ▶

Risk
Risk that HL fails to establish robust operational resilience solutions to support positive client outcomes.

Potential impact
- Poor client outcomes
- Policy or regulatory breaches
- Operational inefficiencies or failures
- Reputational damage

Mitigation and controls
- Business Impact Analysis
- Business Continuity Plans
- Disaster Recovery Plans
- Strong Incident Management capability
- Regular incident scenario testing
- Scenario based playbooks
- Vulnerability remediation
- Operating Committee oversight

Key risk indicators
- System downtime
- Process failures
- Crisis management response

2022/2023 activity
- Enhancements to the End-to-End IT testing platform
- Investment in Operational Resiliency tools and processes
- Review and enhancements to crisis management and incident management approaches
- Dedicated Operational Resiliency team and programme

Taxonomy Level 1 Operational

Taxonomy Level 2 Employee Relations

Owner:
Chief People Officer

Link to strategy:

Link to HL values:
Put the client first, do the right thing, make it easy, do it better

2022-2023 Change

STABLE ▶

Risk

The risk that HL does not adapt its employee relation components to meet the changing market environment and the way that HL will operate as it transforms, such as employee attraction, recruitment, onboarding, development, retention as well as employment laws which leads to employee/customer/HL detriment.

Potential impact

- Operational inefficiency or poor conduct
- Poor client outcomes
- Reputational damage

Mitigation and controls

- Effective performance and Talent Management
- Regular review of employee reward offering to ensure competitive reward offering
- Regular staff surveys and employee forums to understand morale
- People agenda monitored at ExCo and Board
- Robust whistleblowing policy and supporting processes

Key risk indicators

- Colleague retention rates
- Colleague absence monitoring
- Gender Pay Gap
- Diversity & Inclusion

2022/2023 activity

- Breathing Space payment for junior colleagues to help with cost of living
- Improvements in 'Health & Wellbeing' support to all colleagues
- People communications through HL Way to support HL Values
- Broadened out our Learning tools
- New mentoring and coaching schemes
- Evolved our Responsible Business Strategy through our ESG Taskforce

Taxonomy Level 1 Operational

Taxonomy Level 2 Change Management

Owner:
Chief Digital and Information Officer

Link to strategy:

Link to HL values:
Put the client first, do the right thing, make it easy, do it better

2022-2023 Change

INCREASED ▲

Risk

The risk that HL change initiatives are not delivered in a timely manner or fail to deliver the required business outcomes; resulting in compromised delivery.

Potential impact

- Operational inefficiency
- Poor client outcomes
- Reputational damage

Mitigation and controls

- Delivery & Change Co-ordination Function
- Change Delivery Framework & controls
- Exco and Business Investment Committee oversight

Key risk indicators

- Change envelopes (financial budgets)
- Delivery plans (milestones)

2022/2023 activity

- Development of Operating plan embedding strategic priorities
- Embedding of Change Delivery Framework and delivery controls and oversight processes
- Change delivery recruitment in 1LoD
- Ongoing Executive and management oversight mechanisms (replacing ABR & QBR bullet)

Taxonomy Level 1 Operational

Taxonomy Level 2 Information Security

Owner:
Chief Digital and Information Officer

Link to strategy:

Link to HL values:
Put the client first, do the right thing, make it easy, do it better

2022-2023 Change

STABLE ▶

Risk

The risk that information security protocols do not keep up with good practices and developments resulting in unauthorised access, security breaches modification or loss resulting in the potential for customer detriment, financial loss, damage to reputation or regulatory fines/censure.

Potential impact

- Service disruption or failure
- Compromise of sensitive and or corporate data
- Negative reputational damage
- Impacted client outcomes
- Regulatory censure / fines

Mitigation and controls

- Dedicated Chief information Security Officer in place
- Organisational remit reporting through SMF24
- Cyber Security Strategy and Plan
- Cyber agenda monitored at Exco and Board
- Secure by Design regime for all change activities
- Cyber Security controls aligned in industry good practice
- Security Testing and assurance regime
- Supply chain security assurance regime
- Cyber vulnerability management, monitoring, incident planning and response
- Scenario testing for Senior Leadership. Formal scenario selection and assessment for ICARA provision

Key risk indicators

- Vulnerability management effectiveness
- Cyber Events
- Cyber Threat assessment
- Third party governance KRIs
- Colleague security awareness and compliance

2022/2023 activity

- Access control developments including privileged access management.
- Platform Security improvements.
- Cyber threat intelligence and Security monitoring improvements
- Endpoint Security Improvements

GOVERNANCE

ROBUST GOVERNANCE SUPPORTING SUCCESS

"Our culture underpins our approach to governance and risk.

Deanna Oppenheimer
Chair

I am pleased to introduce our Corporate Governance Report, which sets out how the Group's governance framework supports and promotes its long-term success, and provides an overview of the activities of the Board and its Committees. 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 on page 65.

Culture

Our culture underpins our approach to governance and risk management. The Board promotes a culture that encourages good governance, effective decision making and appropriate risk management. A key tool for engaging colleagues in this is the HL Way which promotes accountability and clarity on responsibilities. You can find out more information on this on page 40 of the Strategic Report.

Board Changes

Since the last Report, the Board welcomed two new Directors: Darren Pope joined on 1 September 2022 as a new independent Non-Executive Director. Since the year ended on 30 June 2023 the Company was pleased to announce the appointment of Michael Morley 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 which was communicated in October 2022, the Company was pleased to announce the appointment of existing Non-Executive Director Dan Olley to the role of CEO following a comprehensive search process. Chris stepped down as CEO on 7 August 2023 with Dan transitioning to the role on the same day.

These appointments were made by the Board, supported by the Nomination Committee – you can find more information about their appointments, the associated process and the skills and experience these individuals bring to HL in the Nomination Committee Report on pages 120 to 124.

Diversity & Inclusion

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 read more about our approach to building diversity and inclusion across our workforce and the initiatives that support it on pages 40 to 44 of the Strategic Report. Information about the Group's diversity policy for the Board can be found in the Nomination Committee report at page 120 to 124.

As at 30 June 2023 (and at the date of this report), 45% of our Board is made up of women; three of our 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.

Stakeholder engagement and Consumer Duty

We continue to recognise the importance of engaging with and considering the interests of all of our stakeholders in promoting the Group's long-term success:

- Clients are at the heart of our business and HL has always been about helping people achieve good outcomes. As such a key focus of the year has been on preparing for the implementation of the Consumer Duty and we believe our strategy is aligned to the direction set by the FCA. We are fully supportive of the regulator's intentions to drive good outcomes and understand the responsibility we have as the market-leader in our sector.
- We ensure that we regularly engage with and listen to our colleagues through a series of initiatives including our workforce advisory panel, the HL Colleague Forum, regular colleague surveys and a coordinated internal communications programme. Further information can be found on pages 40 to 44 of the Strategic Report.
- We are committed to maintaining strong relationships with our shareholders. We regularly meet with shareholders. Operating under agreed protocols, Adrian Collins was appointed to the Board in November 2020 to act as the representative of one of our founder shareholders.
- We are conscious of our impact on the wider community and take time to ensure that we are considering the environment and supporting to the community we work in. Further information can be found on pages 33 to 51 of the Strategic Report.
- Our relationship with the FCA as our regulator is of fundamental importance to us and we maintain an open, constructive dialogue with them to ensure that we are aware of and meet the standards that they expect.
- You can read more about how the Directors promote the success of the Company in our Section 172 Statement on pages 132 to 135.

Deanna Oppenheimer
Chair

18 September 2023

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. This has been applied by the Company during the period under review. The Board is satisfied that the Company has complied in full with the provisions of the Code throughout the period under review. 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 03-62, 64 and 75
	B. Purpose, values, strategy and culture	Pages 03-62, 64 and 75
	C. Performance measures, risk and controls framework	Pages 22-26, 53-63 and 125-127
	D. Stakeholder engagement	Pages 18-19, 76 and 132-135
	E. Wider workforce	Pages 40-44 and 76
2. Division of responsibilities	F. Leadership of the board	Pages 64 and 75-78
	G. Board composition, roles and effectiveness	Pages 70-75 and 120-124
	H. Directors' responsibilities and time commitment	Pages 71-74
	I. Support information and advice available to the Board	Pages 72 and 74-75
3. Composition, succession and evaluation	J. Board appointments, succession planning and diversity consideration including senior management	Pages 73 and 120-124
	K. Board skills, knowledge and experience	Pages 66-69 and 120-124
	L. Board effectiveness review (annual)	Page 122
4. Audit, risk and internal control	M. Independence and effectiveness of Internal and External Audit functions	Pages 78-84
	N. Fair, balanced and understandable assessment of company's position and prospects	Pages 78, 82 and 136
	O. Risk Management and Internal Control Framework	Page 53-62, 80-84 and 125-127
5. Remuneration	P. Remuneration alignment to strategy, company purpose and values	Pages 85-119
	Q. Executive and senior management remuneration	Pages 85-119
	R. Authorisation of remuneration outcomes	Pages 85-119

BOARD OF DIRECTORS

Chair

Deanna Oppenheimer
Chair and Non-Executive Director

Appointed to the Board
February 2018

Skills, competence and experience
Deanna has extensive board level governance and leadership experience in both public and private financial services businesses having worked in the industry for over 35 years at executive and non-executive level. Her rich executive experience includes, amongst other things, the transformation of the retail banking division at Barclays. As a non-executive director, Deanna formerly served as a director for Tesco plc, Worldpay plc, Whitbread plc, AXA Group, Tesco Bank and NCR Corporation. Deanna is a member of the 30% Club.

Committee membership
Nomination Committee (Chair)
Remuneration Committee

Other current appointments
Director of Thomson Reuters Corporation
Non-Executive Chair of IHG Plc

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 dunnhumby 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

** From 7 August 2023 – Dan took on the role after the end of the reporting period. During the reporting year he was an independent Non-Executive of the Company.

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 Princes Trust and Chief Financial Officer at TalkTalk Telecom Group Plc.

Committee membership
None

Other current appointments
Trustee of HL Foundation

Chris Hill
Chief Executive Officer*

Appointed to the Board
Chief Executive Officer since April 2017 (Chief Financial Officer from February 2016 to September 2016, Deputy Chief Executive Officer from October 2016 to April 2017)

Skills, competence and experience
Chris led the Company since 2017, driving the digital transformation of the Group's business, including the strategy to expand HL's position as the UK's leading digital wealth management platform and ensuring HL is at the heart of creating greater engagement with saving and investing in the UK. Chris came to HL with more than two decades of experience, across a range of business sectors. He was previously Chief Financial Officer at IG Group Holdings plc and Chief Financial Officer at Travelex following a number of finance leadership roles at GE Capital. Chris qualified as a chartered accountant at Arthur Andersen and is an associate member of the Association of Corporate Treasurers.

Committee membership
None

Other current appointments
Member of the FCA Practitioner Panel
Board member of the Investment Association

* Until 7 August 2023 – Chris stepped down after the end of the reporting period.

Non-Executive Directors

Roger Perkin
Independent Non-Executive Director

Appointed to the Board
September 2017

Skills, competence and experience
Roger is a qualified accountant with recent and relevant financial experience and competence in accounting and audit, as well as extensive financial services experience. He is a former partner of Ernst & Young and has previously been a non-executive director at Evolution Group plc, Friends Life Ltd, Nationwide Building Society, Electra Private Equity plc, AIB Group (UK) plc and TPICAP plc. Roger chaired or served on the Audit and Risk Committees of each of these and additionally was Senior Independent Director of Nationwide Building Society.

Committee membership
Audit Committee (Chair); Nomination Committee; Remuneration Committee; Risk Committee

Other current appointments
None

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, he was responsible for the design and implementation of business strategy globally and the oversight of sales and client service activities.

Committee membership
Audit Committee; Remuneration Committee; Risk Committee

Other current appointments
Independent Non-Executive Director of Hargreaves Lansdown Fund Managers Ltd

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 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 committee

Other current appointments
Non-Executive Director and Chair of the Board Risk Committee at Aviva plc; Senior Independent Director of Vanquis Banking Group plc (formerly Provident Financial Group plc)

Non-Executive Directors
continued

Moni Mannings
Independent Non-Executive Director

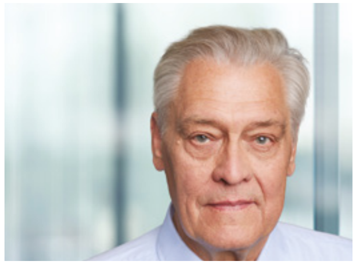
Appointed to the Board
September 2020

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.

Committee membership
Remuneration Committee (Chair);
Nomination Committee; Risk Committee

Other current appointments
Non-Executive Director of easyJet plc
Non-Executive Director and Remuneration Committee Chair of Cazoo Group

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 and as Chairman of CIP Merchant Capital Ltd. 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
Chairman of Logistics Development Group plc (formerly Eddie Stobart Logistics plc)

Penny James
Senior Independent Non-Executive 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 has 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 Committee
Risk Committee

Other current appointments
Co-Chair of the FTSE Women Leaders Review

BOARD OF DIRECTORS
CONTINUED

Non-Executive Directors
continued

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 Chair of the Remuneration Committee at Virgin Money plc, SID and Chair of Audit Committee at Network International Holdings plc and the Non-Executive Chairman of Silicon Valley Bank UK Ltd. Until December 2019 he served as SID and Chair of Audit Committee with Equiniti plc. 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 designate)
Risk Committee

Other current appointments
Non-Executive Director and Remuneration Committee Chair of Virgin Money plc; Senior Independent Director and Chair of Audit Committee of Network International plc; Non-Executive Chairman of HSBC Innovation Bank

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
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; Deputy Chair of Centre for Mental Health

* Michael was appointed to the Board after the end of the reporting period.

General Counsel and Group Company Secretary

Claire Chapman

Appointed
October 2021

Skills, competence and experience
Claire heads up the Legal, Company Secretariat and Corporate Governance functions. She provides expert and strategic legal advice across the range of HL's businesses and activities, with a focus on legal and regulatory risk management, mergers and acquisitions, technology, data and IP, corporate projects, governance and contracts. 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.

Claire qualified as a lawyer at Freshfields Bruckhaus Deringer. She 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
None

FURTHER STRENGTHENING GOVERNANCE FOR THE FUTURE

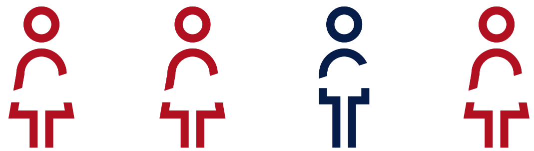
The Board is responsible for promoting the sustainable success of the Group, generating value for the Company's shareholders over the long term, and contributing to wider society by building strong and lasting relationships with its other stakeholders.

Corporate governance headlines at a glance including Board composition data as at 30 June 2023

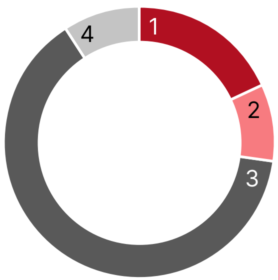
3 out of the 4

senior Board positions are held by women

1 **director is from an ethnic minority background**

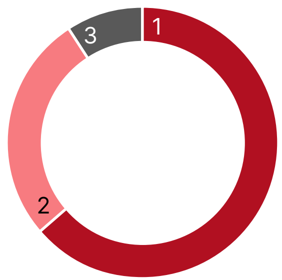


Chair | Senior Independent Director | CEO | CFO



Board independence

1	Executive Director	2
2	Chair (independent upon appointment)	1
3	Independent Non-Executive Director	7
4	Non-Independent Non-Executive Director	1



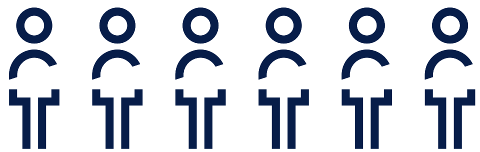
Tenure of Board members

1	0-3 years	7
2	4-6 years	3
3	6+years	1

Board gender balance

45% of Board members are women

Male



Female

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, Deanna Oppenheimer, 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 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 highest 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 2023 this was Chris Hill with Dan Olley taking on 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
- Together 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?

A key, and consistent part of my role is to be available to assist the Chair of HL. This can take a variety of forms but mainly it's to 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 colleagues.

Each year I also lead the other Non-Executive Directors in carrying out Deanna's annual performance review. This includes meeting with the Non-Executive Directors without the Chair and Executive Directors present to collect feedback whilst also monitoring Deanna's performance during the year. I also take note of her relationship with the CEO to ensure it functions well.

As SID, a key responsibility is to lead the process for the selection and appointment of a new Chair and Chair of the Nomination Committee. As Deanna nears the end of her tenure and the successful transition into role of our new CEO I am focused on preparing for her succession at the relevant time and facilitating the Board's evaluation process including taking into account stakeholder views.

Is it a wholly internal role?

The role of the SID is equally an outwards looking one as I am available to shareholders – particularly in circumstances where it would be inappropriate for them to meet with others such as the Chair.

For example this year, I contacted HL's main institutional shareholders to follow up with them following the votes against both the Chair and the Remuneration Committee Chair that were recorded at last year's AGM[1].

Having considered the feedback from that process I, and the whole Board, remain supportive of both the Chair and the Remuneration Committee Chair and I would like to thank all the shareholders that took the time to engage with me and provide feedback.

1 Resolution six (re-election of Deanna Oppenheimer, Non-Executive Director and Chair) and resolution thirteen (re-election of Moni Mannings, Non-Executive Director and Remuneration Committee Chair) both received less than 80% of the overall vote at the Company's AGM held on 19 October 2022.

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 6 meetings	Audit Committee 7 meetings	Nomination Committee 5 meetings	Remuneration Committee 6 meetings	Risk Committee 6 meetings
Deanna Oppenheimer plc Board Chair	6/6 CHAIR	n/a	5/5 CHAIR	6/6	n/a
Chris Hill Chief Executive Officer	6/6	n/a	n/a	n/a	n/a
Amy Stirling Chief Financial Officer	6/6	n/a	n/a	n/a	n/a
Penny James Senior Independent Director	6/6	n/a	5/5	6/6	5/6
Andrea Blance Independent NED & Risk Committee Chair	6/6	7/7	5/5	n/a	6/6 CHAIR
Adrian Collins Non Independent NED Nominated Director	6/6	n/a	n/a	n/a	n/a
Moni Mannings Independent NED & Remuneration Committee Chair	6/6	n/a	5/5	6/6 CHAIR	6/6
Dan Olley* Independent NED (CEO from 7 August 2023)	6/6	n/a	n/a	4/5	6/6
Roger Perkin** Independent NED & Audit Committee Chair	6/6	7/7 CHAIR	5/5	1/1	6/6
Darren Pope† Independent NED	5/5	6/6	n/a	n/a	5/5
John Troiano Independent NED	6/6	7/7	n/a	6/6	6/6

* Dan Olley stepped down from the Remuneration Committee on 28 April 2023. In addition he was recused from one meeting during his membership of the Committee.
** Roger Perkin was appointed to the Remuneration Committee on 28 April 2023.
† Darren Pope was appointed the plc Board, Audit Committee and Risk Committee on 1 September 2022.

Board meeting attendance is shown for all scheduled Board meetings during the year including an in person Strategy Day in December 2022 to assess progress against the execution of the Group Strategy. Outside of the scheduled Board cycles, the Board may meet to discuss or otherwise consider and approve matters on an ad hoc basis, such as appointments to the Board and other senior positions within the Group, or other material and time critical matters. 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 Committee and other senior management. There have also been a number of 'drop in' and demonstration sessions during the year for the Board covering items including: ICARA; FCA's Consumer Duty; and individual Strategic Pillars of HL's Strategy.

Supported by the Group Company Secretary, 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 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 2018 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 Committee report on pages 120 to 124.

As at 30 June 2023 45% 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, 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 2023, Board Committee gender diversity was as follows: Board Audit Committee – 25% female, Board Remuneration Committee – 50% female, Board Risk Committee – 50% female and Board Nominations Committee – 80% female.

Board appointment process

The Nomination Committee leads the process for Board appointments, details of which can be found in the Nomination Committee report on pages 120 to 124. 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 Committee and more detail can be found in its report on pages 120 to 124.

Darren Pope joined the Board in September 2022 and shares his insights

Why did you want to join HL?

I think the history of HL is just tremendously inspiring and given I lived in the West Country for 15 years it's a history I am very familiar with. It really is "the" iconic west country financial services business. But more than that, looking forward, I was inspired by a business that already has scale and tremendous insight into its customers but with an ongoing purpose that will continue to meet critical and growing customer needs and meets these needs with a passion for customer service at its core.

What are your first impressions of HL?

So positive! Colleagues are full of enthusiasm and energy – wanting to continually improve products and services for clients. Everyone is very conscious of the trust placed in us by our clients and as such very focused on doing the right thing. Colleagues take a real pride in working for HL. There is of course a tremendous amount to do to fully deliver on our strategy and potential but I am completely reassured that we have the right people, motivated to execute this for all our stakeholders.

What do you bring to HL, its Board and its members?

I have extensive experience of financial services from a number of different companies in a number of different roles. As an ex-CFO of a listed bank I think I can bring real world experience of value creation, public markets and regulatory expectations. As a current non-executive of retail banks and a payments company I think there is sufficient common ground to allow me to bring the best of each of these companies to help shape HL. Of course over a long career you will inevitably have experienced things that have not gone so well and I think it's equally important to bring those instincts into the role to help spot potential challenges very early.

My preference has always been to work with genuinely customer focused businesses with strong brands and HL is no exception to this.

What is your current focus?

Along with the rest of the board we have a critical role in supporting management in delivering a strategy that accelerates growth and improves client service while further developing our digital and operational capability. We need to do this in challenging market conditions. I am absolutely confident that we will deliver and I am very excited to welcome Dan as our new CEO to continue this journey from Chris. More specifically for me I am focused on getting fully up to speed on succeeding Roger as chair of the Audit Committee where he has done an extraordinary job.

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 and previous experience both professionally and as a Director. Induction programmes 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 the following topics:

- Consumer Duty
- Directors' Duties
- Legal landscape
- Proposed audit changes (BEIS)
- Annual Report and Accounts developing trends and best practice
- Diversity & Inclusion
- Evolving political landscape and HL as a responsible business

The Board also had a number of demonstration sessions aligned to the execution of the strategy which included: an overview of new Helpdesk support technology; a deep dive on guidance and advice; and Business Transformation. 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. Neither of the Executive Directors currently holds any significant external appointments. Please see biographical information on Board members on pages 66 to 69 for any further detail.

Independence

On her appointment as Chair, Deanna Oppenheimer satisfied the independence criteria set out in the Code.

The Board considers that each of Andrea Blance, Moni Mannings, Michael Morley, Penny James, Roger Perkin, 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. Dan Olley was considered independent during his time as a Non-Executive Director until his transition to the CEO role on 7 August 2023. 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 Committee and more detail can be found in its report on pages 120 to 124.

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 Committee report on pages 120 to 124. 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 76 to 78 and in the Group's Section 172 Statement on pages 132 to 135. 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 53 to 62.

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 HL Way (for information on the HL Way please see page 40), 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 KPIs 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 40 and 44 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 18 to 19, and information on how stakeholder interests have been considered by the Board can be found in the Group's Section 172 Statement on pages 132 to 135.

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 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 2022 AGM where votes of less than 80% in favour were received for resolution six (re-election of Deanna Oppenheimer, Non-Executive Director and Chair) and resolution thirteen (re-election of Moni Mannings, Non-Executive Director and Remuneration Committee Chair) the Senior Independent Director sought further inputs on the voting from HL's main institutional shareholders. Having considered the feedback from that process the Board remains supportive of both individuals.

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 page 40.

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, and half yearly pulse surveys. 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 84 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 77. The detailed responsibilities of the Board's Nomination, Audit, Risk and Remuneration Committees, along with an overview of how they have discharged those responsibilities during the year, can be found in the Committee reports on pages 80 to 127. 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 Executive Committee 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 71 and 72.

