

HARGREAVES LANSDOWN ASSET MANAGEMENT LIMITED

REGULATORY DISCLOSURE

**BASED ON FINANCIAL DATA
AS AT 30 JUNE 2023**

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Certain figures contained in this document, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or a row in tables contained in this document may not conform exactly to the total figure given for that column or row.

1 Overview

1.1 Regulatory framework

The Financial Conduct Authority (**FCA**)’s regulatory framework for governing the amount and nature of capital that investment firms must hold is set out in the FCA Prudential sourcebook for MIFID investment firms (**MIFIDPRU**), which seeks to manage the potential harm firms can pose to consumers and markets. MIFIDPRU is directly applicable to Hargreaves Lansdown Asset Management Limited (**HLAM** or the **Firm**), a MIFIDPRU investment firm, and includes the framework for annual regulatory disclosures.

This document sets out those disclosures relating to its business that HLAM is required to make publicly available under MIFIDPRU and includes the following key areas in its 2023 disclosure:

- Governance arrangements;
- Risk management objectives and policies;
- Own funds;
- Own funds regulatory requirements; and
- Remuneration policy and practices.

The disclosures in this document are made solely in respect of HLAM. HLAM is not required to make a disclosure in relation to Investment Policy.

1.2 HLAM’s structure and composition

HLAM is a wholly owned subsidiary of Hargreaves Lansdown plc (**HL plc**), and its principal activities during the year 1 July 2022 to 30 June 2023 (the **Disclosure Period**) were the provision of the Hargreaves Lansdown platform service, which included services relating to the holding and administration of investments and cash, investment brokerage, stockbroking and currency exchange services. HLAM’s activities represent approximately 90% of the Hargreaves Lansdown Group (the **Group**)’s turnover. There have not been any significant changes to its principal activities during the year.

HLAM’s annual financial statements include all entities controlled by HLAM, these are Hargreaves Lansdown (Nominees) Limited, a non-trading nominee company, and HL Tech Sp. Z O.O., a service company.

HLAM is regulated by the FCA, reference number 115248 and has its registered office at One College Square South, Anchor Road, Bristol, BS1 5HL.

1.3 Regulatory capital

HLAM establishes its own funds and liquidity requirements via the Internal Capital Adequacy and Risk Assessment (**ICARA**) process and holds an excess of regulatory capital over its minimum requirement (see Sections 4 and 5).

The ICARA process is central to HLAM’s risk management framework. Not only is it integral to how HLAM manages risk, but it is also central to how it is supervised by the FCA.

As part of the ICARA process the HLAM Board (the **Board**) oversees and assesses:

- HLAM’s processes, strategies and systems;
- the major sources of risk faced by HLAM that may impact its ability to meet its obligations;
- the results of internal stress testing of these risks; and
- the amounts and types of financial resources and internal capital, including own funds and liquidity resources, and whether these are adequate both as to amount and quality to ensure that there is no significant risk that its liabilities could not be met as they fall due.

The outcome of the ICARA is formally approved by the Board at least annually, with more frequent reviews if there is a fundamental change to the business or the operating environment.

1.4 Frequency of disclosure

HLAM's disclosure under MIFIDPRU is made annually at the same time as the publication of its Report and Financial Statements. HLAM may also make an additional disclosure where appropriate, for example, in the event of a major change to its business model.

1.5 Location of disclosure

The disclosure is published in the Investor Relations section of the Group's website www.hl.co.uk/investor-relations and is also available free of charge on request by writing to Investor Relations, One College Square South, Anchor Road, Bristol, BS1 5HL.

1.6 Verification and basis of disclosure

HLAM's regulatory disclosure has been subject to verification (a) to the extent that financial information is equivalent to content taken from the audited annual financial statements and (b) the remaining content has been subject to an additional internal verification exercise. This disclosure explains how the Board has overseen the calculation of certain capital requirements and information about risk management generally. It does not constitute financial statements and should not be relied upon in making judgements about HLAM, HL plc and other entities within the Group.

The financial data provided in this disclosure is calculated as at 30 June 2023, which is HLAM's financial year end, in accordance with MIFIDPRU.

1.7 Summary of significant changes compared to the previous Disclosure Period

During the Disclosure Period, the Chief Executive Officer for the Group, Mr Christopher Hill, announced that he would be resigning from his position and stepped down on 7 August 2023. Mr Christopher Hill is replaced by Mr Daniel Olley.

1.7.1 Governance

Section 2 highlights a change to the governance structure for HLAM and for the Group; the HLAM Management Committee has stood down and handed over its activities to the Group Operating Committee.

1.7.2 Remuneration

An additional key difference for this Disclosure Period, is the alignment of the Remuneration section with the disclosure requirements under MIFIDPRU 8.6, following the end of the MIFIDPRU Transitional Provisions for this section. For this Disclosure Period, and going forwards, Section 6 relates solely to HLAM rather than to the Group, except for in some cases where information relating to employees and directors within the Group that are not specifically HLAM employees and directors has been included in this section where they undertake activities which have an impact on HLAM's business activities and/or risk profile. During the Disclosure Period, there were 59 material risk takers (**MRTs**) for HLAM compared with 63 being identified for the Group for the Disclosure Period July 2021-June 2022; as a consequence, the remuneration awarded by HLAM to senior management and MRTs is approximately £0.6 million lower during this Disclosure Period than the amount disclosed for the Group for the previous Disclosure Period.

2 Governance arrangements

2.1 HLAM Board and Committees

The Board is responsible for promoting the long-term sustainable success of HLAM, generating value for shareholders, and contributing to wider society. It has overall responsibility for HLAM's business, including overseeing the implementation of the Group strategy as it applies to the Firm.

The Board oversees the operation of HLAM's business by senior management, as well as its adherence to risk appetite, compliance with Group policies and values, including those relating to the provision of services to clients, and the maintenance of adequate accounting and other internal control systems. The Board maintains a list of matters reserved for its approval, which is reviewed annually, and includes a requirement for the Board to review its own performance at least annually.

The Board reviews public disclosures specific to the HLAM business and has approved this Regulatory Disclosure.

The Board meets quarterly, with ad hoc meetings scheduled, as needed. As at 30 June 2023, the Board comprised seven directors. Details of the number of directorships held by each director are set out in the table below. The directors of HLAM are all members of the Group Executive Committee (**ExCo**), providing an important link between HLAM and the Group. It should be noted that Mr Christopher Hill, who was a Director and Chief Executive Officer of HLAM as well as the Chief Executive Officer for the Group, stepped down on 7 August 2023.

