

REMUNERATION COMMITTEE

TERMS OF REFERENCE

The following are the terms of reference for the Remuneration Committee ("the Committee") of Hargreaves Lansdown plc ("the Company") and its subsidiaries ("the Group").

1. Membership

- 1.1 The Committee shall comprise at least three members. Members of the Committee shall be appointed by the Board, on recommendation of the Nomination Committee in consultation with the Chair of the Remuneration Committee.
- 1.2 All members of the Committee shall be independent Non-Executive Directors. The Chair of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chair.
- 1.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer ('CEO'), the Chief People Officer, the Chief Risk Officer, the Group Head of Performance and Reward and external advisers may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years, so long as members continue to be independent.
- 1.5 The Board shall appoint the Committee Chair who shall be an independent Non-Executive Director and prior to appointment as Chair of the Company's Remuneration Committee will have served on a remuneration committee for at least 12 months.
- 1.6 In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chair of the Board shall not be Chair of the Committee.

2. Secretary

The Company Secretary or their nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. Quorum

The quorum necessary for the transaction of business shall be two members.

4. Frequency of Meetings

The Committee shall meet at least four times a year and otherwise as required.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Committee Chair.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meeting

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance.
- 6.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Where there is a conflict of interest and the Chair of the Committee determines that it is material, he/she shall have the power to exclude that Committee member from discussions on that issue.
- 6.3 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, the minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chair.
- 6.4 Final signed copies of the minutes of the meetings of the Committee shall be maintained for the Company's records.

7. Annual General Meeting

The Chair of the Committee should attend the Annual General Meeting ('AGM') to respond to questions from shareholders on the Committee's activities.

8. Duties

The Committee should have oversight of the Group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent Company, major subsidiary undertakings and the Group as a whole.

8.1 Approval of Remuneration Policy

- 8.1.1 The Committee will have responsibility for setting the overarching remuneration policy of the Group. The objective of such policy shall be to attract, retain and motivate individuals of the quality required without paying more than is necessary, having regard to the views of shareholders and other stakeholders. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company and the Group as a whole. Executive remuneration should be aligned to Company purpose and values, and be clearly linked to the successful delivery of the Company's long-term strategy.
- 8.1.2 In determining such policy, the Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements, including under the UK Corporate Governance Code (the 'Code') and the relevant FCA Remuneration Codes (the 'FCA Codes') covering AIFMD, UCITS, CRD IV and MiFID II, as well as all associated guidance.
- 8.1.3 In reviewing the remuneration policy, the Committee will review and approve the over-arching design and approach to measuring performance for any performance-related remuneration schemes operated within the Group, including any all-employee share schemes. The Committee shall also review and approve the overarching design of pensions and other benefits.
- 8.1.4 The Committee shall review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, the Committee shall also determine each year whether awards will be made, the overall amount of such awards, the individual awards to Material Risk Takers and the performance targets to be used.
- 8.1.5 The remuneration policy should have regard to the risk appetite of the Group and alignment to the company's long-term strategic goals. The Committee shall seek input from the Head of Risk to ensure that the remuneration policy is designed and implemented in accordance with the Group's risk appetite and takes into consideration both current and potential future risks.
- 8.1.6 When setting remuneration policy for Directors and other Material Risk Takers, the Committee shall review and have regard to pay and employment conditions across the Company or Group, especially when determining annual salary increases.

