

Gateley (Holdings) Plc

Corporate Governance Statement

2022

Gateley /

Chairman's statement

In July 2018 we reported that we had adopted the Quoted Companies Alliance (QCA) code being the most appropriate corporate governance Code for Gateley (Holdings) Plc and the Gateley group of companies.

The QCA Code identifies ten principles of good governance to support companies in delivering growth in long term shareholder value, encompassing an efficient, effective and dynamic management framework accompanied by good communication to promote confidence and trust. The board continues to work with the Group to further embed these principles and is committed to continuing to do so during the current financial year.

The board believes that the Group continues to comply with the ten principles set out in the Code. The statement below sets out the ways in which the Group applies the ten principles of the QCA Code in support of the Group's medium to long-term success. More detailed information is also provided in our annual report.

In addition to the requirements of AIM, shareholders should also be aware that as a business operating predominantly in the legal services market, the Group operates in a highly regulated environment and is subject to regular review by its professional body.

The board continues to be committed to achieving high standards of governance commensurate with the size and stage of development of the Company and is continually developing the processes within the Group to support this.

Nigel Payne

Chairman

26 September 2022



Nigel Payne
Chairman

Corporate governance statement

Gateley has adopted the Quoted Companies Alliance (QCA) corporate governance code in accordance with the requirements of the AIM rules. Details of the Group's compliance with the QCA code are set out below.

Principle 1

Establish a strategy and business model which promote long-term value for shareholders

Our business description explained

The Group provides commercial legal services together with complementary non-legal professional services through 26 business lines, grouped into four operating platforms. Dependent on a client's requirements, any given mandate or assignment can involve more than one business line delivered by professional staff across one or multiple geographical office locations.

In the last 30 years we have grown consistently with an unbroken record of increased profit delivery year on year. This has been achieved through an expansion of business services and a focus on a business mix that offers sustainable growth through a variety of macroeconomic conditions.

Gateley employs over 1,300 staff to deliver tailored services from 15 locations across the UK and from our office in Dubai to a wide range of clients requiring local, regional and national service delivery. Gateley also maintains informal, non-exclusive, relationships with a number of law firms (30+) around the world, enabling it to provide a global legal solution for clients.

Strategy

Gateley became an Alternative Business Structure ("ABS") with effect from 1 January 2014 and joined the AIM market in June 2015. As Gateley enters its eighth year post Admission to AIM, the board continues to enhance its market share and appeal in its established legal market through the diversification into non-legal services that are closely aligned to the delivery of legal services. The board concludes that the market for its services continues to support this strategy.

Non-lawyers are permitted to own and invest in ABS law firms. The board believes a combination of the ABS structure and admission to trading on AIM provides a platform for the continued profitable growth and future development of the business. It enables the business to differentiate itself from its competition through an enhanced service-offering and (currently) unique career opportunity, to diversify its revenue streams through the acquisition of additional complementary legal and non-legal professional consultancy services businesses and finally to incentivise its people by offering wider and earlier ownership to staff of a more modern, dynamic legal business.

Strategy continues to focus on:

- pursuing opportunities to grow Gateley organically

- making selective acquisitions, including (i) other legal firms which offer geographical expansion or additional specialist services and (ii) professional consultancy services businesses offering complementary services; and
- aligning the interests of shareholders (including employee shareholders) with those of the business through share participation to support retention of staff and enhance our recruitment appeal.

Organic growth strategy

The UK legal services market continues to exhibit growth providing opportunities for Gateley to continue to differentiate its service offering and grow organically, in particular by:

- The retention of existing employees, working together to look after our clients' businesses as if they were our own
- Attracting new talent wishing to be part of a pioneering legal and professional services group
- Collaborative Group-wide and cross service working
- Continued strengthening of our national network, offering a quality, value-for-money legal service to mid-market clients in the markets in which they trade
- Continuing to build upon our straight talking mid-market corporate service offering
- Maintaining and building upon Gateley's bank panel representation and "own account" work for banks
- Continuing to extend Gateley's relationships with the UK's leading house builders and in particular in those divisions and regions where Gateley does not currently act
- Securing further instructions from Pension trustees to act as independent trustee on large schemes with deficits
- Expanding specialist areas such as regulatory and private client into other geographical areas
- Developing our expertise and reputation for the provision of surety and bond advice

Our organic growth is underpinned by our commitment to retain and support the development of our staff. We also seek to attract new talent at all levels to build our service offering. By way of example, during the financial year ended on 30 April 2022, we recruited 24 new laterally hired partners and consultancy directors and 10 apprentices across our offices and disciplines. As at 30 April 2022 the Group employed a total of 1209 staff (1220 including Gateley Tweed LLP).