HLAM Director	Number of directorships ¹
Christopher Hill	1
Robert Divall	1
Shawn Gamble	1
Ruchir Rodrigues	1
Amanda Shepherd	2
Amy Stirling	1
Birger Thorburn	1

The Board oversees and is accountable for HLAM's governance arrangements. MIFIDPRU requires the Board to establish its own risk, nomination and remuneration committees comprised of independent non-executive directors. The FCA has granted HLAM a waiver to this requirement enabling it to rely on the Risk (**BRC**), Nomination and Remuneration Committees operated by the HL plc Board on the basis that they consider HLAM matters as part of their oversight of the Group. The HL plc Board Audit Committee oversees the Group's financial controls, including those applying to HLAM, and reviews HLAM's financial statements each year, before recommending them to the Board for approval.

At the end of 2022, a review of the Group's governance structures was undertaken, which resulted in the standing down of the HLAM Management Committee. The activities of the Management Committee are now covered by the Group Operating Committee.

A summary of the role of each of the relevant committees in overseeing the business of the Group, including HLAM, is set out below. The activities and recommendations of these committees, in so far as they relate to HLAM, are reported to the Board for its review and approval, as needed. Further information on the composition and activities of these committees during the year is set out in the Hargreaves Lansdown plc Report and Financial Statements 2023 available from www.hl.co.uk/investor-relations.

¹ This number excludes executive and non-executive directorships held in organisations which do not pursue predominantly commercial objectives and executive and non-executive directorships held within the Group.

HL plc Board Committee	Responsibilities
BRC	<ul style="list-style-type: none"> • Reviews and advises on changes to the Group’s risk appetite and risk profile and future risk strategy • Monitors the effectiveness of the Group’s risk management framework • Oversees delivery of the Group’s ICARA process
Nomination Committee	<ul style="list-style-type: none"> • Monitors the composition of the HL plc Board and its Committees to ensure it remains appropriate • Recommends appointments to the HL plc Board and its Committees and appointments to subsidiary boards, including HLAM • Conducts succession planning for the HL plc Board and senior management (including the Board) • Oversees the annual evaluation of the HL plc Board’s effectiveness • Keeps under review and approves changes to the HL Board’s governance framework • Receives updates on Inclusion and Diversity activity across the Group
Remuneration Committee	<ul style="list-style-type: none"> • Oversees and reviews the remuneration policy for executive directors, MRTs and colleagues • Determines total remuneration for executive directors, senior management and MRTs, and associated targets for performance related pay
Audit Committee	<ul style="list-style-type: none"> • Monitors the integrity of HLAM and 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

2.2 Conflicts of interest management

The Group, including HLAM, segregates its activities using a three lines of defence model in line with industry practice (see section 3.4). The Board manages any board-level conflicts of interest by applying the Group Conflicts of Interest Policy, with assistance from the company secretary. On a quarterly basis, the Operating Committee oversees shared services-related conflicts of interest identified across the Group and the measures put in place to mitigate those conflicts of interest, including how effective these have been from a client perspective, and updates the Group’s conflicts of interest register accordingly.

2.3 Promoting Board diversity

The Group’s Board Diversity Policy applies to the HL plc Board and the boards of the other regulated entities within the Group, including HLAM. Its key objective is to develop a diverse and inclusive culture where colleagues are engaged, empowered, work together, and live the Group’s values. The composition and effectiveness of the HL plc Board and the boards of the regulated entities, including HLAM, play a critical role in achieving this objective by setting the tone from the top. The Policy also notes the Group’s view that diversity amongst board members is of great value, and a far wider subject than gender alone. In January 2023, HL plc received the special accreditation from anti-age discrimination organisation 55/Redefined to be named amongst Britain’s “age inclusive” employers and is also included on the Women in Finance Charter signatories list as announced by HM Treasury in June 2023.

In June 2022, HLAM committed to the aim of having at least 40% of its Board positions held by women and at least one director from an ethnic minority background. It has achieved these, with three of its seven board roles held by women (43%) and one of its seven board roles held by a director from an ethnic minority background (14%) as at 30 June 2023. HLAM continues to focus on maintaining and broadening the diversity of its Board and this forms part of succession planning considerations, and recruitment processes when recruiting additional directors or when vacancies arise.

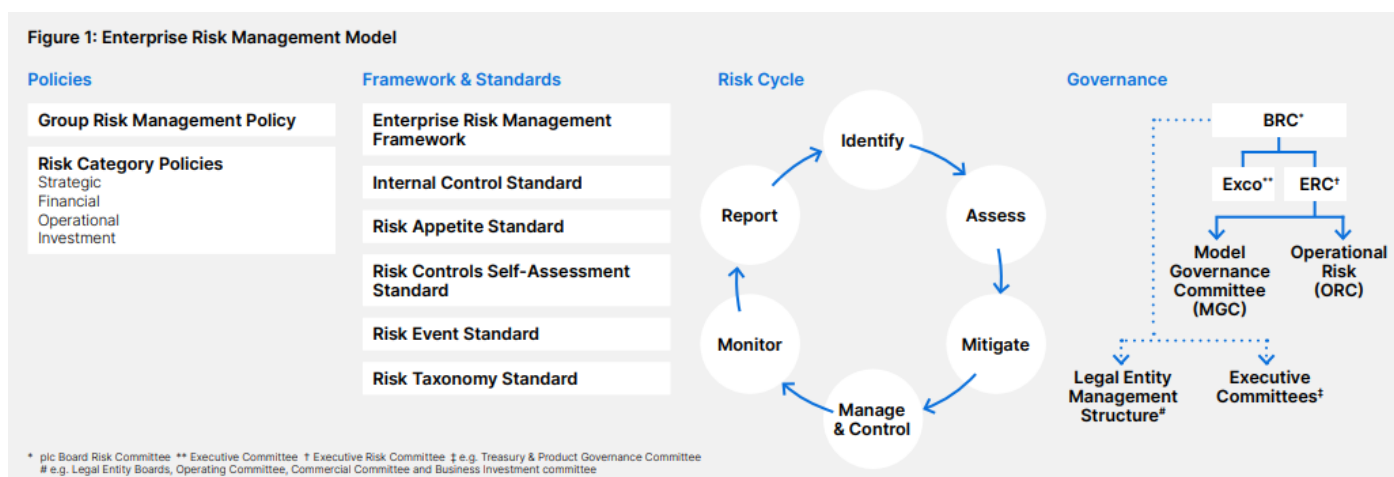
When assessing new appointments, the Nominations Committee carefully reviews the combined skills and experience of existing Board members to determine the characteristics needed. All appointments to the Board are made on merit against a set of objective criteria, in the context of the skills, experience, independence and knowledge which the Board, as a whole, requires to be effective.

