

HARGREAVES
LANSDOWN

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) DISCLOSURE

Financial Year 2022

Data as at 30th June 2022

Asset Management & Custody Activities

Hargreaves Lansdown plc is reporting under the SASB disclosure framework for the FY22 period ending 30 June 2022. 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 Financial Year 2022 (as at 30th June 2022)

Accounting Metric	Code	Disclosure/ Source
Transparent Information & Fair Advice for Customers		
(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	FN-AC-270a.1	<p>Of Hargreaves Lansdown's 2,042 employees, there were 2 (0.1%) recorded instances where an employee had a disclosed event. Both of these employees have since left Hargreaves Lansdown employment.</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>
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	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 Financial Year 2022.</p>
Description of approach to informing customers about products and services	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>
Employee Diversity & Inclusion		
Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	FN-AC-330a.1	<p>Hargreaves Lansdown is committed to building a diverse and inclusive workforce, not simply because it is the right thing to do, but because we believe it will lead to better outcomes for clients, colleagues, our business and enable our sustainable growth. The more diverse our people, the more easily we can understand and meet the needs of our growing and increasingly diverse client base.</p> <p>Our Inclusion and Diversity strategy focuses on four pillars:</p> <ul style="list-style-type: none"> • Building an inclusive culture and brand • Recruitment and representation • Progression and retention • Reporting and accountability. <p>Each pillar is supported by a detailed action plan to ensure we attract, hire, progress, engage and retain diverse talent and build a market-leading culture.</p> <p>Please see Appendix B for our diversity figures for FY22.</p> <p>To discover more about our Inclusion and Diversity work, please see our Corporate Social Responsibility and About Us sections of the HL website. To better understand our Board Diversity policy, please see here.</p> <p>Alternatively, please refer to pages 27-29 and 82 of our 2022 Annual Report & Accounts</p>

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	<p>(1) 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 Multi Manager 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.</p> <p>(2) 0</p> <p>(3) From October 2022 our HL Select funds and segregated mandates held within the HL Multi-Manager range exclude companies involved in controversial weapons (anti-personnel mines, cluster munitions and chemical & biological weapons), companies that make 20% or more of their revenues from oil sands extraction or thermal coal extraction and/or power generation from thermal coal, and companies in breach of the UN Global Compact for a continuous period of three years or more. See our ESG Investment Policy for more details on our exclusions.</p>
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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	<p>Hargreaves Lansdown incorporates material ESG factors into the investment process and investment decisions within all the HL Multi Manager 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.</p> <p>Our Multi Manager investment teams frequently engage 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.</p> <p>All of the fund groups we invest up 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.</p> <p>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.</p> <p>Across all portfolios over which we have discretion (including the HL Select funds and segregated mandates held within the HL Multi-Manager range), companies involved in controversial weapons (anti-personnel mines, cluster munitions and chemical & biological weapons) are excluded. We also exclude companies that make 20% or more of their revenues from oil sands extraction or thermal coal extraction and/or power generation from thermal coal, and companies in breach of the UN Global Compact for a continuous period of three years or more.</p> <p>To understand more about our approach to integrating ESG within our investment decision making processes, please read our ESG Investment Policy.</p>
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Description of proxy voting and investee engagement policies and procedures	FN-AC-410a.3	<p>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.</p>
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HLFM will exercise their voting rights in a timely manner with the aim to achieve the best possible client outcome.

Within our Multi-Manager funds, 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 require 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 expect 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.

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 & corruption issue, a danger to health and safety, or the concealment of rule breaches.

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

For more information, please see our [whistleblowing policy](#)

Activity Metric	Code	Disclosure/ Source
(1) Total registered and (2) total unregistered assets under management (AUM)	FN-AC-000.A	<p><i>Hargreaves Lansdown's AUM comprises of registered and unregistered AUM. Registered AUM include those subject to the regulations of the Investment Company Act of 1940 (1940 Act), such as mutual funds, managed under the Employee Retirement Income Security Act of 1974 (ERISA), subject to the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive, or managed under the Commodity Futures Trading Commission's (CFTC's) Commodity Pool Operator (CPO) regulations. Unregistered AUM are those that do not fall under the definition of the registered AUM.</i></p> <p>Registered AUM £0.98 billion Unregistered AUM £6.99 billion</p>

		Total	£7.97 billion
Total assets under custody and supervision	FN-AC-000.B	£7.97 billion	

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, provides comprehensive direct-to-client investment services. It hosts a wide range of factual and option-based information on savings and investments, including product and services offered by Hargreaves Lansdown. It also hosts a wealth 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.