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 Committee, 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

Hargreaves Lansdown plc Board

Schedule of matters reserved:

- Approval of the Group's strategic aims and objectives
- Setting the Group's values and standards
- Approval of the Group's purpose and ensuring that this, its values and strategy are aligned with its culture
- Approval of the annual operating and capital expenditure budgets
- Overseeing the Group's operations and management
- Ensuring the maintenance of a sound system of internal controls and risk management
- Reviewing performance in light of strategic aims and objectives
- Approval of the Group's annual report and accounts and interim financial statements
- Approval of the Company's dividend policy and payments
- Approval of major capital projects
- Approval of communications to the Company's shareholders
- Ensuring adequate succession planning, agreeing Board appointment and the appointment or removal of the Company Secretary
- Determining the remuneration policy for the Executive Directors

Audit Committee

- Monitors the integrity of the Group's financial reporting
- Monitors the adequacy and effectiveness of the Group's internal controls
- Oversees the Group's relationship with its external auditor and the effectiveness of the Internal Audit function

Nomination Committee

- Monitors the composition of the Board to ensure it remains appropriate
- Recommends appointments to the Board and its Committees
- Conducts succession planning for the Board and senior management
- Oversees the annual evaluation of the Board's effectiveness

Remuneration Committee

- Oversees and keeps under review the remuneration policies for Executive Directors, Material Risk Takers and colleagues generally
- Determines total remuneration for Executive Directors, senior management and Material Risk Takers, and associated targets for performance related pay

Risk Committee

- Reviews and advises the Board on changes to the Group's risk appetite, risk profile and future risk strategy
- Monitors the effectiveness and improvements being made to the Group's risk management framework
- Oversees the delivery of the Group's ICARA

Chief Executive Officer

Responsible for executive leadership of the Group in accordance with Board-approved strategic objectives

Conflicts Committee

- Oversees the Group's conflicts of interest policy and framework
- Reviews conflicts of interest within the Group, the sufficiency of mitigating measures and determines appropriate action where material conflicts arise

Executive Committee

Established by the Chief Executive Officer to help him discharge his duties

Group Management Committees

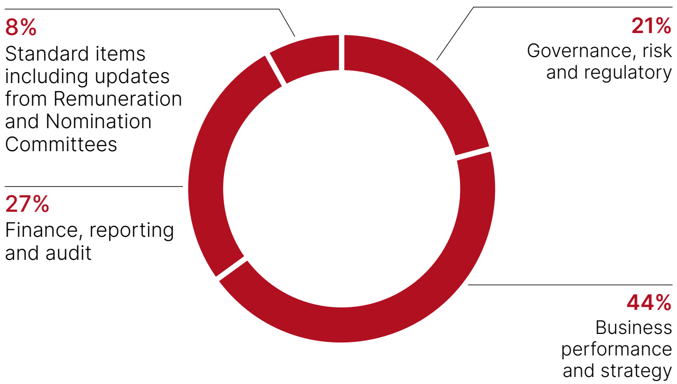
- Support the Group Executive Committee in its oversight of matters including: Risk, Conduct and Client Outcomes, ESG, Product Governance, Remuneration and Operational Resilience and subsidiary level management committees constituted to assist in the day-to-day management of the business.

Board activities and allocation of time

The Board devoted a significant amount of time during the period under review to overseeing the implementation of the revised Group Strategy which was launched at our Capital Markets Day on 22 February 2022. The Board was fully engaged in its development and continues to be so during its execution with deep dives into each of the strategic pillars 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 Committee 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 2023



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 the Chief Executive Officer's regular deep dives into strategic pillars including:
  - Demonstration of new Helpdesk support technology, (Client Service & Efficiency);
  - Investment Solutions and Active Savings (Growth);
  - Cyber security and the evolving threat landscape (Digital Backbone);
  - Developing the colleague value proposition (People & Culture); and
  - Transformation Office (Foundations).
- Deep dives into the change delivery framework, Helpdesk performance and associated transformation and client needs;
- Financial performance and investor relations, via the Chief Financial Officer's regular updates;
- The Group's liquidity and capital adequacy, and the approval of its 2022 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;
- Monitoring the status of the Group's reputation;
- 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 readiness for the 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 45 to 51.

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**

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.

Further details can be found in the Audit Committee report on pages 80 to 84. 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 131 of the Directors' Report and the Statement of Directors' Responsibilities on page 136 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 with systems having been in place for the period under review and up to the date of this report. The Board delegates responsibility for monitoring those systems to its Audit and Risk Committees, and each carries 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. Following review 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. 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 126 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 53 to 62.

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 53 to 62.

The terms of reference for the Audit and Risk Committees can be found here: **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 89 to 99.

The terms of reference for the Remuneration Committee can be found here: **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, we updated and relaunched our mandatory conflicts training for all colleagues and updated our conflicts notification and management processes, particularly driving efficiencies through 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 FINANCIAL RESILIENCE OF THE GROUP

“Ensuring oversight of financial reporting and the control environment.

Roger Perkin
Chair of the Audit Committee

Dear Shareholder

As Chair of the Audit Committee, I am pleased to present this report on the Committee's activities in the year under review. This will be my final report to you as Audit Committee Chair with Darren Pope taking on the role from 1 October 2023 – having joined the Board as Audit Chair designate in September 2022.

Role of the Audit Committee

The Board delegates responsibility to the Committee to monitor the integrity of the Group's financial reporting and the processes and controls that support it. This includes reviewing and challenging the appropriateness of accounting policies, significant issues and judgements, and the assumptions in support of the Company's ability to continue as a going concern and its longer-term viability.

A key aspect of the Committee's role in ensuring the integrity of the financial reporting is its oversight of the Group's relationship with the external auditor. This includes making recommendations to the Board in relation to the appointment of the external auditor, approving its scope of work, fees and terms of engagement, as well as regularly reviewing its independence, objectivity and effectiveness.

More broadly, the Group's internal control framework is an essential part of ensuring the integrity of its financial reporting and other business operations. The Committee oversees the effectiveness of, and ongoing improvements to, the Group's internal controls, as well as having responsibility for monitoring and reviewing the effectiveness of the Group's Internal Audit function, which provides assurance on those controls.

The detailed responsibilities of the Committee are set out in its terms of reference, which are available on the Group's website.

This report provides an overview of how the Committee has discharged its responsibilities during the period under review.

Composition and meeting attendance

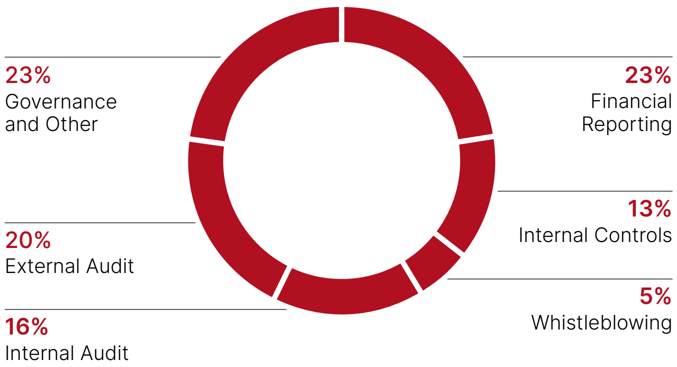
Roger Perkin (as Chair), Andrea Blance, Darren Pope and John Troiano, each of whom is an independent Non-Executive Director, are the members of the Committee as at the date of this report. Darren Pope joined the Committee in September 2022 and the three other members have been on the Committee throughout the period under review.

The Committee met seven times in the period under review. The attendance of members at meetings across the year is set out in the table on page 72. Other individuals attend Committee meetings at the request of the Committee Chair.

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 Roger Perkin, Andrea Blance, Darren Pope and John Troiano have significant experience of the asset management sector and the wider financial services industry. Roger Perkin has recent and relevant financial experience and competence in accounting and audit. Additionally both Darren Pope and Andrea Blance are qualified accountants.

Ongoing training is provided to assist Committee members in performing their duties. During the period, this included two sessions with the external auditor. The first covered developments in corporate reporting from the external auditor's corporate reporting specialists. The second discussed the Department for Business, Energy and Industrial Strategy's (BEIS) proposals on the future of audit and corporate governance and what this means from a corporate reporting and corporate governance perspective.

Overview of the Committee's activities in the year to 30 June 2023



This will usually include the Chair of the Board, the Chief Financial Officer, the Chief Internal Auditor, 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.

Financial statements

The Committee is responsible for monitoring the integrity of the Group's financial statements, including its interim and full year results. Where practicable, and consistent with proposed audit and corporate governance reform proposals, it also reviews other external disclosures such as the Group's Sustainability Accounting Standards Board (SASB) disclosure prior to its publication on the Company's website.

In carrying out this role, the Committee reviews and challenges the application of significant accounting policies across the Group that feed into its financial statements, and the methods used to account for significant or unusual transactions. A significant example considered by the Committee during the period includes:

- The application of IAS 38 (Intangible Assets) in relation to the amounts held by the Group's subsidiaries including internally developed software and goodwill.

In each case the Committee reviewed and challenged management on the appropriateness of these accounting policies and how they were applied to the Group's financial statements, and was satisfied.

The Committee also considers the accounting estimates and judgements made, and any significant issues that have arisen, in preparing the Group's financial statements. It provides challenge to management on considerations taken into account and requests additional reports when it would like further detail on specific aspects, scrutinising the clarity and completeness of related disclosures to ensure they are set properly in context. In doing so, it pays due regard to any related correspondence with the external auditor and any material adjustments resulting from the external audit. In the period under review, the Committee has concluded that there were limited issues requiring significant judgements to be made in relation to the financial statements, but that estimation uncertainty existed in relation to certain matters. In arriving at this conclusion, the Committee considered the following:

- **Revenue recognition**. The Committee 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. The Committee 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 revenue streams and carrying out sample testing on the remainder. In addition, the external auditors reviewed and sample tested the operational transactions that drive the revenue to ensure that these were being booked in a timely and accurate fashion.
- **Carrying value of investments in subsidiary.** The valuation models of HLSL and HLAS were reviewed in detail by the Committee. The Committee concluded that a £21.1 million reversal of the previous impairment of HL plc's investment in HLSL was required given the improvement in the company's performance and the environment in which it operates. Conversely, it was concluded that the investment in HLAS should be impaired by £10.8 million, due to the support required in developing the Advice strategy had significantly increased the investment valuation. However, the modelling required under ISA 36 looks at shorter timelines for valuation purposes. They also reviewed the capitalised development cost in HLAS and HLSL in line with the requirements of IAS 36 and concluded that no impairment was required. Full details of the value of intangible assets capitalised and the policies applied can be found in note 2.2 to the consolidated financial statements on page 154.
- **Contingent liabilities.** The Committee reviewed and carefully considered the contingent liabilities for the Group. Full details of the matters considered can be found in note 5.3 to the consolidated financial statements on page 166.
- **Remuneration.** The Committee considered the accounting impact of the proposed changes to a new Sustained Performance Plan within the Remuneration Policy. Changes relate to deferral rates and vesting periods and are driven from the requirements of the Investment Firm Regulation and Investment Firm Directive along with shareholder feedback.

The Committee also considered the following:

- **Going concern.** The Committee reviewed the going concern position for each group entity.
- **Tax.** The Committee received reporting on and considered tax matters impacting the Group, including tax in financial reporting, Group and operational tax compliance. It also reviewed and recommended to the Board the tax strategy for FY23.
- **TCFD.** The Committee reviewed TCFD and the related sustainability reporting together with the process and controls that support it.

As Hargreaves Lansdown Asset Management Limited is an enhanced firm under the Senior Managers & Certification Regime but does not have a separate Audit Committee, the Committee reviewed the Hargreaves Lansdown Asset Management Limited accounts for recommendation to the board of that company.

Alternative Performance Measures

The Committee reviewed and challenged the classification and monitoring of costs related to our updated strategy.

Report and Financial Statements and interim results

In addition to 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.

The Committee also undertakes a wider 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 136.

In considering the wider content of the Report and Financial Statements, the Committee pays particular attention to ensuring the narrative sections provide context for, and are consistent with, the financial statements, and that an appropriate balance is struck 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. 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 but has not.

External audit process

During the period, the Committee has overseen the end-to-end audit process. The Committee 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.

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 6.3 of the financial statements of the Company on page 176 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 qualifications, expertise and resources of the external auditor, and for reviewing the 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. 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 meeting. 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 IT controls in particular has enabled the Committee to oversee the implementation by management of a comprehensive programme of improvements together with mitigating controls whilst the programme of work is completed.

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 Committee received a report from the external auditor 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.

Having considered the information and views presented to it, the Committee 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 adequately 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 fees

Oversight of the non-audit services provided to the Group is a key component of the Committee discharging its responsibility for monitoring the independence and objectivity of the external auditor. In addition to the report the Committee received concerning the safeguards to the external auditor's independence, the Committee 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.

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 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.

The policy specifies, in line with the FRC's Standard, 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 2023 the Group paid PwC £1,191,000 (FY22: £1,036,000) for audit and audit-related assurance services and £81,000 (FY22: £101,000) for other assurance services, giving a total fee to PwC of £1,272,000 (FY22: £1,137,000), 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, as regards 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 third year of appointment. 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 2024.

As reported last year, the Group undertook a formal, competitive tender process in 2022 during which audit quality was of paramount importance. Following completion of the tender process, 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 2024. The next tender process will be mandatory after no more than ten years.

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 aspect 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.

As part of its oversight of the Group's wider system of internal controls, the Committee receives reports from management on the effectiveness of those controls, as well as independent assurance on the effectiveness of controls by the Group's Internal Audit function and the external auditors. During the period, the Committee has:

- Received regular reports from the Group's Internal Audit function on the sufficiency of the internal controls in those areas of the business included in the Internal Audit Plan for the period. A new approach to audit issue management and reporting has been introduced during the period under review which promotes sustainable risk mitigation. Specific areas of focus in the period have included data governance, mobilisation of the updated strategy, readiness for implementation of the Consumer Duty, information security and the systems and controls that support regulatory changes. Reporting to the Committee has also included updates on progress against management actions identified with a new management attestation approach providing higher quality closure evidence. Root cause analysis of internal audit observations over the preceding 12-month period was also reviewed by the Committee.
- The Committee has also received the Chief Internal Auditor's annual assessment of the Group's internal control framework; and monitored the status of the Group's CASS control environment and the improvements being made as part of the CASS change programme. In doing so it has considered the report from the external auditors on client assets held by the Group's regulated subsidiaries and received regular reports from the Group's CASS oversight function on the completion of CASS assurance activity, updates on remediation activity carried out as part of the CASS change programme, and management information on any breaches of significance and associated remediation.

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 126 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 78 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 in relation to financial reporting or other matters. Changes to the policy require the approval of the Board, and the Committee has responsibility for regularly reviewing the adequacy of arrangements to ensure the proportionate and independent investigation of matters raised and appropriate follow up action.

During the period, the Committee received regular reporting on the Group's Speak Up arrangements, including management information on concerns raised. The Speak Up arrangements are an important internal control for the Group and the Committee regularly updated the Board on their operation.

As part of the Group's commitment to ensure reasonable procedures are in place to prevent fraud, the Committee also received two reports on fraud risk assessments which outlined the controls and measures in place to detect fraud and safeguard clients' assets. No material issues were identified.

Internal Audit

The role of the Group's Internal Audit function 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 plays an important role both in overseeing the programme of work carried out by the function, and in 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 January 2023.

The function's detailed work programme is set out in a rolling 12-month Internal Audit Plan, which is reviewed and approved by the Committee every six months. A continuous risk assessment informs the audit planning and priorities and a separate session was held with the members in May 2023 to review and challenge the Plan. In doing so, the Committee has ensured 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. Any modifications to the Plan are approved by the Committee.

During the period, the Committee received regular reports on progress against the Plan, the responsiveness of management in addressing recommended actions, and the function's requirements for resource and access to management and information. 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 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.

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.

It is the responsibility of the Committee Chair to set objectives for the Chief Internal Auditor, appraise his performance (with support from the Chief Executive Officer) and recommend his annual remuneration for approval by the Remuneration Committee.

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 undertaken in April 2023. 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. Both of these activities confirmed that the Committee had acted in line with its remit during the period under review.

Audit Committee priorities for 2023/24

Looking ahead to the next financial year, it is anticipated that the Committee will focus in particular on:

- Assurance on the Group's governance arrangements to ensure effective oversight of the updated strategy and the delivery of expected benefits;
- Continued oversight of the ongoing CASS change programme; and
- Preparations for changes to processes and procedures arising from the BEIS proposals on reporting and internal controls and the FRC's consultation on changes to the Corporate Governance Code.

Roger Perkin
Chair of the Audit Committee
18 September 2023

DIRECTORS' REMUNERATION REPORT

"Aligning to our long-term strategic ambitions and creation of shareholder value.

Moni Mannings
Chair of Remuneration Committee

Dear Shareholder

Firstly, I would like to thank our shareholders for their support of last year's remuneration report and I am pleased once again to present our Directors' Remuneration Report for the year ended 30 June 2023.

This year's report sets out how the committee has addressed its responsibilities during the year and explains the rationale for our decision making. We have also set out proposals in relation to our updated Directors' Remuneration Policy ('Policy'). The Policy explains our approach to Directors' pay and is reviewed and submitted to shareholders for approval at least every three years. The Policy will be subject to shareholder vote at this year's AGM meeting.

Principles of Policy review

As you will see in the updated Policy, set out in full on pages 89 to 99, whilst many elements remain the same, our review has concluded that we want to evolve our Policy to better align our approach with our strategy and the long-term sustainable growth and returns this will deliver.

In developing our Policy, we engaged with several of our largest shareholders during the year to hear their feedback on our approach to executive remuneration. I would like to thank those shareholders for giving us their time to discuss this topic and for providing useful insights. The views of our shareholders are valued by the Committee and changes have been made to our proposals taking account of the feedback received during this engagement process.

Summary of proposals

In determining its proposals, the Committee followed key principles of performance over the longer term, alignment with shareholder and wider stakeholder outcomes and delivery of the strategy as demonstrated through the key proposed changes summarised below:

- **Increased proportion of variable pay measured over the longer term** through reducing the maximum annual bonus opportunity and replacing it with a new Performance Share Plan (PSP).

  We are therefore proposing that the annual bonus opportunities are reduced as follows:

  – CEO from 400% to 250% of base salary

  – CFO from 350% to 220% of base salary

  The Committee is also proposing to allocate this opportunity to awards under a new PSP scheme as follows:

  – CEO 150% of base salary

  – CFO 130% of base salary
- **Aligning with shareholders** by increasing the proportion of pay delivered in shares over a five-year period through introducing a Performance Share Plan (PSP) award over HL shares. The PSP award will be assessed over a three-year performance period with a two-year holding period. Performance will be assessed against stretching targets that are aligned to our long-term strategic ambitions and creation of shareholder value.
- **No change to overall maximum opportunity** for Executive Directors, therefore total variable remuneration opportunity remains the same.

The Committee has also proposed minor amendments to take account of regulatory requirements such as deferral and retention periods as set out in more detail on page 92.

Business context in 2023

This year has been another difficult year for so many and the ongoing uncertain and challenging external environment has continued to impact market and investor confidence. Whilst we cannot control the external factors impacting our business outcomes, management have acted on what they can control and have delivered a robust statutory Profit Before Tax (PBT).

Despite reduced investor confidence, we have continued to grow both in terms of net new business and client numbers, whilst also ensuring strong client retention. In addition, the executive team have delivered against the transformation plan, the delivery of six new HL funds, implementation of Amazon Connect, and Cloud development such as in transfers and shareholder voting. I am also pleased to note the strong progress against a stretching diversity and ESG agenda in line with the values of our business.

Incentive award outcomes for 2023

In determining Executive Director bonuses, the Committee reviewed out-turns based on financial and non-financial performance in key areas of focus and noted this was the first year of our new approach with targets aligned to our five strategic pillars and phasing of strategic spend. The Committee also considered carefully:

- Whether the overall outcomes aligned with the wider stakeholder experience;
- The intention by the Board to pay a full year dividend;
- An assessment of risk events, risk maturity and control effectiveness; and
- The progress this year against key strategic priorities crucial to the long-term success for the Company.

Annual bonus outcomes are set out in summary on page 88 and in detail on pages 105 to 107. In determining the outcomes, the Committee were satisfied that there was no reason to apply discretion and approved the outcomes as calculated.

Finally, the Committee noted wider workforce bonus outcomes were in line with those determined for Executive Directors.

The 2018 SPP award was subject to underpinning performance conditions across Group financial, risk and personal performance over a five-year period. After careful consideration the Remuneration Committee determined the underpins for this award have been met.

As part of the 2020 Remuneration Policy review, the Remuneration Committee simplified the operation of the SPP award by using a three-year performance period with a two-year holding period. The 2020 SPP award has therefore also completed its performance period in 2023 and the Remuneration Committee has confirmed that the underpin conditions have been met in full. Whilst the value of the 2020 SPP award is captured under the requirements for the single figure disclosure, in practice awards will not vest and be released until 2025.

Details on how variable pay awards have been determined for the 2023 performance year as well as grants made during the year are set out in the annual report on remuneration.

Executive Director changes

In 2022, the Board announced Chris Hill's intention to retire after six years in role. Chris will remain employed until the end of his notice period, being 17 October 2023 and stepped down from the board on 7 August 2023 when the new Chief Executive, Dan Olley, joined. Chris' pay on leaving has been determined in accordance with his service contract and our Policy and further details are included on page 111. The Committee agreed in line with the policy and the plan rules that Chris is to be treated as a good leaver in relation to his outstanding share awards.

Our new CEO, Dan Olley, is a globally renowned technology leader, having delivered transformational change and growth, including scaling platform businesses internationally and is uniquely placed to lead the ongoing execution of HL's strategy, given his Non-Executive Director role on the Board since June 2019.

In relation to remuneration arrangements for Dan Olley, all elements of his ongoing package will be determined in line with our Policy, pro-rated as applicable. His salary has been set at £730,000 and will not be reviewed until 1 July 2024. Incentive arrangements for 2023/24 will reflect the updated approach as set out in the updated Policy, subject to shareholder approval. Further detail on his remuneration package are set out on page 111.

Wider workforce

As living costs continue to rise, the Real Living Wage has never been more important and I'm proud that HL, as part of its Living Wage Accreditation, implemented the new rates of pay earlier than required this year.

Given the challenging external conditions faced in the year from the increased cost of living, we have paid a further standalone support payment to over 1,600 colleagues. This was the second support payment in a 12-month period.

We also began a programme of work to improve our colleague value proposition aimed at increasing the financial resilience of colleagues, including increasing salaries by 7% for over 700 colleagues in exchange for discretionary bonus and bringing forward the timing of our annual salary range review for all colleagues.

Further details of the activities in FY23 can be found on page 43.

Gender pay and diversity

We have made strong progress against our Inclusion & Diversity action plan to date by providing dedicated resource to drive actions forward as well as increasing communications on the aims of this strategy and our progress against it. As such we have made improvements to our policies to make them more inclusive and attract and retain a broader pool of talent, more information about which can be found on page 42.

We have improved the structure surrounding our colleague networks to ensure Chairs and Committees have increased visibility as well as the support they need to be effective. New training and development for managers focusing on inclusion and challenging bias has been launched. With this we have built broader mechanisms to consider insight, data and feedback around Inclusion & Diversity at HL, helping colleagues and leaders to understand drivers of change.

Having previously set targets for female, ethnic minority and black representation through to the end of 2025 within our business performance measures, we have incorporated these long-term targets within our Performance Share Plan. Progress against FY23 annual targets can be found on page 41 and our proposed targets through to FY26 can be found on page 118.

Our Median Gender Pay Gap has continued to reduce year-on-year from 20.4% in 2018 to 13.6% in 2022. The Mean and Median Bonus Gaps have reduced, showing the benefits of continued focus on increasing female representation at all levels, especially at Board and Director level. Our focus continues to be ensuring that the gender balance reflected at these levels is replicated deeper in the organisation to drive long-term change.