Principle 1 - continued

Acquisitive growth

Gateley believes that it can strengthen its business by broadening its offering through the acquisition of complementary legal and non-legal, professional consultancy services businesses. A broader set of services creates additional channels to market, increases sales potential, facilitates a more flexible sales model and enhances client retention.

We provide an attractive foundation for target businesses to support their continued growth by drawing upon our established national office network and existing “sales force” of partners and other lawyers and professional services consultants, and by providing back-office infrastructure and access.

Since our Admission to AIM in 2015 we have acquired a number of non-legal businesses.

The board has introduced the concept of “Platforms”. These are market-facing structures within the Group upon which we cluster appropriate legal and consultancy services focused upon specific sectors or markets. The Platforms are a representation of the Group’s diversified and differentiated business model. We have four Platforms; Corporate, Business Services, People and Property created via the aggregation of legal and consultancy services for the relevant market to bring together the Group’s areas of expertise. The board’s strategy is to continue to grow these Platforms.

The board will continue to seek to grow the Group by:

- being well positioned, as a result of its more flexible corporate structure, to take advantage of anticipated consolidation within the UK legal services industry
- acquiring legal teams or firms offering new niche services, sector specialism, or an opportunity to enter new geographic markets deemed strategic; and
- acquiring complementary professional services businesses (facilitated by the Group’s alternative business structure).

Incentivisation

Gateley has introduced a range of employee share schemes to ensure all staff have the opportunity to acquire shares and participate in the financial success of our business.

The aim of encouraging earlier and widespread equity ownership in the business is to attract, retain and motivate talent and to ensure all employees can benefit from the Group’s longer term success.

Principle 2

Seek to understand and meet shareholder needs and expectations

The board welcomes discussions with shareholders both formally and informally. Formal opportunities include the annual general meeting and twice yearly investor presentations. Following the Annual General Meeting and at other times during the year, the Directors are also available for informal discussions should a shareholder wish.

Many shareholders are employees of the Group and this allows regular dialogue regarding the expectations of those shareholders. Throughout the year, the Chairman is in regular contact with institutional shareholders and the Group has appointed an investor relations officer who seeks feedback on a regular basis from shareholders and potential shareholders. Roderick Waldie (CEO), Neil Smith (CFO) and Nick Smith (Acquisitions Director and Head of Investor Relations) present to city analysts and institutional investors following the interim and annual results announcements as well as on an ad hoc basis (where requested by fund managers). The Group also encourages its brokers to interact with shareholders and provide feedback from those discussions so that the Group can respond accordingly. Shareholder communication is answered, where possible or appropriate, by Directors, the Group’s Financial PR advisers or the Group’s brokers.

The Group supports the availability of independent third party research to ensure information is disseminated effectively. The Group also provides access to video recordings of market presentations, via its website, in order to help keep all its shareholders and potential shareholders informed on the Group’s positioning and prospects. The Group also endeavours to maintain a dialogue and keep shareholders informed through its public announcements and Group website. Gateley’s website provides not only information specifically relevant to investors (such as the Group’s annual report and accounts and investor presentations) but also regarding the nature of the business itself with considerable detail regarding the services it provides and the manner in which it carries on its business.

The Annual General Meeting of the Group, normally attended by all Directors, provides the Directors with the opportunity to report to shareholders on current and proposed operations and developments, and also enables shareholders to express their views of the Group’s business activities. Historically shareholders have been encouraged to attend and are invited to ask questions during the meeting and to meet with the Directors after the formal proceedings have ended.

The Group announces the detailed results of shareholder voting to the market, in accordance with recommended practice.

Corporate governance statement

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Principle 3

Take into account wider stakeholder and social responsibilities and their implications for long term success

Stakeholder Relations

The board recognises that the Group's continued growth and long-term success is largely reliant on its relations with its stakeholders, both internal (employees and shareholders) and external (clients, regulators, shareholders, suppliers, business partners and advisers).

Internal stakeholders

As a professional service-led business, our employees are a key factor in delivering successful growth and as such we support open and friendly dialogue throughout our workforce.

Internal communications and engagement were of the utmost importance during the remote working necessitated by the coronavirus and continue to be a key priority now hybrid office and remote working patterns have become normal practice.

Our staff have appropriate equipment and systems to allow them to participate fully whether in the office or working remotely, in all business activities whether client work, training programmes or social activities.