3 Risk management objectives and policies

3.1 Overview

HLAM has adopted the Group approach to risk management and has incorporated effective and proactive risk management into its culture. As the Group operates a centralised risk function, the HL plc Board and the Board share responsibility for deploying effective risk management. HLAM’s risk appetite is consistent with the Group approach for setting and monitoring appropriate tolerance levels within which HLAM operates.

To allow it to discharge its responsibilities, the Board has implemented the Group’s comprehensive risk management framework to support the identification, mitigation and management of risk exposures, as illustrated below. This has been in place throughout the Disclosure Period and up to the date of approval of the Report and Financial Statements and is in line with the UK Corporate Governance Code. The Board regularly reviews the risk management framework, risk capabilities and tools to ensure it operates effectively.



Key enhancements made during the Disclosure Period include:

- a refreshed Enterprise Risk Management Framework;
- the build out of key risk specialisms including model risk; and
- the delivery of an enhanced, centralised GRC tool for Group use.

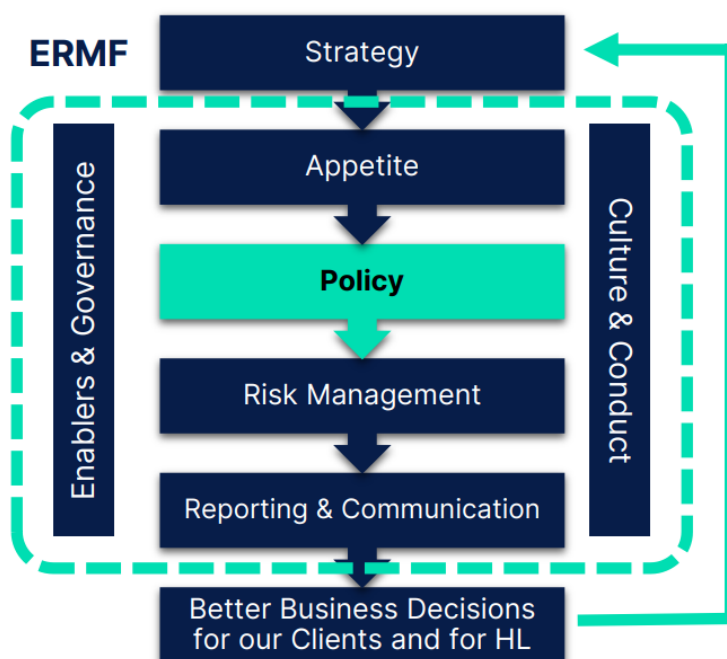
In addition to the information set out below, further details relating to HLAM and the Group’s approach to risk management, governance and oversight, risk types (including strategy), and risk ownership and mitigation and policies, including how they measure the effectiveness of risk

management processes, are described in the Hargreaves Lansdown Report and Financial Statements 2023 available from www.hl.co.uk/investor-relations.

3.2 Governance of the risk and control framework

Oversight of risk and controls management within HLAM is provided by senior management, the Board, the BRC and the Executive Risk Committee (**ERC**), as well as the Group Risk and Compliance functions. HLAM’s risks are managed in line with the Group risk management framework, policies and procedures, and the Board receives regular reporting from the Group Chief Risk Officer (**GCRO**) on HLAM’s risk management and risk events. Risk reporting from both first and second lines of defence (**1st LOD** and **2nd LOD**) support these committees in the oversight and management of risk.

A suite of risk policies is in place aligned to the risk management framework, which set out expectations for managing material risks within agreed risk appetite and aligned with strategy and include broader risk categories such as model, data, operational and conduct risk. The policies are reviewed on an annual basis.



3.3 Key risk management framework components

3.3.1 Risk taxonomy

HLAM has an agreed and documented risk taxonomy, which sets out the risk categories to which it has exposure. 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 and forms a key mechanism to support oversight of risk exposures.

3.3.2 Risk appetite

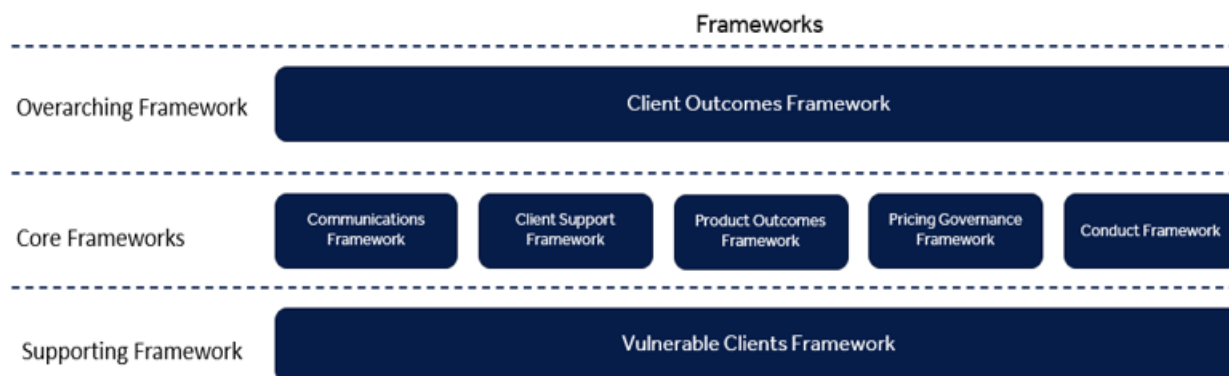
HLAM’s risk appetite is an articulation of the nature and type of risks that it is willing to accept, or wants to avoid, in order to achieve its business objectives and strategy. The risk appetite statements combine qualitative statements and quantitative measures, or thresholds expressed relative to metrics such as operational performance, capital, and liquidity.

HLAM’s risk appetite and its components are reviewed on at least an annual basis. The Board has overall responsibility for determining the nature and extent of the acceptable levels of risk it is

willing to accept in the course of achieving business objectives and strategy, achieving positive client outcomes, and ensuring that risks are managed effectively. The relevant categories of risk include strategic, operational, financial and investment risk. HLAM has adopted the Group’s approach to managing risk appetite; this is overseen by the BRC.

