

# TERMS OF REFERENCE

## RISK COMMITTEE

Hargreaves Lansdown plc (the Company)

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| 1 Purpose | The purpose of the Risk 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 Limited) <sup>1</sup> and to report formally to the Board on those matters after each meeting. |
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| 2 Duties | <p>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.</p> <p><b>General risk management</b></p> <p>2.1 Consider and advise the Board on an appropriate overall risk appetite, tolerance, framework and strategy for the Group, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments such as those published by relevant industry and regulatory authorities including the Financial Conduct Authority (FCA) and other authoritative sources that may be relevant for the Group's risk policies. The Committee shall receive regular reporting against the Group's risk appetite and periodically review specific areas by reference to strategic developments. In doing so, it shall have regard to the Group's strategic objectives, culture and defined behaviours. The Committee shall provide advice and oversight on the risks of client harm and the risks arising from changes to strategy. The Committee shall provide challenge to enable management to embed and maintain a supportive risk culture throughout the Group to support good client outcomes.</p> <p>2.2 On an annual basis oversee and challenge the design and execution of stress and scenario testing and ensure that a robust assessment of the emerging and principal risks facing the Group takes place (including those risks that would threaten its business model, future performance, solvency or liquidity and reputation). Provide advice on the management and mitigation of any risks identified.</p> <p>2.3 Oversee and advise the Board on the current risk exposures of the Group and future risk strategy, having regard to the Group's strategic objectives, culture and defined behaviours and client outcomes.</p> <p>2.4 Ensure that risk management is properly considered in Board decisions.</p> <p>2.5 Review the relationship the Group has with its regulator and any significant reports which the regulator issues in respect of the Group's activities.</p> <p>2.6 On an annual basis review and recommend the annual self-assessment of client outcomes delivered and action required to address any identified risk of foreseeable harm to the Board for approval.</p> <p>2.7 In relation to the assessment of risk and in conjunction with the Audit Committee:</p> <p>2.7.1 oversee the development, implementation and maintenance of the Group's overall risk management framework and its risk appetite;</p> <p>2.7.2 shall commission an annual report from the Group Chief Risk Officer opining on the design and operating effectiveness of the Group's risk management framework which is reported to the Audit Committee as part of their review of the disclosures and statements in the annual report and accounts relating to risk management;</p> <p>2.7.3 keep under review the Group's overall risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used;</p> <p>2.7.4 regularly review and approve the parameters used in these measures and the methodology adopted having regard to the Group's strategic objectives, culture and defined behaviours; and</p> <p>2.7.5 set a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.</p> <p>2.8 Review the Group's capability to identify and manage new risk types, including the risks to the Group arising from sustainability and climate change.</p> |
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<sup>1</sup> 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.

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## 2 Duties

### **Oversight of internal risk and compliance functions**

- 2.9 In conjunction with the Audit Committee:
- 2.9.1 keep under review the effectiveness of the Group's risk management framework understanding how this affects the risk profile of the business; and
- 2.9.2 review and recommend to the Audit Committee for approval the disclosures and statements in the annual report and accounts relating to risk management.
- 2.10 Safeguard and oversee the independence and performance of the Risk Function and the Compliance Function;
- 2.11 Consider and approve the remit of the Group's Risk Function and Compliance Function and ensure they have adequate resources and appropriate access to information to enable them to perform their duties effectively and in accordance with the relevant professional standards.
- 2.12 Regularly review updates, including overseeing the results of compliance monitoring reports and the compliance plan, provided by the Compliance Function and keep under review the adequacy and effectiveness of the Group's Compliance Function
- 2.13 Consider the adequacy and effectiveness of the technology infrastructure supporting the risk management framework.

### **Oversight of internal risk and compliance functions**

- 2.14 Oversee the effectiveness of the risk management procedures to comply with GDPR.
- 2.15 Review periodic reports from the Chief Information Security Officer (CISO) on IT security and the cyber risk control environment.
- 2.16 Review periodic reports from the Money Laundering Reporting Officer on the adequacy and effectiveness of the Group's system and controls in respect of Anti-Money Laundering and the prevention of bribery.

### **Operational resilience oversight**

- 2.17 Oversee and advise the Board on the Group's approach and any material business continuity plans or issues to ensure operational resilience, including the identification of important business services, mapping and setting impact tolerances, and the Group's ability to remain within these tolerances. Review and recommend the annual self-assessment document to the Board for approval.

### **Remuneration and risk**

- 2.18 Provide qualitative and quantitative input to the Remuneration Committee on risk considerations to be applied to performance objectives incorporated in executive remuneration.
- 2.19 Monitor the Group's remuneration schemes and their impact on the risk profile of the business.