We undertake employee reviews and assessments to identify and assist employees with training and career progression. We aim to keep our workforce informed on our progress for example holding regular discussions in each office which are open to all levels of staff to attend. The board meets senior executives and heads of departments on a regular basis and through its reporting structures receives information on key clients and supplier relationships at least monthly on an informal basis and more formally quarterly. The Group's internal intranet system continues to evolve and develop as the predominant method of internal communications for all parts of the business. It provides a responsive and interactive source of information relating to the business helping to keep employees informed on key issues. Employees also have the opportunity to participate in the Group's share option schemes enabling them to have a stake in the Group's long-term success.

We conduct regular employee engagement surveys and use these to inform many of our decisions, particularly in relation to retention and recruitment.

We hold an annual event in each office to share with all staff details of the prior year, future activities and events of strategic significance.

The Chief Executive Officer (CEO) and Chief Operations Officer (COO) report to the board on all regulatory matters and our Nominated Advisor is in regular dialogue with our Finance Director (CFO) on stock exchange regulatory matters to ensure that any market related regulatory concerns are raised with the board.

External stakeholders

The Group maintains a regular dialogue with its external stakeholders to drive business development.

To ensure that we maintain communications with our external shareholders during the constraints arising as a result of the coronavirus we have given a series of presentations remotely via Microsoft Teams and provided an opportunity for shareholders to raise questions in those presentations or in anticipation of the annual general meeting. Feedback has been sought from shareholders following the presentations and this will be taken into account in future presentations.

Our clients and prospective clients are of course crucial to the growth and long-term success of the Group and we believe in being a service-led business placing client care and interaction at the heart of our business. We conduct regular client surveys and have a client engagement programme STELLAR, to better understand our clients' experience of the service we provide. A growing number of clients benefit from this extra level of attention and support which is overseen by a dedicated team of non-lawyers who are committed to enhancing the client experience and ensuring our lawyers are delivering a stellar experience that meets – if not exceeds – our clients' expectations.

We utilise a number of client management tools and processes that we have developed from best practice with other clients and within our industry including regular client listening in order to check satisfaction throughout the client relationship.

We seek to build strong long term relationships with our suppliers working alongside them as business partners for the benefit of all.

The Group works closely with its advisers to ensure it operates in accordance with the market regulations.

The CFO and a member of the board (our Compliance Officer for Legal Practice) have regular meetings with the Group's Relationship Manager at the Solicitors Regulatory Authority (SRA), the organisation which oversees the regulation of the legal services sector.

Principle 3 - continued

Environment, Social and Governance (ESG) matters and Corporate Social Responsibility (CSR)

As a provider of legal and other professional services, the maintenance of the highest ethical standards is core to our business and the services we provide to our clients. But the provision of client focussed services does not come at the expense of the needs of the wider society and our environment. The board takes collective responsibility for ESG and CSR matters. Our policy is to support communities and charities local to our offices but our activities also provide support to national and international communities and charities. We constantly review our practices to better protect the environment and have implemented processes for example to reduce, reuse and recycle materials wherever possible.

Many of these principles have been formalised and documented in our Responsible Business Report which we publish annually.

Where regulations have been introduced, we have taken appropriate steps having for example policies relating to Modern Slavery, Tax Avoidance and Bribery all supported by a Whistleblowing Policy and training for all staff. Our annual Modern Slavery Act Statement is published on our website.

Principle 4

Embed effective risk management, considering both opportunities and threats, throughout the organisation

By its very nature the Group is well placed to identify and manage risk. Our employees are predominantly lawyers who have been professionally trained to be aware of risk and to respond accordingly. In addition the business has adopted layers of formal risk management processes.

The board understands the importance of managing its risks and the need to fulfil its compliance obligations. This commitment is reflected in the seniority of people who are the members of our risk related committees and who are appointed to risk management roles within the business. These are not simply nominated positions administered by others less senior; these functions are carried out in person.

Whilst the Strategic Board considers the strategy and direction of the Group in conjunction with the Plc board, we also have an Operations Board and operational Risk Committee. The Risk Committee includes members of the Plc and Strategic Boards, Roderick Waldie (CEO), Michael Ward Compliance Officer Legal Practice ("COLP") and Neil Smith CFO/Compliance Officer Finance and Administration ("COFA") along with senior members of the

business holding key risk related roles. The Risk Committee meets quarterly to consider the key risks of the business. The risks are identified and assessed in accordance with the Group's Risk Policy which includes guidance on categorising risks. All employees of the business are encouraged to raise any risk related items with the Risk Committee for consideration. Risks are recorded in a risk register and reviewed at each meeting of the Risk Committee if there has been no intervening event to require earlier review. The Risk Committee considers whether a risk must be avoided, can be mitigated or will be tolerated.

