

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 Relevant Policyholders 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 (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 Relevant Policyholders 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 Relevant Policyholder or Pathway Investor (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</p>

Decision making (continued)	<p>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	<p>Quarterly, or as necessary for the proper discharge of the Committee's functions with the approval of the Chair.</p>
Notice of meetings	<p>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.</p>
Minutes	<p>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.</p> <p>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.</p> <p>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.</p>
Responsibilities	<p>The Committee's responsibilities are derived from COBS 19.5R. The Committee shall:</p> <ol style="list-style-type: none"> 1) assess the ongoing value for money for Relevant Policyholders or Pathway Investors delivered by the Scheme particularly, though not exclusively, through assessing: <ol style="list-style-type: none"> a) whether default investment strategies within the Scheme: <ol style="list-style-type: none"> i) are designed and executed in the interests of Relevant Policyholders or Pathway Investors; and ii) have clear statements of aims and objectives. b) whether the characteristics and net performance of investment strategies are regularly reviewed by HLAM to ensure alignment with the interests of Relevant Policyholders or Pathway Investors and that the IGC ensures HLAM takes action to make any necessary changes. c) whether core scheme financial transactions are processed promptly and accurately, including processing contributions, transfers or death benefits. d) Investment performance e) the levels of charges borne by Relevant Policyholders or Pathway Investors, in particular. <ol style="list-style-type: none"> i) administration charges and any transactions costs borne by HL Workplace Pension Scheme policyholders; and ii) any other charges borne by HL Workplace Pension Scheme policyholders and any other costs incurred as a result of managing and investing their pension. f) the direct and indirect costs incurred as a result of managing and investing, and activities in connection with the managing and investing of, Relevant Policyholders or Pathway Investors' pension savings, including transaction costs; and g) whether the communications to Relevant Policyholders or Pathway Investors are fit for purpose and properly take into account Relevant Policyholders or Pathway Investors' 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: <ol style="list-style-type: none"> a) whether the Pathway Investments: <ol style="list-style-type: none"> 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 HLAM to ensure alignment with the interests of Pathway Investors and that the IGC ensures HLAM takes action to make any necessary changes. c) whether core financial transactions are processed promptly and accurately, including processing contributions, transfers or death benefits.

**Responsibilities
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- d) investment performance
 - e) the levels of charges borne by Pathway Investors, in particular.
 - i) administration charges and any transactions costs borne by HL Pathway Investment policyholders; and
 - ii) any other charges borne by HL Pathway Investment policyholders and any other costs incurred as a result of managing and investing their savings.
 - f) 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
 - g) whether the communications to Pathway Investors are fit for purpose and properly take into account the Pathway Investors' characteristics, needs and objectives.
- 3) consider whether to assess the HL Workplace Pension Scheme and HL Pathway Investment schemes by reference to employer pension arrangements on an individual basis or on an aggregated basis using cohorts of sufficiently similar employer pension arrangements, or a combination of both, to enable the IGC to produce a value for money assessment that is the most useful for scheme Relevant Policyholders or Pathway Investors that is appropriate and proportionate in the circumstances (as part of the ongoing value for money assessment in 1 and 2);
- 4) consider whether individual employer pension arrangements or cohorts of employer pension arrangements, or a combination of both, would be most appropriate to be part of its scheme comparators taking into account the proportionality and usefulness of each:
- a) where the HL IGC selects cohorts of employer pension arrangements as part of its scheme comparators, it selects sufficiently similar employer pension arrangements that enable the HL IGC to produce an assessment that is the most useful for the Relevant Policyholders or Pathway Investors of the HL Workplace Pension Scheme and HL Pathway Investment schemes.
 - b) select a small number of reasonably comparable scheme comparators, this including those which could potentially offer better value for money in respect the following factors:
 - i) The level of administration charges and transaction costs borne by HL Workplace Pension Scheme and HL Pathway Investment schemes (FCA COBS 19.5.5R (2)(a)(i))
 - ii) Investment Performance (FCA COBS 19.5.5R (2)(b)); and
 - iii) Quality of Services (FCA COBS 19.5.5R (2)(c))
 - c) use reasonable endeavors to obtain and compare the relevant data that the HL IGC needs in order to carry out useful assessments in respect of the factors below, this in a manner which is proportionate to the likely HL Workplace Pension Scheme and HL Pathway Investment scheme member benefits:
 - i) The level of administration charges and transaction costs borne by HL Workplace Pension Scheme and HL Pathway Investment schemes (FCA COBS 19.5.5R)
 - ii) Investment Performance (FCA COBS 19.5.5R)
 - iii) Quality of Services (FCA COBS 19.5.5R).
 - d) assess the HL Workplace Pension Scheme and HL Pathway Investment scheme by reference to their comparators based on the factors below, this to the extent that there is publicly, or readily, available information about the scheme comparators in respect of these factors:
 - i) The level of administration charges and transaction costs borne by HL Workplace Pension Scheme and HL Pathway Investment schemes (FCA COBS 19.5.5R)
 - ii) Investment Performance
 - iii) Quality of Services
 - e) consider whether any of the scheme comparators offer better value for money for HL Workplace Pension Scheme and HL Pathway Investment policyholders based on the factors below, to the extent that there is publicly, or readily, available information about the scheme comparators in respect of these factors.
 - i) The level of administration charges and transaction costs borne by HL
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**Responsibilities
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Workplace Pension Scheme and HL Pathway Investment schemes (FCA COBS 19.5.5R)

