

# **SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) DISCLOSURE**

**FY23**

**Data as at 30<sup>th</sup> June 2023**

# Asset Management & Custody Activities

Hargreaves Lansdown plc is reporting under the SASB disclosure framework for the FY23 period ending 30 June 2023. In this report we have responded to the reporting standards for Asset Management & Custody Activities. The SASB disclosure framework is a key reporting standard which aligns with our business and investor needs. We will continue to iterate our reporting process and will take a proactive approach to any updates issued by SASB moving forward.

**All figures are for FY23 (as at 30<sup>th</sup> June 2023)**

Accounting Metric	Code	Disclosure/ Source
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## Transparent Information & Fair Advice for Customers

<b>(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings</b>	FN-AC-270a.1	<p>Of Hargreaves Lansdown’s direct and UK employees, there were 0 (0%) recorded instances where an employee had a disclosed event.</p> <p><i>As per SASB, a disclosed event includes investment related investigations, consumer-initiated complaints, private civil litigations, or other regulatory procedures.</i></p>
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<b>Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers</b>	FN-AC-270a.2	<p>£0</p> <p>Hargreaves Lansdown did not suffer any losses as a result of legal proceedings associated with the marketing and communication of financial products in the FY23.</p>
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<b>Description of approach to informing customers about products and services</b>	FN-AC-270a.3	<p>Our approach to informing clients about our products and services is essential for building trust and deepening our client relationships. Please see Appendix A to better understand our approach.</p>
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## Employee Diversity & Inclusion

<b>Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees</b>	FN-AC-330a.1	<p>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.</p>
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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.

Please see Appendix B for our diversity figures for FY23.

Please go to the following website pages to discover more about our Inclusion and Diversity work.

- Responsible Business - [www.hl.co.uk/responsible-business](http://www.hl.co.uk/responsible-business)
- About Us - [www.hl.co.uk/aboutus](http://www.hl.co.uk/aboutus)
- Board Diversity policy - [www.hl.co.uk/aboutus/board-of-directors](http://www.hl.co.uk/aboutus/board-of-directors)
- 2023 Annual Report and Accounts (pages 40-43) – [www.hl.co.uk/investor-relations/results-and-presentations](http://www.hl.co.uk/investor-relations/results-and-presentations)

## Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory

**Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening**

- FN-AC-410a.1
- (1) £8.67bn  
Environmental, Social and Governance (ESG) factors are considered in all our research and investment processes which underpin our investment decision making. Hargreaves Lansdown Fund Management (HLFM) considers material ESG factors in all the investment processes covering both the HL Portfolio Building Block and HL Select fund ranges, although they do not currently run any explicit Responsible Investment mandates. HLFM signed up to the UN-backed Principles for Responsible Investment (PRI) in May 2021.
- (2) 0
- (3) From October 2022 our HL Select funds and segregated mandates held within the HL Portfolio Building Block range exclude companies involved in controversial weapons (anti-personnel mines, cluster munitions and chemical & biological weapons) and companies in breach of the UN Global Compact for a continuous period of three years or more. We also exclude companies that make 20% or more of their revenues from oil sands extraction or thermal coal extraction and/or power generation, although we will consider investing in thermal coal power generators where there are targets to reduce coal use in alignment with industry best practice, coupled with appropriate alignment of Director incentivisation. See our [ESG Investment Policy](#) for more details on our exclusions.

**Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies**

FN-AC-410a.2 Hargreaves Lansdown incorporates material ESG factors into the investment process and investment decisions within all the HL Portfolio Building Block funds and HL Select funds. Our investment teams have access to a wide range of resources and data allowing them to consider and research ESG in the investment process through proprietary systems and external providers such as Bloomberg, Morningstar Direct and Sustainalytics.

Our investment team frequently engages with fund managers to determine whether the manager is both aware of and taking seriously the ESG-related risks that may impact their portfolio and are supported to do so by the fund house they work for.

All the fund groups we invest with must be signed up to the Principles for Responsible Investment, or their country equivalent commitment to responsible investment, and make a public pledge to achieve net zero by at least 2050 (across at least their scope 1 and 2 emissions). They must also be working towards creating a robust transition plan to support this pledge. Those that have not set a decarbonisation target will face divestment after a two-year engagement period should they not comply.

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Our HL Select fund managers approach ESG within a proprietary research framework that assesses and evaluates the risks and opportunities linked to the ESG characteristics of each company they invest in. This allows for a holistic view of material ESG factors before deciding which companies to invest in.

Across all portfolios over which we have discretion (including the HL Select funds and segregated mandates held within the HL Portfolio Building Block range), companies involved in controversial weapons (anti-personnel mines, cluster munitions and chemical & biological weapons) are excluded, as are companies in breach of the UN Global Compact for a continuous period of three years or more. We also exclude companies that make 20% or more of their revenues from oil sands extraction or thermal coal extraction and/or power generation, although we will consider investing in thermal coal power generators where there are targets to reduce coal use in alignment with industry best practice, coupled with appropriate alignment of Director incentivisation.

To understand more about our approach to integrating ESG within our investment decision making processes, please read our [ESG Investment Policy](#).

