

**GATELEY (HOLDINGS) PLC (the Company)**  
**REMUNERATION COMMITTEE - TERMS OF REFERENCE**

The remuneration committee of the Company (the **Remuneration Committee**) has been established as a board committee in accordance with the Company's articles of association by resolution of the board of directors (the **Board**) passed on 26 May 2015.

**1. PURPOSE**

The purposes for which the Remuneration Committee is established are to ensure that:

- 1.1 levels of remuneration are sufficient to attract, retain and motivate directors of the quality required to run the Company successfully, without the Company paying more than is necessary for this purpose;
- 1.2 a significant proportion of executive directors' remuneration is structured so as to link rewards to corporate and individual performance; and
- 1.3 there is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.

**2. MEMBERSHIP**

- 2.1 The members of the Remuneration Committee shall be appointed by the Board in consultation with the chair of the Remuneration Committee.
- 2.2 The Remuneration Committee shall have at least two members. Each member shall be an independent non-executive director, that is, independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment.
- 2.3 Appointments to the Remuneration Committee shall be for a period of up to three years, which may be extended by no more than two additional periods of up to three years each provided the member continues to meet the criteria for membership.
- 2.4 The chair of the Remuneration Committee shall be appointed by the Board. The chair of the Board may not be the chair of the Remuneration Committee. In the absence of the chair of the Remuneration Committee, the remaining members present at a meeting of the Remuneration Committee shall elect one of their number to chair that meeting.
- 2.5 If a member is unable to act for any reason the chair of the Remuneration Committee may appoint another non-executive director as an additional member provided always that the majority of members of the committee shall be independent as described in paragraph 2.2 above.
- 2.6 The first members of the Remuneration Committee shall be Michael Seabrook, Nigel Payne and Joanne Lake and the first chair shall be Michael Seabrook.

**3. SECRETARY**

The secretary of the Remuneration Committee shall be the secretary of the Company or such other person as the Remuneration Committee may appoint.

**4. QUORUM**

The quorum for all meetings of the Remuneration Committee shall be two members. A duly convened meeting of the Remuneration 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 Remuneration Committee.

**5. MEETINGS**

- 5.1 The Remuneration Committee shall meet at least twice each year.
- 5.2 Meetings of the Remuneration Committee shall be convened by the secretary of the Remuneration Committee at the request of its chair. In addition, any of the following may ask the secretary of the Remuneration Committee to convene a meeting if he/she considers that such a meeting is necessary or appropriate:
  - 5.2.1 the chair of the Remuneration Committee;

- 5.2.2 the chair of the Board; and
- 5.2.3 the chief executive officer or the finance director of the Company.
- 5.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the items to be discussed, shall be forwarded to each member of the Remuneration Committee, any other person required to attend and all other non-executive directors of the Company, no later than five working days before the date of the meeting. Any supporting papers shall be sent to members of the Remuneration Committee and to other attendees, as appropriate, at the same time.

## 6. COMMITTEE MEETINGS BY TELEPHONE

- 6.1 Subject to the Company's Articles of Association in force from time to time, a meeting of the Remuneration Committee may consist of a conference between the members of the Remuneration Committee some or all of whom are in different places provided that each member of the Remuneration Committee may participate in the business of the meeting whether directly, by telephone or by any other electronic means which enables him:
  - 6.1.1 to hear each of the other participating members of the Remuneration Committee, and any other person invited to attend the meeting in accordance with paragraph 7, addressing the meeting; and
  - 6.1.2 if he so wishes, to address simultaneously all of the other participating members of the Remuneration Committee and any other person invited to attend the meeting in accordance with paragraph 7.
- 6.2 A quorum is deemed to be present if those members of the Remuneration Committee required to form a quorum as set out in paragraph 4 above may participate in the manner specified in paragraph 6.1 above in the business of the meeting.
- 6.3 A Remuneration Committee meeting held in the manner specified in paragraph 6.1 above is deemed to take place at the place where the largest group of participating members of the Remuneration Committee is assembled or, if no such group is readily identifiable, at the place from where the chair of the Remuneration Committee participates

## 7. ATTENDANCE AT MEETINGS

- 7.1 Only members of the Remuneration Committee have the right to attend meetings of the Remuneration Committee. However, the Remuneration Committee may invite any person it thinks appropriate to join the members of the Remuneration Committee at its meetings.
- 7.2 The chief executive of the Company should normally be invited to attend meetings of the Remuneration Committee to discuss the performance of the other executive directors and to make proposals relating to their remuneration as necessary. However, no director shall be involved in any decision, or be present at any discussions, relating to his or her own remuneration.

## 8. VOTING AT MEETINGS

- 8.1 Each member of the Remuneration Committee, present and voting in person at a meeting, shall have one vote which may be cast on each matter considered at that meeting.
- 8.2 A member shall not be permitted to vote on any matter considered at a meeting in relation to which that member is considered by the Remuneration Committee to have a direct or indirect personal interest.
- 8.3 Save where he is prevented from voting in accordance with paragraph 8.2, the chair of the Remuneration Committee shall have a casting vote.

## 9. AUTHORITY

The Remuneration Committee is authorised by the Board to:

- 9.1 investigate any activity within its terms of reference;
- 9.2 seek any information it requires from any employee or director of the Company who shall be directed to co-operate with any request made by the Company;

- 9.3 obtain outside legal or other independent professional advice at the Company's expense, including independent remuneration consultants, when the Remuneration Committee reasonably believes it is necessary to do so; and
- 9.4 instruct external professional advisers to attend any meeting at the Company's expense if the Remuneration Committee considers this necessary or appropriate.

