

TERMS OF REFERENCE

REMUNERATION COMMITTEE

Hargreaves Lansdown plc (the Company)

1 Purpose

The purpose of the Remuneration Committee (the Committee) is to provide oversight and advice to the board of directors of the Company (the Board) in respect of the matters listed in Section 2 below with regards to the Hargreaves Lansdown Group (including Hargreaves Lansdown Asset Management Ltd)¹ and to report formally to the Board on those matters after each meeting.

2 Duties

The Committee should have oversight of the Group as a whole as regards to matters within its remit and, unless required otherwise by regulation, carry out the duties below in respect of the Company, major subsidiary undertakings and the Group as a whole.

2 Approval of Remuneration Policy

- 2.1.1 The Committee is responsible for setting the overarching remuneration policy of the Group. The objective of the remuneration 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, and the Group's culture and defined behaviours. 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.
- 2.1.2 In determining the remuneration 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 Financial Conduct Authority Remuneration Codes (the 'FCA Codes') covering AIFMD, UCITS, CRD IV and MiFID II, as well as all associated guidance.
- 2.1.3 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.
- 2.1.4 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.
- 2.1.5 The remuneration policy should have regard to the risk appetite of the Group and alignment to the company's long-term strategic goals, its culture and defined behaviours. The Committee shall seek input from the Chief Risk Officer 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.
- 2.1.6 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.
- 2.1.7 The Committee shall review workforce remuneration and related policies, and the alignment of incentives and rewards with the Group's culture and defined behaviours, taking these into account when setting the policy for executive director remuneration.
- 2.1.8 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.
- 2.1.9 The Board itself or, where required by the Company's Articles of Association, the shareholders should determine the remuneration of the Non-Executive Directors within the limits set in the Articles of Association.

¹ References to the "Group" shall mean the Company and all of its subsidiaries. For the avoidance of doubt, the following FCA authorised entities are all included within the Group: Hargreaves Lansdown Asset Management Limited; Hargreaves Lansdown Savings Limited; Hargreaves Lansdown Advisory Services Limited; and Hargreaves Lansdown Fund Managers Limited.

2 Duties

2.2 Monitoring Remuneration Policy

- 2.2.1 The Committee shall periodically review the on-going appropriateness, relevance and effectiveness of the remuneration policy, including compliance with the FCA Codes.
- 2.2.2 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.
- 2.2.3 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.
- 2.2.4 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.
- 2.2.5 The Committee shall ensure that an appropriate balance is maintained between fixed and performance-related remuneration, immediate and deferred remuneration.
- 2.2.6 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.
- 2.2.7 The Committee shall oversee the process by which Material Risk Takers are identified in line with the FCA Codes.

2.3 Approval of remuneration arrangements for specific individuals

- 2.3.1 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 FCA Codes.

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.
- 2.3.2 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.
- 2.3.3 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.
- 2.3.4 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.

2.4 Other duties

- 2.4.1 The Committee shall be responsible for approving the remuneration of any individuals where their total compensation (salary plus variable pay awards) exceeds £500k per annum on a full time equivalent basis.
- 2.4.2 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.
- 2.4.3 The Committee shall agree the policy for authorising claims for expenses from Directors.
- 2.4.4 The Committee shall work and liaise as necessary with all other Board committees, including the Audit and Risk Committees to ensure that remuneration policy and outcomes are in line with sound and effective risk management and financial controls.
- 2.4.5 The Committee shall oversee the Colleague Forum and receive regular updates from that body.