Key risks currently identified by the business include compliance with applicable regulatory standards, reputational risk, security of operational IT systems, the effective integration of acquired businesses and the recruitment and retention of highly skilled staff. Each member of the Risk Committee works with other specialist managers in the business (e.g. MLRO, Lexcel Officer, HR Director, IT Director, Head of Learning & Development, Head of Facilities and IT and Head of Corporate Communications) in relation to these risks and actions taken to monitor and manage these. These managers report monthly to our Operations Board where decisions can be made and implemented as appropriate to manage our risks. After each of its meetings, the Risk Committee reports to the Audit and Risk Committee of the Plc board who review and interrogate the risk register. Risk items are included in the agenda for meetings of both the Audit and Risk Committee and the board.

The Audit and Risk Committee (see principle 5 for members and number of meetings) has introduced an internal audit function within the organisation. Audits are undertaken in relation to areas of risk identified in the business and consideration is given to the recommendations of the auditor and actions agreed and implemented. The Legal business is Lexcel accredited (the Law Society's legal practice quality mark for client care, compliance and practice management) which requires regular audits of legal matters. The focus of the audits is reviewed regularly to ensure that they focus on particular areas of risk associated with the business, for example most recently the increase in remote working.

It should be noted that the Group's system of internal control is designed to manage, rather than eliminate, risk of failure to achieve business objectives. It is recognised that such a system can only provide reasonable, but not absolute, assurance against material misstatement or loss.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the board. The Group's results, compared with the budget, are reported to the board on a monthly basis.

The Group maintains appropriate insurance cover in respect of actions taken against the Directors in the course of their roles and in respect of material loss or claims against the Group. The insured values and type of cover are comprehensively reviewed on a periodic basis.

Corporate governance statement

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Principle 5

Maintain the board as a well-functioning, balanced team led by the chair

The Group operates in complex and challenging areas and as such has put in place a senior management structure that can best provide the strategic advice and leadership required. The senior management structure consists of a Plc board, a Strategic Board and an Operations Board.

The Plc board contains a balance of Executive and Non-Executive Directors, including a Non-Executive Chairman who is responsible for dealing with the strategic direction and long-term success of the Group. The board notes that the Company Secretary is not independent. The board meets at regular intervals throughout the year and at any other time deemed necessary for the good management of the business. Prior to the implementation of remote working practices to address coronavirus, meetings were held in the Group's offices on a rotating basis. Following the COVID 19 pandemic, meetings are now held either in person or remotely.

Gateley has a diverse board with the Directors bringing varied experience gained from working within a range of sectors. There are seven Directors on the Plc board, three independent Non-Executive Directors and four Executive Directors. The Non-Executive Chairman of the board is Nigel Payne with Joanne Lake being the Senior Independent Director.

There are three committees of the board whose members comprise the Non-Executive Directors:

- the Audit and Risk Committee, chaired by Joanne Lake;
- the Remuneration Committee chaired by Suzanne Thompson; and
- the Nominations Committee chaired by Nigel Payne.

The members of the board invite the Executive Directors to attend committee meetings when appropriate. Where relevant to the subject matter of the meetings of the board and the committees, experts from within the business are invited to attend a meeting to present to or advise the Non-Executive Directors – for example the IT Director, Information Security Officer, Group HR Director and Group Marketing Director have been invited to attend meetings to report on matters such as information security and remuneration arrangements (including the job retention scheme) and brand development. Members of the board have also attended meetings of Gateley Plc to jointly discuss and consider critical projects for the business. External advice is also sought when required for example from the Group's auditor and remuneration consultants in relation to remuneration policies.

Notwithstanding any other roles they may have either within the business or externally, the members of the board believe that they have sufficient time available to fulfil their roles as Directors of Gateley.

The board has considered the time availability that Nigel Payne has to carry out his duties as Chairman of Gateley (Holdings) Plc. The board considers that Nigel's other public and private company duties as the non-executive Chairman of Braemar Shipping Services Plc and Green Man Gaming (Holdings) Plc and as a non-executive director of JSE listed Sun International Limited, GetBusy Plc, Ascot Racecourse Betting and Gaming Limited and Kwalee Limited take on average no more than twelve working days per month leaving ample spare capacity for him to carry out his duties as Chairman of the Group. This is reassessed on an annual basis.

The board has considered the time availability that both Joanne Lake and Suzanne Thompson have to carry out their duties as Non-Executive Directors of Gateley (Holdings) Plc. The board considers that Joanne's other public and private company duties take on average no more than eleven working days per month and that Suzanne's other public and private company duties take on average no more than fourteen working days per month leaving each of them ample spare capacity for them to carry out their duties as Non-Executive Directors of the Group. The board reassesses the time availability of both Joanne and Suzanne on a regular basis.