- ii) Investment Performance (FCA COBS 19.5.5R)
 - iii) Quality of Services (FCA COBS 19.5.5R).
- 5) consider whether to assess the HL Pathway investment on an individual basis or on an aggregated basis using cohorts of sufficiently similar pathway investments, or a combination of both, to enable the IGC to produce a value for money assessment that is the most useful for the HL Pathway Investors, but which is also appropriate and proportionate in the circumstances;
- 6) consider the following in relation to the value for money assessment for the HL Pathway Investment:
- a) The level of administration charges and any transaction costs borne by HL Pathway Investors (FCA COBS 19.5.5R)
 - b) Investment Performance (FCA COBS 19.5.5R)
 - c) Quality of Services (FCA COBS 19.5.5R)
 - d) Whether individual pathway investments or cohorts of pathway investments, or a combination of both, would be most appropriate to be part of pathway investment comparators taking into account the proportionality and usefulness of each.
 - i) Where the IGC selects cohorts of pathway investments as part of its pathway investment comparators, select sufficiently similar pathway investments that enable the IGC to produce an assessment that is the most useful for the pathway investors.
 - ii) Select a small number of reasonably comparable pathway investment comparators, including those which could potentially offer better value for money, this including considering the following factors:
The level of administration charges and any transaction costs borne by HL Pathway Investors (FCA COBS 19.5.5R)
Investment Performance (FCA COBS 19.5.5R and
Quality of Services (FCA COBS 19.5.5R (2A) (c)).
- 7) where the Company's investment strategy or investment decisions could have a material impact on the investment returns of Relevant Policyholders or Pathway Investors 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.
- 8) where the Company does not have a policy in relation to ESG Financial Considerations, Non-Financial Matters or s (continued) stewardship, in each case consider and report on the Company's reasons for not having a policy.
- 9) 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 Relevant Policyholders or Pathway Investors 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.
- 10) 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).
- 11) in relation to the Committee's responsibilities, raise with the Board any concerns it may have:

**Responsibilities
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- 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.
- 12) 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.
- 13) 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.
- 14) ensure the publication of administration charges and transaction costs information complying with the requirements in COBS 19.5.13R.
- 15) ensure that all Relevant Policyholders or Pathway Investors are provided with an annual communication complying with the requirements in COBS 19.5.17R.
- 16) make available the annual communication referred to in paragraph 11), on request, to:
- a) the spouses or civil partners of Relevant Policyholders or Pathway Investors; and
 - b) persons within the application of the Scheme and qualifying or prospectively qualifying for benefits under the Scheme; and
- 17) ensure that information is communicated pursuant to the above requirements in a manner that pays due regard to the purposes for which Relevant Policyholders or Pathway Investors might reasonably use the information.
- 18) record and retain value for money assessments for a minimum period of six years.