3 Reporting responsibilities	3.1	The Committee Chair shall formally report 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 and report on any other issues on which the Board has requested the opinion of the Committee.
	3.2	The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
	3.3	The Committee shall ensure that all relevant legislative provisions regarding disclosure of information, including pensions, are fulfilled and produce a report to the Company's shareholders annually on matters relating to remuneration including the information required to be disclosed by the Companies Act 2006, the Code, the FCA Codes and any other applicable law or regulation. The report shall include a statement by the Committee Chair and annual report on directors' remuneration, and the directors' remuneration policy in years when it is required to be submitted to the Company's shareholders for approval (or, in years when it is not, a summary of the policy or details of when it was approved and where it can be found). The Committee shall submit the directors' remuneration policy for approval by the Board and the Company's shareholders every three years or as otherwise required by law or applicable regulation. 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.
	3.4	The Committee shall ensure that the provisions regarding the remuneration disclosures in respect of Material Risk Takers under the FCA Codes are complied with.
	3.5	The Committee shall approve the contents of the annual Remuneration Policy Statement(s), as required under the FCA Codes.
	3.6	Through the Chair of the Board, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.
	3.7	The Committee shall make these terms of reference available to shareholders by placing them on the Company's website.

4 Membership	4.1	The Committee shall comprise at least three members. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Committee Chair.
	4.2	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 they were considered independent on appointment as Chair.
	4.3	Only members of the Committee have the right to attend Committee meetings. However, other individuals including 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 deemed appropriate and necessary by the Board or Committee.
	4.4	Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members continue to be independent.
	4.5	The Board shall appoint the Committee Chair who shall be an independent Non-Executive Director and prior to appointment as Committee Chair will have served on a remuneration committee for at least 12 months.
	4.6	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 Committee Chair.

5 Committee composition	5.1 Members	
	Fiona Clutterbuck	Committee Chair, non-executive director
	Deanna Oppenheimer	Non-executive Chair of the Board
	Shirley Garrod	Non-executive director
	Moni Mannings	Non-executive director
	Dan Olley	Non-executive director
	Stephen Robertson	Non-executive director
	5.2 Attendees	
	Chief Executive Officer	
	Chief People Officer	
	Head of Performance and Reward	

6 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.
7 Quorum	The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the discretions vested in or exercisable by the Committee.
8 Meeting frequency	The Committee shall meet at least four times a year and otherwise as may be necessary.
9 Notice of meetings	<p>9.1 Meetings of the Committee shall be called by the Secretary at the request of the Committee Chair.</p> <p>9.2 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. Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.</p>
10 Minutes of meetings	<p>10.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance.</p> <p>10.2 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 Committee Chair determines that it is material, he/she shall have the power to exclude that Committee member from discussions on that issue.</p> <p>10.3 Although normally decisions are reached on a consensus, in the event of a disagreement, decisions on any matter are made by the majority, with the Committee Chair having the casting vote in the event of a tie. A Committee member who remains opposed to a proposal after a vote is taken, can ask for his or her dissent to be noted in the minutes.</p> <p>10.4 Draft minutes of Committee meetings shall be agreed with the Committee Chair and then 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.</p> <p>10.5 Final signed copies of the minutes of the meetings of the Committee shall be maintained for the Company's records.</p>
11 Authority	<p>11.1 The Committee is authorised to seek any information it requires from any employee/director of the Group in order to perform its duties, including the HR, Risk and Finance teams.</p> <p>11.2 Any member of the Committee is authorised to obtain, at the Company's expense, independent legal or other professional advice on any matter they believe necessary to do so.</p> <p>11.3 The Committee may request the attendance of any employee of the Group at a meeting of the Committee as and when required.</p> <p>11.4 The Committee is authorised to oversee any investigation of activities which are within its terms of reference.</p> <p>11.5 The Committee has the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.</p>

12 Other matters	<p>12.1 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.</p> <p>12.2 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.</p> <p>12.3 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.</p> <p>12.4 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 FCA's Listing Rules, Prospectus Regulation Rules and Disclosure Guidance 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.</p> <p>12.5 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 effectively and recommend any changes it considers necessary to the Board for approval.</p> <p>12.6 No individual shall be involved in any decisions as to their own remuneration.</p>
13 AGM	The Committee Chair should attend the Annual General Meeting ('AGM') of the Company to respond to any questions from shareholders on the Committee's activities.
14 Amendments	Amendments to these terms of reference require the approval of the Board.
15 Date of last amendment	29 January 2020, approved by the Board.