Of the Executive Directors within the Group, both Rod Waldie and Neil Smith have full time roles whilst Michael Ward and, prior to his retirement from the board at the end of the 2021/2022 financial year, Peter Davies, work four days a week. Victoria Garrad, Group HR Director, was appointed to the board as an Executive Director from 1 May 2022 and has a full time role in the business.

In accordance with the Articles of Association, all new Directors appointed by the board are required to seek election by shareholders at the next general meeting of the Company following their appointment and all Directors are required to retire by rotation in line with the provisions of the Articles of Association.

The board meets throughout the year and in the financial year ending on 30 April 2022 it met seven times as a board. Details of the attendance of Directors at board meetings during the period is noted below. Papers relevant to the business of the meeting are provided in advance and include financial, staff, risk, regulatory and development information.

Principle 5 - contiuned

The following table sets out the board and committee meetings scheduled and attendance during the financial year 2021/2022:

1 May 2021 to 30 April 2022	Board	Audit & Risk Committee	Remuneration Committee	Nomination Committee	AGM 2021
Number of meetings	7	3	2	1	1
Nigel Payne	7	3	2	1	1
Joanne Lake	7	3	2	1	1
Suzanne Thompson	7	3	2	1	1
Roderick Waldie	7	2*	1*	1*	1
Peter Davies	7	-	-	-	1
Neil Smith	7	3*	2*	-	1
Michael Ward	7	-	-	-	1

Notes to table

Several informal board or committee meetings were held during the year to prepare for or finalise and approve substantive work carried out in a formal board meeting. These are not listed above. The asterisks indicate that the relevant Director was invited to attend a committee meeting although not a member of the committee to make proposals in relation to or to advise on agenda items. For the financial year ending 30 April 2022 the Strategic Board comprised nine individuals including the CEO, COO, Group CFO, Group HR Director and five executives of Gateley Plc. The Operations Board comprises ten individuals including the COO, Group FD, Group HR Director and other individuals from across both the professional and support function departments of the Group as deemed appropriate and is responsible for the day to day running of the business. The Operations Board meets monthly and reports to the Strategic Board. Two members of the Operations Board stepped down from the board at the end of the 2021/2022 financial year with two new members joining in their place. The Operations Board provides an opportunity for senior members of the business to gain greater exposure to the management of the business and to develop their management skills.

Succession

Succession planning is an important part of Gateley's corporate governance and is key to ensuring that the prosperity and collaborative culture of the business are maintained in the long term. The Nomination Committee annually considers the Group's succession plans, most recently in relation to succession for:

- the Group Chairman and the Chair of the Audit Committee, both of whom will retire from the board on or before May 2024 in accordance with best practice Corporate Governance Guidance. A process and timeline for the identification and appointment of replacement candidates has been developed; and
- the Group's Chief Operating Officer who retired from the board on 30 April 2022. Victoria Garrad, Group HR Director was appointed to the board on 1 May 2022 and it is anticipated that she will become COO when Peter Davies steps down from this role on 30 April 2022.

Board independence

In assessing the independence of Non-Executive Directors at the date of this report, the board took account of their experience, character and judgement, and their dependence on, or relationships with the Group. In all cases the board felt the Directors were independent in character and judgement, account was taken of market guidance regarding factors that impact upon independence for example the holding of a previous executive position within the Group or a material business relationship with the Group including a shareholding, as these are considered to impair the perceived independence of the Non-Executive Director.

Corporate governance statement

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Principle 5 - continued

Conflicts of interest

The Companies Act 2006 (the Act) imposes a duty on Directors to avoid a situation in which they have or could have a conflict of interest or possible conflict with the interests of the Group. Directors are aware of their duty to promote the Group's success and are required to disclose all actual and potential conflicts of interests to the board as they arise for consideration and approval. "Declarations of Interest" is an agenda item at every meeting of the board. If an interest is declared the board may impose restrictions or refuse to authorise such conflict if it considers that it conflicts with the interests of the Group. Only Directors not involved in the conflict or potential conflict participate in the decision process. A register of such interests is maintained.

All Directors of both Gateley (Holdings) Plc and Gateley Plc are reminded periodically of their obligations to notify any changes in their statement of interests and also to declare any benefits received from third parties in their capacity as a Director of the Group.

Each new Director on appointment is required to declare any potential conflict situations.

The register of conflicts is formally reviewed annually and the board has concluded that the process has operated effectively during the period. No Director has declared receipt of any benefits during the year in his/her capacity as a Director of the Group.

Principle 6

Ensure that between them the Directors have the necessary up-to-date experience, skills & capabilities

The Group operates in a complex and challenging professional environment and the board is mindful that in order to deal effectively with the challenges of the business and to maximise its growth opportunities it has to incorporate a broad range of skills and diversity.