3.3.3 Client Outcomes

Following the introduction of its Consumer Duty Programme, the Group has implemented a framework to enable its regulated entities including HLAM to achieve appropriate consumer outcomes as illustrated below.



3.4 Three lines of defence model

HLAM operates within the Group’s established three lines of defence model; however, all colleagues are responsible for ensuring proactive and effective risk management with appropriate escalations where risks are identified, irrespective of within which line of defence they operate. This structure promotes a positive risk culture.

3.4.1 First line of defence

The 1st LOD owns and manages risks. It comprises colleagues responsible for identifying and managing risk as part of their accountability for achieving objectives.

Key examples of 1st LOD control functions include:

- **CASS Oversight team:** provides guidance to operational teams on the FCA’s Client Assets sourcebook (**CASS**) and provides oversight of the CASS control environment;
- **IT Security team:** manages, tests, and controls the cyber control environment;
- **Finance team:** ensures that the appropriate accountancy framework and standards are adhered to and monitors regulatory capital and liquidity;
- **Product Governance team:** provides oversight of the design, target markets and management of our core client propositions; and
- **Business Risk and Control teams:** provide guidance and support to first line teams and embed the enterprise risk management framework to increase the overall risk maturity of the firm.

3.4.2 Second line of defence

The 2nd LOD is comprised of functions that oversee or specialise in regulatory compliance and risk management. They provide the policies, frameworks, tools, techniques and support that enable the 1st LOD to take ownership of its compliance and risk management responsibilities and carry out monitoring to assess how effectively the 1st LOD’s controls have been embedded and provide assurance to senior management. The Group Risk and Compliance functions include teams that are focused on regulatory compliance monitoring, prevention of money laundering, and the prevention

and detection of fraud, and they have oversight of data protection, operational, technology, change, conduct, investment and enterprise risks.

3.4.3 Third line of defence

The third line of defence (**3rd LOD**) is fulfilled by Internal Audit. Its main role is to provide independent assurance and ensure that the first two lines are operating effectively. Internal Audit is tasked by and reports to the HL plc Board and its Audit Committee and is responsible for all legal entities operating within the Group, including HLAM. It provides an evaluation, through a risk-based approach, on the effectiveness of governance, risk management, and internal control.

3.4.4 Risk reporting

The 2nd LOD provides risk and control reporting to the BRC, the ERC, the Board and other key committees. The standard format is a GCRO Report covering trends, principal risk profile, risk appetite, material risk events and emerging risks.

3.5 Internal Capital Adequacy and Risk Assessment

The primary purpose of the ICARA is to ensure a clear, accurate and transparent link between the risk profile of the business and the capital and liquidity held by firms. Consistent with MIFIDPRU, HLAM has elected to continue to operate a group approach to the ICARA allowing it to reflect fully its position within the Group and measure its exposure to Group risks. The outcome of the ICARA is formally approved by the Board and the HL plc Board at least annually, with more frequent reviews if there is a fundamental change to the business or the operating environment.

3.6 Risks of harm and uncertainties

HLAM has carried out an assessment of its risks of harm to its clients, the market and the Firm, including those that would threaten its strategy, business model, future performance, solvency, or liquidity.

HLAM's potential risks of harm are categorised in line with the risk management framework and aligned to level 1 risk exposures across the Group: strategic, operational, financial and investment risks.

The Board and HLAM's senior managers regularly discuss emerging risks. Topics discussed during the Disclosure Period included third party services and solutions, operational resiliency, cybercrime, invasion of Ukraine, bank failures and any communications from HLAM's regulators, including consultation papers.

The consideration of the impact of negative publicity and potential reputational risk arising as a consequence of risks materialising is fundamental to the risk assessment process. Unmitigated reputational risk can threaten the achievement of business objectives, which in turn can harm clients, the markets and/or the Firm.

3.7 Own funds assessment

HLAM has measured the potential harm that might be incurred to its clients, the markets it operates in and its position within the Group in assessing its own funds requirement.

HLAM has considered a broad range of categories of risks including:

- strategic;
- market performance;
- technology;
- operational delivery;
- regulatory compliance;
- financial crime;
- data;

- duties to clients (conduct);
- operational resilience;
- people;
- concentration;
- partner bank resilience, and
- legal.

HLAM's philosophy is to put the client first. This is a key pillar of the Group values and therefore also a fundamental consideration in HLAM's assessment of risk. Every risk assessment carried out focuses on the potential risk of harm to clients, market and the firm. HLAM has a robust balance sheet and maintains an excess of own funds as described in Section 5. The ICARA sets out HLAM's approach to the identification, assessment, management and ongoing monitoring of significant risks and their impact on its own funds assessment.

3.8 Concentration risk

HLAM has an exposure to certain counterparties, resulting in an increased risk to HLAM and its clients. The concentration risks identified for HLAM are described below.

3.8.1 Fund concentration

HLAM offers a broad and diverse range of funds and shares to investors via the platform. As such an exposure to a fall in the value of an individual fund will not give rise to a substantial fall in overall fees and present a concentration risk to HLAM. Market risk is regularly monitored.

3.8.2 Client money concentration

HLAM places its client money with a range of third-party banks. A concentration exposure to banking counterparties could give rise to an increased level of risk. HLAM minimises this risk by maintaining robust treasury policies, regular monitoring of banking counterparties and managing the client money portfolio to minimise client exposure to individual banking institutions. All client money is held in segregated client money accounts with appropriate trust status.

3.8.3 HLAM cash concentration

HLAM places its own money with a range of third-party banks. A concentration exposure to banking counterparties could give rise to an increased level of risk. HLAM minimises this risk by maintaining robust treasury policies, regular monitoring of banking counterparties and managing the counterparty portfolio.

3.9 Liquidity risk

Liquidity risk is the risk that HLAM, although solvent, does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure them only at an excessive cost. HLAM maintains adequate liquidity to cover its needs on a daily basis and is self-sufficient in terms of cash generated monthly from operating activities covering its operating expenses.

HLAM is committed to the control and management of liquidity on a day-to-day basis to ensure all obligations can be met in a timely manner. In order to do this, and also to comply with MIFIDPRU, HLAM has set a conservative liquidity risk appetite, with governance and controls appropriate to a large retail investment firm and a contingency funding plan, which sets out the strategy for addressing liquidity shortfalls in emergency situations including a credit facility.

HLAM's approach to managing liquidity risk consistent with MIFIDPRU is also detailed in the ICARA document.

