

TERMS OF REFERENCE

INDEPENDENT GOVERNANCE COMMITTEE

Authority	The Independent Governance Committee (Committee) derives its authority from the board of Hargreaves Lansdown Asset Management Limited (Board) (Company), which has appointed it to discharge the responsibilities set out in these terms of reference.
Purpose	<p>The Committee is an independent committee constituted for the purposes of the Company's compliance with the requirements of Chapter 19.5 of the Conduct of Business Sourcebook of the FCA Handbook (COBS). As an operator of a workplace personal pension scheme and provider of investment pathway options, the Company is required to establish and maintain an independent governance committee to:</p> <ol style="list-style-type: none">1. assess and, where necessary, raise concerns around the value for money of the HL Workplace SIPP operated by the Company (Scheme) to its members (Members) and of the investment pathway options it offers (Pathway Investments) to its clients who enter drawdown (Pathway Investors); and2. provide independent consideration of the Company's policies on:<ul style="list-style-type: none">• environmental, social and governance factors (including climate change) that are material to the sustainability of an investment (ESG Financial Considerations);• factors which may influence the Company's investment strategy or investment decision making, and which are based on the views (including ethical concerns regarding environmental, social and governance issues) of the Company's clients or Members (Non-Financial Matters);• stewardship; and• where applicable, factors (other than ESG Financial Considerations) that are material to the financial performance of an investment or investment strategy, to the extent they pose a particular and significant risk of financial harm to Members or Pathway Investors (Other Financial Considerations).
Relationship with the Company	The Committee is to act independently of the Company and solely in the interests of the Members and Pathway Investors (and any other clients the Company asks the Committee to consider from time to time). It has a responsibility to raise any concerns with the Company in relation to any of the matters it has assessed or considered or if it has difficulties obtaining the information it requires from the Company.
Chair	The Chair is appointed by the Company to chair the Committee. They shall be independent of the Company. In the absence of the Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting, provided that person is also independent of the Company.
Secretary	The company secretary of the Company or their nominee shall act as the secretary of the Committee.
Members	There shall be at least five members, including an independent Chair. The majority of members shall be independent of the Company.
Additional invitees	Employees of the Hargreaves Lansdown Group and third parties may be invited to attend all or part of the meeting as deemed appropriate by the Chair.
Quorum	Three members, with a majority of the quorum being independent.
Decision making	<p>Only members of the Committee shall have the right to attend and vote at Committee meetings.</p> <p>Where decisions are required these shall be made with agreement of a majority of those voting members present at the meeting.</p> <p>Each attending member shall have one vote. Those members who are unable to attend may confer their vote on one of the attending members to exercise at their discretion (provided that an independent member may not confer their vote on an employee member), or they may instruct an attending member of how they should vote on their behalf.</p> <p>In the case of an equality of votes, the Chair of the meeting shall have a second, casting vote.</p>
Meeting frequency	Quarterly, or as necessary for the proper discharge of the Committee's functions with the approval of the Chair.
Notice of meetings	Unless otherwise agreed with the Chair, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member and any other person required to attend, no later than five working days before the date of the meeting.

Minutes

The secretary or their nominee shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

Draft minutes of Committee meetings shall be circulated promptly to the Chair, or their nominee, and, with the agreement of the Chair, those who attended the meeting. Once approved, minutes should be circulated, or otherwise be made available to the Committee and the Board.

Final copies of the minutes of the meetings of the Committee will be approved at the next following meeting and maintained for the Company's records.

Responsibilities

The Committee's responsibilities are derived from COBS 19.5. The Committee shall:

- 1) assess the ongoing value for money for Members delivered by the Scheme particularly, though not exclusively, through assessing:
 - a) whether default investment strategies within the Scheme:
 - i) are designed and executed in the interests of Members; and
 - ii) have clear statements of aims and objectives;
 - b) whether the characteristics and net performance of investment strategies are regularly reviewed by the Company to ensure alignment with the interests of Members and that the Company takes action to make any necessary changes;
 - c) whether core scheme financial transactions are processed promptly and accurately;
 - d) the levels of charges borne by Members;
 - e) the direct and indirect costs incurred as a result of managing and investing, and activities in connection with the managing and investing of, Members' pension savings, including transaction costs; and
 - f) whether the communications to Members are fit for purpose and properly take into account Members' characteristics, needs and objectives;
 - 2) assess the ongoing value for money for Pathway Investors delivered by the Pathway Investments particularly, though not exclusively, through assessing:
 - a) whether the Pathway Investments:
 - i) are designed and managed in the interests of Pathway Investors; and
 - ii) have clear statements of aims and objectives;
 - b) whether the characteristics and net performance of the Pathway Investments are regularly reviewed by the Company to ensure alignment with the interests of Pathway Investors and that the Company takes action to make any necessary changes;
 - c) whether core financial transactions are processed promptly and accurately;
 - d) the levels of charges borne by Pathway Investors;
 - e) the direct and indirect costs incurred as a result of managing and investing, and activities in connection with the managing and investing of, the drawdown fund of Pathway Investors, including transaction costs; and
 - f) whether the communications to Pathway Investors are fit for purpose and properly take into account the Pathway Investors' characteristics, needs and objectives;
 - 3) Where the Company's investment strategy or investment decisions could have a material impact on the investment returns of Members or Pathway Investors, consider and report on:
 - a) the adequacy and quality of the Company's policy (if any) in relation to ESG Financial Considerations;
 - b) the adequacy and quality of the Company's policy (if any) in relation to Non-Financial Matters; and
 - c) how the considerations or matters referred to above are taken into account in the Company's investment strategy or investment decision making; and
 - d) the adequacy and quality of the Company's policy (if any) in relation to stewardship;
 - 4) where the Company does not have a policy in relation to ESG Financial Considerations, Non-Financial Matters or stewardship, in each case consider and report on the Company's reasons for not having a policy;
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**Responsibilities
(continued)**