The members of the board have considered the skills and experience that the board requires to enable it to manage the business effectively.

These are set out below:

General experience	
Leadership	Successful leadership at a senior executive level in a large business
Strategy and growth	Senior executive experience in developing and delivering successful strategies and meaningful business growth outcomes in a large business
Financial acumen	Senior executive experience and understanding of accounting, financial reporting, corporate finance and financial controls in a large business
Governance and risk management	Senior executive experience in a large business that is subject to rigorous governance, relevant regulatory risk and general business risk management standards

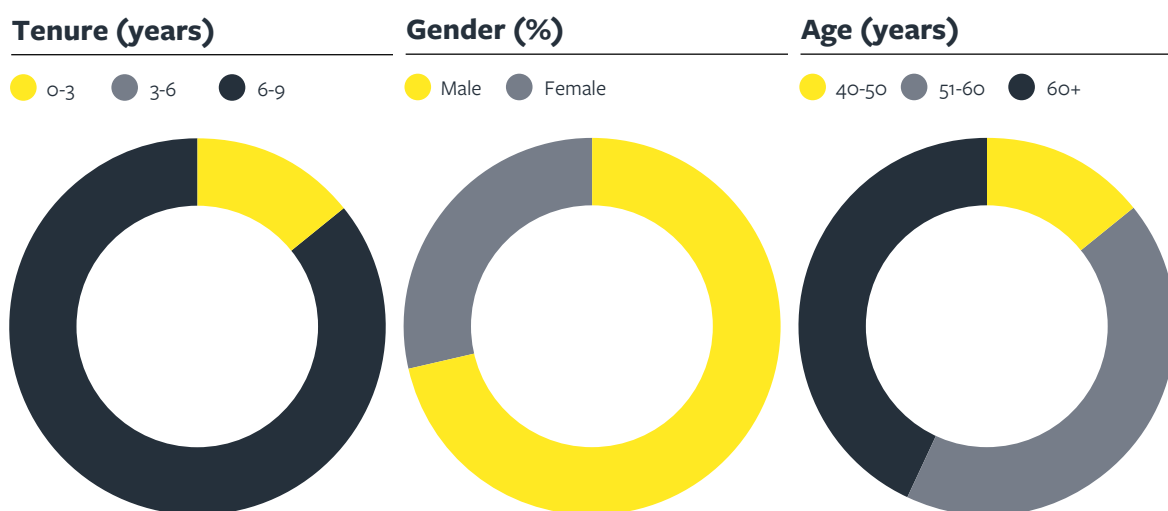
Specialist experience	
Industry experience	Senior executive experience in a professional services "people" business
Client service, marketing and innovation	Senior executive experience in client relationship management and delivering growth through commercialising innovative services and solutions
Stakeholder management	Senior executive experience in stakeholder management within a large business
Mergers and acquisitions	Successful track record of delivering strategically sound and value adding mergers and acquisitions as an enabler of corporate strategy
International experience	Senior executive experience of a range of geographic, political, cultural, regulatory and business environments
Experienced CEO	Successful track record as a CEO of a listed entity or an equivalent large business enterprise
Remuneration	board remuneration committee membership or senior executive remuneration experience in a large business enterprise

Principle 6 - continued

Members of the board are believed to possess these skills and to have the necessary experience. Details of the Directors including brief biographies are set out at <https://investors.gateleyPlc.com/home/board-of-directors/>.

The Executive Directors participate in all of the regulatory training programmes of the Group and the Non-Executive Directors are invited to participate as appropriate.

The board maintains a skills, diversity and experience matrix which is detailed below, and which will be periodically reviewed at board meetings to evaluate current and future requirements. The board and its committees will also seek external expertise and advice where required.



Principle 7

Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The board considers evaluation of its performance and that of its committees and individual Directors to be an integral part of corporate governance to ensure it has the necessary skills, experience and abilities to fulfil its responsibilities. The objective of the evaluation process is to identify and address opportunities for improving the performance of the board and to solicit honest, genuine and constructive feedback.

The board considers the evaluation process is best carried out internally at this stage of the Group's development. However the board will keep this under review and may consider independent external evaluation reviews in due course as the Group grows.