The Chair shall be responsible for the production of an annual report (which he or she shall ensure is produced by 30 September each year, in respect of the previous calendar year) setting out the following, in sufficient detail, taking into account the information needs of consumers:

- 19) the Committee's opinion on:
- a) the value for money delivered by the HL Workplace Pension Scheme and the HL Pathway Investments, particularly referencing the FCA obligations regarding charges and costs, investment performance and quality of services (FCA COBS 19.5.5R(2) or (2A)) and a statement setting out the HL IGC overall assessment of whether the HL Workplace Pensions Scheme and HL Pathway Investments provides value for money and
 - b) the adequacy and quality of HLAM's policies, or reasons for not having policies, in relation to the FCA requirements regarding charges and costs, investments performance and quality of services (FCA COBS 19.5.5R (2B), (2C) and (as applicable) 2D).
- 20) the extent to which HLAM has implemented its stated policies in relation to the requirements set out in FCA COBS 19.5.5R (2B), (2C) and (2D).
- 21) an explanation of how the IGC carried their assessment of ongoing value for money. This must include demonstrating how the factors in relation to the FCA requirements regarding costs and charges, investments performance and quality of services (FCA COBS 19.5.5R (2)(a) to (c) or (2A) to (c)) have been fully and properly considered.
- 22) the reasons:
- a) for the IGC's overall assessment of whether the HL Workplace Pension Scheme or a HL Pathways Investment provides value for money (FCA COBS 19.5.5R (6)(a)(i))
 - b) in relation to HL Workplace Pension Schemes, where the IGC assessed the relevant scheme using cohorts of employer pension arrangements for the purposes of its general assessment (FCA COBS 19.5.5R (2)(d)) or used cohorts as part of the scheme comparators set out (FCA COBS 19.5.5R (2)(e)), why the IGC considers it is appropriate and proportionate to use cohorts and the IGC's reasons for using the characteristics that it used to select the cohorts;
 - c) in relation to a HL Workplace Pension Schemes, why the IGC considers that the scheme comparators it selected for the purposes of its assessment (FCA COBS 19.5.5R (2)(e)) provided a reasonable comparison against the relevant scheme.
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Responsibilities (continued)	<p>d) in relation to a HL Pathway Investment, where the IGC assessed the HL Pathway Investment using cohorts of pathway investments for the purposes of its general assessment (FCA COBS 19.5.5R (2A) (d)) or used cohorts as part of the pathway investment comparators (FCA COBS 19.5.5R (2A) (e)), why the IGC considers it is appropriate and proportionate to use cohorts of pathway investments and the IGC's reasons for using the characteristics that it used to select the cohorts; and</p> <p>e) in relation to a HL Pathway Investment, why IGC considers that the pathway investment comparators it selected for the purposes of its assessment (FCA COBS 19.5.5R (2A) (e)) provided a reasonable comparison against the pathway investment.</p> <p>23) how the Committee has considered Relevant Policyholders or Pathway Investors' or Pathway Investors' interests.</p> <p>24) any concerns raised by the Committee with the HLAM Board, and the response received to those concerns.</p> <p>25) how the Committee has sufficient expertise, experience and independence to act in Relevant Policyholders or Pathway Investors' or Pathway Investors' interests.</p> <p>26) how each independent member of the Committee, together with confirmation that the Committee considers these Relevant Policyholders or Pathway Investors to be independent, has taken into account FCA independence requirement (FCA COBS 19.5.12G).</p> <p>27) the arrangements put in place by HLAM to ensure that the views of Relevant Policyholders or Pathway Investors or Pathway Investors are directly represented to the Committee; and</p> <p>28) administration charges and transaction costs information complying with the requirements in COBS 19.5.16R.</p> <p>In carrying out its responsibilities, the Committee shall have regard to the guidance set out in COBS 19.5.6G and the Consumer Duty and shall be informed of the outcome of Product Outcome Reviews, including those related to the assessment of Fair Price & Value, for products within the Committee's remit.</p>
Reporting responsibilities	<p>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.</p>
Other matters	<p>The Company shall ensure the Committee:</p> <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	<p>The Committee is authorised:</p> <ul style="list-style-type: none"> • to obtain external legal or independent professional advice from such providers 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	<p>Amendments to these terms of reference require the approval of the Board.</p>
Date last amended	<p>Amended January 2024 and Approved by HLAM Board 11 April 2024</p>
Reason for last amendment	<p>Updated reference to Members, to clarify where the document is referencing Members of the IGC as opposed to HL clients (previously reference as Members) who are referred to as clients, Relevant Policyholders or Pathway Investors.</p>