- 8.1.7 The Committee shall review workforce remuneration and related policies, and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration.
- 8.1.8 The setting of the remuneration policy should be supported by robust processes whereby the impact of remuneration on sustainable performance, culture and all elements of risk management are considered.
- 8.1.9 The Board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of the Non-Executive Directors within the limits set in the Articles of Association.
- 8.2 Monitoring Remuneration Policy
 - 8.2.1 The Committee shall periodically review the on-going appropriateness, relevance and effectiveness of the remuneration policy, including compliance with the relevant FCA Remuneration Code(s).
 - 8.2.2 The Committee shall ensure that the implementation of the remuneration policy is, at least annually, subject to central and independent internal review for compliance with the agreed remuneration policies and procedures.
 - 8.2.3 The Committee shall monitor the application of any authority delegated to the Remuneration Governance Committee to ensure that policies and principles are being consistently and effectively applied, seeking support and input from HR and Risk as appropriate.
 - 8.2.4 The Committee shall review the budget for annual salary increases across the Group as well as the total variable pay spend in respect of the relevant performance year. The Committee shall also oversee any major changes in employee benefits structures throughout the Group.
 - 8.2.5 The Committee shall consider a report prepared by the Chief Risk Officer on an annual basis, detailing the performance of the Group against its key risk indicators, including any relevant risk events occurring during the relevant year, and any issues relating to current and/or future risks to be taken into account when reviewing remuneration outcomes. The Committee will also ensure that total remuneration levels do not limit the ability of the Group and/or its regulated entities to strengthen its capital base.
 - 8.2.6 The Committee shall oversee the process by which Material Risk Takers are identified in line with the relevant FCA Remuneration Code(s).
- 8.3 Approval of remuneration arrangements for specific individuals
 - 8.3.1 Within the terms of the agreed policy and in consultation with the Chair of the Board and/or CEO, as appropriate, the Committee shall determine the total individual remuneration package including salary, pension, bonus/incentive payments and share awards of each Executive Director, other members of the Executive Committee, the Company Secretary and all other staff who are designated Material Risk Takers under the relevant FCA Remuneration Code(s).

This includes any remuneration arrangements relating to recruitment and/or termination of employment for this population. In considering the latter, the Committee will ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
 - 8.3.2 Determine the design, performance measures and associated targets (where relevant) for any performance related pay schemes for this population, and subsequently review individual outcomes and agree any payments proposed. In both circumstances, the Committee will seek independent input from the Chief Risk Officer to ensure that these awards reflect the Group's risk appetite and profile and take into account current and potential future risks.
 - 8.3.3 The Committee shall ensure that all payments made to this population are made within the Remuneration Policy or, in exceptional circumstances, approve any exceptions as long as such deviation is in line with the relevant regulatory guidance.
 - 8.3.4 In reviewing proposals in respect of this population, the Committee shall have regard to remuneration trends and employment conditions across other employees of the Group and other relevant organisations.
- 8.4 Other duties

- 8.4.1 The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 8.4.2 The Committee shall agree the policy for authorising claims for expenses from Directors.
- 8.4.3 The Committee shall work and liaise as necessary with all other Board committees, including Audit and Risk Committees to ensure that remuneration policy and outcomes are in line with sound and effective risk management and financial controls.

9. Reporting responsibilities

- 9.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.2 The Committee shall ensure that all relevant legislative provisions regarding disclosure of information, including pensions, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the AGM. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.
- 9.3 The Committee shall ensure that the provisions regarding the remuneration disclosures in respect of Material Risk Takers under the FCA's Remuneration Code(s) are complied with.
- 9.4 The Committee shall approve the contents of the annual Remuneration Policy Statement(s), as required under the relevant FCA Remuneration Codes.
- 9.5 Through the Chair of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.
- 9.6 The Committee shall make these terms of reference available to shareholders by placing them on the Company's website.]

10. Other matters

- 10.1 The Committee will have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.
- 10.2 Committee members will be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 10.3 The Committee shall obtain reliable, up-to-date information about remuneration in other companies of a comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company but within any budgetary restraints imposed by the Board.
- 10.4 The Committee shall give due consideration to laws and regulations and any published guidelines or recommendations regarding the remuneration of Directors of listed / non-listed companies and formation and operation of share schemes, including but not limited to the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Association of British Insurers, Institutional Shareholder Services and the National Association of Pension Funds and any other applicable rules, as appropriate.
- 10.5 The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 10.6 No individual shall be involved in any decisions as to their own remuneration.

11. Authority

- 11.1 The Committee is authorised to seek any information it requires from any employee/Director of the Company in order to perform its duties, including HR, Risk and Finance teams.
- 11.2 Any member of the Committee is authorised to obtain, at the Company's expense, external legal or other professional advice on any matter within its terms of reference where required.
- 11.3 The Committee may request the attendance of any employee at a meeting of the Committee as and when required.

Version Control

| Version | Date | Changes | Approved by the Committee | Approved by the Board |
|---------|------------|------------------------|---------------------------|-----------------------|
| | | | | |
| V1 | October 18 | Re-write – new version | 10 October 18 | 11 October 18 |
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