We have put solid foundations in place and are already seeing results from this. But we need to go further and our priorities for 2023 – 2025 are:

1. Deliver on agreed representation targets
2. Broaden our diversity focus to support colleagues with disabilities and chronic conditions, LGBTQ+ colleagues, social mobility and colleagues across all age groups
3. Intensify our focus on inclusion as a core expectation of life at HL.

To deliver on our priorities, we have outlined an action plan across the four pillars of the Women in Finance Charter Blueprint to help ensure that we are approaching our priorities in the broadest way possible.

This year, we voluntarily published our Ethnicity Pay Gap (EPG) for the first time, measuring the difference between ethnic minority (Black, Asian and minority ethnicities) and non-ethnic minority (White) colleagues' earnings. We believe that pay gap transparency helps drive accountability and progress and is aligned to our commitment to the Race at Work Charter. Our initial baseline report shows we have a Median ethnicity pay gap of 21.2% and a Median bonus gap of 43.1%, which reflects the higher proportion of colleagues of non-ethnic minority in senior and higher paying roles.

In line with the government ethnicity pay gap reporting guidance, published in April 2023, we plan to further disaggregate our data into ethnicity categories next year, adding as much granularity as possible, whilst ensuring colleague privacy.

Implementation of our Policy for 2024

In considering implementation of the Policy, the Committee focused on ensuring pay for performance over the longer term, alignment to the shareholder and wider stakeholder experience and delivery of our strategy and I would like to highlight the following:

- We have reviewed our incentive metrics for all our variable pay plans to align with our five strategic pillars: Service and Efficiency, Growth, Digital Backbone, People and Culture and Foundations.
- The annual bonus award will be assessed against the strategic pillars with financial and growth measures making up 60% of the overall assessment. Whilst the performance targets remain commercially sensitive, further detail on the framework can be found on page 117.
- For the PSP award, the Committee carefully considered the most appropriate measures to assess the Group's performance over the long term. For FY24 awards we believe focusing on the following metrics will provide the right balance of measures to deliver sustainable performance aligned to stakeholders' experience:
  - Cumulative Earnings Per Share
  - Relative TSR; and
  - Environmental and Social.
- The inclusion of relative TSR reflects feedback from our shareholders on the importance of alignment between our executives and shareholders. Further details on these metrics and targets set can be found on page 118.
- The SPP award will continue to be assessed against robust underpins that take into consideration our overall Group performance and strategic priorities. There are no changes to the underpins for this year. Further details on the underpin criteria can be found on page 119.
- The Committee has accepted the CEO and CFO's requests that their salaries remain unchanged from those in place last year. The Committee recognises their desire to ensure any capacity for salary increases are focused on the wider workforce.

Areas of focus for the forthcoming year

Our purpose is to empower people to save and invest with confidence. Our pay philosophy for all colleagues aligns to this purpose and aims to:

- Reward client-centric sustainable performance aligned to our purpose and values
- Share in the success of the Company and align colleagues' interests with those of shareholders
- Recognise our colleagues who deliver exceptional client service the HL Way
- Attract, retain and motivate a diverse range of talented colleagues who live our culture and values
- Encourage colleagues to save over the long term, in line with our Company purpose
- Offer flexibility to meet the needs of a diverse workforce.

The updated Policy has been designed to ensure it continues to support our remuneration approach and align incentives with HL's purpose, values and strategy.

We will continue to review our remuneration approach throughout the organisation to ensure we remain compliant with our governance and evolving regulatory requirements.

Contents of this report

On the following pages we set out:

- A summary of Executive Directors' Remuneration for the year.
- The Directors' Remuneration Policy.
- The annual report on remuneration.

The Directors' Remuneration Report and Directors' Remuneration Policy will be submitted to shareholders at the 2023 AGM.

Again, thank you for your time and support and I look forward to our continued engagement in the run up to the upcoming AGM. In the meantime, I would like to recommend this remuneration report for approval at that meeting.

Moni Mannings
Chair of the Remuneration Committee

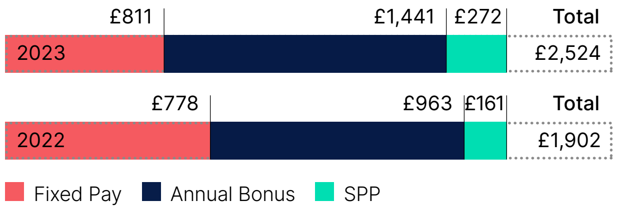
18 September 2023

SUMMARY OF EXECUTIVE DIRECTORS' REMUNERATION FOR THE YEAR

Remuneration outcomes for 2023 at a glance

CEO – Chris Hill

Total Remuneration Outcomes (£'000)



4,102 Policy maximum

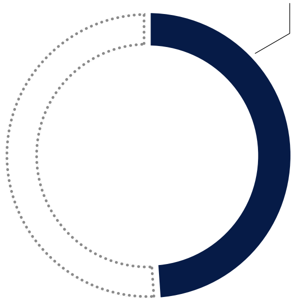
63% % of Maximum

32% Fixed

68% Variable

FY2023 Performance Assessment

	Max	Achievement
Growth	20.0%	4.8%
Digital Backbone	25.0%	10.9%
People & Culture	5.0%	4.5%
Service & Efficiency	27.5%	9.1%
Foundations	22.5%	20.0%
OVERALL OUTCOME		**49.4%**



SPP

2018 Vested Awards

Outcome	Number of Shares
100%	13,814

Awards vested in full. Details of the performance conditions are set out on page 108

2020 Performance Condition Outcome

Outcome	Number of Shares
100%	20,050

Performance conditions met in full. Details are set out on page 109. Awards subject to a 2-year holding period.

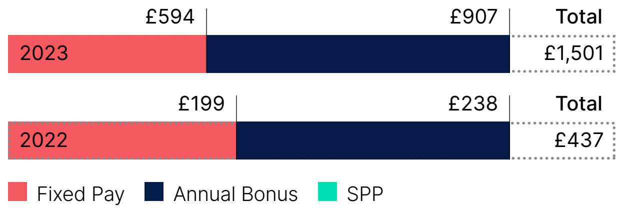
Share Ownership as a % of Salary
(as at 30.06.2023)

Shareholding Requirement	300%
Current Shareholding	196%

Guideline of three times salary. Current shareholding details are set out on page 110

CFO – Amy Stirling

Total Remuneration Outcomes (£'000)



2,687 Policy maximum

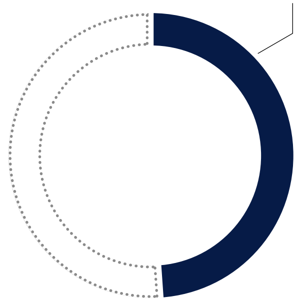
56% % of Maximum

40% Fixed

60% Variable

FY2023 Performance Assessment

	Max	Achievement
Growth	20.0%	4.8%
Digital Backbone	25.0%	10.9%
People & Culture	5.0%	4.5%
Service & Efficiency	27.5%	9.1%
Foundations	22.5%	20.0%
OVERALL OUTCOME		**49.4%**



SPP

2018 Vested Awards

The CFO joined HL in February 2022 and therefore does not have reportable SPP awards.

2020 Performance Condition Outcome

The CFO joined HL in February 2022 and therefore does not have reportable SPP awards.

Share Ownership as a % of Salary
(as at 30.06.2023)

Shareholding Requirement	300%
Current Shareholding	31%

Guideline of three times salary. Current shareholding details are set out on page 110

As outlined in the annual statement by the Chair of the Remuneration Committee, we have been reviewing our approach to directors' remuneration over the past year. The new Directors' Remuneration Policy ('Policy') will be subject to a binding vote and approval by shareholders at our 2023 AGM.

The Committee has determined to evolve our existing Policy to better align our approach with our latest strategy as set out in February 2022. Specifically, the policy will enhance our focus on delivering sustainable growth and returns through the introduction of a new Performance Share Plan ('PSP') alongside an accompanying reduction in annual bonus opportunity with no change in maximum variable pay opportunity.

The Committee followed a detailed decision-making process which included discussions on the proposed policy changes at Committee meetings and with our largest shareholders. The Committee considered input from the Chair and management, while taking steps to ensure any conflicts of interest were appropriately managed. The Committee also considered carefully corporate governance developments and input was provided by the Committee's appointed independent advisers throughout the process.

Details of the main proposed policy changes are highlighted in the following table.

Element	Current Policy	Proposed Policy
Annual performance bonus	Maximum bonus opportunity of 400% of base salary for the CEO and 350% for the CFO. On-target bonus of 50% of maximum opportunity for all Executive Directors. A proportion of the bonus is deferred over three years, with a further post-vesting holding period applicable as required under regulation. Deferral is higher of 40% of annual bonus awarded and 60% of total variable pay in line with the Investment Firm Prudential Regime (IFPR) regulatory requirements. Awards will be delivered in an appropriate combination of cash and shares, in line with regulatory requirements, with a minimum of 50% of total variable pay delivered over HL plc shares. The combination of cash and shares will be determined each year by the Committee.	Reduction of the annual bonus maximum opportunity to 250% and 220% of salary for the CEO and CFO respectively. On-target bonus will remain at 50% of maximum opportunity. Awards will continue to be delivered in a combination of cash and shares, with a minimum of 50% of total variable remuneration delivered over HL plc shares and subject to any further post-vesting holding period applicable in line with regulatory requirements. A proportion of total variable remuneration (normally 60%) will be subject to deferral to meet regulatory requirements, taking into account all variable pay awarded for the year, including any PSP and SPP awards.
Performance Share Plan	There is currently no Performance Share Plan (PSP) in place.	Proposal to introduce a PSP, with awards over HL plc shares subject to performance measured over three years followed by a two-year holding period. The maximum PSP opportunity under the policy will be 150% and 130% of salary for the CEO and CFO respectively. Vesting for threshold performance will be set at 25% of maximum and for stretch performance at 100%, with straight line vesting in between. The PSP performance metrics will reflect the key performance indicators of long term performance under HL's strategy. Dividend alternatives will accrue up to vesting date.

Element	Current Policy	Proposed Policy
Sustained Performance Plan	Maximum award of 50% base salary. Awards vest over a five year period, subject to the achievement of underpinning performance conditions over a three-year performance period. Awards are subject to any post-retention vesting holding period required under regulations.	No change to quantum of awards under the Sustained Performance Plan (SPP). Awards will continue to vest subject to the achievement of underpinning performance conditions measured over three years followed by a two year holding period.
Malus and Clawback	Malus and clawback provisions are in place for variable pay awards. For all variable pay awards, malus provisions will apply until vesting occurs. Clawback will apply to all awards until the later of three years following grant of an award and the end of any relevant vesting and holding period.	No changes proposed to structure or time horizons of malus and clawback. PSP and SPP awards will be subject to malus over the relevant vesting period and clawback over the two-year post-vesting holding period. Additional malus and clawback triggers going forward include evidence of misconduct, material error, fraud, negligence, conduct resulting in significant losses, and failure to meet standards of fitness and propriety.

The tables below summarise the elements of the remuneration package for Directors and will be effective from the date approved by shareholders at the Company's AGM in 2023 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 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
Base salary Reflects the individual's responsibilities, experience and contribution. Supports the recruitment and retention of the calibre of individuals required to lead the Company.	Base salaries are normally reviewed annually, with any increase usually effective from 1 July. 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. 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. Circumstances in which the Committee may award increases outside this range may include: • A change in the scope and/or size of Executive Director's role and/or responsibilities; • Performance and/or development in role of the Executive Director; and • A material change in the Group's size, composition and/or complexity.	No absolute maximum increase. However, the Remuneration Committee will consider the operational principles as set out in this table.
Benefits An 'across the board' benefits package is available both to employees and Executive Directors alike. Supports the recruitment and retention of the calibre of individuals required to lead the Company.	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. 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. 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.	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.

Element, purpose and link to strategy	Operation and performance measures	Maximum opportunity
Pension Provides adequate pension saving arrangements for Directors and employees. Supports the recruitment and retention of the calibre of individuals required to lead the Company.	Pension provision is provided in line with the pension provision available for all employees. Any changes made to the employee arrangements will normally be carried across to the Directors. 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. 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. Alternatively, if the Director does not wish to contribute to a savings vehicle, a cash allowance will be paid. All employees and Directors may waive an element of their annual performance bonus in return for a corresponding employer's contribution into their pension.	The Group provides a matched employer contribution of 5% of base salary. 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. The maximum contribution available to the Directors is 11% of salary, in line with the wider workforce rate. The maximum cash alternative is 5%. 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.
Annual performance bonus Rewards achievement of the Group's business plan, key performance indicators and the personal contribution of Directors. Aligns the interests of Directors with those of shareholders.	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. 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. 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 in the below section titled Discretion. 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. 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. Subject to regulatory requirements, dividend alternatives will normally accrue on deferred awards up to the vesting date. 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.	The maximum bonus opportunity for Directors under the policy is as follows: • CEO: 250% of base salary in respect of the relevant financial year; and • CFO: 220% of base salary in respect of the relevant financial year.

Element, purpose and link to strategy	Operation and performance measures	Maximum opportunity
Performance Share Plan Rewards achievement of the Group's business plan and key performance indicators over the long term in line with shareholder and wider stakeholder experience.	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. Awards will normally be granted subject to satisfactory personal performance of each Director prior to grant. 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. 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 in the below section titled Discretion. Vested awards (net of applicable taxes and deductions) will normally be subject to a two-year holding period. Subject to regulatory requirements, dividend alternatives will normally accrue on unvested awards up to the vesting date. 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. 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.	The maximum PSP award each year under the Policy will be 150% for the CEO and 130% for the CFO.

Element, purpose and link to strategy	Operation and performance measures	Maximum opportunity
Sustained Performance Plan Aligns the interests of Directors with those of shareholders and rewards long-term stewardship of the Company.	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. Awards will normally be granted subject to satisfactory personal performance of each Director prior to grant. 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. 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 in the below section titled Discretion. Vested shares (net of applicable taxes and deductions) will then normally be subject to a two-year holding period. Subject to regulatory requirements, dividend alternatives will normally accrue on unvested awards up to the vesting date. 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.	The maximum award each year under the Policy is 50% of base salary.
Shareholding guideline Aligns the interests of management and shareholders to the success of the Group	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 timeframe (typically within six performance years of appointment). The current shareholding guideline for Directors is a minimum value of three times base salary. 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. Awards no longer subject to performance conditions (net of tax) under the Performance Share Plan and Sustained Performance Plan are also included. 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.	Not applicable.

Choice of performance measures and approach to target setting

Annual bonus

The Committee ensures that incentive targets are appropriately challenging and tied to the achievement of financial and non-financial measures (including risk and other strategic measures) in line with the strategy. The Committee reviews the measures each year and varies them as appropriate to reflect the priorities for the business in the year ahead. A sliding scale of targets is set for each measure to encourage continuous improvement and the delivery of above target performance.

PSP

The introduction of the PSP reflects the Committee's commitment to enhancing focus on delivery of our long-term strategic goals. Vesting of awards will usually be tied to the achievement of financial and non-financial measures aligned to our long-term strategy and the Committee will review the measures each year and vary them as appropriate to reflect the priorities for the business for the performance period ahead. A sliding scale of targets will be set for each measure to encourage continuous improvement and the delivery of above target performance.

SPP

Vesting of awards will usually be tied to the achievement of financial and non-financial performance underpins that reflect the Group's strategic priorities and the Committee will review the measures each year and vary them as appropriate to reflect the priorities for the business for the performance period ahead.

Discretion

The Committee retains the flexibility to adjust the formulaic vesting outcomes of variable pay and may consider:

- The extent to which market movements, investor sentiment, interest rates and regulation, all of which are beyond the control of the Directors, have impacted performance
- The extent to which past and/or current management has operated within the agreed risk parameters
- The extent to which the performance outcome reflects the overall performance of the business, including in the context of the shareholder or wider stakeholder experience
- Where the outcome would otherwise not be appropriate in the context of unexpected or unforeseen circumstances relating to the Group

Malus and clawback

Annual bonus, PSP and SPP awards are subject to malus and clawback provisions in exceptional circumstances. In addition, the Committee can defer a decision to award incentives, or award and suspend payment of bonuses, and/or vesting of deferred bonus, PSP and/or SPP 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 as follows:

- There is reasonable evidence of employee misconduct or material error
- A material misstatement of the financial results of any Group Company or its funds;
- A material failure of risk management in any Group Company or a relevant business unit
- Serious reputational damage to any Group Company or a relevant business unit attributable to the conduct of, or an act of omission by, the Participant or an Employee for which the Participant is or was responsible
- A failure by the Participant to identify any serious risks relating to any relevant business unit in which the Participant works or worked or for which the Participant is responsible
- A failure by the Participant to implement appropriate controls for any serious risk relating to any relevant business unit in which the Participant works or worked or for which the Participant is responsible
- A case of fraud or other conduct with intent or severe negligence which led to significant losses
- Corporate failure or significant downturn in financial performance suffered by any Group Company or relevant business unit
- Participation or responsibility for conduct which resulted in significant losses in any Group Member or relevant business unit
- A failure by the Participant to meet standards of fitness and propriety
- An error in calculating any Participant's award

Legacy arrangements

The Committee retains discretion to make any remuneration payment or payment for loss of office outside of this Directors' Remuneration Policy (including the exercising of discretion available in respect of any such payment) where:

- The terms of the payment were agreed before this Directors' Remuneration Policy came into effect, provided in the case of any payment whose terms were agreed before this Directors' Remuneration Policy became effective, the remuneration payment or payment for loss of office was permitted under the Company's relevant former Directors' Remuneration Policy at the time of agreement; or
- The terms of the payment were agreed at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration of the individual becoming a Director of the Company.

For these purposes, 'payment' includes the satisfaction of awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

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.

Element	Nature of termination By Executive Director or Company giving notice	By Company summarily	**Good leaver** – 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
Base salary, pension and benefits	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.
Annual bonus	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).
Deferred bonus award	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.
Performance Share Plan (PSP) awards	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).
Sustained Performance Plan (SPP) awards	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).
Other payments	None.	None.	In appropriate circumstances, disbursements such as legal costs, outplacement services, relocation expenses and the cost of a settlement agreement.

Provisions on a takeover or other corporate events

In the event of a takeover or other corporate event, the Committee shall determine the amount (if any) of any bonus payable taking into account any applicable performance targets that have been achieved and any such factors as it considers appropriate given the curtailed performance period.

Unvested awards will normally vest at that time. PSP and SPP awards will normally be subject to the satisfaction of any applicable performance conditions and pro-rated to reflect the length of the Performance Period which has been worked (with the Committee having discretion not to pro-rate or to reduce the pro-ration if it considers it appropriate to do so). Alternatively, the Committee may determine with the agreement of the acquiring company that awards may be exchanged for equivalent awards in another company.

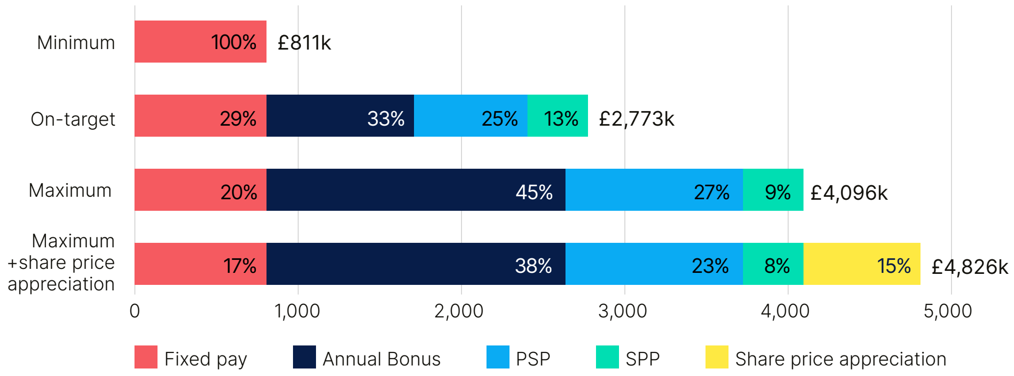
Illustration of application of Remuneration Policy

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:

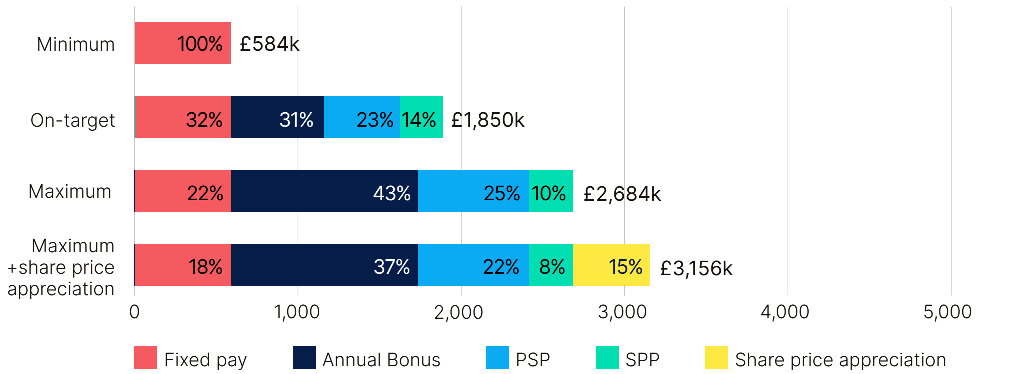
- The minimum amount represents the unconditional component of the remuneration package: salary, pension and employee benefits;
- The mid-point amount is the amount the Executive Director will receive if they achieve an on-target bonus level)50% of maximum) and on-target Performance Share Plan vesting (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 FY24 (£'000s)



Amy Stirling – Remuneration opportunity for FY24 (£'000s)



Non-Executive Directors

Element, purpose and link to strategy	Operation and performance measures
Base fee 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.	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). The Chair's and Non-Executive Directors' base fees are reviewed annually and any increases, if applicable, are normally effective from 1 July. 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. All Non-Executive Directors' fees including those below are paid in cash monthly or such other frequency as determined by the Board. The Non-Executive Directors are not eligible for bonuses, pension or to participate in any Group employee share plan.
Committee Chair fees Recognises the additional time commitment and responsibility involved in chairing a Committee of the Board.	Each Non-Executive Director receives an additional fee for each Committee for which they are Chair. 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.
Senior Independent Director (SID) fee Recognises the additional time commitment and responsibility involved in holding the SID role.	The SID receives an additional fee for their role. The fee reflects the additional time and responsibility in fulfilling the role of Senior Independent Director.
Benefits and expenses 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.	Non-Executive Directors may be eligible to receive benefits such as travel and other reasonable expenses. 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. Expenses may be claimed by the Chair and Non-Executive Directors in line with the Company's expenses policy. Appropriate Director insurance and indemnity cover is provided by the Company. Some Group services are provided at a reduced cost, on the same basis as for all other employees. Where benefits are provided to Non-Executive Directors, they will be provided at a level considered to be appropriate, taking into account individual circumstances.

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.

External Board appointments

The Company recognises that external Non-Executive Directorships are beneficial to both the Director and the Company and that its Executive Directors may be invited to become Non-Executive Directors of other companies. Such non-executive duties can broaden experience and knowledge which can benefit the Company. Subject to approval by the Board, Executive Directors are allowed to accept two non-executive appointments (limited to one in the FTSE 100) and retain the fees received, provided that the appointment is not likely to lead to conflicts of interest.