The internal evaluation process includes:

Board evaluation	
Review	Period
Board composition in terms of skills, experience and balance	Annually or as required
Board cohesion	Annually or as required
Board operational effectiveness and decision making	Annually
Board meetings conduct and content and quality of information	Annually or as required
The board's engagement with shareholders and other stakeholders	Annually
The corporate vision and business plan	Annually

Corporate governance statement

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Principle 7 - continued

Committee evaluation	
Review	Period
Composition in terms of skills, experience and balance	Annually or as required
Terms of Reference	Annually
Effectiveness	Annually

Individual Director evaluation	
Review	Period
Executive Director performance in executive role	Annually
Executive Director contribution to the board	Annually
Non-Executive Director performance and contribution to the board	Annually
Non-Executive Director's independence and time served	Annually
All Directors' attendance at board and committee meetings	Annually

The board will, as a whole or in part as appropriate, undertake the evaluation process aided by the Chairman, CEO and other Non-Executive Directors or external advisers as necessary. The Chairman is responsible for ensuring the evaluation process is 'fit for purpose', as well as dealing with matters raised during the process. The Chairman will keep under review the frequency, scope and mechanisms for the evaluation process and amend the process as required.

Where areas for development are identified these will be addressed in a constructive manner. Where necessary individual Directors will be offered mentoring and training. If areas for development are identified within the board as a whole, then changes or additions to the board will be considered in conjunction with the Nominations committee.

The evaluation process will focus on the improvement of board performance, through open and constructive dialogue and the development and implementation of action plans. The board will report on its evaluation and actions in its Annual Report.

The Chairman carries out an annual appraisal of the board, the Committees and the individual Directors including a review of the fees paid to Non-Executive Directors. The board (excluding the Chairman) meets annually to consider the fees of the Chairman. The formal evaluation process is supported by regular contact between the Chairman and the other Directors to allow any matters to be addressed in a timely way. The appraisal of the Chairman was led by Roderick Waldie (CEO) who sought the views of the other Directors. The findings of the evaluation process (including the review of the fees paid to the Non-Executive Directors) were reported to the board in September 2021 and January 2022. It was agreed that the Chairman should continue to oversee succession plans for the board over the next five years. Succession planning is a vital task for boards and the management of succession planning represents a key measure of the effectiveness of the board and a key responsibility of both the Nominations Committee and wider board.

Principle 8

Promote a corporate culture that is based on ethical values and behaviours

The business operates in a highly regulated sector with demanding professional standards. The legal profession requires all of its members to maintain high ethical standards and to comply with its code of conduct. In addition the business has been accredited with the Law Society's quality standard, Lexcel. All legal and where appropriate, non-legal parts of the business are required to comply with the policies underpinning that accreditation. Gateley Plc has also sought and received CQS, LMS and Cyber Essentials accreditations. Members of the Group have other accreditations including ISO27001 and ISO9001 as required for their business.

The Group has established formal risk management processes and an internal audit function to report upon risk management.

The Group maintains a register of the interests of staff outside the business which includes those of the Directors to help it manage potential conflicts of interest. The Directors do not hold any external positions which conflict with the duties owed to the Group.

Principle 8 - continued

Disclosure of any potential conflicts of interests is invited at each meeting of the board.

The Group's success is largely dependent on recruiting, retaining and developing the best professionals. To achieve this the Group seeks to ensure that working conditions are of a high standard and has in place good and effective management and staff communications, with the ability for staff to engage in decisions.

The Group also encourages participation in the success of the business through share options and has a range of benefits to support staff, including ill health protection and life cover. The Group is committed to equal opportunities for promotion, with appropriate consideration being given to applications for employment from disabled persons.

The Group aims to remunerate staff in line with market practice, to provide development opportunities and to encourage staff motivation and retention.

Diversity, inclusion and wellbeing (DIW) are important parts of our culture and the values that underpin it. We are committed to a fully inclusive, diverse and healthy working environment where staff can develop and contribute fully without discrimination on the basis of gender, sexual orientation, age, race, nationality, disability or political or religious beliefs. We have established five networks; Unity, Inspire, Thrive, Pride and Ability.

- Unity recognises, celebrates and supports employees from all different cultures, religions, backgrounds and those with disabilities. Our Unity network group highlights and celebrates events across all our offices to ensure we have an environment where all employees have room to breathe and feel comfortable bringing their full selves to work.
- Our Inspire network group has been set up to nurture, develop and provide support to all of our talent with a particular focus on career milestones and enabling our people to carve the careers they want successfully.
- Our Thrive network group supports the health and wellbeing of all employees to promote high levels of performance both physically and mentally across the group. The Thrive committee runs a series of events and training programmes throughout the year to raise awareness and to inspire our people to take care of themselves and those around them.
- The Gateley Pride network group provides a welcoming, supportive, safe and confidential space for staff affected by sexual orientation and gender identity issues.
- Our Ability network group recognises and supports people with disabilities and raises awareness around neurodiversity.