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**Description of proxy voting and investee engagement policies and procedures**

FN-AC-410a.3

Within our HL Select funds, we utilise the services of Institutional Shareholder Service (ISS), a company with a long track record of monitoring and advising upon corporate governance best practice. HLFM will exercise their voting rights in a timely manner with the aim to achieve the best possible client outcome.

Within our HL Portfolio Building Block range, we delegate voting responsibility to the underlying fund managers.

To find out more about our proxy voting process, please see our [Stewardship and Engagement Policy](#).

Additionally, please see our [Engagement Report](#) for further insights.

**Business Ethics**

**Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations**

FN-AC-510a.1

£0

Hargreaves Lansdown has not sustained any monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations.

Hargreaves Lansdown requires all colleagues to undergo annual training surrounding regulatory matters including but not limited to CASS, Data Protection, Market Abuse, Fraud Prevention, Whistleblowing, Anti-Bribery and Corruption. Hargreaves Lansdown expects all colleagues to hold themselves to the highest standards of ethics and encourages employees to undertake frequent recommended training on areas of importance to the role.

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**Description of whistle blower policies and procedures**

FN-AC-510a.2

Hargreaves Lansdown promotes a safe and honest culture which encourages employees to raise any malpractice concerns such as a suspected employee fraud, a bribery and corruption issue, a danger to health and safety, or the concealment of rule breaches.

The Audit 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.

The whistleblowing policy applies to all those who work for us, including:

- All colleagues, full time, or part time
- Contractors and subcontractors
- Agency colleagues

Colleagues can raise concerns to our:

- Head of Market Abuse and AML Regulatory Change
- Compliance Director
- Six additional senior managers who act as 'Speak Up' guardians.

Alternatively, all colleagues can receive confidential advice on a matter through an external Independent Charity at [whistle@protect-advice.org.uk](mailto:whistle@protect-advice.org.uk)

For more information, please see the following website pages:  
[www.hl.co.uk/whistle-blowing](http://www.hl.co.uk/whistle-blowing)  
[www.hl.co.uk/responsible-business-our](http://www.hl.co.uk/responsible-business-our)

Activity Metric	Code	Disclosure/ Source												
<b>(1) Total registered and (2) total unregistered assets under management (AUM)</b>	FN-AC-000.A	Hargreaves Lansdown's AUM comprises of registered and unregistered AUM. Registered AUM includes HL UCITS funds and Unregistered AUM are HL funds that do not fall under the definition of the registered AUM. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>FY23</th> <th>FY22</th> </tr> </thead> <tbody> <tr> <td>Registered AUM</td> <td>£1.04 bn</td> <td>£0.98 bn</td> </tr> <tr> <td>Unregistered AUM</td> <td>£7.63 bn</td> <td>£6.99 bn</td> </tr> <tr> <td><b>Total</b></td> <td><b>£8.67 bn</b></td> <td><b>£7.97 bn</b></td> </tr> </tbody> </table>		FY23	FY22	Registered AUM	£1.04 bn	£0.98 bn	Unregistered AUM	£7.63 bn	£6.99 bn	<b>Total</b>	<b>£8.67 bn</b>	<b>£7.97 bn</b>
	FY23	FY22												
Registered AUM	£1.04 bn	£0.98 bn												
Unregistered AUM	£7.63 bn	£6.99 bn												
<b>Total</b>	<b>£8.67 bn</b>	<b>£7.97 bn</b>												
<b>Total assets under custody and supervision</b>	FN-AC-000.B	2023: £8.67bn (2022: £7.97bn)												

## Appendix A

### FN-AC-270a.3

#### Description of approach to informing customers about products and services

Hargreaves Lansdown is a publicly traded wealth management company offering a wide range of products and services through investments, savings, pensions, and advice to both retail and institutional clients.

Our website, [www.hl.co.uk](http://www.hl.co.uk), provides comprehensive direct-to-client investment services. It hosts a wide range of factual and option-based information on savings and investments, including products and services offered by Hargreaves Lansdown. It also hosts a broad range of insight, tools, guides, and other education all designed to help people make better decisions with their money and to empower people to save and invest with confidence.

Key client journeys and communications are reviewed to ensure they meet the needs of our clients, including those in vulnerable circumstances, and enable informed decision making. This is aligned with HL's obligations under the Consumer Duty and the Product Intervention and Product Governance Sourcebook (PROD). Of note is the Consumer Understanding outcome, requiring HL to support and enable clients to make informed decisions about financial products and services.

HL's Product Governance Committee, chaired by HL's Product & Helpdesk Director, oversees the effectiveness of client communications and journeys in delivering good client outcomes and mitigating the risk of foreseeable harm.

### **Types and frequency of communication**

We communicate with our clients using a range of different methods depending on the client's preferred channel and the information being communicated. During their time as a client, clients will receive notifications and information including but not limited to contract notes for any purchases and sales, quarterly investment reports and, if applicable, an annual tax certificate.

### **Value-added communications**

Hargreaves Lansdown builds investor engagement and drive better client behaviours and outcomes. We do this by providing clients and potential investors with tools, guides, insights and research through various media and channels.

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.