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 Committee, there is a sub-committee (the Reward Governance Committee) for the review of remuneration structures and outcomes consisting of the Chief Executive Officer, Chief Financial Officer, Chief People Officer, Group Chief Risk Officer and Group Head of Colleague Proposition and Capability, 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:

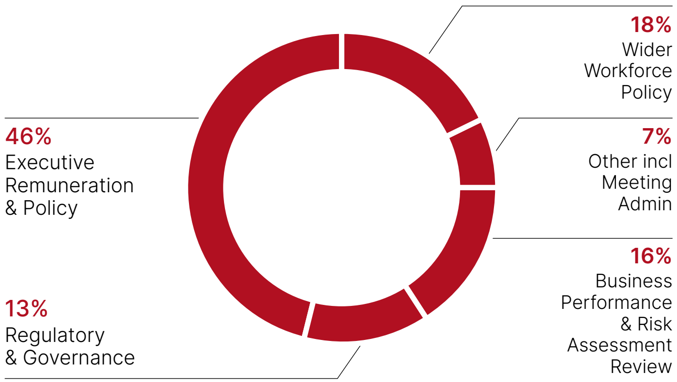
Clarity	The Committee remains committed to a clear and transparent remuneration framework that promotes effective engagement with our shareholders and the wider workforce. Further alignment with our shareholder interests is driven by the increased focus on long-term time horizons and Executive Director shareholding requirements.
Simplicity	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 the introduction of the PSP. Approach to annual bonus deferral has been simplified to fully align with the regulatory requirement, with a portion being deferred where the requirement is not satisfied through our long-term incentive awards.
Risk	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 proposed policy, the PSP and SPP awards will be subject to a two-year post-vesting holding period to ensure that a time horizon of five years is maintained. Where a portion of the annual bonus is to be deferred, an additional post-vesting holding period will apply as required under the regulations.
Predictability	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 98. 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.
Proportionality	The Committee strongly believe that poor performance should not be rewarded. The annual bonus and PSP award 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.
Alignment to culture	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.

Meetings during the year

There were six scheduled meetings during the year as set out on page 72 and occasional ad hoc meetings where required. Meetings were chaired by Moni Mannings; other members were Deanna Oppenheimer, Dan Olley, John Troiano and Roger Perkin.

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. Dan Olley was not present or involved in decisions regarding the determination of his own remuneration on appointment to the role of CEO, or involved in decisions regarding the new Directors' Remuneration Policy.

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:



Executive Remuneration & Policy

Reviewing and implementing the Directors' Remuneration Policy and considering our remuneration approach to apply to FY24 and beyond.

Consulting with shareholders on the proposed remuneration policy and considering their feedback in determining proposed policy changes.

Consideration of the Directors' Remuneration Report in the 2022 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 Reward Governance Committee.

Reviewing colleague feedback via the Colleague Forum.

Reviewing the gender and the ethnicity pay gap reporting covering the snapshot date of 5 April 2022 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 the approach to the new Investment Firm Prudential Regime (IFPR) and the approach for the identification of, and pay out process for MRTs under IFPR, Alternative Investment Fund Managers (AIFMD) and Undertakings for the Collective Investment in Transferable Securities V (UCITS V).

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**.

Advice to the Committee

During the year, the Committee has been supported by the Company Secretary, Chief People Officer, Group Head of Colleague Proposition & Capability, 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.

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 £85,319 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 outlined above. 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.

Earlier in the year we reviewed our pay balance, resulting in over 700 colleagues receiving a 7% pay increase aimed at providing greater certainty over earnings and improving the financial resilience of these colleagues.

This year our annual pay review has focused on awarding salary increases across the wider workforce, including a further increase for colleagues in scope of the above change. The average annual salary increase for the wider workforce was 4.8%

We also made a support payment to over 1,600 colleagues in recognition of the challenges posed by the increase in the cost of living. More information on these initiatives, and the other ways we've improved our colleague value proposition, can be found on page 43.

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 Reward Governance Committee and Colleague Forum and this provided context for its decisions regarding the Directors' Remuneration Policy.

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.

The Committee undertook a specific shareholder consultation exercise in relation to the development of this Policy in spring/summer 2023, liaising with major shareholders and seeking engagement with the main share advisory bodies. Their feedback was taken into account in the finalisation of the Policy.

We will be engaging again with our major shareholders during the forthcoming financial year to hear reflections on our approach to executive remuneration.

Consultation with employees

Over the course of the year, we've updated our approach to engaging with and listening to colleagues, focusing on three main audiences key to the success of our organisation – leaders, people managers, and colleagues – and have tailored our messages and approach for each. Further details on our approach to colleague engagement and listening are set out on page 44.

The HL Colleague Forum was first set up in January 2019 and we relaunched the Forum in October 2022 with a focus on being business led. 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 colleague's voices are heard.

The Forum has already helped to drive meaningful change by discussing and providing feedback on changes to our approach to pay for colleagues at more junior role levels, changes to our attendance management approach, our colleague survey results, the HL Way and how tax year end was delivered.

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.

In addition to the Forum, we have introduced new channels, such as Transformation Showcase events, to keep colleagues connected to the progress we're making against our strategy.

Executive Director Remuneration for 2023

Remuneration payable for the 2023 financial year (1 July 2022 to 30 June 2023) (audited)

The remuneration policy operated as intended in the financial year with remuneration received by Executive Directors in relation to performance in 2023, set out below:

Single Total Figure Table

Name of Director	Year	Gross Basic Salary £'000	Other taxable benefits[1] £'000	Annual bonus Upfront cash £'000	Annual bonus Deferred shares £'000	SPP[2] £'000	Pension contribution £'000	Total £'000	Total Fixed Remuneration £'000	Total Variable Remuneration £'000
Chris Hill	2023	730	1	576	865	324	80	2,577	812	1,765
	2022	700	1	578	385	203	77	1,944	778	1,166
Amy Stirling	2023	525	1	468	439	0	68[3]	1,501	594	907
	2022	187[4]	5	143	95	–	7	437	199	238

Notes

1. This includes Medical, and for 2022 the SAYE discount value over the term of the savings contract in respect of Amy Stirling was included.
2. The outcomes of the 2018 (5-year performance period) and 2020 (3-year performance period) SPP awards, whereby the performance period ends 30 June 2023, have been assessed by the Committee. The Committee confirmed the 2018 awards will vest in full (being 13,814 for Chris Hill) with no discretion applied. The committee also confirmed the 2020 SPP performance conditions had been met in full (being 20,050 for Chris Hill) and the awards would vest at the end of the two-year holding period in 2025. The value of both the vested 2018 SPP and 2020 SPP awards has been calculated using the three-month average share price up to 30 June 2023 of £8.02, together with the value of the dividends that would have been received during the 5-year performance period for the 2018 awards and the 3-year performance period for the 2020 awards. The gross value of these dividends is £52,362 (split £31,731 for the 2018 awards and £20,631 for the 2020 awards for Chris Hill. The SPP figures for 2022 have been updated to include the gross value of the dividend for the 5-year performance period for the 2017 SPP awards being £41,717. The SPP previously disclosed in the 2022 report was £161,000. As the 2018 SPP award was granted using a share price of £22.15 and the 2020 SPP awards granted using a share price of £20.21, none of the SPP value is attributable to share price appreciation. See page 108 for further details of the assessment of the underpin conditions.
3. Includes contribution for FY21/22 that was applied in FY22/23. Contributions for FY22/23 do not exceed 11% inline with policy.
4. The salary awarded to Amy Stirling relates to a part year period from appointment in February 2022 to the end of the financial year.

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 Chris Hill 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 2023, 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.

Assessment of annual performance for the 2023 financial year (1 July 2022 to 30 June 2023) (audited)

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 priorities aligned to the five strategic pillars; 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.

Group performance has been considered in relation to the following measures, with 60% assessment based on financial/ growth metrics, as set out below:

Strategic Pillar	Weighting	Shared Objective	Measure
Growth	20%	Develop our client proposition to retain and attract new clients and accelerate our growth.	Net New Business (NNB)* (10%) Total Clients* (10%)
Service and efficiency	27.5%	Improve our client experience efficiently enabling us all to add more value and reduce our costs.	Client Service NPS (10%) Underlying Cost* (17.5%)
Digital backbone	25%	Use new tech and data to improve our client and colleague proposition, becoming product led to empower us all to innovate.	Strategic Delivery (20%) Client Retention* (5%)
People and culture	5%	Make HL a great place to work for everyone with clear ways of working, joined up thinking and a focus on our own development.	Colleague engagement and Diversity (2.5%) ESG (2.5%)
Foundations	22.5%	Work together to improve our resilience as a business, support our growth, drive efficiency and embrace lessons learned.	Profit Before Tax (Statutory)* (17.5%) Risk and Controls (5%)

Note
* indicates financial/growth measures which together make up 60% of the overall performance assessment

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 2022 Report and Financial Statements:

	Threshold bonus opportunity (% of base salary)	On-target bonus opportunity (% of base salary)	Maximum bonus opportunity (% of base salary)
Chris Hill	100%	200%	400%
Amy Stirling	87.5%	175%	350%

Growth	Threshold	Target	Stretch	Actual	Achievement	Commentary
Net New Business (10%)	£5.0bn	£5.5bn	£6.5bn	£4.8bn	0%	Net new business performance has been challenging due to external conditions and, despite the outcome being just short of threshold, the Committee noted the importance of HL's diversified model with Active Savings delivering a record performance in net new business.
Client numbers (10%)	1,742,000	1,809,000	1,829,000	1,804,000	48.1%	Similar to net new business, client numbers have been challenging due to external conditions. Despite this, the Committee noted the positive performance this year, resulting in a further 67,000 net new clients, representing 3.6% growth in client numbers and delivering just below target outcome.
						Overall achievement 4.8% of 20% weighting

Service & Efficiency	Threshold	Target	Stretch	Actual	Achievement	Commentary
Client Service NPS (10%)	48%	51%	53%	45%	0%	Client Service NPS, although performed well in the first half of the year, was impacted by longer call and call queue times. Despite rolling out technology improvements and applying more resources to our service centre, the Committee noted that performance was below standard and below threshold performance.
Underlying Cost (17.5%)	£317.4m	£315.0m	£305.0m	£314.6m	52%	The Committee noted the continued focus by management on cost discipline whilst acknowledging the inflationary environment and the need to build internal capabilities.
						Overall achievement 9.1% of 27.5% weighting

Digital Backbone	Threshold	Target	Stretch	Actual	Achievement	Commentary
Client Retention (5%)	92.1%	92.5%	92.8%	92.2%	31.3%	The Committee noted the significance of maintaining strong client retention reflecting our high quality client service and recognised the maintenance of what is already a high retention rate against a challenging economic background for clients.
Strategic Delivery (20%)	Based on delivery of strategic initiatives outlined in our FY23 plan and at FY22 results			Below target	46.9%	Recognising the ambition of our strategy, the Committee noted delivery in specific areas as set out in the KPI section on pages 22 to 26, but also noted that the programme had taken longer than expected to establish and led to slower progress than planned.
						Overall achievement 10.9% of 25% weighting

People & Culture	Threshold	Target	Stretch	Actual	Achievement	Commentary
Colleague Engagement Score (0.83%)	62.0%	64.0%	66.0%	68%	100%	FY23 has been a year of significant engagement activity to ensure all our colleagues understand and can support our strategy. At the same time, colleague financial resilience and wellbeing has been the focus of improvements to our colleague value proposition. The Committee noted the excellent progress made and resulting outcome.
% Senior Female (0.83%)	32.2%	32.8%	33.4%	35.4%	100%	Building on the material progress made last year, the Committee noted the excellent progress in accelerating representation of women at senior management level and also noted this progress has also been replicated at all levels in the business.
% Senior Ethnic Minority (0.83%)	4.4%	5.0%	5.5%	6.7%	100%	The Committee noted the excellent progress made across a number of initiatives to improve inclusion and diversity across the business with the focus on attracting a broader pool of talent showing incremental progress.
ESG (2.5%)	Progress towards Scope 3 financed emissions reporting, total Scope 1 & 2 emissions and SDR Article 8 alignment.			Above target	80%	The Committee recognised the progress made across all three priorities, including reporting of Scope 3 financed emissions in HL funds, a reduction of 15% in total Scope 1 and 2 emissions against a baseline of 2018 emissions, and the launch of an ESG Investment Policy and Stewardship and Engagement Policy for HL managed funds.
						Overall achievement 4.5% of 5% weighting

Foundations	Threshold	Target	Stretch	Actual	Achievement	Commentary
Statutory Profit Before Tax (17.5%)	£230.0m	£248.3m	£269.2m	£402.7m	100%	A very strong performance as a result of the diversified nature of our service offering driven by an uplift in net interest margin and share trading in line with expectations. The Committee recognised the excellent combination of strong revenue performance, coupled with management's continued close management of costs and phasing of strategic spend in its assessment of performance.
Risks & Controls (5%)	Achievement as assessed via Board Risk Committee			On target	50%	Continued development of risk management effectiveness has been evidenced through addressing legacy technology issues, improvement across key risk and compliance activity, proactive identification of core infrastructure and control improvements to support future growth, and strong progress on operational resilience. In addition, the Committee noted the progress made regarding Consumer Duty implementation which confirmed our embedded focus on good outcomes being delivered for clients.
						Overall achievement 20.0% of 22.5% weighting

Overall achievement 49.4% of 100% weighting

Overall assessment and bonuses awarded for the financial year (1 July 2022 to 30 June 2023)

The Committee considered all of the above in making their bonus determination for Chris Hill and Amy Stirling for the 2023 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 in the context of the client and shareholder experience (as discussed in the Remuneration Committee Chair's letter).

The Committee concluded that the bonus outcomes for Chris Hill 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 2023 are set out below (Audited):

	Cash £'000	Deferred £'000	Total £'000	% of maximum
Chris Hill 2022	578	385	963	37%
Chris Hill 2023	576	865	1,441	49.4%
Amy Stirling 2022	143	95	238	36%
Amy Stirling 2023	468	439	907	49.4%

Notes

For FY23, the portion of the annual bonus deferred was determined in accordance with the new IFPR regulations whereby at least 60% of all variable pay (bonus and SPP) must be deferred. The HL SPP is included in the total variable pay for the calculation of the deferral for regulatory purposes. As Chris Hill will not receive a SPP award for the FY23 performance year, 60% of bonus is to be deferred. For Amy Stirling the aggregate of the bonus and FY23 SPP means that 48.4% of bonus is to be deferred to meet the overall required deferral of 60% of total variable pay.

Deferral of annual performance bonuses

The annual performance bonus is subject to compulsory deferral in line with regulatory requirements 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 date for a period of one year.

Assessment of 2018 Sustained Performance Plan (SPP) Awards (1 July 2018 to 30 June 2023) (audited)

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.	Fully met (FY18 average AUA: £85.5m, FY23 average AUA: £130.0m)
The Board determines that a satisfactory risk, compliance and internal control environment has been maintained during the Performance Period.	Fully met Management has driven significant and continued improvement
The Board determines that the Participant's personal performance has been satisfactory during the Performance Period.	Fully met for all participants

The Committee concluded that all underpinning performance conditions were fully met and therefore they were satisfied that the awards should vest in full.

Assessment of 2020 Sustained Performance Plan (SPP) Awards (1 July 2020 to 30 June 2023) (audited)

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.	Fully met (FY20 average AUA: £100.6m, FY23 average AUA: £130.0m)
The Board determines that a satisfactory risk, compliance and internal control environment has been maintained during the Performance Period.	Fully met Management has driven significant and continued improvement
The Board determines that the Participant's personal performance has been satisfactory during the Performance Period.	Fully met for all participants

The Committee concluded that all underpinning performance conditions were fully met and therefore they were satisfied that the awards should vest in full at the end of the 2-year holding period in September 2025.

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 this Report and Financial Statements.

Departing Chief Executive Officer (audited)

As outlined in our RNS announcement, Chris Hill announced his intention to retire as Chief Executive Officer at HL on 17 October 2022 and he stepped down from the Board on 7 August 2023.

Chris will receive his salary and contractual benefits until the end of his notice period being 17 October 2023, with payments paid in accordance with the terms of his service agreement and the Policy. He will continue to be eligible for an annual bonus award for the 2024 financial year, pro-rated for the period worked during his notice period and subject to the achievement of performance conditions. He will not be entitled to receive any long-term incentive awards for the 2024 financial year.

All outstanding deferred bonus awards will vest in full in accordance with their original timeframes. Chris will be treated as a good leaver in respect of his outstanding awards under Hargreaves Lansdown's Sustained Performance Plan. Accordingly, his unvested awards under this plan will 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. 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.

He will receive no additional compensation or payment for the termination of his service contract or his ceasing to be a Director of the Company or any other group company, although Hargreaves Lansdown will pay legal fees of up to £20,000.

Incoming Chief Executive Officer

Dan Olley has been appointed on a salary of £730,000 and his ongoing pension, benefits and variable remuneration arrangements will be in line with our new Remuneration Policy

Dan Olley will receive a buy-out in lieu of forfeited annual bonus and long-term incentive plan awards with his previous employers as part of his service agreement and in line with the Directors' Remuneration Policy. The buy-out award will maintain consistency with the awards forfeited in terms of expected value, vesting terms and original time horizons. Details of the buy-out arrangement will be provided in full in the 2024 Directors' Remuneration Report.

Share awards made during the year ending 30 June 2023 (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[4]	Face value[1] of award £	% of face value that would vest at threshold	Performance period
Chris Hill	SPP[2]	350,000	0.00	8.48	41,273	£349,995	n/a	1 July 2022 to 30 June 2025
	Deferred bonus[3]	385,350	0.00	8.48	45,442	£385,348	n/a	n/a
Amy Stirling	SPP[3]	262,500	0.00	8.48	30,955	£262,498	n/a	1 July 2022 to 30 June 2025
	Deferred bonus[3]	95,330	0.00	8.48	11,241	£95,324	n/a	n/a

Notes

1 Face value is calculated by reference to the average of the mid-market value of HL shares on 14, 15 and 16 September 2022 multiplied by the number of options granted.

2 Awards under the SPP were granted on 21 September 2022 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.

3 Awards under the deferred bonus were granted as nil cost options on 21 September 2022.

4 The number of shares awarded was calculated by reference to the average of the mid-market value of HL shares on 14,15 and 16 September.

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, 41.4% of the Group's employees participated in the SAYE. The CEO opted to participate in the 2020 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 10-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 10-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 2022	Beneficially owned at 30 June 2023[1]	Outstanding share options subject to continued employment arising from SAYE scheme	Outstanding share options subject to continued employment arising from other plans[2]	Outstanding share options subject to performance conditions and continued employment arising from sustained performance plan	No. of share options exercised in year	No. of share options vested but unexercised at 30 June 2023	Shareholding guideline (multiple of base salary)	Shareholding as a multiple of base salary achieved at 30 June 2023	Shareholding guideline met[3]
Chris Hill	67,908	87,321	1,547	152,384	79,087	37,227[4]	13,814[5]	Three times	196%	No
Amy Stirling	9,126	13,881	2,227	11,241	30,955	0	0	Three times	31%	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 Unaudited – at present the Executive Directors have not currently met their shareholding guideline. As the CFO only joined in February 2022, she will continue to build her shareholdings during the relevant time period. It is noted that the CEO has not yet achieved the guideline level due to movement in HL's share price. The Committee has reflected upon this accordingly and noted the post-cessation shareholding requirement combined with his unvested awards provide an appropriate shareholding level. The new remuneration policy supports achievement of the shareholding guideline for the new CEO and CFO going forward.

4 Options exercised granted under 2021 Deferred Bonus Plan (DPBP) and 2017 Sustained Performance Plan (SPP). For the DPBP the market value at the date of exercise was £8.60 per share and the option exercise price in aggregate for 18,270 options was £1.00. For the SPP the market value at the date of exercise for 18,957 options was £8.80 per share.

5 This relates to options awarded under the Sustained Performance Plan (SPP) granted in September 2018 and which have been assessed by the Committee to vest in full and are included since, as at 30 June 2023, they are no longer subject to performance conditions or continued employment. The number stated is the gross number of share options and is subject to income tax and NIC on exercise.

There has been no subsequent change in Executive Directors' shareholding and share interests as of 6 September 2023.

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.

Payments to third parties (audited)

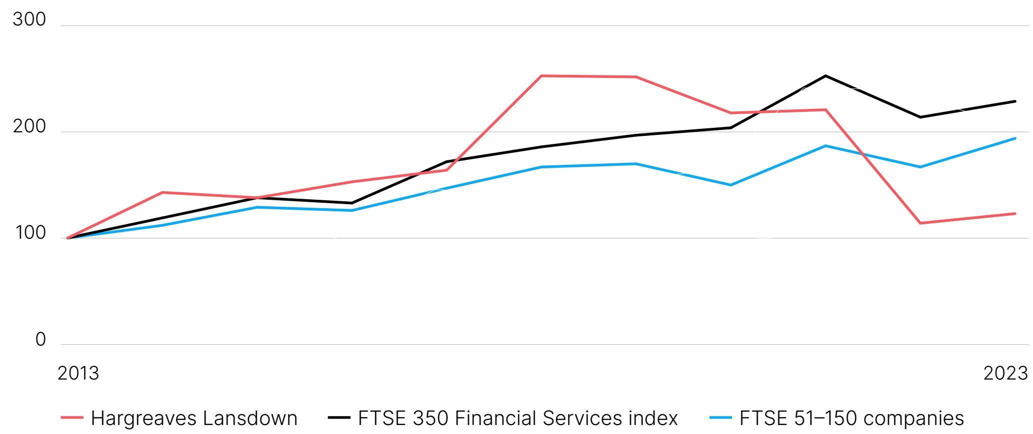
The Committee confirms that no amounts have been paid to third parties in respect of Directors' services.

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 10 years.

This chart shows the value of £100 invested in the Company on 1 July 2013 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 2023. 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 10-year period. We have also included the FTSE 51-150 (excluding investment trusts) to align to the proposed Performance Share Plan TSR peer group.



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[3]
2014	Ian Gorham	£10,608,359	60% (£1,350,000)	100%
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[1]/Chris Hill[2]	£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	0% 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	£2,576,544	49.4%	100%

Notes

1 Emoluments for Ian Gorham for 2017 are shown for the period to 9 February 2017 when he stepped down as Chief Executive Officer.

2 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.

3 Options vesting in 2014 pre-date the SPP and therefore had no performance criteria. The 2018 SPP award was assessed to vest at 100% based on assessment of performance conditions over the performance period 1 July 2018 to 30 June 2023. In addition, the 2020 SPP award performance conditions for the period 01 July 2020 to 30 June 2023 was assessed at 100%. The awards are to vest in full at the end of the two-year holding period in 2025.

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 employees of the Company for the last four years, between years ended 30 June 2020 and the year ended 30 June 2023 inclusive.

			Executive Directors (% change)		Non-Executive Directors (% change)								
Element of pay		Average employee (% change)[1]	C Hill	A Stirling	D Oppenheimer	J Troiano	M Mannings	A Blance	A Collins	R Perkin[2]	D Olley	P James	D Pope[3]
Base Salary	2023	9.97%	4.29%	0%	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%	2.9%	–	0%	–	–	–	–	4.3%	0%		
Benefits	2023	0.12%	-2.06	-75%[4]	-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%[4]	–	-100%[6]	-100%[6]	–	–	–	-100%[6]	-100%[6]	–	–
	2020	2.82%	0%	–	–	–	–	–	–	–	–	–	–
Annual Bonus	2023	12.2%	49.58%	281%[5]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2022	-6.7%	-50.82%	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–
	2021	0.8%	-5.50%	–	n/a	n/a	–	–	–	n/a	n/a	–	–
	2020	11.8%	–	–	n/a	n/a	–	–	–	n/a	n/a	–	–

Notes
1 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 four years.
2 As Roger Perkin stepped down as interim SID on 31 August 2021, total base salary has decreased.
3 The table includes Darren Pope who was appointed as a Non-Executive Director on 1 September 2022. It is therefore not possible to reflect a percentage change figure.
4 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).
5 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.
6 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.

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 four years compared to the total remuneration received by our UK colleagues. For the past four 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%

Notes to the calculations:

1 The median, 25th and 75th percentile colleagues were determined based on calculating total annual remuneration up to and including 30 June 2023 for colleagues employed at 30 June 2023.

2 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.

3 'Option A' was chosen from the options available in the reporting regulations since it is the most robust and statistically accurate method.