HLAM's high-level approach to liquidity management is to:

- determine the level of available cash resources by forecasting the month-end cash position;

- ensure that cash balances together with other funding sources remain sufficient in line with its and the Group's liquidity risk appetite;
- stress test the liquidity risks identified on the liquidity risk register, including client funding, business, operational and extreme risks; and
- use stress test results to inform its liquidity risk appetite and contingency funding requirements.

Information relating to HLAM's liquid assets threshold requirement is included in Section 5.

4 Own funds

4.1 Composition of regulatory own funds

Consistent with MIFIDPRU, regulatory capital or own funds are made up of a firm's common equity tier 1 capital (**CET1**), additional tier 1 capital and tier 2 capital. The entire base of HLAM's regulatory capital is made up of CET1, which is the most robust category of financial resources against which all requirements can be measured.

The value of HLAM's total own funds or CET1 capital as at 30 June 2023 was £324.3m and is comprised of issued share capital and retained earnings, adjusted for the net of the book value of goodwill, intangible assets and deferred tax assets.

HLAM's objectives when managing capital are to:

- comply with the regulatory capital requirements set by the FCA under MIFIDPRU;
- safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain a strong capital base to support the development of its business.

Table 1 shows the breakdown of HLAM's total available regulatory capital reconciled to the capital shown in the HLAM audited financial statements.

Table 1 - Composition of regulatory own funds			
	Item	Amount (£000s)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
1	OWN FUNDS	324,339	
2	TIER 1 CAPITAL	324,339	
3	COMMON EQUITY TIER 1 CAPITAL	324,339	
4	Fully paid-up capital instruments	1	Page 12 HLAM financial statements - share capital
5	Share premium	n/a	
6	Retained earnings	362,216	Page 12 HLAM financial statements - retained earnings
7	Accumulated other comprehensive income	n/a	
8	Other reserves	n/a	
9	Adjustments to CET1 due to prudential filters	n/a	
10	Other funds	n/a	
11	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	37,877	Page 12 HLAM financial statements - intangible and deferred tax assets

Table 1 - Composition of regulatory own funds			
	Item	Amount (£000s)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
19	CET1: Other capital elements, deductions and adjustments	n/a	
20	ADDITIONAL TIER 1 CAPITAL	n/a	
21	Fully paid up, directly issued capital instruments	n/a	
22	Share premium	n/a	
23	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	n/a	
24	Additional Tier 1: Other capital elements, deductions and adjustments	n/a	
25	TIER 2 CAPITAL	n/a	
26	Fully paid up, directly issued capital instruments	n/a	
27	Share premium	n/a	
28	(-) TOTAL DEDUCTIONS FROM TIER 2	n/a	
29	Tier 2: Other capital elements, deductions and adjustments	n/a	

4.2 Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

Table 2 shows the breakdown of the total available regulatory capital for HLAM reconciled to the capital shown in its audited financial statements.

Table 2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements			
		Balance sheet as in published/audited financial statements (£000s)	Cross reference to Table 1
Assets - Breakdown by asset classes according to the balance sheet in the audited financial statements			
1	Intangible assets ¹	35,200	Note 11 - total deductions from CET1
2	Tangible assets	16,951	
3	Trade and other receivables	708,864	
4	Investments	482	
5	Cash at bank and in hand	201,428	
6	Deferred tax asset	2,678	Note 11 - total deductions from CET1
7	Current tax assets	3,246	
	Total Assets	968,849	
Liabilities - Breakdown by liability classes according to the balance sheet in the audited financial statements			
1	Trade and other payables	596,147	
2	Provisions for liabilities	3,004	
3	Non-current lease liabilities	7,481	
	Total Liabilities	606,632	
Shareholders' Equity			
1	Called up share capital	1	Note 4 - fully paid-up capital instruments
2	Retained earnings	362,216	Page 6 - HLAM financial statements – shareholders' equity
	Total Shareholders' equity	362,217	

Own funds: main features of own instruments

HLAM's own funds is comprised of issued share capital and retained earnings, adjusted for the net of the book value of goodwill, intangible assets and deferred tax assets.

Note (1): Intangible assets represent software costs and software assets under construction. For accounting purposes, software and IT development costs are capitalised as intangible fixed assets where they meet certain criteria. Intangibles do not qualify as capital for CET1 purposes and are therefore deducted.

5 Own funds regulatory requirements

5.1 Overview

The level of regulatory capital that must be held is referred to as the own funds threshold. The own funds threshold requirement was determined by the higher of three elements:

- permanent minimum capital requirement (**PMR**): £0.15m
- fixed overheads requirement (**FOR**): £55.8m
- total K-factor requirement (**KFR**): £75.9m

In addition, HLAM conducts scenario testing and analysis in order to identify additional risks including those potentially arising from Group activities to determine its own assessment. This led HLAM to conclude a higher own funds threshold requirement of £145.4m.

Own funds:

Level of own funds held (£000s)	Own funds threshold (£000s)	Excess held (£000s)
324,339	145,430	178,909

The equivalent position for liquidity is:

Core liquid assets (£000s)	Liquid assets threshold (£000s)	Excess held (£000s)
201,430	105,000	96,430

HLAM ensures it continues to maintain compliance with the overall financial adequacy rule through regular monitoring of:

- own funds held by HLAM compared with the own funds threshold requirement calculated according to MIFIDPRU; and
- the liquid assets held by HLAM compared with the liquid assets thresholds calculated according to MIFIDPRU.

The outcome of this analysis is reported to its risk committees at least quarterly.

Further detail is provided below on each element of the capital and liquidity requirement.

5.2 Permanent minimum capital requirement

HLAM's PMR is fixed at £0.15m consistent with MIFIDPRU.

5.3 Fixed overheads requirement

HLAM's FOR is one quarter of its previous financial year's annual relevant expenditure. From this sum, HLAM deducts the value of discretionary staff costs, dealing costs and depreciation, leaving a net value of £223.3m for fixed costs. HLAM's FOR was therefore £55.8m.

5.4 K-factor assessment

HLAM's KFR is the sum of:

- K-AUM requirement – this is 0.02% of HLAM's average assets under management held on behalf of clients as measured on the last business day of each month during the previous fifteen months excluding the most recent three months;
- K-CMH requirement – this is 0.4% of HLAM's daily average client money held in segregated accounts during the previous nine months excluding the most recent three months;
- K-ASA requirement – this is 0.04% of HLAM's daily average assets held on behalf of clients during the previous nine months excluding the most recent three months; and
- K-COH requirement – this is 0.1% of HLAM's daily average value of the orders that it handled on behalf of clients during the previous six months excluding the most recent three months. This includes equity and fund trades.