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. Clients will receive all notifications and information required during their time as a client, including but not limited to contract notes for any purchases and sales, quarterly investment reports and, if applicable, an annual tax certificate. In addition, we will notify clients of any corporate actions taking place to any of their investments held with Hargreaves Lansdown, this will include but is not limited to rights issues, consolidations, bonus issues or name changes. We also respond to requests by our clients for ad hoc information related to activity in their account.

Value-added communications

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

We know investors trust and value our insight and opinion – not only our clients, but those of other platforms who use our free, open information. We work tirelessly to find new ways to improve the information we provide investors, and drive better client outcomes, stepping in where we see poor client behaviours or to add reassurance during periods of market volatility.

Our Better Investors campaign is a prime example of how we lead the investment industry in putting client outcomes first. Our campaign targets clients with information and behavioural nudges to educate and help them make better decisions. The communications focus on providing relevant information that helps clients to target their investment choices around their goals, raise awareness of how changing conditions suit different investments and how they can build long-term savings. Alongside this we continue to engage with regulators, working on how we can continue to serve our clients better, deliver the right outcomes and continue to set an example as the market leading service in our industry.

Our deep understanding of clients, with vast insight on what they want to know – and how they're using our platform – helps us identify key trends in investor interest. An example being the change in retail investor interest in ESG. We can then respond to these changes in interest by making more online resources and information available.

Another example of this dynamic approach to content includes our drive to support the nation in building financial resilience, through our [5 to thrive](#) campaign. Here 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, Invest to make more of your money.

[Switch Your Money ON](#) is our fortnightly 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 way. It targets engagement from younger, often app-first, audiences and aims to encourage them to be better investors.

Whilst most of our content is online, we cannot ignore those who prefer to engage and digest information and content through other media and channels. We're one of the few direct-to-client investment platforms with a regular investment magazine, the [Investment Times](#). It is a quarterly print and online investment magazine that explores an overarching theme or trend in detail. Print 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 have a partnership with Dementia UK to ensure that we can support vulnerable clients and train colleagues to ensure we are providing the best service for our clients.

We continue to challenge ourselves to deliver a better experience for our clients through the information and communications we provide. We will make greater use of data analytics to deliver more tailored content to engage with clients and we'll increase our focus on making clients better investors.

Communications Principles and protocols

While communicating with clients about our products and services, Hargreaves Lansdown abide by various regulations set out in the FCA's product governance sourcebook (PROD 3), as well as 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, with different levels of confidence, time and willingness to engage with their finances. As such, our content and communications must suit their varying needs and appeal to anyone who wants to engage in saving and investing.

Our Product Governance Committee oversees the implementation of our internal communications framework, chaired by the Director of Investments and Retirement, to ensure Hargreaves Lansdown meet the legal and regulatory obligations required during communications.

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 the barriers and make investing accessible to a wider 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 next steps 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 the continuous feedback loop is key to us ensuring that we continue 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

In the below we have broken our colleague population down into the following categories based on our internal definitions to highlight the above % breakdown:

- Board of Directors (broken out for gender breakdown) – 8 non-executives and 2 executive management – covers (1) and (2)
- Other Senior Management – Remaining executive management and direct report senior managers – covers (1), (2) and (3)
- Total Employees – covers (4)

Ethnic Breakdown as at 30th June 2022:

Total UK Workforce 2,042				
	Other senior management		Total employees	
	Number	%	Number	%
Asian	0	0%	91	4%
Black	0	0%	44	2%
Mixed	1	2%	56	3%
Other	0	0%	10	0%
White	38	81%	1527	75%
Prefer Not to Say/ Unknown	8	17%	314	15%

*Excluding employees located in Poland.

The HL plc Board met the Parker Review recommendation to have at least one director from an ethnic minority background by 2021.

Gender Breakdown as at 30th June 2022:

Total UK Workforce 2,042						
	Board of Directors		Other senior management		Total employees	
	Number	%	Number	%	Number	%
Female	5	50%	13	28%	839	41%
Male	5	50%	34	72%	1,203	59%

*Excluding employees located in Poland