4 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
2023	Basic salary	24,610	32,959	55,000
	Total remuneration	29,270	43,000	72,040

The pay ratio has increased following business performance and therefore the outturn of the CEO's bonus award. Wider workforce outcomes reflect changes in pay approach for over 700 employees via a 7% salary increase in exchange for discretionary bonus, together with the average annual salary increase of 4.8%. There have been no material changes in benefits of UK employees nor changes in the proportion of employees working outside the UK or employed under contracts for service.

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 Reward Governance Committee and Colleague Forum throughout the period, the Committee is satisfied that our 2023 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 [1] £m	Employee costs £m	Total dividend declared (pence per share)
2023	190.4	257.6	179.3	41.5p
2022	241.1	269.2	155.5	39.7p
% change	-21.1%	-4.3%	15.3%	-21.4%

Note
1. Further details are set out on p145.

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.

All eligible[1] employees employed on or before 1 April of the performance year are considered for an annual performance bonus, or equivalent, with individual performance metrics used to determine awards and similar metrics to those used for the Executive Directors guiding the overall bonus pool. All eligible employees (under the rules of the scheme) may also participate in the Group's Save As You Earn.

Note
1 As part of changes to our colleague value proposition, colleagues at role levels 6 and 5 employed on or before 1 March 2023 were eligible for a pro-rated bonus for the period 1 July 2022 to 28 February 2023. From 1 March, these colleagues ceased to be part of our bonus scheme and, instead, have received a 7% salary increase.

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 2023 financial year are as follows:

Fee Policy

	Fees from 1 July 2023 (£ p.a.)	Fees from 1 July 2022 (£ 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[1]	£10,000	£10,000

Note
1 Under current arrangements the Chair fulfils this role for no additional fee.

In recognition of the ongoing cost of living crisis and in line with the Executive Directors, the Non-Executive Directors have chosen not to recommend a fee increase for a second year in a row. The Directors wish to ensure that any capacity for salary increases were focused on the wider workforce.

Remuneration payable for the 2023 financial year (1 July 2022 to 30 June 2023) (audited)

The remuneration received by Non-Executive Directors in 2023 is set out below.

	2022 fees (£)	2022 Taxable Benefits i.e. expenses (£)	2022 Total (£)	2023 fees (£)	2023 Taxable Benefits i.e. expenses (£)	2023 Total (£)
D Oppenheimer	334,500	28,100	362,600	334,500	21,263	355,763
M Mannings	95,250	2,109	97,359	95,250	2,030	97,280
A Blance	95,250	3,986	99,236	95,250	2,052	97,302
A Collins	74,150	1,012	75,162	74,150	1,389	75,539
R Perkin	97,892	1,008	98,900	95,250	3,687	98,937
D Olley	74,150	905	75,055	74,150	914	75,064
J Troiano	114,150	1,242	115,392	114,150	807	114,957
P James	75,000	1,102	76,102	90,000	440	90,440
D Pope[1]	–	–	–	61,792	342	62,134

Notes

1. Joined 1 September 2022.

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.

The table below shows, as at 30 June 2023; the Company shares held by the Non-Executive Directors and connected persons:

	Shares
D Oppenheimer	30,572
M Mannings	Nil
A Blance	Nil
A Collins	Nil
R Perkin	Nil
D Olley	Nil
J Troiano	14,400
P James	Nil
D Pope	Nil

Note

1. There has been no subsequent change in current Non-Executive Directors' shareholdings as of 6 September 2023.

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	1 February 2024
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	2 November 2020	1 November 2023
R Perkin	1 September 2017	1 September 2023	31 August 2026
D Olley	1 June 2019	1 June 2022	6 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

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.

Implementation of the Remuneration Policy in FY24 – Executive Directors

Salary

The Executive Directors' base salaries were reviewed in June 2023. 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.

Having been appointed in February 2022, the CFO's salary of £525,000 was determined by the Committee to remain unchanged for FY23 given the timing of her appointment. For FY24, despite the excellent performance and contribution of the CFO, the Committee has accepted her request not to be awarded a salary increase notwithstanding the salary increase range used for our lower paid colleagues of 4%-6% and the average salary increase received by the wider workforce (below Executive Director level) which was 4.8%.

For the incoming CEO, Dan Olley, the Committee has accepted his request to align to the CEO salary set at 1 July 2022 of £730,000 and this will not be reviewed until 1 July 2024. Dan Olley is a globally renowned technology leader and has proven track record of delivering transformational change and growth in organisations, including scaling platform businesses internationally. The Committee strongly believes that he has the capabilities to drive forward our strategic ambitions and will be critical to our success in coming years.

When setting the base salary of the incoming CEO, the Committee reflected on the calibre of the individual, market positioning and the salary of the current incumbent taking account of likely salary positioning for FY24.

The Committee determined that the salary level set at appointment is at an appropriate level, particularly when taking into consideration companies of a similar size and complexity and the strategic ambitions of the Group over the coming years. Further detail on the incoming CEO's pay package can be found on page 111.

Name of Director	Salary as at 1 July 2022 (£)	Salary as at 1 July 2023 (£)	% increase
Chris Hill	730,000	730,000	0%
Dan Olley[1]	–	730,000	0%
Amy Stirling	525,000	525,000	0%

Note
1. Dan Olley's salary is payable from his date of joining, 7 August 2023.

Annual bonus

At the Capital Markets Day in February 2022, we set out our strategic plan to transform the savings and investment experience, combine the best of human expertise with digital capability, and deliver a uniquely personalised service to management of our clients' health and wealth.

As in FY23 delivery of the strategy in FY24 will be focused around five strategic pillars with the management team setting out their priorities against these pillars each year. The committee has determined that it appropriate to continue to align the assessment of annual bonus awards against the strategic pillars whilst maintaining a strong focus on financial performance (60% across profit before tax, underlying costs, net new business and client retention).

The performance assessment will include the following measures:

Strategic Pillar	Weighting	Shared Objective	Measure
Growth	25%	Accelerate growth via our integrated position.	Net New Business (NNB)* (15%) Client Retention* (10%)
Service and efficiency	27.5%	Create a step change in Client Service and Efficiency.	Client Service NPS (10%) Underlying Cost* (17.5%)
Digital backbone	20%	Develop our digital backbone.	Strategic Delivery (20%)
People and culture	5%	Enable our people, strengthening our culture.	ESG – Colleague engagement (5%)
Foundations	22.5%	Scale the foundations.	Profit Before Tax (Statutory)* (17.5%) ESG – Risk and Controls (5%)

Note
* Indicates financial/growth measures which together make up 60% of the overall performance assessment.

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 take account of each Executive Directors personal contribution to strategic delivery (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 as set out on page 95 and details of the Committee's assessment will be given in the Annual Remuneration Report next year.

As referred to on page 89, the annual bonus opportunity will be rebalanced for FY24, subject to the approval of this Remuneration Policy. The incoming CEO's bonus opportunity will be 250% of salary, which is a reduction of 150% of salary from previous incumbent. The CFO's bonus opportunity will be 220% of salary, which is a reduction of 130% of salary. For both Executive Directors, the on-target opportunity will be 50% of maximum.

	On-target bonus opportunity (% of base salary)	Maximum bonus opportunity (% of base salary)
Dan Olley[1]	125%	250%
Amy Stirling	110%	220%

Note
1. Any bonus award determined for Dan Olley will be pro-rated based on the period worked during the performance year.

As part of this policy review, the approach to deferral has been simplified whilst remaining fully aligned with the regulatory requirements. Where required, a portion of the annual bonus will be deferred to ensure that the deferral requirement (usually 60%) of total variable remuneration (including the SPP and PSP awards) to be delivered in shares or instruments is satisfied.

Dividend alternatives will accrue on deferred share awards as set out in the policy. Bonus awards are subject to a formal malus and clawback mechanism as set out in the policy. For further details of the relevant malus/clawback triggers, please see page 95.

Performance Share Plan (PSP)

As part of the Policy review, it is proposed that a PSP award is introduced to reflect the importance of driving long-term performance. For FY24, the Executive Directors will receive PSP awards with maximum opportunities of 150% of salary and 130% of salary for the CEO and CFO respectively, subject to satisfactory personal performance in the period prior to grant. This is the equivalent value to the reduction of the annual bonus maximum as stated on page 89.

These awards will be assessed against achievement of the below performance measures over a period of three financial years:

Measure	Weighting	Threshold (25% of award)	Maximum (100% of award)
Relative TSR[1]	30%	Median	Upper Quartile
Cumulative statutory EPS[2]	50%	145.0p	225.0p
Environmental & Social:			
Responsible employer (senior women representation)		36%	40%
Responsible employer (ethnic minority representation)	20%	6%	10%
Responsible business (scope 1, scope 2 and scope 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	

Note
1. Relative TSR is assessed against the FTSE 51-150 companies (excluding investment trusts) comparator group.
2. Assessment is against cumulative statutory EPS on a diluted basis and the target has been set at a stretching level in the current economic environment, based on internal plan and consensus forecast for the relevant period.

In making an assessment of performance, the Committee will retain flexibility to apply discretion as set out on page 95. 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, the vested awards will be subject to a further two-year holding period such the performance and holding periods together span a minimum of five years.

Dividend alternatives will accrue as set out in the policy.

Awards are subject to a formal malus and clawback mechanism as set out in the policy. For further details of the relevant triggers, please see page 95.

Sustained Performance Plan (SPP)

For FY24, each Executive Director is to receive an award over HL plc shares with a face value 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.

The Committee will review performance against these underpinning conditions in the round and will retain flexibility to apply discretion as set out on page 95. 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, the vested awards will be subject to a further two-year holding period such the performance and holding periods together span a minimum of five years.

Dividend alternatives will accrue as set out in the policy. Awards are subject to a formal malus and clawback mechanism as set out in the policy. For further details of the relevant triggers, please see page 95.

Statement of voting at the AGM

At the AGM held in 2022, 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)	384,584,392	93.07	28,638,812	6.93	413,223,204	18,101	413,241,305
Approve Directors' Remuneration Policy in 2020	386,802,133	96.30	14,850,824	3.70	401,652,957	1,516,450	403,169,407

Moni Mannings
Chair of the Remuneration Committee

18 September 2023

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CONTINUED DEVELOPMENT OF GOVERNANCE RESILIENCY

Another year of significant and positive change.

Deanna Oppenheimer
Chair of the Nomination Committee

Dear Shareholder,

As Chair of the Nomination Committee, I am pleased to present this report on the Committee's activities in the year under review.

The Committee has overseen another year of significant and positive change both at Board level and within the Group's senior management. The Committee continues to ensure that there is alignment with the Group's overall Strategy resulting in oversight of a number of high calibre appointments including that of the Chief Executive Officer Dan Olley.

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**

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; and
- 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.

As noted in the prior year's report, whilst the focus of the Committee has been ensuring that the right skills and experience continue to be reflected in the Company's leadership now and in the future, the Committee has additionally reviewed consolidating and expanding the Committee's remit to include defined governance responsibilities. Updated terms of reference were approved by the Board in August 2023, after the reporting period.

Composition and meeting attendance

At the date of this report (18 September 2023), Committee members are Deanna Oppenheimer (Chair), Andrea Blance, Penny James, Moni Mannings and Roger Perkin, each of whom are independent Non-Executive Directors. All have been members throughout the period under review. This 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 five times in the period under review. The attendance of members is set out in the table on page 72. 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.

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. Search processes have been undertaken for two independent Non-Executive Directors. One to address the skills gap created by the move by Dan Olley to the role of CEO and one to further strengthen the Board's wealth management experience (as discussed below).

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 Executive Committee who hold Senior Manager Functions (SMFs) to ensure there is 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, Executive Committee members and individuals holding Senior Manager Functions (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 during the year the Committee has used the output of its:

- Detailed 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 Committee engages external search firms for all Board appointments (other than for the Nominated Director), using their networks and expertise to identify a list of candidates that meet the capability requirements developed by the Committee. Shortlisted candidates are invited to interview with various members of the Board and senior management. Summaries of the outcome of interviews, along with candidate CVs, are then provided to the Committee for detailed consideration. When searching for a new CEO preferred candidates were also invited to present to the Board as a whole. Once the process is completed the Committee recommends its preferred candidate to the Board for approval.

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 Executive Director

Following a rigorous process as outlined above Dan Olley was identified as the preferred candidate for the CEO role with him being appointed as Executive Director with effect from 7 August 2023. Dan stepped down as a Non-Executive Director on the same date. Dan stood down as a member of the Remuneration Committee in April to mitigate any potential conflict of interest. The Committee engaged The Lygon Group, an independent external search agency, to assist with the search. The key criteria considered the needs of HL, particularly its strategy and its digital transformation, as well as being a listed company within the financial services sector.

The Committee determined that Dan's experience in client focused, data driven and technology enabled organisations positioned him to further advance the Group's Strategy. In addition, he has a strong track record of delivery at both RELX where he was the CTO, at Elsevier and at dunnhumby where he was the CEO.

Dan also has strong leadership credentials with an existing deep collaborative relationship with the Executive Committee.

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 Board and deepening its experience in relation to commercial and investment management. For this search the Committee engaged Spencer Stuart which 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.

On 11 July 2023, following a rigorous process involving initial interviews with a range of potential candidates, the Company was pleased to announce the appointment of Michael Morley with effect from 1 August 2023. Michael has extensive financial services and risk expertise, strategic thinking, governance and regulatory experience combined with strong leadership skills. Michael joined the Board Remuneration and Risk Committees from the same date.

Taking into consideration the current skills and experience of the Board, and noting the transition of Dan Olley to the CEO role, the Committee is currently engaged in a search for a Non-Executive Director with a global technology background.

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 75.

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 the Senior Management Arrangements, Systems and Controls (SYSC), 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 put forward for election or re-election at the 2023 AGM as appropriate.

Board effectiveness

The Committee oversaw progress against the externally led 2021 Board Effectiveness Review (BER) with all actions being closed during the year. In August 2022 the Board received the report from the internally led 2022 BER. A deliberate decision was made to develop questions that could be used across both the 2022 and 2023 BERs to track progress year on year. In June 2023 the Board received the report from the internally led 2023 BER.

In both instances Board members were invited to complete a survey, following which, one to one discussions were held with the Chair (in 2022) and the Senior Independent Director (in 2023).

Key points from the 2022 BER were:

- That a positive start had been made on the Board being provided with requisite information relating to execution of the Strategy and additional focus would be brought to provide increased assurance and clarity of progress;
- That there had been increased clarity of executive ownership of strategic elements; and
- The Board culture encourages challenge but within a psychologically safe space.

All actions associated with the 2022 BER were closed in the reporting year.

The key points from the 2023 BER were:

- Good progress had been made in the provision of information with continued focus on drawing elements together cohesively and effectively to track the impact of actions and prioritisation decisions;
- That the composition of the Board should be reconsidered to take account of the transition of Dan Olley to the CEO role; and
- The Board was felt to be collegiate, collaborative and supportive.

The Committee will track progress against the associated action plan during the reporting year.

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 40. 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 requested that all Board members be 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 22 to 26 of the Strategic Report.

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	6	54.5%	1	5	55.6%
Women	5	45.5%	3	4	44.4%
Not specified/prefer not to say	0	0.0%	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)	10	90.9%	4	8	88.9%
Mixed/Multiple Ethnic Groups	0	0.0%	0	0	0.0%
Asian/Asian British	1	9.1%	0	1	11.1%
Black/African/Caribbean/Black British	0	0.0%	0	0	0.0%
Other ethnic group, including Arab	0	0.0%	0	0	0.0%
Not specified/prefer not to say	0	0.0%	0	0	0.0%

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.

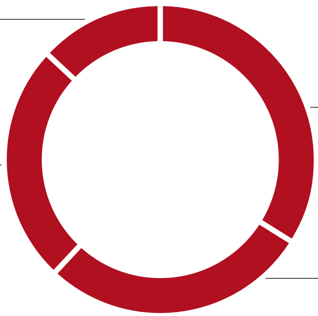
As of 30 June 2023, the Board numbered eleven in total, five of whom are women with three of the four senior Board positions (defined as Chair, Senior Independent Director Chief, Chief Executive Officer and Chief Financial Officer) being held by women. The Board recognises that there is always more to 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 2023, female representation across the Group's senior management (as per the Code definition) was 39.7%. For these purposes 'senior management' comprises members of the Group Executive Committee (including the Group Company Secretary), 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 35.6%. Further information on how the Group is seeking to promote diversity can be found on page 40 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 oversaw the implementation of a new methodology for the internal governance appointments. The aim is for a more structured and evidence based approach to drive greater diversity within the Group's internal Committees and subsidiary Boards. For more information about the Group's approach to ethnic diversity please see the Responsible employer section on page 40.

Overview of the Committee's activities in the year to 30 June 2023



Nomination Committee priorities for 2023/24

Looking ahead to the next financial year, it is anticipated that the Committee will focus in particular on:

- Chair succession plans recognising that as of February 2024 Deanna Oppenheimer will have been on the Board for six years. This was confirmed by the Company on 17 July 2023 when it announced that an exercise to determine the attributes of any successor Chair candidates in line with good governance and succession planning practices was underway. Discussions relating to this will be chaired by the Senior Independent Director with the Chair recusing herself.
- Recognising the amount of change there has been within the Executive Committee working with members to further develop succession planning and talent management with a focus on diversity.
- Finalising Non-Executive Director onboarding and ensuring that the expanded Board membership has increased coverage across identified areas and reduced any over reliance on key individuals.
- Overseeing the implementation of recommendations from the internally led 2023 Board Effectiveness Review and preparations for the externally led 2024 review.
- Following the approval of revised terms of reference by the Board in August 2023 the Committee will focus on completing its transition to a Nomination & Governance Committee and embedding its associated operating cadence.

Deanna Oppenheimer
Chair of the Nomination Committee

18 September 2023

DRIVE FOR CONTINUOUS IMPROVEMENT

Strong risk management is essential in the current challenging macroeconomic environment.

Andrea Blance
Chair of the Risk Committee

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 53 to 62.

Continued evidence of enhancements to risk management and maturity have been reviewed by the Committee. This year the Committee has approved the first full Internal Capital Adequacy and Risk Assessment (ICARA) report under the Investment Firm Prudential Regime (IFPR). It also reviewed the Operational Resilience Self-Assessment and the Group's response to the implementation of the FCA's Consumer Duty prior to approval by the Board.

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, and improvements being made to, the Group's risk management framework.

The Committee plays a key role in overseeing the management of capital adequacy and liquidity through the ICARA which includes ensuring HL has sufficient capital for its future growth strategy.

The Committee has continued to keep under review the Group's updated strategy. Regular updates on mobilisation priorities have been received to ensure that the activities supporting the delivery of the strategy are adequately managed and prioritised in order to support good client outcomes.

The detailed responsibilities of the Committee are available on the Group's website.

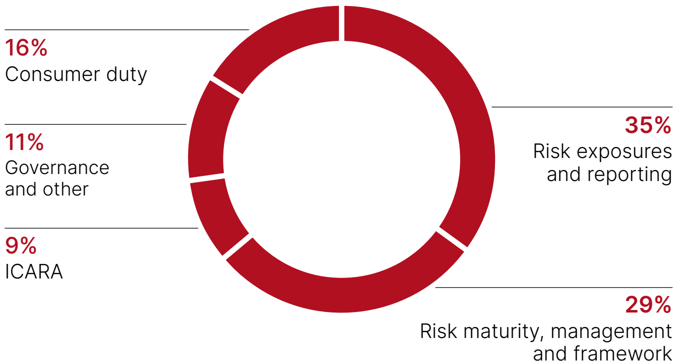
Composition and meeting attendance

As at the date of this report (18 September 2023), the members of the Committee are Andrea Blance (Chair), Penny James, Moni Mannings, Michael Morley, Roger Perkin, Darren Pope and John Troiano, each of whom are independent Non-Executive Directors. Michael Morley was appointed after the reporting period in August 2023. Of the remaining members, with the exception of Darren Pope, who has been a member since his appointment in September 2022, all those listed have been members throughout the period under review. Dan Olley was also a member during the period under review but stepped down as a member of the Committee on 7 August 2023 to take on the role of Chief Executive Officer.

Ongoing training is provided to assist Committee members in performing their duties. This year this included briefing sessions on the implementation of the FCA's Consumer Duty and Operational Resilience.

The Committee met six times in the period under review. The attendance of members is set out in the table on page 72. Other individuals attend Committee meetings at the request of the Committee Chair.

Overview of the Committee's activities in the year to 30 June 2023



Committee activities during the period under review

Risk management framework and risk appetite

- Oversaw the final phase of the Risk Transformation Plan which included the introduction of a Group Risk and Compliance tool and enhancements made to the Risk Management Framework.
- Reviewed the Group's strategic risk appetite, which brings together the core risk profile, including strategic, financial, operational and investment risk and the proposed approach to further define 'acceptable' levels of risk taking to inform management decisions.
- 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.
- Reviewed and challenged reporting for evidence of continued evolution of risk management in the first line and monitored the response of management to issues identified, including root cause analysis.
- Encouraged the strengthening of risk management capabilities in the first line operational teams, to enable the Group's Risk function to further focus on oversight.
- Reviewed the annual planning process which delivers the detailed plan to FY24 as well as the Operating Plan which is the plan to FY26. This included consideration of execution risk and the need to balance financial and non financial objectives.

ICARA

- Reviewed and challenged the ICARA results in October 2022 to ensure they were proportionate to the nature, scale and complexity of HL, prior to recommending the ICARA results to the Board for approval. The review covered the assumptions and scenarios used to assess the material risks of harm and the Group's exposure to business risks such as regulatory compliance, technology and severe market movements. It also included review of the new framework for annual regulatory disclosures. During the reporting year the ICARA has been kept under periodic review with quarterly updates provided to the Committee.

Consumer Duty

- During the period under review, the Committee has reviewed and challenged preparations for the implementation of the Consumer Duty within the Group.
- The Committee has monitored progress of the implementation plan and assurance of the deliverables to ensure all aspects of the regulations have been considered and delivery was on track prior to completion of the annual assessment by 31 July 2023.
- The Committee has scrutinised the outcomes of product reviews against requirements and overseen the ongoing development of data to ensure monitoring and assurance is in place to embed the Consumer Duty within HL.
- As a result of this work, the Committee was able to recommend to the Board that the appropriate assessments and checks had taken place, including that its future business strategy has been assessed to ensure it is aligned with its obligations under the Consumer Duty including price and value, with only minor enhancements to client communications identified to further support good client outcomes.
- This will remain an area of focus as both our processes embed and FCA guidance develops.

Information security and fraud risk

- Reviewed updates on cyber security and the cyber risk control environment, including a view on the cyber threat landscape.
- Received regular updates on enhancements made within the Group's financial crime framework and controls to ensure continued compliance with legislative requirements and the efficient management of increasing client volumes. Reviewed the annual report from the Money Laundering Reporting Officer (MLRO) which addressed the effectiveness of the Group's anti-money laundering and financial crime controls prior to recommending this to the Board for approval.

Operational risk and resilience

- Scrutinised the Group's preparedness for planned or unplanned power outages which enabled the Committee to monitor and oversee the Group's approach to operational resilience and crisis management planning.
- Reviewed and challenged the completeness of the Operational Resilience Self-Assessment prior to recommending this for approval by the Board.
- Scrutinised the output and associated action plan following a review of Model Risk assurance.

Internal Risk and Compliance functions

- Received reports from the Compliance Monitoring function on the effectiveness of measures designed to ensure compliance with the Group's regulatory risk control environment.
- Oversaw an improvement in the capacity and capability of the Compliance function during the year to ensure adequate oversight of the regulatory obligations and compliance with them for a firm the size and scale of HL. 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 and an annual review of the effectiveness of risk management, the internal control environment, and risk embedding across the Group.

Remuneration and risk

- 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 by the Remuneration Committee when determining Executive remuneration.

Disclosures and attestations

The Committee reviewed the director attestation process which serves the Corporate Governance Code requirement. It also reviewed and approved the disclosures and statements in the Annual Report relating to risk management.

Risk assessment of updated strategy

The Committee continued to oversee any risks associated with the updated strategy through second line assessments of mobilisation and prioritisation activities, progress against initial planning and the risk profile associated with achieving the target state within the stated timescales.