HLAM's KFR was as follows:

KFR metric	Measurement £000s
K-AUM	458
K-CMH	31,576
K-ASA	43,519
K-AUM + K-CMH + K-ASA	75,552
K-COH	323
Total KFR assessment	75,876

Metrics relating to K-DTF, K-NPR, K-CMG, K-TCD and K-CON (see Glossary of abbreviations and definitions on page 26) are not relevant to HLAM, as it does not carry out any trading on its own account.

5.5 Liquid assets threshold requirement

HLAM's liquid assets threshold requirement is calculated as one third of its FOR plus an assessment of the additional amount required to fund ongoing business operations, withstand potential stress or ensure an orderly wind down. This is held as instant access cash.

6 Remuneration policies and practices

6.1 Overview

The Remuneration section of this disclosure is made on a solo basis under MIFIDPRU 8.6. In addition, information relating to employees and directors within the Group that are not specifically HLAM employees and directors has been included in this section where they undertake activities which have an impact on HLAM's business activities and/or risk profile, in particular in relation to co-manufacturing Hargreaves Lansdown Fund Managers Limited (**HLFM**) funds.

Under the MIFIDPRU Remuneration Code, HLAM is subject to the extended remuneration requirements and therefore this disclosure has been undertaken in line with the provisions for the 'Largest non-SNI firms' (HLAM exceeds the balance sheet test threshold in this respect).

6.2 Role of the Remuneration Committee

Section 2 of this Disclosure sets out HLAM's governance arrangements and confirms that HLAM has been granted a waiver by the FCA to the requirement to establish its own Remuneration Committee enabling it to rely on the Remuneration Committee operated by the HL plc Board. The HL plc Board remains ultimately accountable for executive remuneration across the Group but as part of that arrangement has delegated responsibility for executive remuneration for HLAM to the Remuneration Committee.

The Remuneration Committee is therefore responsible for determining the Remuneration Policy which includes the remuneration of executive directors, other members of HLAM's executive management, including the Company Secretary and all other employees who have been identified as MRTs under the MIFIDPRU Remuneration Code. The Remuneration Policy is determined in line with the Group's purpose and values and is clearly linked to the successful delivery of the Group's strategy as adopted by HLAM. It ensures regard to the interests of HL plc 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, including HLAM, successfully whilst ensuring that remuneration is appropriately positioned against the external market.

The performance measurement and determination of the annual remuneration packages for executive directors and key members of senior management is undertaken by the Remuneration Committee. For individuals below ExCo, there is a sub-committee (the Reward Governance

Committee), which has delegated responsibility to undertake the review of remuneration structures and outcomes, and which reports and refers decisions to the Remuneration Committee for final approval where relevant for HLAM. Any exceptional remuneration arrangements for senior employees are approved by or advised to the Remuneration Committee.

The Remuneration Committee also ensures that the remuneration relationship between executive directors and senior employees of the Group carrying out activities on behalf of HLAM is appropriate, and that the Remuneration Policy complies with the MIFIDPRU Remuneration Code, in a manner that is proportionate to the size, complexity and nature of HLAM's business activities.

The Remuneration Committee is governed by formal Terms of Reference, which are reviewed annually and is comprised of at least three independent non-executive directors. Six scheduled meetings were held during the Disclosure Period and additional ad hoc meetings where required. None of the Remuneration Committee members has any personal financial interest (other than as shareholders) or conflicts of interests arising from cross-directorships or day-to-day involvement in running the business. No director was involved in decisions regarding the determination of their own remuneration.

Further details on the composition and mandates of the Remuneration Committee and the Reward Governance Committee are set out in the Hargreaves Lansdown Report and Financial Statements 2023 available from www.hl.co.uk/investor-relations.

6.3 Advice to the Remuneration Committee

The Remuneration Committee receives independent advice from Deloitte LLP, a signatory to the Remuneration Consultants Group's Code of Conduct for the provision of independent remuneration advice, and throughout the year has been advised by them.

6.4 Consideration of shareholder views

The Remuneration Committee considers HL plc shareholder feedback received in relation to the Annual General Meeting (**AGM**) 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 Directors' Remuneration Policy. Engagement is also sought with the largest shareholders to ensure the range of views which exist on remuneration issues are understood. When any material changes are made to the Remuneration Policy or its implementation, the Remuneration Committee will discuss these in advance with major shareholders wherever practical and will also consult with professional advisers to ensure it considers regulatory requirements and current market and industry practices, where appropriate. The Directors' Remuneration Policy was approved by shareholders at the 2020 AGM. A revised Directors' Remuneration Policy will be taken to the 2023 AGM for approval.

6.5 Remuneration Policy

The Remuneration Policy is designed to ensure that remuneration supports the Group's strategic objectives adopted by HLAM, is appropriately positioned against the external market, and provides fair rewards that will attract, retain, and motivate individuals of the highest calibre required to run an organisation of the scale and complexity of HLAM and the Group.

Remuneration packages are comprised of the following elements:

Fixed remuneration:

- Base salary – reflects the individual's responsibilities, experience and contribution;
- Pension – provides adequate pension saving arrangements for directors and employees;
- Benefits – to support the wellbeing of directors and employees and provide flexibility to suit a diverse workforce;
- Variable remuneration:

- Annual Bonus Opportunity (**ABO**) – rewards achievement of the Group’s business plan adopted by HLAM, key performance indicators and an individual’s personal contribution; and
- HLFM Bonus Opportunity² – rewards HLFM’s fund managers based on a combination of fund performance, Group performance and an individual’s personal contribution; and
- Sustained Performance Plan (**SPP**) – long term incentive plan which enables the Group to reward executive directors, ExCo members and certain other senior leaders, over the long-term. Vesting of awards is subject to specific financial and non-financial performance underpins.

Under the revised Directors’ Remuneration Policy, it is intended to implement a new long-term incentive plan (Performance Share Plan) under which share awards will be granted with vesting of awards subject to specific financial and non-financial performance conditions aligned to the long-term strategy of the Group. For further information, please see pages 89-99 of the Hargreaves Lansdown Report and Financial Statements 2023 available from www.hl.co.uk/investor-relations.

6.6 Design of variable remuneration

HLAM rewards employees who deliver against its strategy and their personal objectives, and demonstrate behaviours aligned to the Group’s values as adopted by HLAM. Employees’ service contracts outline that individuals may be paid a discretionary bonus for each financial year and that bonus payments are discretionary and non-pensionable.