10. **FUNCTION, DUTIES AND TERMS OF REFERENCE**

- 10.1 The duties of the Remuneration Committee shall be:
- 10.1.1 to determine and agree with the Board the framework or broad policy for the remuneration of the chief executive officer, the chair of the Board and such other members of the executive management as it is designated to consider. As a minimum, the Remuneration Committee should have responsibility for setting the remuneration for all executive directors, the chair of the Board and the Company secretary. The remuneration of non-executive directors shall be a matter for the chair of the Board and the other executive directors;
  - 10.1.2 in determining such policy, to 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 and associated guidance. The objective of such policy shall be to ensure that members of the executive management of the company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the company;
  - 10.1.3 to agree with the Board parameters for the award of bonuses to senior employees and to give final approval of the annual award of bonuses to such persons;
  - 10.1.4 when setting remuneration policy for directors, to review and have regard to the remuneration trends across the Company or group;
  - 10.1.5 to review the ongoing appropriateness and relevance of the remuneration policy;
  - 10.1.6 to ensure that no director or manager is involved in any decisions as to their own remuneration;
  - 10.1.7 to review the design of and determine targets for any performance-related pay schemes operated by the Company and approve the total annual payments under such schemes;
  - 10.1.8 to review the design of all share incentive plans for approval by the Board and shareholders and, 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;
  - 10.1.9 to determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
  - 10.1.10 to ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that poor performance is not rewarded and that the duty to mitigate loss is fully recognised;
  - 10.1.11 within the terms of the agreed remuneration policy, to determine the total individual remuneration package of each executive director, the Company secretary and other designated senior executives including, where appropriate, bonuses, incentive payments and share options or other share rewards having regard to the UK Corporate Governance Code and associated guidance (and any other regulatory requirements, as appropriate);
  - 10.1.12 to have regard in the performance of the duties of the Remuneration Committee to any published guidelines or recommendations regarding the

remuneration of directors of AIM-listed companies or the formation and operation of share option schemes (in particular the guidelines published by the Association of British Insurers, National Association of Pension Funds and the UK Corporate Governance Code) which the Remuneration Committee considers relevant or appropriate;

- 10.1.13 to obtain reliable, up-to-date information about remuneration in other United Kingdom listed companies of a similar size in any comparable industry sector and assess whether changes to the remuneration of the Company's executive directors are appropriate for the purpose of making their remuneration competitive or otherwise comparable with the remuneration paid by such other companies;
  - 10.1.14 to oversee any major changes in employee benefit structures throughout the Company's group including reviewing and noting annually the remuneration trends across the Company's group;
  - 10.1.15 to agree the policy for authorising claims for expenses from the directors;
  - 10.1.16 to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee;
  - 10.1.17 to consider and make recommendations to the Board about the public disclosure of information relating to the remuneration packages and structure of the executive directors in addition to those required by law or by London Stock Exchange plc, including (but not limited to) the UK Corporate Governance Code; and
  - 10.1.18 to consider such other matters as may be requested by the Board from time to time.
- 10.2 For the avoidance of doubt, the terms of reference of the Remuneration Committee do not encompass decisions to employ or dismiss executive directors. The Remuneration Committee does not have responsibilities for nominations to the Board.

## 11. OTHER MATTERS

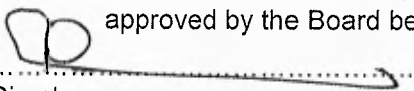
The Remuneration Committee shall:

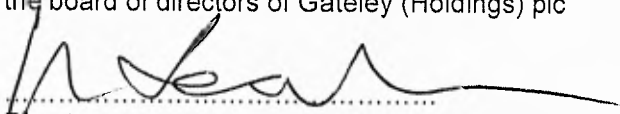
- 11.1 have access to sufficient resources in order to carry out its duties;
- 11.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- 11.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, the AIM Rules for Companies, the United Kingdom Listing Authority's Disclosure and Transparency Rules (in so far as they apply to the Company) and any other applicable rules as appropriate; and
- 11.4 arrange for periodic reviews of its own performance and, at least once a year, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend to the Board any changes it considers necessary.

## 12. REPORTING RESPONSIBILITIES

- 12.1 The chair of the Remuneration Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Remuneration Committee shall make whatever recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.
- 12.2 The Remuneration Committee shall report annually on the Board's behalf to the Company's shareholders. Its report should accompany the directors' report in the Company's annual report and accounts and should include such information as is required to comply with the UK Corporate Governance Code or, where the Remuneration Committee has determined that there are good reasons for not so complying, an explanation of those reasons.

- 12.3 The chair of the Remuneration Committee should attend the Company's annual general meeting for the purpose of handling questions and enquiries at the meeting about the remuneration of executive directors and any other matters relating to the work of the Remuneration Committee.
- 12.4 The Remuneration Committee should consider each year whether the remuneration policy set out in its report should be put to the shareholders for their approval at the annual general meeting (although that report need not necessarily be a standard item on the agenda for any annual general meeting).
13. **MINUTES**
- 13.1 The secretary of the Remuneration Committee shall prepare minutes of the proceedings and resolutions of committee meetings, including the names of those present and in attendance.
- 13.2 Drafts of such minutes shall be circulated promptly to all members of the Remuneration Committee and, once approved, the minutes shall be submitted to all members of the Board (unless to do so would be inappropriate).
- 13.3 The recommendations made in the minutes of the Remuneration Committee must be approved by the Board before they can be implemented.

  
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Director  
for and on behalf of  
the board of directors of Gateley (Holdings) plc

  
.....  
Director  
for and on behalf of  
the Remuneration Committee of  
the board of directors of Gateley (Holdings) plc

Date: 26 May 2015