- 5) where the Company has not already adequately taken into account, in its investment strategy or investment decision making, Other Financial Considerations that pose a particular and significant risk of financial harm to Members or Pathway Investors:
 - a) consider and report on the adequacy and quality of the Company's policy (if any) in relation to those Other Financial Considerations, and whether and how those considerations are taken into account in the Company's investment strategy or investment decision making; or
 - b) consider and report on the Company's reasons for not having a policy in relation to those considerations;
 - 6) consider and report on the extent to which the Company has implemented its stated policies in relation to the considerations and matters in paragraphs 3), 4) and, where applicable, 5);
 - 7) in relation to the Committee's responsibilities, raise with the Board any concerns it may have:
 - a) in relation to any of the matters it has assessed or considered; or
 - b) where it is unable to obtain or has difficulties obtaining from the Company the information it requires;
 - 8) once a decision has been made by Company to offer a Pathway Investment, raise any concerns under paragraph 7):
 - a) in good time to give the Board a proper opportunity to consider and address the Committee's concerns, before a Pathway Investment is offered to the Company's clients; and
 - b) on an ongoing basis in relation to the Pathway Investments it offers;
 - 9) escalate concerns in accordance with the escalation procedure notified to the IGC from time to time where the Company has not, in the Committee's opinion, addressed those concerns satisfactorily or at all;
 - 10) ensure the publication of administration charges and transaction costs information complying with the requirements in COBS 19.5.13R;
 - 11) ensure that all Members are provided with an annual communication complying with the requirements in COBS 19.5.17R;
 - 12) make available the annual communication referred to in paragraph 11), on request, to:
 - a) the spouses or civil partners of Members; and
 - b) persons within the application of the Scheme and qualifying or prospectively qualifying for benefits under the Scheme; and
 - 13) ensure that information is communicated pursuant to the above requirements in a manner that pays due regard to the purposes for which Members might reasonably use the information.
- The Chair shall be responsible for the production of an annual report (which he or she shall ensure is produced by 31 July each year, in respect of the previous calendar year) setting out:
- 14) the Committee's opinion on:
 - a) the value for money delivered by the Scheme and the Pathway Investments, particularly against the matters listed under paragraph 1) or 2) above (as applicable); and
 - b) the adequacy and quality of the Company's policies, or reasons for not having policies, in relation to the considerations and matters listed under paragraphs 3), 4) and (if applicable) 5);
 - 15) the extent to which the Company has implemented its stated policies in relation to the consideration and matters in paragraphs 3), 4) and (if applicable) 5);
 - 16) how the Committee has considered Members' or Pathway Investors' interests;
 - 17) any concerns raised by the Committee with the Board and the response received to those concerns;
 - 18) how the Committee has sufficient expertise, experience and independence to act in Members' or Pathway Investors' interests;
 - 19) how each independent member of the Committee, together with confirmation that the Committee considers these members to be independent, has taken into account COBS 19.5.12G;
 - 20) the arrangements put in place by the Company to ensure that the views of Members or Pathway Investors are directly represented to the Committee; and
 - 21) administration charges and transaction costs information complying with the requirements in COBS 19.5.16R.

In carrying out its responsibilities, the Committee shall have regard to the guidance set out in COBS 19.5.6G.

Reporting responsibilities	The Chair shall attend one Board meeting a year to report on the IGC's activities and findings. The person allocated responsibility by the Company for the management of the relationship between the Committee and the Company shall report to the Board on the proceedings of the Committee as and when required.
Other matters	The Company shall ensure the Committee: <ul style="list-style-type: none"> • has access to sufficient resources in order to carry out its duties, including access to the secretary of Hargreaves Lansdown PLC for assistance as required; and • gives due consideration to laws and regulations, as appropriate.
Authority	The Committee is authorised: <ul style="list-style-type: none"> • to obtain external legal or independent professional advice from such providers as it may determine if this is necessary and proportionate • to investigate any activity within its terms of reference • to seek any information it requires from any employee of the Group in order to perform its duties • to call any employee to be questioned at a meeting of the Committee as and when required.
Amendments	Amendments to these terms of reference require the approval of the Board.
Date last amended	16 September 2020
Reason for last amendment	To confirm the Chair shall attend a Board meeting once a year, to reference the IGC escalation procedure and other minor changes.