Individual performance is assessed against objectives and ratings are assigned by line managers based on delivery against objectives and behaviours against role level competency requirements aligned to our values. All colleagues have a risk and a culture objective in support of individual operation within the Group’s agreed Risk Management Framework and ensuring behaviours are aligned to company values as adopted by HLAM. Ratings descriptors are used to assist line managers in assessing performance and behaviours, and a ratings matrix is used to assign ratings. Calibration of ratings is undertaken by line managers to ensure fairness and consistency in their assessment of performance.

The overall size of aggregate bonus awards is determined by the Remuneration Committee and is calculated based on various business performance metrics and taking account of market rates of pay.

6.7 Annual Bonus Opportunity

The ABO is designed to ensure participants are appropriately motivated to support HLAM and the Group in achieving their strategic goals. Executive directors and ExCo members (all of whom are HLAM MRTs) participate in the ABO.

Performance is assessed against a combination of financial and non-financial metrics over the financial year.

In assessing the overall performance outcome, the Remuneration Committee will also use its judgement to consider:

- the extent to which market movements, investor sentiment, interest rates and regulation, have impacted performance;
- the extent to which management has operated within agreed risk parameters; and
- the extent to which the bonus outcome reflects the overall performance of the business in the context of shareholder and wider stakeholder experience.

² Those included in this scheme have been identified as MRTs based on their ability to pose a risk to HLAM or the assets it manages.

Performance ratings are approved by the Chief Executive Officer, and once approved, are used to determine awards via a bonus award framework and line managers can apply discretion, within bonus range parameters, to take account of relative individual performance, available budget and peer relativity.

Fund managers, including the HLFM Chief Investment Officer, participate in a separate scheme designed to ensure they are appropriately incentivised in terms of linking their rewards to fund performance as well as aligning to market practice.

Aggregate bonuses will be determined primarily by reference to HLFM fund performance, although will also be impacted by the Group and team performance, as well as an assessment of risk. Individual bonus outcomes will then be determined by reference to personal financial and non-financial performance. Bonuses are partially deferred:

- 20% of total bonus deferred into nil cost options over HL plc shares, vesting pro-rata over three years;
- 20% of total bonus deferred into HLFM fund units, vesting pro-rata over three years.

6.8 Long-term incentives – Sustained Performance Plan

The SPP is operated annually, for the benefit of employees. For the current year, awards under the SPP will be made to executive directors and ExCo members. It is intended that awards will normally be granted on an annual basis. In addition, the Remuneration Committee may approve awards to support retention of key management personnel from time to time.

Under the SPP, nil cost options over ordinary shares in HL plc are awarded at the discretion of the Remuneration Committee and are limited to 50% of base salary. Options currently vest over a five-year period, subject to achievement of underpinning performance conditions over a three-year performance period.

Awards granted under the SPP for this Disclosure Period, are subject to the following underpinning performance conditions:

- a requirement for average assets under administration (**AUA**) for the last complete financial year prior to the third anniversary of the date of grant to be above the average AUA for the last complete financial year prior to the 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.

Executive directors and ExCo members are required to accumulate minimum personal holdings in HL plc shares. Under the shareholding guidelines, each individual is expected to accumulate a minimum shareholding in HL plc equivalent to 200% of base salary for ExCo members and 300% of base salary for executive directors within a reasonable timeframe typically within six years of appointment.

6.9 Summary of financial and non-financial performance criteria

Under the ABO, the Group performance scorecard consists of the following financial and non-financial metrics:

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%)

Assessment of individual performance includes adherence to effective risk and conduct management and measures relating to building and maintaining positive customer relations and outcomes.

The financial and non-financial performance underpins for the SPP are outlined in the section above.

6.10 Risk Adjustment

Risk adjustment is any downward adjustment (collective or individual) made to variable remuneration. This includes any variable remuneration plans that may operate from time to time.

The GCRO, with input from the Group Risk, Compliance and Internal Audit functions, reviews current and future risks, and assesses if there are any risk factors or events that should reduce aggregate and/or individual bonus awards payable. This is submitted to the Remuneration Committee as part of the assessment process. Bonuses will be materially affected if there is a failure to meet either corporate or individual standards and expectations either in whole or part, with the possibility to award zero bonus, should the Remuneration Committee consider it appropriate.

The Remuneration Committee can defer a decision to award bonuses or award and suspend payment of bonuses or suspend vesting of variable pay of 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.

All bonus schemes and long-term incentive plans are also subject to malus and clawback provisions as appropriate. 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 company or relevant business unit;
- a failure by the participant to meet standards of fitness and propriety; or
- an error in calculating any participant's award.

6.11 Guaranteed variable remuneration

In line with regulatory requirements and guidance, all non-standard forms of variable remuneration when awarded to HLAM's MRTs, are subject to malus and clawback provisions, deferral, payments in instruments and retention policy requirements. Under the MIFIDPRU Remuneration Code, they are also normally included in the variable component of pay for the purposes of determining the variable to fixed remuneration ratios for the performance period in which the award is made. Guaranteed variable pay is not awarded to an MRT unless it occurs in the context of hiring, is limited to the first year of service and where HLAM has a strong capital base. Guaranteed variable pay will only be awarded rarely and not as common practice.

6.12 Severance payments

Severance payments are to be made on an exceptional basis and are not a common form of remuneration upon leaving HLAM. Severance payments must not provide a disproportionate reward and instead must reflect appropriate compensation for the early termination of the contract. The following criteria may be taken into account for the purposes of determining the amount of a severance payment:

- the reasons for the early cessation of employment;
- the length of an individual's service with HLAM and the Group;
- the individual's performance over time; and
- the seniority of the individual's role within HLAM and the Group.

For MRTs, any payments relating to the early termination of an employment contract reflects the individual's performance over time and does not reward failure or misconduct.

6.13 Material risk taker identification

MRTs are those staff members whose professional activities have a material impact on the risk profile of the Group and/or its relevant regulated entities, or the assets they manage.

The MRT population is identified in accordance with the MIFIDPRU Remuneration Code which establishes qualitative criteria to identify categories of staff whose professional activities have a material impact on the firm's risk profile. These categories broadly include Board members, senior management, senior control function staff and other key risk takers. This also includes an additional test specifically relating to our own risks covering senior leaders who have material decision-making or risk responsibilities or those with the potential to cause significant harm to the firm.

MRT roles have been identified based on their ability to pose a risk to HLAM or the assets it manages and this includes some roles within HLFM.

6.14 Deferral and vesting

For the Disclosure Period, the deferral and vesting policy is as follows for the different employee populations.