The Committee is particularly focused on overseeing the management of any heightened change execution risks. Given the increase in reliance on outsourcing arrangements that will be driven by strategic change, the Committee also discussed the findings from a review of Supplier Management.

Risk maturity

The Committee oversaw the introduction of a Group Risk Maturity Framework and assessment 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 now in place will support the creation of a central system of record for risk data, risk events and issues, risk appetite monitoring and reporting which will provide greater insights on risk management.

Environmental, Social and Governance (ESG)

A deep dive was carried out by the Committee on the dedicated ESG dashboard which provided a thorough assessment of HL's position against stated targets (for further details see page 46).

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. This review was undertaken in April and confirmed that activities during the period have been in line with its remit. Minor updates to the Terms of Reference, including reference to the Consumer Duty and Operational Resilience Self-Assessment were approved by the Committee and the Board.

Risk Committee priorities for 2023/24

Looking ahead to the next financial year, it is anticipated that the Committee will focus in particular on:

- Overseeing phase two of the Consumer Duty programme to ensure the regulatory expectations are embedded within HL and continued assurance is in place;
- Ensuring the Group Risk Maturity Framework is embedded to support the business in further defining risk tolerance levels and further building first line risk and compliance capability;
- Ensuring the new central system of record unlocks the value of the risk data and risk reporting to further enhance risk management; and
- Overseeing change delivery management to ensure the strategic objectives and transformation of legacy systems are able to go hand in hand.

Andrea Blance
Chair of the Risk Committee

18 September 2023

The Directors present their report on the affairs of the Group, together with the audited consolidated financial statements for the year ended 30 June 2023.

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 128 to 131 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 an indication of likely future developments can be found on pages 1 to 52 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 38 to 51 of the Strategic Report.

Details of how the Group engages with its key stakeholders, including its shareholders, can be found on pages 18 to 19 of the Strategic Report and on page 76 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 132 to 135.

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 65;
- 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 page 78;
- 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 128 to 131;
- A description of the composition and operation of the Group's corporate governance framework can be found on pages 76 to 77; 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 40 to 44 and 123 to 124.

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 162
LR 9.8.4R (13)	Future dividend waiver agreements	Note 3.2 to consolidated financial statements on page 162
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 130

Share capital structure

The Company's share capital consists of a single class of ordinary shares of 0.4p each. As at 30 June 2023 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 162. 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 2023 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 2022 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 2023 and up to the date of this report. This authority expires at the end of the 2023 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 2022 AGM to allot relevant securities up to an aggregate nominal amount of £632,424.83, representing approximately one third of the Company's issued ordinary share capital. No shares were allotted under this authority in the year to 30 June 2023 and up to the date of this report. This authority expires at the end of the 2023 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 2023, the EBT Trustee held 779,080 ordinary shares, equating to approximately 0.16% 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 2023, 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 2023, the Company had been advised of the following voting interests in the Company's ordinary shares amounting to more than 3% 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%

In the period between 30 June 2023 and the date of this report, the Company received no further notifications.

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 28.8 pence per ordinary share to be paid in respect of the period ending 30 June 2023. Subject to shareholder approval at the 2023 AGM, it is proposed that this ordinary dividend is paid on 15 December 2023 to all shareholders on the register at close of business on 17 November 2023.

For further information on the dividend, including the suspension of the special dividend see page 32 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 75 of the Corporate Governance Report.

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 66 to 69.

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
Darren Pope	Independent Non-Executive Director	Appointed 1 September 2022

Since the year ended on 30 June 2023 the Company was pleased to announce the appointment of Michael Morley as an independent Non-Executive Director with effect from 1 August 2023. Michael's experience and suitability as a Director of HL can be found in his biography set out on page 69. In addition during the year and following on from Chris Hill's decision to retire which was communicated in October 2022 the Company was pleased to announce the appointment of existing Non-Executive Director Dan Olley to the role. Chris stepped down as CEO on 7 August 2023 with Dan transitioning to the CEO role on the same day.

Directors' interests

Details of the Directors' interests in the Company's ordinary shares can be found on pages 111 and 116 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.

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 18 to 19, and information on how stakeholder interests have been considered by the Board can be found in the Group's Section 172 Statement on pages 132 to 135.

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 168 to 172.

Change of control

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 44 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 19 and 44 of the Strategic Report and in the Group's Section 172 Statement on pages 132 to 135.

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 43 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 pages 42 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 166.

Political donations

The Group did not make any political donations or contributions or incur any political expenditure during the period under review.

Annual General Meeting

The Board looks forward to welcoming shareholders to the Company's AGM in December 2023. 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**

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 27 to 32 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

18 September 2023

SECTION 172 STATEMENT

Understanding the views and interests of our stakeholders helps the Group 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 our other key stakeholders.

Section 172 of the Companies Act 2006 requires the Directors to act in a way they consider will promote the success of the Company for the benefit of its members as a whole. In doing so, the Directors must have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Group's employees;
- The need to foster business relationships with the Group's suppliers, clients and others;
- The impact of the Group's operations on the community and the environment;
- The desirability of the Group maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between the Company's shareholders.

You can read more about how we engage with and respond to the interests and needs of our key stakeholders on pages 18 to 19 of the Strategic Report.

How the Board has discharged its Section 172 duties

The Directors are briefed on their duties as directors as part of the Group's induction programme and the Board, as a whole, periodically receives refresher training. Each Director also has access to the Group Company Secretary for advice on the application of those duties.

The Directors' awareness of their duties to the Company, combined with the knowledge and insights they obtain on the views and interests of the Group's key stakeholders and the impact of the Group on wider society, enables them to make decisions that promote long-term sustainable value for the Company's stakeholders. In practice, the Group operates within a corporate governance framework whereby responsibility for day-to-day decision making is appropriately delegated. In considering their duties under Section 172 when setting the Group's strategy, values and framework of policies, the Board aims to ensure that the consideration of stakeholder interests and the Group's long-term success is embedded across its business.

The Board recognises that the impact of each decision made by it, and elsewhere in the Group's governance framework, will be different for each of its key stakeholders and understands the importance of considering the impact on each of those stakeholders when making decisions.

The Group's Board and Committee paper templates encourage paper authors to consider and highlight the impact on the Group's stakeholders of the matters covered. In addition to acting as an aid to the Board in discharging its duties and facilitating focused debate, this is intended to provide an additional layer of comfort that paper authors have properly considered and taken into account the interests of stakeholders.

Further details of how the Board considers each of the specific matters set out in Section 172 is set out below, along with some examples of how those considerations have influenced decisions taken by the Board and Group more widely.

Considering the long term

The Board sets the strategy, values and culture, and develops and oversees the Group's framework of governance, risk management and internal controls to promote and safeguard the Group's long-term success. The strategic goals and objectives it sets are focused around developing the Group's proposition and service to fulfil the long-term needs of its clients. You can read more about the Group's strategy on pages 20 to 26 of the Strategic Report.

The Group provides an essential service to its clients in a highly regulated environment. The identification, management and mitigation of risks to the Group's business is key to ensuring the delivery of its strategy over the longer term, and the consideration of risk plays an important part in decision making. You can read more about how the Group evaluates and manages risk along with a description of the principal and non-financial risks relating to the Company's operations on pages 53 to 62 of the Strategic Report. Details of how clients' considerations influenced the Board's implementation of the FCA's Consumer Duty can be found in the case studies on pages 134 to 135.

Our employees

The Board recognises that understanding the needs of the Group's people is essential in developing a workplace and culture in which they can reach their full potential and, in turn, ensure the long-term success of the Group.

The Group's workplace advisory panel, the HL Colleague Forum, provides a feedback channel directly between colleagues and the Board on matters of strategic importance. It is chaired by the Chief People Officer and each meeting is attended by a broad range of colleagues from across the Group's business. In addition to the direct Board and Group Executive Committee representation on the Forum, details of the issues raised and outcomes are reported to the Remuneration Committee, with onward escalation to the Board where appropriate. You can read more about the Forum on page 40 of the Strategic Report.

The views of colleagues are also obtained via regular colleague surveys. Detailed results are shared with the Group Executive Committee, with key themes and issues escalated to the Board for consideration.

You can read more about how we engage with colleagues and the actions we have taken as a result of that engagement on page 44 of the Strategic Report. Details of how engagement with colleagues has influenced the Board's decision making can be found in the case studies on pages 134 to 135.

Our clients

The Group's clients are at the heart of its strategy and their interests are a key consideration in everything that the Group does.

Both the Group Executive Committee and the Board regularly receive updates on client proposition and service metrics. The consideration and determination of current and future needs of clients drives the Group's innovation and the prioritisation of activities within the Group's annual operating plan and long-term strategy. During the year under review specific consideration was given to our Active Savings offering by the Board this resulted in the consideration and strengthening of the governance around partner banks. The Board also reviewed HL's Client Fairness Policy to ensure that given the rising interest rate environment HL was appropriately – and fairly – ensuring good client outcomes.

You can read more about how consideration of our clients' interests have shaped some of the Board's decisions this year in the case studies on pages 134 to 135.

You can read more about how we engage with our clients and the actions we have taken as a result on page 23 of the Strategic Report.

Our regulator

The FCA regulates the financial products and services provided by the Group. The Group's continued compliance with its regulatory obligations and the interests and views of the FCA are primary considerations in decision making across the Group. The Board is regularly briefed on regulatory developments and expectations, and the Board's Risk, Audit and Remuneration Committees receive detailed insights into specific areas such as the ICARA, Operational Resilience, CASS and Consumer Duty. The Board also receives updates in relation to specific matters, such as areas of interest to the FCA including operational resilience.

The Group maintains regular contact with the FCA to ensure awareness of its concerns, expectations and agenda, and this informs the prioritisation of activities within the Group's annual operating plan. The Group also engages with the FCA to help ensure that the position of retail investors in the UK is understood. Further details can be found on page 37.

Our suppliers

Fostering good relationships with the Group's suppliers is an important factor in ensuring it is able to continue to service its clients effectively and efficiently over the long term. The Group continues to develop, enhance and embed a vendor management framework across the business, in line with business, market and regulatory expectations. We aim to pay our suppliers promptly and within 30 days of payment being requested and have maintained the increased frequency of our payment runs introduced to support suppliers during the COVID-19 pandemic. Our average payment days during the period under review was approximately 25 days.

Acting fairly between shareholders

Information on how we engage with our shareholders and how the Board is made aware of shareholder sentiment and interests can be found on pages 18 to 19 of the Strategic Report and page 76 of the Corporate Governance Report. The views and interests of the Company's shareholders are key considerations when the Board determines the level of dividend payments (further details of which can be found on page 130 of the Strategic Report), and when setting the Group's strategy and business priorities.

A shareholder agreement is in place with Peter Hargreaves (who has a shareholding of 19.78%). The Agreement intends to ensure that any transactions or arrangements with him are conducted at arm's length and on commercial terms – details of this agreement can be found on page 32 of the Directors Report. 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.

Impact 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 recognises ESG as an increasingly important consideration to many of its key stakeholders and ESG matters have been the subject Board discussions again this year, alongside the Chief Executive Officer's regular updates to the Board on the Group's approach. You can read more about our ESG practices on pages 35 to 38 of the Strategic Report and the key considerations of the Board when reviewing our ESG strategy on page 46.

Maintaining a reputation for high standards of business conduct

The Board supports the Chief Executive Officer in embedding a culture that encourages the Group's 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. The HL Way supports colleagues in understanding how best to fulfil their personal responsibilities, making clear what we stand for, the principles to follow, why it's important and what's expected of us. You can find more information about the HL Way on page 40 of the Strategic Report.

The Board 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 Chief Executive Officer's business performance update.

Key decisions and consideration of stakeholder interests

The following table summarises how the Board and the wider Group have had regard to the duties under Section 172 when considering specific matters.

Implementing Consumer Duty – focus on clients

UK regulation continues to evolve, seeking to provide higher levels of protection for the consumer. In July 2022, the FCA confirmed the final details of its new Consumer Duty aimed at setting higher and clearer standards of consumer protection across financial services and requiring firms to deliver good outcomes for clients. This came into force in July 2023 and was a key focus for the Board during the period under review. It is focused on ensuring that firms deliver good customer and client outcomes through: ensuring those products and services provide fair value, enabling informed decision-making and providing support that meets the needs of customers and clients. This naturally aligns with HL's culture and values alongside our focus on our clients and how we can deliver the best experience alongside the best outcomes.

To support the implementation of Consumer Duty the Board has carried out a review of HL's strategy and business model which concluded that both are clearly aligned with obligations under Consumer Duty and to the ongoing delivery of good client outcomes. HL's interests align well with client outcomes and where interest could diverge steps have been taken to manage conflicts and avoid delivering harm to clients.

Reviews of HL's products and services have been undertaken with a focus on client outcomes and also the outcomes for vulnerable clients, recognising their differing situation. Our long-standing focus on clients leads to good outcomes being delivered across all dimensions, with only minor enhancements identified to further support our clients in reaching good outcomes. These will be owned in the business and delivered in due course.

The four 'Outcomes' named in the Consumer Duty outcomes have been considered throughout this process by the Board and aligned to strategic pillars:

- Product & service – the Growth pillar focuses on developing HL's proposition, including products and services, with a focus on addressing client needs, and in delivering good client outcomes. The Digital Backbone pillar also focuses on using technology to improve the client proposition and experience.
- Consumer support – the Service and Efficiency pillar focuses on improving client experience, including support, which in turn is expected to meet client needs and expectation, particularly for clients with vulnerabilities and those who need additional support.
- Consumer understanding – the Growth and Service and Efficiency pillars will lead to enhancements. These evolve into 'delivering a uniquely personalised service' which is aligned with the consumer understanding outcome.
- Price & value – as per the Consumer Duty, value is the relationship between the price paid for a product or service and the overall benefit a client receives from it. HL's strategy focuses on improving the proposition and service a client receives, enhancing the value delivered.

The Board's Consumer Duty attestation can be found on page 79.

Supporting our colleagues

The Board is acutely aware of how current inflationary pressures are impacting not only our clients' financial wellbeing but also our colleagues. Over the course of the last twelve months, we have increased the forums and mechanisms for listening to our colleagues and implemented cross business working groups to shape our Colleague Value Proposition (CVP). Feedback gathered through the Colleague Forum led to improvements to our overall CVP this year, supporting the financial resilience of our colleagues, particularly those who are lower paid. In addition to the breathing space payments for circa 1,200 colleagues which were delivered in May 2022, a further standalone payment was awarded in January 2023 to over 1,600 colleagues, to reflect the continued impact of cost of living pressures.

Following significant feedback from colleagues through our Colleague Forum and listening sessions, we understand the importance for colleagues to have more certainty over their earnings. As such this year, we increased the salaries of over 700 colleagues by 7% in exchange for annual discretionary bonus. This gives these colleagues certainty of an increased salary each month rather than waiting until the end of the year to see what their bonus might be. This certainty is even more important now due to the unprecedented pressures we're seeing on the cost of living. We also made the decision to bring forward our annual salary range review for all colleagues to provide managers with more visibility of the process ahead of year end pay review activity and ensure that all our colleagues are on the minimum of their salary range before going into their annual pay review. The outcome is a fairer process for all.

The Board have been kept fully up to date and engaged with these proposals through the wider CVP work and in particular through the Remuneration Committee which receives regular reports from the Colleague Forum and also in relation to reward issues impacting the wider workforce.

Engagement with shareholders

Each year Deanna Oppenheimer undertakes a series of governance roadshows with HL's key shareholders. This year the governance roadshows focused on:

- The upcoming CEO transition;
- The ongoing execution of the strategy; and
- HL's delivery of improved financial and operational results.

Feedback received through these meetings have informed communications to shareholders and the Board's discussions of investor presentations.

Alongside this, during 2023, the Remuneration Committee Chair has been engaging with shareholders regarding the Remuneration Policy. Feedback has been considered by the Board (via the Remuneration Committee) with amendments to the proposed Policy made as a direct result. For example, the introduction of a Total Shareholder Return component to the proposed Long Term Incentive Plan for the Executive Directors. More details on how we have addressed feedback as part of the Remuneration Policy consultation can be found on page 87 of the Directors Remuneration Report.

In addition the discussions with shareholders were helpful in continuing HL's dialogue regarding ESG which is split into three strands covering HL as a responsible:

- Business;
- Investment and savings provider; and
- Fund manager.

This distinction flows through into Board debates has enabled the Board to effectively focus on clear areas in what is otherwise a broad topic. HL's approach to ESG across each of these elements can be found on pages 35 to 39.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Report and Financial Statements 2023 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 and the Company financial statements in accordance with UK-adopted international accounting standards.

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 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, 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 company will continue in business.

The directors are responsible for safeguarding the assets of the Group and 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Company's financial statements published on the ultimate 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

The directors consider that the Report and Financial Statements 2023 and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in Board of Directors profiles on pages 66 to 69 confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and 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 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 Company's auditors are aware of that information.

Amy Stirling
Chief Financial Officer

18 September 2023

FINANCIAL STATEMENTS

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 2023 and of the group's profit and the group's and parent company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- 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 2023 (the "Annual Report"), which comprise: the consolidated statement of financial position and the parent company statement of financial position as at 30 June 2023; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, the parent company statement of changes in equity and the parent company statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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.

Our audit approach

Overview

Audit scope

- The group financial statements comprise the consolidation of 18 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 two financially significant entities are based in the UK and were audited by the PwC UK audit team.
- By performing audit procedures on these two components, the consolidation adjustments and by audit of specific balances in the components with large individual balances, we achieved coverage greater than 75% of each material financial statement line item within the group's financial statements.
- We performed a full scope audit of all material line items in the parent company financial statements.

Key audit matters

- Revenue recognition (group)
- Carrying value of investments in subsidiaries (parent company)

Materiality

- Overall group materiality: £20,139,000 (2022: £13,400,000) based on 5% of consolidated profit before tax.
- Overall parent company materiality: £3,375,000 (2022: £12,200,000) based on 1% of total assets.
- Performance materiality: £15,100,000 (2022: £10,050,000) (group) and £2,500,000 (2022: 9,150,000) (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.

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.

This is not a complete list of all risks identified by our audit.

The carrying value of investments in subsidiaries is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (group)	
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. Further, there are incentive schemes in place for Directors and staff which are in part based on the group's results, and therefore largely 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. This may arise through unauthorised changes to key data inputs or system calculations used in the revenue recording processes and/or posting journal entries to manipulate revenue. Our assessment in this regard in respect of each of the group's revenue streams concluded that relevant areas of risk related to the three areas described below.	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:
• The potential manipulation of key data inputs used in the automated calculation of platform fees (e.g. number of units held) or fees on stockbroking transactions (e.g. fee rates) in the administration system.	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. 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. 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. We performed sample-based testing to trace the revenue transactions recorded in the year end dataset to the origination systems, validating the transactions and ensuring they are correctly classified in the system. We noted some classification issues in the samples and quantified the potential misstatement by obtaining the detailed transaction breakdowns which confirmed there were no errors.

Key audit matter	How our audit addressed the key audit matter
• The potential manipulation of the calculation logic within the administration system to increase reported revenue from platform fees and stockbroking commission.	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.
• Posting journals to manipulate reported revenue amounts.	We tested a risk-based sample of revenue related journals as part of our overall response to the risk of management override of controls. 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. There were no issues noted in our testing of key data inputs and journals.
Carrying value of investments in subsidiaries (parent company) The carrying value of investments in subsidiaries is £90.8m as at 30 June 2023 (2022: £68.9m). The investments in subsidiaries are recorded at cost less any provision for impairment. 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 both subsidiaries using a value-in-use approach was determined. For HLAS, the recoverable amount determined by management was less than the current carrying value and an impairment of £10.2m was recognised. 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 £21m to increase the carrying value to the recoverable amount. The determination of recoverable amounts for both subsidiaries requires assumptions to be made regarding future cash flows, long term growth rates and the discount rate applied. These are subjective areas and recognising the changes in circumstances identified, the carrying value of investments in subsidiaries was classified as a significant risk for the audit.	We evaluated the design and implementation of key controls as well as performing the following test procedures: We challenged management on key elements of the assessments, for example the approach taken to the forecast period used in both the HLAS and HLS value-in-use calculations. Initial versions of the models both used an 8-10 year forecast period whereas IAS 36 suggests that a maximum 5 year period should be used unless certain conditions are met. As a result, management updated both to use a 5 year forecast period, which resulted in material changes in the value-in-use calculated for both HLS and HLAS. 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 for HLS and HLAS. We also assessed the key revenue and cost assumptions within the business plans and subsequent period and corroborated those to external data where available. We evaluated the historical accuracy of cash flow forecasts, including a comparison of the current year actual results with those forecast. We obtained and understood management's sensitivity calculations over the carrying value assessments, as well as performing further sensitivity scenarios ourselves. We engaged our internal valuation experts to independently determine a reasonable range for both the discount rate and long term growth rate assumptions used within the value-in-use calculations. We found that the discount rates and long term growth rates used by management were within the ranges determined by our experts, or where they were not, the impact of this was not material. Overall we are satisfied that there is sufficient evidence to support the key assumptions made by management within the updated assessments and value-in-use calculations and that these are compliant with IAS36. We therefore concur with the level of impairment that has been recognised for HLAS and the impairment reversal recognised for HLS.

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 reporting units, Hargreaves Lansdown Asset Management Limited and Hargreaves Lansdown plc, for which we performed an audit of their complete financial information. Together these two financially significant reporting units represent 157% of the group's consolidated profit before tax (before considering the impact of intercompany eliminations) and 90% of the group's consolidated revenue. A reporting unit 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. Revenue recorded by Hargreaves Lansdown Fund Management ltd was classified as a 'large balance', contributing over 15% of consolidated revenue and subject to substantive testing. 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:

a) 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.

b) 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.

c) 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.

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
Overall materiality	£20,139,000 (2022: £13,400,000).	£3,375,000 (2022: £12,200,000).
How we determined it	5% of consolidated profit before tax	1% of Total assets (change from prior year)
Rationale for benchmark applied	Based on the benchmarks used in the Annual Report, profit before tax is the primary 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 have revisited our assessment of materiality and consider that Total assets is a more appropriate benchmark than 5% of parent entity profit before tax. This is a change in approach from 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 between £3,375,000 and £19,132,000. 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% (2022: 75%) of overall materiality, amounting to £15,100,000 (2022: £10,050,000) for the group financial statements and £2,500,000 (2022: £9,150,000) 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) (2022: £670,000) and £168,000 (parent company audit) (2022: £610,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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; and
- Substantiating the group and parent company liquid resources, and borrowing facilities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, 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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 2023 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.

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 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 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 posting inappropriate journal entries and the potential manipulation of key data or calculation logic within the administration system to increase reported revenue for the group. Audit procedures performed by the engagement team included:

- Discussions with 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;
- 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 ("FCA") 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 and the company's register of litigation and claims, in so far as they related to potential non-compliance with laws and regulations and fraud;
- Testing key data within the administration system to a high degree of assurance, and testing administration system logic through independent recalculation;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations increasing reported revenues or reducing the expenses of the group;
- Designing audit procedures to incorporate unpredictability around nature, timing or extent of our testing; and
- Reviewing the Report and Financial Statements 2023 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. 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 10 years, covering the years ended 30 June 2014 to 30 June 2023.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Darren Meek (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

18 September 2023

SECTION 1: RESULTS FOR THE YEAR
CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2023

	Note	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Revenue	1.1	**735.1**	583.0
Operating costs	1.3	**(350.7)**	(313.0)
Operating profit		**384.4**	270.0
Finance and other income	1.6	**19.0**	–
Finance costs	1.7	**(0.7)**	(0.8)
Profit before tax		**402.7**	269.2
Tax	1.8	**(79.0)**	(53.4)
Profit for the financial year		**323.7**	215.8
Attributable to:			
Owners of the parent		**323.8**	216.3
Non-controlling interest		**(0.1)**	(0.5)
		323.7	215.8
Earnings per share			
Basic earnings per share (pence)	1.9	**68.3**	45.6
Diluted earnings per share (pence)	1.9	**68.2**	45.6

The results relate entirely to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2023

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Profit for the financial year	**323.7**	215.8
Total comprehensive income for the financial year	**323.7**	215.8
Attributable to:		
Owners of the parent	**323.8**	216.3
Non-controlling interest	**(0.1)**	(0.5)
	323.7	215.8

The results relate entirely to continuing operations.

