

**INVESTMENT COMMITTEE
TERMS OF REFERENCE**

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

1. Purpose

- 1.1. The Investment Committee (“Committee”) is a Committee of the Board of Hargreaves Lansdown plc (“Board”) and its main purpose is to challenge and oversee: investment research decision making, AIFMD Compliance, policies and outcomes relating to Portfolio Management Services (PMS), HL Portfolio+, Wealth 150/+, Master Portfolios and Foundation Portfolios and the marketing of third party funds (“Investment Activities”) for Hargreaves Lansdown plc and its subsidiaries (the “Group”).
- 1.2. In providing independent challenge whilst carrying out the duties listed below, the Committee assists the Board with its multi-manager funds’ (HLMM) Alternative Investment Fund Management Directive (AIFMD) and HL Select equity funds (UCITS), collectively the “Funds” oversight requirements relating to asset allocation, investment strategy and performance, together with oversight of the Risk Management Process (RMP).
- 1.3. The Committee’s core activities are as follows:
 - 1.3.1. Challenging and making recommendations to the Executive regarding Investment Activities;
 - 1.3.2. Reinforcing an appropriate risk and compliance culture in relation to Investment Activities;
 - 1.3.3. Reinforcing a uniform, Group-wide investment stance;
 - 1.3.4. Overseeing the management of investment-related conflicts of interest;
 - 1.3.5. Making recommendations to the Executive to ensure there is an appropriate division of responsibilities; and
 - 1.3.6. Reporting relevant matters to the Board.

2. Membership

- 2.1. 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 Chair of the Investment Committee.
- 2.2. Any Members from the Group Investment Department will be non-voting Members.
- 2.3. The Board shall appoint the Committee Chair who shall be an independent Non-Executive Director with appropriate experience and qualifications. 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.
- 2.4. Only members of the Committee have the right to attend the Committee meetings. However, other individuals such as the Chief Investment Officer, Group Director of Risk & Compliance, Head of Investments and the Head Internal Audit may be invited to attend all or part of any meeting as and when appropriate and necessary.

3. 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.

4. Quorum and voting

- 4.1 The quorum necessary for the transaction of business shall be two, one of whom must be the Chair. 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.

5. Frequency of meetings

Meetings will be held at least once a quarter, and at such other times as may be necessary.

6. Notice of meetings

- 6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair of the Committee or any of its members. With the approval of the Committee Chair, additional meetings may also be called from time to time when deemed necessary.
- 6.2 Unless otherwise agreed with the Committee Chair, notice of each meeting, the agenda and any supporting papers, shall be forwarded to each Member, and any other person attending, no later than five working days before the date of the meeting.

7. Minutes of meetings

- 7.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 Draft minutes of Committee meetings shall be circulated within two working weeks. Once approved, minutes shall be circulated to all other members of the Board and the Head of Internal Audit unless it would be inappropriate to do so.
- 7.3 The members of the Committee, at the beginning of the meeting, declare the existence of any conflicts arising and the Secretary shall minute them accordingly.
- 7.4 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 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.
- 7.5 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 Chair.
- 7.6 Final signed copies of the minutes of the meetings of the Committee shall be maintained for the Company's records.

8. Annual General Meeting

The Committee Chair shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

9. 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.

The Committee shall have the following duties:

- 9.1 At least annually review and approve the investment policies and investment decision making process, including those relating to valuation of assets and the use of models as well as the

exercising of voting rights attached to portfolio instruments, to ensure that they remain fit for purpose, and consistent with relevant Trust Deeds/Prospectuses making suggestions for improvements where necessary.

- 9.2 Receive and review reports on the Investment Team's current views on markets and how these have evolved, providing constructive challenge where appropriate as well as assess if these investment views are consistently implemented across the Investment Activities and if not review and challenge the rationale behind differences.
- 9.3 Receive reports from Compliance showing their: review and challenge of ad-hoc alerts on MMF risk limits, monitoring of portfolio trades, conflicts of interest, levels of risk and any actual or foreseeable limit breaches, including annual summaries of compliance with MMFs' risk profiles, investment policies Trust Deeds and Prospectuses. Review and, where appropriate, challenge: the level of diversification, risk, turnover, total expense ratio, liquidity (including factors that might impact investor's redemption rights), scalability and exposure to securitised securities across the Investment Activities, so that that they are appropriate for stated objectives and risk limits as well as the Group's marketing plans.
- 9.4 Review investment performance across the product range including: absolute and relative to benchmark/peer group, volatility, attribution across a range of time horizons to get an understanding of the key drivers of out/underperformance taking into account the stated objectives. The performance of investment research publications will also be periodically reviewed and challenged.
- 9.5 Periodically challenge the benefit, risk and cost to clients of the product groups and service providers selected to assess their on-going suitability and capacity.
- 9.6 Review and challenge the investment related stress test and scenario analysis carried out across the Group to assess if they are realistic and the implications are being taken into account in investment decisions.
- 9.7 Challenge new product design, objectives and suitability and periodically challenge the appropriateness of the existing product offering by considering:
 - 9.7.1 The on-going relevance for clients of the Portfolios' objectives;
 - 9.7.2 Whether client groups are fully served by the current product offering and that market changes, such as pension drawdown, are being appropriately catered for;
 - 9.7.3 Are clients provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the investments;
 - 9.7.4 Whether products are being marketed to the right customer groups; and
 - 9.7.5 Whether clients are getting value for the fees being charged.
- 9.8 Review existing and emerging conflicts of interest in relating to the Investment Activities to ensure they are identified and managed appropriately.

10. Reporting responsibilities

- 10.1 The Chair of the Committee shall 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 Board Investment Committee.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall produce an annual report of its activities to be included in the Company's Annual Report and Financial Statements.

- 10.2 The Committee shall report to the Risk Committee on the compliance with the requirements of AIFMD.
- 10.3 For fund manager remuneration purposes, the Committee shall report annually to the Remuneration Committee on the compliance of the MMFs and Select funds with their stated objectives and applicable guidelines and comment on the appropriateness of the risk that has been taken.
- 10.4 The Committee will also provide verbal reports to the other Board committees, where appropriate.
- 11. Other matters**
- The Committee shall:
- 11.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 11.2 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;
- 11.3 give due consideration to laws and regulations, as appropriate;
- 11.4 work and liaise as necessary with all other Board Committees; and
- 11.5 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.
- 12. Authority**
- The Committee is authorised:
- 12.1 to seek any information it requires from any employee of the company in order to perform its duties;
- 12.2 to obtain, at the Group's expense independent legal, accounting or other professional advice on any matter it believes it necessary to do so; and
- 12.3 to call any employee to be questioned at a meeting of the Committee as and when required.

Version Control

Version	Approved by the Board
V2	3 August 2018