Another example of our client-outcome approach to content is our drive to support the nation in building financial resilience, through our [5 to thrive](#) campaign whereby we provide articles and insight on the 5 key building blocks for financial resilience; Control your Debt, Protect you and your family, Save a penny for a rainy day, Plan for later life, and Invest to make more of your money.

[Switch Your Money ON](#) is our fortnightly investment podcast launched in July 2021. The hosts are joined by guests from the HL investment research team, external fund managers and sector experts to deliver topical and news-based investment content in an entertaining and engaging way. It targets engagement from younger, often app-first, audiences and aims to encourage them to be better, more informed investors.

While most of our content is online via our web and app, we do not discount those who prefer to engage and digest information and content through more traditional media and channels. We're one of the few direct-to-client investment platforms with a regular printed investment magazine, the [Investment Times](#). It is produced three times a year in print format typically exploring an overarching theme or trend in detail. All our editions use sustainable resources and are now sent in recyclable paper envelopes rather than degradable plastic, saving the equivalent of 1.4 million plastic bags per annum.

We are also driving better accessibility and inclusivity across our website content and our communications to investors. We work to make our websites accessible and follow guidelines laid down by the Web Accessibility Initiative (WAI). Our aim is to conform to Level AA against Web Content Accessibility Guidelines 2.1 (WCAG) standards. Hargreaves Lansdown has Accessibility Ambassadors sitting within teams across the business, focused on driving better awareness and education for those creating content and communications. We deliver our service in a way that is accessible to all clients.

We continue to challenge ourselves to deliver a better experience for our clients through the information and communications we provide. We use data analytics to measure the engagement rates on our content and use this to inform our decision making and ensure we deliver more tailored content to clients, which drives good outcomes and helps our clients become better investors.

### **Communications Principles and protocols**

While communicating with clients about our products and services, Hargreaves Lansdown abides by various regulations set out in the FCA's product governance sourcebook (PROD), and more recently the Consumer Duty. These requirements are embedded in internal policies and frameworks requiring our communications to be appropriate to the client audience, fair and transparent and aimed at producing the best possible client outcome.

Our clients range from first-time investors to the highly experienced hobbyist investor. They have different levels of confidence, time, and willingness to engage with their finances. As such, our content and communications must suit their varying needs, including for clients displaying characteristics of vulnerability.

How we communicate with our clients is as important as the information we provide. Industry jargon and lack of clarity can prevent people saving and investing with confidence. Our content and communications are written in a way that aims to break down barriers and make investing accessible to a wide audience. Our authors have the subject, product or service expertise and knowledge to share information in a way people can easily understand, allowing clients to take the next step confidently.

We use both quantitative and qualitative research to monitor the quality of our online content, making use of website analysis and tracking tools and by seeking feedback from our clients using a content scoring system and client surveys. This information is reported to content and communication authors on a regular basis and forms a key part of our approach to monitoring client outcomes in alignment with HL's Consumer Duty obligations. This continuous feedback loop is a fundamental part of how we ensure we are providing the content our audience want and need.

## Appendix B

### FN-AC-330a.1

#### Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees

Our colleague population is broken down into the following categories:

- Board of Directors – 9 non-executive directors and 2 executive directors, covers both points (1) and (2).
- Other senior management – Remaining executive management and direct report senior managers covers (3).
- Employees (FTE) – covers (4)

#### Table showing HL's UK workforce ethnic breakdown.

	As at 30 June 2023							
	Board of Directors <sup>1</sup>		Other senior management <sup>2</sup>		Employees (FTE)		Total	
Asian	1	9.10%	1	1.75%	123	5.57%	125	5.50%
Black	0	0.00%	0	0.00%	57	2.58%	57	2.50%
Mixed	0	0.00%	1	1.75%	60	2.72%	61	2.70%
Other	0	0.00%	0	0.00%	14	0.63%	14	0.60%
Unknown	0	0.00%	13	22.81%	306	13.85%	319	14.00%
White	10	90.90%	42	73.68%	1649	74.65%	1701	74.70%
<b>Total UK workforce</b>	<b>11</b>	<b>100.00%</b>	<b>57</b>	<b>100.00%</b>	<b>2209</b>	<b>100.00%</b>	<b>2277</b>	<b>100.00%</b>

#### Table showing HL's UK workforce gender breakdown.

	As at 30 June 2023							
	Board of Directors		Other senior management		Employees (FTE)		Total	
Female	5	45.00%	16	28.00%	906	41.01%	927	41.00%
Male	6	55.00%	41	72.00%	1303	58.99%	1350	59.00%
<b>Total UK workforce</b>	<b>11</b>	<b>100.00%</b>	<b>57</b>	<b>100.00%</b>	<b>2209</b>	<b>100.00%</b>	<b>2277</b>	<b>100.00%</b>

<sup>1</sup> The HL plc Board met the Parker Review recommendation to have at least one director from an ethnic minority background in FY23.

<sup>2</sup> Other senior management is defined as an employee who has responsibility for planning, direction or controlling the activities of the Group, or a strategically significant part of the Group, other than the plc Board of Directors and any Non-Executive Directors of the Group's principal operating subsidiaries.