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.

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 benefits, 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.

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 three 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 2023 £m	Year ended 30 June 2022 £m
Ongoing revenue		
Platform fees	270.5	289.1
Fund management fees	54.3	60.3
Ongoing advice charges	7.4	8.3
Active Savings revenue[1]	8.7	1.8
Net interest income	268.7	50.0
Renewal commission	3.0	4.6
Transactional revenue		
Fees on stockbroking transactions	116.9	164.6
Initial advice charges	4.7	4.0
Other transactional income	0.9	0.3
Total Revenue	735.1	583.0

1 Active Savings revenue was previously disclosed within net interest income and is now disclosed separately.

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.

Leasing

Leases that are considered short-term or low value under IFRS 16 are charged to the Income Statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into a lease are also spread on a straight-line basis over the lease term.

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 labour, activity and technology costs that are part of the underlying business of the Group. Calculated as the total cost, less labour activity and technology 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.

1.3 Operating costs continued

Operating profit has been arrived at after charging:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Depreciation of owned plant and equipment and right-of-use assets (note 2.3)	8.5	8.9
Amortisation of other intangible assets (note 2.2)	6.8	6.2
Impairment of intangible assets (note 2.2)	–	1.0
FSCS costs	6.1	12.1
Activity costs[2]		
– Marketing Costs	20.7	25.8
– Dealing and financial services costs	23.4	24.6
Technology costs*	40.4	29.7
Support costs[1]		
– Legal and professional costs	40.9	33.1
– Office running costs	8.4	4.9
– Other operating costs	16.2	11.2
Staff (including contractors) costs (note 1.5)	179.3	155.5
Operating costs	350.7	313.0

*The line item description of these categories has changed from the prior year.

1 Support costs includes costs previously known as legal and professional fees and office running costs. Also included in support costs are compensation and compliance costs, other finance costs, insurance costs and fair value movements on investments (note 2.4).

2 Activity costs now includes costs previously known as marketing costs and dealing and financial services costs.

1.4 Auditors’ remuneration

The analysis of auditors’ remuneration is as follows:

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Audit fees		
Fees payable to the company’s auditors and its associates for the audit of parent Company, Company’s subsidiaries and consolidated financial statements	0.7	0.6
Audit related assurance services	0.5	0.4
Other assurance services	0.1	0.1
	1.3	1.1

Audit and related services provided by the auditors are discussed further in the Audit Committee report on page 82.

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 2023 No.	Year ended 30 June 2022 No.
The average monthly number of employees of the Group (including Executive Directors and contractors) was:		
Operating and support functions	1,558	1,533
Administrative functions	661	576
	2,219	2,109
Their aggregate remuneration comprised:	£m	£m
Wages and salaries	149.9	122.2
Social security costs	14.4	14.2
Share-based payment expenses	8.2	8.4
Other pension costs	16.0	13.2
Total costs paid for staffing	188.5	158
Capitalised in the year	(9.2)	(2.5)
Staff (including contractors) costs	179.3	155.5

The staff (including contractors) costs of £179.3 million (2022: £155.5m) are net of costs capitalised under intangible assets as disclosed in note 2.2. In total, £8.9 million of wages and salaries (2022: £2.0m), social security costs of £0.1 million (2022: £0.2m) and pension costs of £0.2 million; (2022: £0.3m) were capitalised. See note 2.2 for further detail of the amounts capitalised.

There were 143 (2022: 80) contractors with a total cost of £17.7 million (2022: £9.4m).

1.6 Finance and other income

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Interest on bank deposits	15.8	–
Other income	3.2	–
	19.0	–

1.7 Finance costs

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Commitment fees	0.3	0.3
Interest incurred on lease payables	0.4	0.5
Finance costs	0.7	0.8

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 (2022: £75m) and is undrawn as at 30 June 2023. 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 2.8%. 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.

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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable 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 2023 £m	Year ended 30 June 2022 £m
Current tax: on profits for the year	80.0	52.3
Current tax: adjustments in respect of prior years	(0.2)	(0.4)
Deferred tax (note 2.7)	(0.8)	1.0
Deferred tax: adjustments in respect of prior years (note 2.7)	–	0.5
	79.0	53.4

Corporation tax is calculated at 20.5% of the estimated assessable profit for the year to 30 June 2023 (2022: 19%).

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 2023 £m	Year ended 30 June 2022 £m
Deferred tax relating to share-based payments	(0.2)	(0.6)
Current tax relating to share-based payments	(0.1)	0.1
	(0.3)	(0.5)

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. Following the enactment of the Finance Act 2021 the standard UK corporation tax rate was 19% before increasing to 25% from 1 April 2023. The Group's taxable profits for this accounting year are taxed at 20.5% as the Group's financial year straddled a rate change so a blended corporation tax rate has been applied for the period. Deferred tax has been recognised at either 20.5% or 25% depending on 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 2023 £m	Year ended 30 June 2022 £m
Profit before tax	**402.7**	269.2
Tax at the standard UK corporation tax rate of 20.5% (2022: 19.0%)	**82.6**	51.1
Non-taxable income	**(5.7)**	0.1
Items not allowable for tax	**2.3**	2.3
Additional deduction for tax purposes	**(0.2)**	(0.2)
Adjustments in respect of prior years	**0.1**	0.1
Foreign tax suffered	**0.1**	0.1
Impact of the change in tax rate	**(0.2)**	(0.1)
Tax expense for the year	**79.0**	53.4
Effective tax rate	**19.7%**	19.9%

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 1,285,599 at 30 June 2023 (2022: 429,519).

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Earnings		
Earnings for the purposes of basic and diluted EPS – net profit attributable to equity holders of parent company	**323.8**	216.3
Number of shares		
Weighted average number of ordinary shares	**474,318,625**	474,318,625
Weighted average number of shares held by HL EBT and SIP	**(242,404)**	(444,685)
Weighted average number of shares held by HL EBT and SIP that have vested unconditionally with employees	**89,116**	74,702
Weighted average number of ordinary shares for the purposes of basic EPS	**474,165,337**	473,948,642
Weighted average number of dilutive share options held by HL EBT and SIP that have not vested unconditionally with employees	**686,256**	579,869
Weighted average number of ordinary shares for the purposes of diluted EPS	**474,851,593**	474,528,511

Earnings per share	**Pence**	Pence
Basic EPS	**68.3**	45.6
Diluted EPS	**68.2**	45.6

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 five 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) and the Deferred Performance Bonus Plan (DPBP).

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 10 years. Options under 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 and the DPBP 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) – 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 2023		Year ended 30 June 2022	
	Share options No.	Weighted average exercise price Pence	Share options No.	Weighted average exercise price Pence
SAYE				
Outstanding at beginning of the year	978,323	919.5	792,726	1,223.9
Granted during the year	993,039	626.0	716,660	808.0
Exercised during the year	–	–	(18,034)	1,340.5
Lapsed during the year	(7,123)	1,245.1	(9,453)	1,262.7
Forfeited during the year	(679,258)	914.4	(503,576)	1,218.5
Outstanding at the end of the year	1,284,981	693.6	978,323	919.5
Exercisable at the end of the year	–	–	–	–
Executive Option Scheme				
Outstanding at beginning of the year	1,484,090	358.5	1,340,013	572.6
Granted during the year	662,847	–	517,721	–
Exercised during the year	(257,447)	24.53	(359,939)	653.7
Lapsed during the year	–	–	–	–
Forfeited during the year	(75,859)	–	(13,705)	–
Outstanding at the end of the year	1,813,631	278.0	1,484,090	358.5
Exercisable at the end of the year	576,152	875.0	563,287	944.6
SIP				
Outstanding at beginning of the year	33,475	23.5	34,885	23.5
Exercised during the year	(12,750)	23.5	(1,410)	23.5
Outstanding at the end of the year	20,725	23.5	33,475	23.5
Exercisable at the end of the year	20,725	23.5	33,475	23.5

The weighted average market share price at the date of exercise for options exercised during the year was 861.3 pence (2022: 1,373.5 pence).

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 2023		Year ended 30 June 2022	
	Share options No.	Weighted average options exercise price Pence	Share options No.	Weighted average options exercise price Pence
Weighted average expected remaining life				
0-1 years	1,085,774	517.1	1,050,667	719.7
1-2 years	516,695	423.4	413,388	240.9
2-3 years	1,215,280	506.5	857,299	671.7
3-4 years	74,193	0.0	86,784	0.0
4-5 years	227,394	0.0	87,749	0.0
	3,119,336	447.5	2,495,887	573.6

The fair value at the date of grant of options awarded during the year ended 30 June 2023 and the year ended 30 June 2022 has been estimated by the Black-Scholes methodology and the principal assumptions required by the methodology were as follows:

	At 30 June 2023	At 30 June 2022
Weighted average share price	839.21	1,260.37
Expected dividend yields	3.05%	2.41%
SAYE		
Weighted average exercise price	6.26p	8.08p
Expected volatility	38%	41%
Risk free rate	3.68%	1.58%
Expected life	3 years	3 years
Fair value	223.0p	253.0p
Executive scheme		
Weighted average exercise price	0.00p	0.00p
Expected volatility	38%	34%
Risk free rate	3.23%	0.37%
Expected life	3.8 years	2.6 years
Fair value	891.1p	1,473.1p

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.

SECTION 2: ASSETS AND LIABILITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Note	At 30 June 2023 £m	At 30 June 2022 £m
ASSETS			
Non-current assets			
Goodwill	2.1	1.3	1.3
Other intangible assets	2.2	50.4	37.3
Property, plant and equipment	2.3	17.4	22.5
Deferred tax	2.7	2.6	1.9
		71.7	63.0
Current assets			
Investments	2.4	0.5	0.8
Trade and other receivables	2.5	836.9	523.5
Cash and cash equivalents	2.6	373.3	488.3
Current tax assets		3.4	0.6
		1214.1	1,013.2
Total assets		1,285.8	1,076.2
LIABILITIES			
Current liabilities			
Trade and other payables	2.8	565.5	488.3
		565.5	488.3
Net current assets		648.6	524.9
Non-current liabilities			
Provisions	2.9	3.0	2.6
Non-current lease liabilities	2.10	7.6	11.8
Total liabilities		576.1	502.7
Net assets		709.7	573.5
EQUITY			
Share capital	3.1	1.9	1.9
Shares held by EBT		(6.4)	(3.6)
EBT reserve		(1.0)	(2.4)
Retained earnings		715.2	579.2
Total equity, attributable to the owners of the parent		709.7	575.1
Non-controlling interest	3.1	–	(1.6)
Total equity		709.7	573.5

The consolidated financial statements on pages 145 to 173 were approved by the Board and authorised for issue on 18 September 2023 and signed on its behalf by:

Amy Stirling
Chief Financial Officer

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 2023 £m	Year ended 30 June 2022 £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 2026 that show the Group as a whole 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.

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. No issues have been noted in the current year with assets in development other than those referred to within this note. 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
Cost				
At 1 July 2021	4.6	15.8	39.1	59.5
Asset reclassification	–	1.5	(1.5)	–
Additions	–	1.5	9.4	10.9
Impairment	–	–	(1.0)	(1.0)
At 30 June 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**
Accumulated amortisation				
At 1 July 2021	1.2	14.8	9.9	25.9
Asset reclassification	–	1.4	(1.4)	–
Charge	0.6	1.1	4.5	6.2
At 30 June 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**
Carrying amount				
At 30 June 2023	**2.2**	**1.5**	**46.7**	**50.4**
At 30 June 2022	2.8	1.5	33.0	37.3
At 30 June 2021	3.4	1.0	29.2	33.6

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.

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
Cost				
At 1 July 2021	20.4	42.6	12.1	75.1
Additions	–	1.9	0.9	2.8
Disposals	–	(0.6)	–	(0.6)
At 30 June 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**
Accumulated depreciation				
At 1 July 2021	5.8	31.8	8.9	46.5
Charge	3.1	4.8	1.0	8.9
Disposal	–	(0.6)	–	(0.6)
At 30 June 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**
Carrying amount				
At 30 June 2023	**8.4**	**6.0**	**3.0**	**17.4**
At 30 June 2022	11.5	7.9	3.1	22.5
At 30 June 2021	14.6	10.8	3.2	28.6

Leases recognised in property, plant and equipment

	At 30 June 2023 £m	At 30 June 2022 £m
Right-of-use assets		
Buildings	**8.4**	**11.5**

Amounts recognised in the Consolidated Income Statement

	Note	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Right-of-use assets – depreciation			
Buildings		**3.1**	3.1
Lease expense recognised in finance costs	1.7	**0.4**	0.5

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 2023 £m	Year ended 30 June 2022 £m
At beginning of year	0.8	0.9
Purchases	2.0	0.7
Disposals	(2.3)	(0.8)
At end of year	0.5	0.8
Comprising:		
Current asset investment – UK-listed securities valued at quoted market price	0.5	0.8

£0.5 million (2022: £0.8m) 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 2023 £m	Year ended 30 June 2022 £m
Gross gains	0.6	0.4
Gross losses	(2.1)	(1.3)
	(1.5)	(0.9)

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.

2.5 Trade and other receivables continued

	At 30 June 2023 £m	At 30 June 2022 £m
Financial assets:		
Trade receivables	510.3	432.6
Term deposits	130.0	20.0
Accrued income	169.0	49.0
Other receivables	7.6	3.7
	816.9	505.3
Non-financial assets:		
Prepayments	20.0	18.2
	836.9	523.5

In accordance with market practice and accounting standards on trade date accounting, certain balances with clients, Stock Exchange member firms and other counterparties totalling £486.0 million (2022: £409.5m) 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 £659.7 million (2022: £532.6m) and the gross amount offset in the Statement of Financial Position with trade payables is £186.6 million (2022: £130.1m). 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 (2022: £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.

	At 30 June 2023 £m	At 30 June 2022 £m
Cash and cash equivalents:		
Group cash and cash equivalent balances	368.0	488.0
Restricted cash – balances held by HL EBT	5.3	0.3
	373.3	488.3

At 30 June 2023, 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 £7,214 million (2022: £8,665m). In addition, there were pension trust and Active Savings cash accounts held on behalf of clients not governed by the client money rules of £6,224 million (2022: £6,533m). The client retains the ownership in both these deposits 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.

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% 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 2023.

	Fixed asset tax relief £m	Share-based payments £m	Other deductible temporary differences £m	Total £m
At 1 July 2021	0.3	2.5	0.9	**3.7**
Charge to income	(0.8)	(0.7)	–	**(1.5)**
Charge to equity	–	(0.3)	–	**(0.3)**
At 30 June 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**
Deferred tax expected to be recovered or settled:				
Within 1 year after reporting date	(0.5)	0.1	0.2	**(0.2)**
>1 year after reporting date	(0.2)	2.4	0.6	**2.8**
	(0.7)	2.5	0.8	**2.6**

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.

	At 30 June 2023 £m	At 30 June 2022 £m
Financial liabilities		
Trade payables	**487.4**	406.7
Current lease liabilities	**4.6**	4.6
Other payables	**38.0**	31.0
	530.0	442.3
Non-financial liabilities		
Deferred income	**0.3**	0.3
Accruals	**26.5**	38.5
Social security and other taxes	**8.7**	7.2
	565.5	488.3

In accordance with market practice, certain balances with clients, Stock Exchange member firms and other counterparties totalling £483.5 million (2022: £404.9m) 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.

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
Included within non-current liabilities	
At 1 July 2021	2.7
Released in the year	(1.7)
Charged during the year	1.6
At 30 June 2022	2.6
Released in the year	(1.5)
Charged during the year	1.9
At 30 June 2023	**3.0**

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 £1.9 million as a result of the high inflationary economy and changes to the utilised space since the inception of our leases. These property provisions are not expected to be fully utilised until 2026.

In the current year we released a provision for £1.5 million in relation to historic transactions as a result of a review of our obligations present and considering their likelihood of payment.

Provisions recognised in the current year are not expected to be paid within 12 months of the date of the Statement of Financial Position and are costs in relation to historic transactions that are now considered more likely than not to be incurred.

2.10 Long-term 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.

	At 30 June 2023 £m	At 30 June 2022 £m
Lease liabilities greater than 12 months	**7.6**	11.8

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 2023 £m**	Year ended 30 June 2022 £m
Opening balance – including discounted current cash flows		**16.5**	19.8
Cash paid as rent	4.1	**(4.7)**	(3.9)
Lease expense recognised in finance costs	1.7	**0.4**	0.5
Current element of liability	2.8	**(4.6)**	(4.6)
Long-term liability		**7.6**	11.8

SECTION 3: EQUITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

	Attributable to the owners of the parent						
	Share capital £m	Shares held by EBT £m	EBT reserve £m	Retained earnings £m	**Total £m**	Non-controlling interest £m	**Total equity £m**
At 1 July 2021	1.9	(4.8)	(3.1)	599.5	**593.5**	(1.1)	**592.4**
Total comprehensive income[1]	–	–	–	216.3	**216.3**	(0.5)	**215.8**
Employee Benefit Trust							
Shares sold in the year	–	5.4	–	–	**5.4**	–	**5.4**
Shares acquired in the year	–	(4.2)	–	–	**(4.2)**	–	**(4.2)**
HL EBT share sale	–	–	(2.8)	–	**(2.8)**	–	**(2.8)**
Reserve transfer on exercise of share options	–	–	3.5	(3.5)	**–**	–	**–**
Employee share option scheme							
Share-based payments expense	–	–	–	8.4	**8.4**	–	**8.4**
Current tax effect of share-based payments (note 1.8)	–	–	–	0.1	**0.1**	–	**0.1**
Deferred tax effect of share-based payments (note 1.8)	–	–	–	(0.6)	**(0.6)**	–	**(0.6)**
Dividend paid (note 3.2)	–	–	–	(241.0)	**(241.0)**	–	**(241.0)**
At 30 June 2022	1.9	(3.6)	(2.4)	579.2	**575.1**	(1.6)	**573.5**
Total comprehensive income[1]	–	–	–	323.8	**323.8**	(0.1)	**323.7**
Change in ownership	–	–	–	(1.7)	**(1.7)**	1.7	**–**
Employee Benefit Trust							
Shares sold in the year	–	2.2	–	–	**2.2**	–	**2.2**
Shares acquired in the year	–	(5.0)	–	–	**(5.0)**	–	**(5.0)**
HL EBT share sale	–	–	(2.2)	–	**(2.2)**	–	**(2.2)**
Reserve transfer on exercise of share options	–	–	3.6	(3.6)	**–**	–	**–**
Employee share option scheme							
Share-based payments expense	–	–	–	8.2	**8.2**	–	**8.2**
Current tax effect of share-based payments (note 1.8)	–	–	–	(0.1)	**(0.1)**	–	**(0.1)**
Deferred tax effect of share-based payments (note 1.8)	–	–	–	(0.2)	**(0.2)**	–	**(0.2)**
Dividend paid (note 3.2)	–	–	–	(190.4)	**(190.4)**	–	**(190.4)**
At 30 June 2023	1.9	(6.4)	(1.0)	715.2	**709.7**	–	**709.7**

1 Total comprehensive income includes Profit for the year and the total comprehensive income presented is equal to Profit in both years presented.

3.1 Share capital

	At 30 June 2023 £m	At 30 June 2022 £m
Authorised: 525,000,000 (2022: 525,000,000) ordinary shares of 0.4p each	**2.1**	2.1
Issued and fully paid: ordinary shares of 0.4p each	**1.9**	1.9

	Shares	Shares
Issued and fully paid: 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.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein.

Non-controlling interests consist of the minority's proportion of the net fair value of the assets and liabilities acquired at the date of the original business combination and the non-controlling interest's change in equity since that date. Throughout the prior year, the non-controlling interest in Hargreaves Lansdown Savings Limited was held by Stuart Louden, an employee of the Group. During the prior year an agreement was reached to purchase Stuart Louden's shares which was executed during the year and at the year end the Company had 100% control of Hargreaves Lansdown Savings Limited.

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 2023 £m	Year ended 30 June 2022 £m
2022 final dividend of 27.44p (2021 final dividend: 26.6p) per share	**130.2**	126.0
2022 special dividend of 12.0p per share	**–**	56.9
2023 interim dividend of 12.70p (2022: 12.26p) per share	**60.2**	58.1
Total dividends paid during the year	**190.4**	241.0

After the end of the reporting period, the Directors declared a final ordinary dividend of 28.8 pence per share, payable on 15 December 2023 to shareholders on the register on 17 November 2023. Dividends are required to be recognised in the financial statements when paid, and accordingly the declared dividend amounts are not recognised in these financial statements, but will be included in the 2024 financial statements as follows:

	£m
2023 final dividend of 28.80p (2022 final dividend: 27.44p) per share	**136.6**
Total dividends	**136.6**

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 2023 No. of shares	At 30 June 2022 No. of shares
Number of shares held by the Hargreaves Lansdown Employee Benefit Trust	**779,080**	424,035
Representing percentage of called-up share capital	**0.16%**	0.09%

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Net cash from operating activities			
Profit for the year after tax		323.7	215.8
Adjustments for:			
Income tax expense	1.8	79.0	53.4
Depreciation of plant and equipment	1.3/2.3	8.5	8.9
Amortisation of intangible assets	1.3/2.2	6.8	6.2
Impairment of intangible assets	1.3/2.2	–	1.0
Share-based payment expense	1.5	8.2	8.3
Interest on lease liabilities	1.7/4.1	0.4	0.5
Increase/(decrease) in provisions		0.4	(0.1)
Operating cash flows before movements in working capital		427.0	294.0
(Increase)/decrease in receivables		(203.4)	305.8
Increase/(decrease) in payables		72.2	(285.7)
Cash generated from operations		295.8	314.1
Income tax paid		(80.5)	(51.2)
Net cash generated from operating activities		215.3	262.9
Investing activities			
(Increase)/decrease in term deposits		(110.0)	40.0
Purchase of property, plant and equipment	2.3	(3.5)	(2.8)
Cash capitalisation of intangible assets	2.2	(19.2)	(10.9)
Proceeds on disposal of investments		0.3	0.1
Net cash generated (used in)/from investing activities		(132.4)	26.4
Financing activities			
Purchase of own shares in EBT		(5.0)	(4.2)
Proceeds on sale of own shares in EBT		2.2	2.8
Payment of principal in relation to lease liabilities	2.10/4.1	(4.7)	(3.9)
Dividends paid to owners of the parent	3.2	(190.4)	(241.0)
Net cash used in financing activities		(197.9)	(246.3)
Net (decrease)/increase in cash and cash equivalents		(115.0)	43.0
Cash and cash equivalents at beginning of year	2.6	488.3	445.3
Cash and cash equivalents at end of year (including restricted cash)	2.6/4.2	373.3	488.3

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.
- 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. These amounts held are not readily available to be used for other purposes within the Group and total £5.3m (2022: £0.3m).

Cash and cash equivalents is also referred to in note 2.6.

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 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, this is in line with the approach taken in outlining 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 cashflows, including the most extreme, the Group and the Company maintains sufficient liquidity and capital to continue in business, within the timeframes outline above.

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 2023. 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 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:

- Amendments to IFRS 3 – Reference to the conceptual framework.
- Amendments to IAS 16 (Property, Plant and Equipment) – Proceeds before intended use
- Amendments to IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) – Onerous Contracts – Cost of Fulfilling a Contract.
- Annual improvements to IFRS Accounting standards, 2018 – 2020 cycle

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:

- IFRS 17, 'Insurance contracts' as amended in December 2021
- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction
- Amendment to IAS 1 – Non-current liabilities with covenants
- Amendment to IAS 12 – International tax reform – pillar two model rules
- Amendment to IAS 7 and IFRS 7 – Supplier finance
- IFRS S1 – General requirements for disclosure of sustainability-related financial information
- IFRS S2 – Climate-related disclosures

5.1 General information continued

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.