### **Capital adequacy**

- 2.20 Review and recommend to the Board the Group's Internal Capital Adequacy and Risk Assessment ("ICARA") report or other regulatory equivalents which apply to the Group including the amount of surplus regulatory capital that should be held commensurate with the Group's risk profile and regulatory obligations, prior to submission to the Board for final approval. Review the key outputs arising from the Group's ICARA, prior to its presentation to the Hargreaves Lansdown Asset Management (HLAM) Limited Board for consideration.

### **Transactions and events**

- 2.21 Advise the Board on proposed strategic transactions including material acquisitions and disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the Group, and taking independent external advice where appropriate and available.
- 2.22 Review all material adverse crystallisation of risks (including those involving breaches of the Group's procedures), including root cause analysis and making recommendations for future improvements of the Group's risk management framework.

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**Group Chief Risk Officer (Group CRO)**

- 2.23 Recommend to the Board the appointment and/or removal of the Group CRO.
- 2.24 Review all reports on the Group from the Group CRO presented to the Committee and monitor the response of executive management to the Group CRO's findings and recommendations.
- 2.25 Ensure the Group CRO shall be given the right of unfettered direct access to the Chair of the Board and to the Committee.
- 2.26 Work and liaise as necessary with all other Board Committees, where their work has risk management implications.

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**Hargreaves  
Lansdown Asset  
Management  
(HLAM) Limited**

HLAM is an enhanced regulatory subsidiary of the Group. The Committee's responsibilities in relation to HLAM are as follows:

To provide oversight of risk related matters within HLAM and any deviation from the approach adopted by the Board

To work and liaise as necessary with HLAM and their Directors. In exercising its responsibilities, the Committee will have the right to request HLAM Directors to take action or provide information and documentation as shall be deemed necessary.

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**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 produce an annual report of its activities to be included in the Company's Annual Report and Financial Statements. The report should include the Company's Risk Management Framework & Strategy.
- 3.4 The Committee shall make these terms of reference available to shareholders by placing them on the Company's website.

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**4 Membership**

- 4.1 The Committee shall comprise at least three members. The activities of the Committee should involve participation by the Chair of the Audit Committee. A majority of members of the Committee shall be independent Non-Executive Directors. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Committee Chair. The Chair of the Board shall not be a member of the Committee.
  - 4.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals including the Chair of the Board, Chief Executive Officer, other directors, other representatives of the Risk function, Compliance, Chief Internal Auditor and the External Auditor may be invited to attend all or part of any meeting as and when deemed appropriate and necessary by the Board or Committee. The Chief Financial Officer (CFO) and the Group CRO shall be in attendance at all meetings.
  - 4.3 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.
  - 4.4 The Board shall appoint the Committee Chair who shall be an independent Non-Executive Director. 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.
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| 5 Committee composition | <p><b>5.1 Members</b><br/>         Andrea Blance                      Committee Chair, non-executive director<br/>         Penny James                        Senior Independent Director<br/>         Moni Mannings                      Non-executive director<br/>         Michael Morley                       Non-executive director<br/>         Darren Pope                         Non-executive director<br/>         John Troiano                         Non-executive director</p> <p><b>5.2 Attendees</b><br/>         Chair of the plc Board<br/>         Chief Executive Officer<br/>         Chief Financial Officer<br/>         Group Chief Risk Officer<br/>         General Counsel and Company Secretary<br/>         Chief Internal Auditor</p>   |
| 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, any of its members or the Group CRO.</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 circulated promptly to all members of the Committee. Once approved, the minutes should be made available to all other independent 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> |

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| <b>11 Authority</b>              | <p>11.1 The Committee may establish and sub-delegate authority to sub-committees as it sees fit to analyse particular issues and report back to the Committee.</p> <p>11.2 The Committee is authorised to seek any information it requires from any employee/director of the Group in order to perform its duties, including HR, Risk and Finance teams.</p> <p>11.3 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>11.4 The Committee may request the attendance of any employee of the Group at a meeting of the Committee as and when required.</p> <p>11.5 The Committee is authorised to oversee any investigation of activities which are within its terms of reference.</p> <p>11.6 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> <p>11.7 The Committee Chair and the Company Secretary are authorised by the Board to review and approve any non-material change required to be made to the Committee's Terms of Reference. Any such change should be reported to the Board.</p>   |
| <b>12 Other matters</b>          | <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 give due consideration to laws and regulations and any published guidelines or recommendations, including but not limited to the provisions of the UK Corporate Governance Code and the requirements of the FCA's Listing Rules, Prospectus Regulation Rules, Disclosure Guidance and Transparency Rules and Consumer Duty as well as any other applicable rules, as appropriate.</p> <p>12.4 The Committee will work and liaise as necessary with all other Board committees, taking particular account of the impact of risk management and internal controls being delegated to different committees.</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> |
| <b>13 AGM</b>                    | <p>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.</p>  |
| <b>14 Amendments</b>             | <p>Amendments to these terms of reference require the approval of the Board.</p>   |
| <b>15 Date of last amendment</b> | <p>26 April 2024, approved by the Board.</p>   |