Employee Category	Proportion of Bonus deferred
MRTs	<ul style="list-style-type: none"> If variable remuneration greater than or equal to £500,000, 60% of total bonus is deferred. If total variable compensation less than £500,000, at least 40% of total bonus deferred; and Awards are deferred over three years with vesting in annual tranches and subject to an additional post vesting holding period of six-months.
All other employees	<ul style="list-style-type: none"> If bonus is equal to or over £75,000, 40% of bonus over £50,000 is deferred with vesting in annual tranches over three years.

For most individuals, bonus is deferred into nil cost options over HL plc shares, vesting pro-rata over a period of three years. These options are not subject to any further performance conditions other than continued employment within the Group. For HLFM MRTs (who have the ability to pose a risk to HLAM or the assets it manages), bonus is deferred into a combination of HL plc shares and fund units.

In line with the Group's internal de minimis approach adopted by HLAM, if the variable pay for any MRT (not within the executive director population) is less than 33% of total remuneration, and less than £167,000, bonus awards are paid in cash, subject to application of the Group's firm wide deferral arrangements outlined above.

In addition to the above, SPP awards are subject to a three-year performance period and additional holding periods apply for different populations (two years for Executive Directors and six months for other MRTs).

The deferral time horizons align with regulatory requirements and are in line with HLAM's long-term interests.

6.15 Quantitative remuneration information

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

	Senior Management £m	Other MRTs £m	Other Staff £m	Total (All Staff) £m
Fixed Remuneration	4.41	7.35	87.73	99.50
Variable Remuneration	6.44	5.34	18.75	30.53
Total Remuneration	10.85	12.69	106.48	130.01

For the 2023 performance year, 59 individuals were identified as MRTs.

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

	Senior Management	Other MRTs	Total
Guaranteed variable remuneration awards			
Guaranteed variable remuneration awards - Number of MRTs	0	3	3
Guaranteed variable remuneration awards - Total amount (£m)	-	0.14	0.14
Severance payments awarded during the financial year			
Severance payments awarded during the financial year - Number of MRTs	0	6	6
Severance payments awarded during the financial year - Total amount (£m)	-	0.95	0.95
The amount of the highest severance payment awarded to an individual MRT (£m)	-	0.32	0.32

Table 3 - The amounts and forms of variable remuneration awarded to MRTs

	Senior Management	Other MRTs	Total
Number of MRTs	10	49	59
Total Variable Remuneration (£m)			
Of which: cash-based			
Of which: non-deferred	2.58	3.04	5.63
Of which: deferred	-	-	-
Of which: shares			
Of which: non-deferred	0.02	0.12	0.15
Of which: deferred	3.83	1.38	5.20
Of which: share-linked instruments or equivalent non-cash instruments			
Of which: non-deferred	-	0.12	0.12
Of which: deferred	-	0.24	0.24
Of which: other forms of remuneration			
Of which: non-deferred	-	-	-
Of which: deferred	-	-	-

Table 4 - Information on whether the firm uses the exemption for individuals in SYSC 19G.5.9R

Certain employees may be exempt from the MIFIDPRU Remuneration Code requirements on deferral, payment in instruments and retention periods based on their individual level of earnings. The table below outlines the provisions set out in the de minimis approach and as detailed in section 6.14 in which the firm relies on the exemption³.

	Senior Management	Other MRTs	Total
Shares, instruments and alternative arrangements			
Number of MRTs who benefit from exemption	0	5	5
Retention Policy			
Number of MRTs who benefit from exemption	0	5	5
Deferral			
Number of MRTs who benefit from exemption	0	5	5
Discretionary pension benefits			
Number of MRTs who benefit from exemption	0	0	0
Total remuneration of MRTs who benefit from an exemption (£m)			
Fixed Remuneration	-	0.78	0.78
Variable Remuneration	-	0.36	0.36
Total	-	1.12	1.12

Table 5 - The amount of deferred remuneration awarded to MRTs

	Senior Management £m	Other MRTs £m	Total £m
Amount of deferred remuneration awarded for previous performance periods			
Of which: due to vest in the financial year in which the disclosure is made	1.7	2.4	4.1
Of which: due to vest in subsequent years	1.2	1.2	2.4
Amount of deferred remuneration due to vest in the financial year in respect of which the disclosure is made			
Of which: is or will be paid out	1.7	2.4	4.1
Of which: the amount was due to vest but has been withheld as a result of performance adjustment	-	-	-

³ Where an MRT's annual variable remuneration does not exceed £167,000 and does not represent more than one-third of total annual remuneration.

Forward-looking Statements

IMPORTANT NOTICES

This document comprises regulatory disclosures related to MIFIDPRU for the year ended 30 June 2023 for Hargreaves Lansdown Asset Management Limited (the “Company”).

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. 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.

The contents of any website references in this document do not form part of this document.

Glossary of abbreviations and definitions

Abbreviation	Definition
1st LOD	First line of defence
2nd LOD	Second line of defence
3rd LOD	Third line of defence
ABO	Annual Bonus Opportunity
AGM	Annual General Meeting
AUA	Assets under administration
Board	Hargreaves Lansdown Asset Management Limited Board
BRC	Board Risk Committee
CASS	FCA Client Assets sourcebook
CET1	Common equity tier 1 capital
Disclosure Period	July 2022 - June 2023
ERC	Executive Risk Committee
ExCo	Group Executive Committee
FCA	Financial Conduct Authority
FOR	Fixed overheads requirement
GCRO	Group Chief Risk Officer
Group	Hargreaves Lansdown Group
HL plc	Hargreaves Lansdown plc
HLAM or the Firm	Hargreaves Lansdown Asset Management Limited
HLFM	Hargreaves Lansdown Fund Managers Limited
ICARA	Internal Capital Adequacy and Risk Assessment
K-ASA	K factor requirement based on assets safeguarded and administered
K-AUM	K factor requirement based on assets under management
K-CMG	K factor requirement based on clearing margin given
K-CMH	K factor requirement based on client money held
K-COH	K factor requirement based on client orders handled
K-CON	K factor requirement based on concentration risk
K-DTF	K factor requirement based on daily trading flow
K-NPR	K Factor requirement based on net position risk
K-TCD	K factor requirement based on trading counterparty default
KFR	Total K-factor requirement
MIFIDPRU	FCA Prudential sourcebook for MIFID investment firms
MRT	Material risk taker
PMR	Permanent minimum capital requirement
SPP	Sustained Performance Plan