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 capital commitments of £0.5 million (2022: £5.0m) 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'.

5.5 Events after the reporting period

On 18 September 2023 the Directors proposed a final ordinary dividend payment of 28.80 pence per ordinary share, payable on 15 December 2023 to all shareholders on the register at the close of business on 17 November 2023 as detailed in note 3.2.

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:

Throughout the prior year, the non-controlling interest in HL Savings Limited was held by Stuart Louden, an employee of the Group. During the prior year an agreement was reached to purchase Stuart Louden's shares which was executed during the year and at the year end the Company had 100% control of Hargreaves Lansdown Savings Limited.

5.6 Related party transactions continued

During the years ended 30 June 2023 and 30 June 2022 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 premises. 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 2023 and 30 June 2022, the Group has provided a range of investment services in the normal course of business to shareholders on normal third-party business terms.

Directors and staff are eligible for a discount on some of the services provided.

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 and 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 2023 £m	Year ended 30 June 2022 £m
Short-term employee benefits	**8.1**	8.6
Post-employment benefits	**0.4**	0.4
Other long-term benefits	**0.5**	0.4
Termination benefits	**0.9**	0.5
Share-based payments	**2.1**	5.2
	12.1	15.1
Non-Executive Directors Fees	**1.1**	1.0

The table above has been updated to include Non-executive Directors Fees, which were not included in the prior year.

In addition to the amounts above, 6 key management personnel (2022: eight) received gains of £1.0 million (2022: £1.6m) as a result of exercising share options. During the year, awards were made under executive option schemes for nine key management personnel (2022: 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 2023 £m	Year ended 30 June 2022 £m
Short-term employee benefits	**2.7**	2.6
Post-employment benefits	**0.1**	0.1
Other long-term benefits	**0.2**	0.2
Share-based payments	**0.6**	1.4
	3.6	4.3

In addition to the amounts above, Directors of the Company received gains of £0.3 million relating to the exercise of share options (2022: £0.7m).

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Emoluments of the highest paid Director	**2.5**[1]	1.9[1]
	Number	Number
Number of Directors who exercised share options during the year	**1**	2
Number of Directors who were members of money purchase pension schemes	**2**	2

1 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.

	Financial assets and liabilities at fair value through profit and loss		Financial assets at amortised cost		Financial liabilities measured at amortised cost		Total	
At 30 June	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Financial assets								
Equity investments	**0.5**	0.8	**–**	–	**–**	–	**0.5**	0.8
Cash and cash equivalents	**–**	–	**373.3**	488.3	**–**	–	**373.3**	488.3
Trade and other receivables:								
Trade receivables	**–**	–	**510.3**	432.6	**–**	–	**510.3**	432.6
Other receivables	**–**	–	**7.6**	3.7	**–**	–	**7.6**	3.7
Accrued income	**–**	–	**169.0**	49.0	**–**	–	**169.0**	49.0
Term deposits	**–**	–	**130.0**	20.0	**–**	–	**130.0**	20.0
Total financial assets	**0.5**	0.8	**1,190.2**	993.6	**–**	–	**1,190.7**	994.4
Financial liabilities								
Trade payables	**–**	–	**–**	–	**487.4**	441.4	**487.4**	441.4
Other payables and current lease liabilities	**–**	–	**–**	–	**42.6**	35.6	**42.6**	35.6
Lease liabilities	**–**	–	**–**	–	**7.6**	11.8	**7.6**	11.8
Total financial liabilities	**–**	–	**–**	–	**537.6**	488.8	**537.6**	488.8

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
At 30 June 2023				
Financial assets at fair value through profit or loss	**0.5**	**–**	**–**	**0.5**
	0.5	**–**	**–**	**0.5**
At 30 June 2022				
Financial assets at fair value through profit or loss	0.8	–	–	0.8
	0.8	–	–	0.8

There were no transfers between Level 1 and Level 2 assets during the year (2022: £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 2023, the value of financial instruments on the Group Statement of Financial Position exposed to interest rate risk was £503.3 million (2022: £508.3m) 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 £13,438 million at 30 June 2023 (2022: £15,045m). These amounts are not included in the Group Statement of Financial Position.

The below is an analysis of the impact of a change of 25bps (0.25%) 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, without any changes to balances or margin of interest earned by clients. 25bps has been chosen as it is illustrative of single movements seen during the financial year from the Bank of England, it is not an expectation of actual changes.

	Change in margin	2023 £m
Net interest income	+25bps (0.25%)	**36.9**
Net interest income	-25bps (0.25%)	**(33.9)**

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 2023, the fair value of investments recognised on the Group Statement of Financial Position was £0.5 million (2022: £0.8m). A 20% move in equity prices, in isolation, would have an impact of £0.1 million (2022: £0.2m).

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 2023				At 30 June 2022			
	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
Trade and other payables:								
Trade payables	487.1	0.1	0.2	487.4	406.3	0.4	–	406.7
Other payables, including current lease liabilities	34.4	–	8.2	42.6	35.6	–	–	35.6
Non-current discounted lease liabilities	–	–	7.6	7.6	–	–	11.8	11.8
	521.5	0.1	16.0	537.6	441.9	0.4	11.8	454.1

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 is shown on the next page.

5.7 Financial instruments continued

The undiscounted liability in relation to leases is shown below.

	At 30 June 2023 £m	At 30 June 2022 £m
Within one year	4.6	4.6
In the second to fifth years inclusive	8.3	12.0
After five years	–	–
Total minimum lease payments	12.9	16.6

The Group has access to a revolving credit facility, with a UK bank. The facility allows the Group to draw up to £75 million (2022: £75m) and is undrawn as at 30 June 2023. 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 2023 £m	At 30 June 2022 £m
Financial assets at amortised cost		
Cash and cash equivalents (including restricted cash)	373.3	488.3
Trade and other receivables	517.9	436.3
Accrued income	169.0	49.0
Term deposits	130.0	20.0
Financial assets at fair value through profit or loss		
Financial investments	0.5	0.8
	1,190.7	994.4

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
At 30 June 2023						
Trade and other receivables:						
Trade receivables	501.6	3.3	1.8	1.8	1.8	510.3
Other receivables	7.6	–	–	–	–	7.6
Accrued income	169.0	–	–	–	–	169.0
Term deposits	130.0	–	–	–	–	130.0
	808.2	3.3	1.8	1.8	1.8	816.9
At 30 June 2022						
Trade and other receivables:						
Trade receivables	423.8	3.5	2.0	1.5	1.8	432.6
Other receivables	3.7	–	–	–	–	3.7
Accrued income	49.0	–	–	–	–	49.0
Term deposits	20.0	–	–	–	–	20.0
	496.5	3.5	2.0	1.5	1.8	505.3

5.7 Financial instruments continued

During the year, the Group has recognised £0.1m of expected credit losses (2022: £nil) in respect of receivables that are not expected to be recovered. At the end of the reporting period, £0.2 million (2022: £0.1m) 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 (2022: £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 to the right 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, £116.9 million (2022: £107.4m) 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 £135.1 million related to interest due from financial institutions regulated by the FCA and PRA. A further £10.9 million (2022: £4.5m) 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.

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**
At 30 June 2023				
Trade receivables	133.3	0.4	367.9	**501.6**
Other receivables	7.6	–	–	**7.6**
Accrued income	146.0	–	23.0	**169.0**
Term deposits	130.0	–	–	**130.0**
Investments held at fair value through profit and loss	0.5	–	–	**0.5**
	417.4	0.4	390.9	**808.7**
At 30 June 2022				
Trade receivables	119.4	0.2	304.2	**423.8**
Other receivables	3.7	–	–	**3.7**
Accrued income	26.8	–	22.2	**49.0**
Term deposits	20.0	–	–	**20.0**
Investments held at fair value through profit and loss	0.8	–	–	**0.8**
	170.7	0.2	326.4	**497.3**

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

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 £717.1 million (audited) as at 30 June 2023 (2022: £583.4m– 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**.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	At 30 June 2023 £m	At 30 June 2022 £m
ASSETS			
Non-current assets			
Investments in subsidiaries	6.5	**90.9**	68.9
		90.9	68.9
Current assets			
Trade and other receivables	6.6	**133.8**	132.0
Cash and cash equivalents	6.7	**121.0**	231.9
		254.8	363.9
Total assets		**345.7**	432.8
LIABILITIES			
Current liabilities			
Trade and other payables	6.8	**22.5**	192.0
		22.5	192.0
Net current assets		**232.3**	171.9
Total liabilities		**22.5**	192.0
Net assets		**323.2**	240.8
EQUITY			
Share capital	6.10	**1.9**	1.9
Retained earnings	6.10	**321.3**	238.9
Total equity		**323.2**	240.8

The Company recorded a profit for the financial year ended 30 June 2023 of £265.7 million (2022: £246.5m).

The financial statements of Hargreaves Lansdown plc, registered number 02122142, on pages 174 to 180, were approved by the Board and authorised for issue on 18 September 2023.

Amy Stirling
Chief Financial Officer

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2023

	Share capital £m	Retained earnings £m	Total equity £m
At 1 July 2021	1.9	225.1	227.0
Profit and total comprehensive income	–	246.5	246.5
Increase in investment in subsidiaries	–	8.3	8.3
Dividend paid	–	(241.0)	(241.0)
At 30 June 2022	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)
At 30 June 2023	1.9	321.3	323.2

Details of the Company's dividends are as set out in note 3.2 to the consolidated financial statements.

PARENT COMPANY STATEMENT OF CASH FLOWS
For the year ended 30 June 2023

	Note	**Year ended 30 June 2023 £m**	Year ended 30 June 2022 £m
Net cash from operations			
Cash generated from operations	6.9	**199.5**	288.0
Net cash from operating activities		**199.5**	288.0
Investing activities			
(Increase)/Decrease in term deposits		**(110.0)**	40.0
Purchase of investment in subsidiary		**(10.0)**	(11.0)
Net cash (used in)/from investing activities		**(120.0)**	29.0
Financing activities			
Dividends paid to owners of the parent		**(190.4)**	(241.0)
Net cash used in financing activities		**(190.4)**	(241.0)
Net (decrease)/increase in cash and cash equivalents		**(110.9)**	76.0
Cash and cash equivalents at beginning of year	6.7	**231.9**	155.9
Cash and cash equivalents at end of year	6.7	**121.0**	231.9

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 separate financial statements of Hargreaves Lansdown plc 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 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.

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 assist in the development of new Advice offerings. Given the long-term economic benefit that this is expected to bring, development costs incurred are being capitalised in both companies. The parent company has previously held these investment at cost, in the current year an assessment has been made of the recoverable amounts, which requires estimation of future cash flows and appropriate discount rates for the purpose of its calculation, the uncertainty comes mainly from assessment of the appropriate inputs into the discount rate given the unlisted nature of both businesses. A sensitivity analysis of this estimate is presented in note 6.5.

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 2023 of £265.7 million (2022: £246.5m).

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, being the fair value of consideration paid and capital contributions made to the subsidiaries.

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. Any losses are recognised immediately in the Income Statement.

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Investments in subsidiaries		
At beginning of year	68.9	54.5
Capital contribution to subsidiaries	16.9	19.4
Reversal of impairment in subsidiary valuation	15.9	–
Impairment of subsidiary valuation	(10.8)	(5.0)
At end of year	90.9	68.9
Comprising		
Non-current investments – investments in subsidiaries valued at cost less impairment	90.9	68.9

In the financial year ended 30 June 2020, the Company impaired its holding in Hargreaves Lansdown Savings Limited and subsequent impairment has also taken place. In the current year, the Company has invested a further £5m in the company. Changes in the interest rate environment have led to future forecast profitability 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 16.3%. The carrying amount after reversing the impairment was £39.9 million (2022: £18.8m).

6.5 Investment in subsidiaries continued

The Company has also invested in Hargreaves Lansdown Advisory Services Limited and in the year has impaired its investment by £10.8 million, due to the short term losses recognised and upfront cash flows being recognised as the strategic initiatives of the Group are developed. The amount was determined by calculation of the recoverable amount, using future cash flows at a pre-tax discount rate of 12.4%. The carrying amount prior to the impairment was £16.5 million (2022: £11.5m).

Sensitivity analysis

The valuations for both companies are performed over a range of pre-tax discount and growth rates, between 11.0% and 12.4% for HLAS and 11.8% and 16.3% for HL Savings with value in use calculations providing support for the new valuations. The assessment of both companies takes place over a maximum of 5 years in line with the requirements of IAS 36, the forecast cash flows are determined with reference to the Board approved operating plans for each 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 the midpoint. 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 outline in the previous section. Valuation of Hargreaves Lansdown Savings Limited has a lower limit of £39.9 million and an upper limit of £63.2 million. For Hargreaves Lansdown Advisory Services Limited the lower range was £5.7 million with the upper limit being £7.7 million.

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	Company purpose/function	Percentage ownership	Voting rights
Hargreaves Lansdown Advisory Services Limited	UK[1]	Advisory services	100%	100%
Hargreaves Lansdown Asset Management Limited	UK[1]	Unit trust and equity broking, investment fund management, life and pensions consultancy	100%	100%
Hargreaves Lansdown Fund Managers Ltd.	UK[1]	Unit trust management	100%	100%
Hargreaves Lansdown Stockbrokers Ltd	UK[1]	Dormant company*	100%	100%
Hargreaves Lansdown (Nominees) Limited (100% shares held by Hargreaves Lansdown Asset Management Limited)	UK[1]	Nominee services*	100%	100%
Hargreaves Lansdown Insurance Brokers Limited	UK[1]	Dormant company*	100%	100%
Hargreaves Lansdown Investment Management Limited (100% shares held by Hargreaves Lansdown Fund Managers Ltd)	UK[1]	Dormant company*	100%	100%
Hargreaves Lansdown Savings Limited	UK[1]	Cash services	100% – Ordinary	100%
	UK[1]		100% – Class A	
Hargreaves Lansdown Savings (Nominees) Limited (100% shares held by Hargreaves Lansdown Savings Limited)	UK[1]	Nominee services*	100%	100%
Hargreaves Lansdown Pensions Limited (100% shares held by Hargreaves Lansdown Advisory Services Limited)	UK[1]	Dormant company*	100%	100%
Hargreaves Lansdown Pensions Trustees Limited	UK[1]	Trustee of the HL SIPP*	100%	100%
Hargreaves Lansdown EBT Trustees Limited	UK[1]	Trustee of the Employee Benefit Trust[†]	100%	100%
Hargreaves Lansdown Trustee Company Limited	UK[1]	Trustee of the Share Incentive Plan[†]	100%	100%
HL Tech Sp. Z O. O (100% shares held by Hargreaves Lansdown Asset Management Limited)	Poland[2]	Service company	100%	100%

* Exempt from the requirements for audit under s394A and s448A of Companies Act 2006
† Exempt from the requirement for audit under s479A of the Companies Act 2006
1 Registered address One College Square South Anchor Road Bristol BS1 5HL
2 Registered address Pl Europejski 1 Warsaw 00-844 Poland

6.6 Trade and other receivables

	At 30 June 2023 £m	At 30 June 2022 £m
Financial assets		
Amounts receivable from subsidiaries and EBT	1.2	111.7
Term deposits	130.0	20.0
	131.2	131.7
Non-financial assets:		
Prepayments	2.6	0.3
	133.8	132.0

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 2023 £m	At 30 June 2022 £m
Cash and cash equivalents		
Company cash and cash equivalent balances	121.0	231.9

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 2023 £m	At 30 June 2022 £m
Financial liabilities		
Amounts payable to subsidiaries	22.1	191.5
Other payables	0.1	0.1
	22.2	191.6
Non-financial liabilities:		
Accruals	0.3	0.4
	22.5	192.0

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 Notes to the company statement of cash flows

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Profit for the year after tax	265.7	246.5
Adjustments for:		
Income tax charge/(credit)	0.2	(0.1)
(Reversal of) / Impairment in investment in subsidiaries	(5.1)	5.0
Operating cash flows before movements in working capital:	260.8	251.4
Decrease in trade and other receivables	108.2	43.6
Decrease in trade and other payables	(169.5)	(7.0)
Cash generated from operations	199.5	288.0

6.10 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 2022 and 2023 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 2022 and 2023 financial years.

Details of the movements in retained earnings are set out in the Parent Company Statement of Changes in Equity.

6.11 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 (2022: 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.

The Company entered into the following transactions with subsidiaries and the Employee Benefit Trust, which are related parties.

	Year ended 30 June 2023 £m	Year ended 30 June 2022 £m
Dividends received from subsidiaries	**260.0**	254.0
Capital contribution to subsidiaries	**16.9**	14.4
Amounts owed by related parties at 30 June	**1.2**	111.7
Amounts owed to related parties at 30 June	**22.1**	191.5

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.

The capital contribution to subsidiaries does not show the impacts of impairment or their reversals.

The decrease in amounts owed to and by related parties has reduced significantly in the year due to the settlement of balances between Group subsidiaries, which in turn allowed the settlement with the parent.

6.12 Events after the reporting period

Events after the reporting period are shown in note 5.5 of the consolidated financial statements on page 166.

6.13 Financial risk management

Note 5.7 to the consolidated financial statements includes the Group's policy on capital management, its exposure to financial risks and its policies and processes to manage those risks. There are financial instruments in the Company made up of amounts receivable from subsidiaries and the Employee Benefit Trust and amounts payable to subsidiaries. The nature and extent of risks arising from these financial instruments are as follows:

Liquidity risk

The Company is exposed to liquidity risk, namely the risk that it may be unable to meet its payment obligations as they fall due.

The payment obligations primarily relate to amounts payable to subsidiaries which are more than offset by the amounts owed from subsidiaries. In addition, the Company holds significant cash balances on short-term deposit to ensure that it has sufficient available funds to meet its obligations and fund its operations.

At the end of the reporting period, none of the liabilities of the Company are past due or represent a significant long-term liability.

6.13 Financial risk management continued

Credit risk

Credit risk is the risk that a counterparty fails to perform its financial obligations, resulting in financial loss; however, the amounts owed to the Company are primarily from its own subsidiaries. Given the profitability and net assets of the majority of subsidiaries, credit risk is considered minimal. As per the wider Group, cash is held with UK licensed banks. The credit risk on liquid funds is mitigated because the counterparties are banks with strong credit ratings assigned by international credit rating agencies. The Group takes a conservative approach to treasury management and selection of banking counterparties, and carries out regular reviews of all its banks' and custodians' credit ratings.

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.

The following table discloses the Company's maximum exposure to credit risk on financial assets.

	At 30 June 2023 £m	At 30 June 2022 £m
Financial assets at amortised cost		
Cash and cash equivalents	121.0	231.9
Included within trade and other receivables:		
Term deposits	130.0	20.0
Amounts receivable from subsidiaries and EBT	1.2	111.7
	252.2	363.6

Market risk

Interest rate risk

Interest rate risk is the risk that the Company 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 2023, the value of financial instruments on the Company Statement of Financial Position exposed to interest rate risk was £251.0 million (2022: £251.9m) comprising cash, cash equivalents and term deposits.

This exposure is continually monitored to ensure that the Company is maximising its interest earning potential within accepted liquidity and credit constraints. The Company 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.

In isolation, with no other factors being considered a 25bps move in interest rates would have the following impact:

	Change in margin	30 June 2023 £m
Interest income +25bps (0.25%)	+25bps (0.25%)	0.3
Interest income +25bps (0.25%)	-25bps (0.25%)	(0.3)

The above assumes that interest income is earned evenly over the financial year and that balances are consistent. This is not an illustration of expectation and should not be treated as such. 25bps has been chosen as it is illustrative of single movements seen during the financial year from the Bank of England, it is not an expectation of actual changes.

OTHER INFORMATION

DIRECTORS, COMPANY SECRETARY, ADVISERS AND SHAREHOLDER INFORMATION

Executive Directors
Dan Olley
Amy Stirling

Non-Executive Directors
Deanna Oppenheimer
Andrea Blance
Adrian Collins
Penny James
Moni Mannings
Michael Morley
Roger Perkin
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

Company number
02122142

FIVE-YEAR SUMMARY

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	**735.1**	583.0	631.0	550.9	480.5
Fair value gains on derivatives	**–**	–	0.6	1.7	2.2
Operating costs	**(350.7)**	(313.0)	(266.0)	(214.9)	(179.4)
Operating profit	**384.4**	270.0	365.6	337.7	303.3
Finance income	**19.0**	–	1.4	2.8	2.8
Finance costs	**(0.7)**	(0.8)	(1.0)	(1.0)	(0.3)
Other gains[1]	**–**	–	–	38.8	–
Profit before tax	**402.7**	269.2	366.0	378.3	305.8
Tax	**(79.0)**	(53.4)	(69.7)	(65.1)	(58.2)
Profit after tax	**323.7**	215.8	296.3	313.2	247.6
Non-controlling interests	**0.1**	0.5	0.4	(0.1)	(0.2)
Profit for the financial year attributable to owners of the parent company	**323.8**	216.3	296.7	313.1	247.4
Equity shareholders' funds	**709.7**	575.1	593.5	558.3	457.6
Weighted average number of shares for the purposes of diluted EPS (million)	**474.9**	474.5	474.5	475.70	475.76

	Pence	Pence	Pence	Pence	Pence
Equity dividends per share paid during year	**40.1**	50.8	55.6	42.9	40.2
Basic earnings per share	**68.3**	45.6	62.6	66.1	52.1
Diluted earnings per share	**68.2**	45.6	62.5	65.9	52.0
Underlying basic earnings per share	**74.4**	50.4	62.6	57.9	52.1
Underlying diluted earnings per share	**74.3**	50.4	62.5	57.8	52.0

1 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

Measure	Definition	Why we use this measure	Reconciliation
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.	This measure is the same as the Activity Costs figures within note 1.3 less strategic investment costs that fit this categorisation of £0.1m.
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.	N/A
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.	Equivalent to staff costs figure within note 1.3, less strategic investment costs of £11.3m
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.	N/A
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.	N/A
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.	N/A
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.	N/A
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	N/A
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.	N/A

Measure	Definition	Why we use this measure	Reconciliation
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.	N/A
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.	N/A
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.	N/A
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.	N/A
Strategic investments costs (Including dual running costs)	The total Cost (excluding capitalisation), of the Strategic Investment Programme including staff and professional fees relating to the planning, commencement and dual running 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 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.	See page 30 and 31
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.	The measure is the same as Support costs, within note 1.3, less strategic investment costs of £1.6m
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.	The sum of Depreciation, Amortisation, Impairment, Operating lease rentals payable and Support costs per note 1.3, less strategic investment costs of £22.7m

GLOSSARY OF ALTERNATIVE FINANCIAL PERFORMANCE MEASURES CONTINUED

Measure	Definition	Why we use this measure	Reconciliation
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.	N/A
Underlying costs	Operating costs less strategic investment costs (including dual running costs).	Provides relevant information on the year-on-year cost of the underlying business as we go through a period of significant strategic investment.	Operating costs per note 1.3 less £36.1m strategic investment costs
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.	N/A
Underlying profit after tax	Profit after tax attributable to equity holders of the parent company excluding Strategic investment costs (including dual running costs).	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.	Profit after tax per the Statement of Comprehensive income after adding back strategic investment costs and adjusting for a tax shield effect, as shown on page 28
Underlying profit before tax	Profit before tax excluding Strategic investment costs (including dual running costs).	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.	Profit before tax per the Statement of Comprehensive income after adding back strategic investment costs as shown on page 28

GLOSSARY OF TERMS

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

AUA Assets Under Administration. This is the value of all assets administered or managed by Hargreaves Lansdown on behalf of its clients

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

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

Net new business (NNB) Represents subscriptions, cash receipts, cash and stock transfers in less cash withdrawals, cash and stock transfers out

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

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

ORC Operational Risk Committee

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

Platforum 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 Taskforce 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 2023 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 56 to 62 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.

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