



**City of London Group
Remuneration Committee Terms of Reference
June 2018**

Remuneration Committee

CITY OF LONDON GROUP PLC ("COLG" or "the Company")

REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. Membership

1.1 Members of the committee shall be appointed by the board, in consultation with the chair of the remuneration committee. The committee shall be made up of at least three non-executive directors, at least two of whom should be independent non-executive directors.

1.2 Only members of the committee have the right to attend committee meetings. However, other individuals such as the chief executive and external advisers may be invited by the committee to attend for all or part of any meeting as and when appropriate.

1.3 The board shall appoint the committee chair. In the absence of the committee chair, the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

2.1 The COLG company secretary, or another person nominated by the company secretary, with the agreement of the committee chair, shall act as the secretary to the committee.

3. Quorum

3.1 The quorum necessary for the transaction of business shall be two. A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the committee.

4. Meetings

4.1 The committee shall meet at least twice a year and at such other times as the chair of the committee shall decide.

5. Notice of meetings

5.1 Meetings of the committee shall be called by the secretary to the committee at the request of any of its members.

5.2 Unless otherwise agreed, 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 of the committee and any other person required to attend, no later than five working days before the date of the meeting.

6. Minutes of meetings

6.1 The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.

6.2 Minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, to all members of the board, unless a conflict of interest exists.

7. Annual general meeting

7.1 The chair of the committee shall attend the annual general meeting prepared to respond to any shareholder questions on the committee's activities.

8. Duties

The committee shall:

8.1 determine and agree with the board the framework or broad policy for the remuneration of the Company's chief executive, the executive directors, the company secretary and such other members of the executive management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the executive members of the board, subject to any relevant provisions in the Articles of Association. No director or manager shall be involved in any decisions as to their own remuneration;

8.2 in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code ("the Code") and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's strategic long-term goals. 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;

8.3 review the ongoing appropriateness and relevance of the remuneration policy;

8.4 approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;

8.5 review the design of all share incentive plans for approval by the board and, if necessary, approval by the Panel on Takeover and Mergers and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used;

8.6 determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;

8.7 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;

8.8 within the terms of the agreed policy and in consultation with the chair and/or chief executive as appropriate, determine the total individual remuneration package of each executive director and other senior executives including bonuses, incentive payments and share options or other share awards;

8.9 in determining such packages and arrangements, give due regard to any relevant legal requirements, the provisions and recommendations in the Code and AIM rules (if any) and associated guidance and the policy announcements of relevant shareholder representative organisations;

8.10 review and note annually the remuneration trends across the Company and its subsidiary undertakings from time to time (the "Group");

8.11 oversee any major changes in employee benefits structures throughout the Group;

8.12 agree the policy for authorising claims for expenses from the directors;

8.13 ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;

8.14 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee; and

8.15 obtain reliable, up-to-date information about remuneration in other companies. The committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations.

9. Reporting responsibilities

9.1 The committee chair shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.

9.2 The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

9.3 The committee shall produce an annual report of the Company's remuneration policy and practices which will form part of the Company's annual report.

10. Other

The committee shall:

10.1 at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval; and

10.2 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. Authority

11.1 The committee is authorised by the board to seek any information it requires from any employee of the Company in order to perform its duties.

11.2 In connection with its duties the committee is authorised by the board, at the Company's expense:

11.2.1 to obtain any outside legal or other professional advice, and/or



11.2.2 within any budgetary restraints imposed by the board, to appoint remuneration consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.