Principle 9

Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The board sets the Group's strategic aims and ensures that necessary resources are in place in order for the Group to meet its objectives. All members of the board take collective responsibility for the performance of the Company and all decisions are taken in the interests of the Group. Whilst the board has delegated the day to day operational management of the Group via the Strategic and Operations Boards to the Executive Directors and other senior managers, it has formal terms of reference identifying those specific matters which remain subject to decision by the board. These include the appointment and removal of Directors, terms of reference for board committees and membership thereof, approval of strategy including acquisitions and disposals, annual financial budgets, investments and capital projects, projects of a capital nature and all significant contracts. The Non-Executive Directors have a particular responsibility to constructively challenge the strategy proposed by the Executive Directors; to scrutinise and challenge performance; and to ensure appropriate remuneration and succession planning arrangements are in place in relation to Executive Directors and other senior members of the management team.

The Chairman is responsible for leadership by the board and ensuring its effectiveness in all aspects of its role. The Chairman with the assistance of the CEO sets the board's agenda and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues.

The Chairman promotes a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors in particular and ensuring constructive relations between Executive and Non-Executive Directors. The Executives enjoy open access to the Non-Executive Directors. The Chairman is also responsible for ensuring that the Directors receive accurate, timely and clear information. The positions of Chairman and CEO are held by different individuals.

The CEO is responsible for running the business and implementing the decisions and policies of the board. The CEO is also responsible for ensuring the Group's communication with shareholders is timely, informative and accurate with due regard to commercial sensitivity and regulatory requirements.

The CFO is responsible for the Group's finances and the COO is responsible for the operations and technical requirements of the Group. The role of Company Secretary is undertaken by the CFO.

Corporate governance statement

continued

Principle 9 - continued

The Non-Executive Directors are appointed to provide independent oversight and constructive challenge to the Executive Directors but have been specifically chosen as a result of their ability to provide strategic advice and guidance.

All Directors are able to allocate sufficient time to the Group to discharge their duties. There is a formal, rigorous and transparent procedure for the appointment of new directors to the Plc board. The search for Plc board candidates is conducted, and appointments made, on merit, against objective criteria and with due regard for the benefits of a diverse board membership.

The board is responsible for ensuring that a sound system of internal control exists to safeguard shareholders' interests and the Group's assets. It is responsible for the regular review of the effectiveness of the systems of internal control. Internal controls are designed to manage rather than eliminate risk and therefore even the most effective system cannot provide assurance that each and every risk, present and future, has been addressed. The key features of the system that operated during the year are described below.

The board has a formal agenda of items for consideration at each scheduled meeting but will also meet at additional times when required. It receives detailed papers in advance of meetings and verbal reports at each meeting from the Executive Management covering the financial performance of the Group, updates on share performance, people matters, business development, matters affecting the general trading conditions and operational issues, including risk and compliance. The board also receives verbal reports from the Chair of each committee on matters which relate to the committee's responsibilities.

The board has established the following committees to assist with oversight and governance carrying out the necessary work required for the business to operate effectively and efficiently, and to comply with all the regulatory requirements. The board has delegated certain specific areas of responsibility to each of the committees. The board sees minutes of all Committee meetings and the Chairman of the committee reports to the board on any significant matters.

Audit & Risk Committee	Nominations Committee	Remuneration Committee
Joanne Lake (Chairman)	Nigel Payne (Chairman)	Suzanne Thompson (Chairman)
Nigel Payne	Joanne Lake	Nigel Payne
Suzanne Thompson	Suzanne Thompson	Joanne Lake

Audit & Risk Committee

The Audit & Risk Committee is chaired by Joanne Lake, and also comprises Nigel Payne and Suzanne Thompson. The Audit & Risk Committee has agreed terms of reference and assists the board in discharging its responsibilities for corporate governance, risk management, financial control and internal controls by reviewing and monitoring risk and internal controls throughout the business.

It oversees and reviews the Group's financial reporting and internal control processes, its relationship with external auditors and the conduct of the audit process together with its process for ensuring compliance with laws, regulations and corporate governance. It is composed entirely of Non-Executive Directors but other individuals such as the Group's CFO and CEO and representatives of the finance team are invited to attend all or any part of any meeting when deemed appropriate. The Group's external auditor is invited to attend meetings of the committee on a regular basis.

Remuneration Committee

The Remuneration Committee has general oversight of all remuneration arrangements for Executive Directors and it considers all material elements of remuneration policy, remuneration and incentives with reference to independent remuneration research and professional advice. Recommendations are made to the board on the framework for executive remuneration including the design and implementation of equality based incentive schemes.

Nominations Committee

The Nominations Committee is responsible for all aspects of the appointment of Directors, succession planning and appointments to the board, considering and recommending the reappointment of retiring Directors of the Group together with evaluation of Directors' performance and effectiveness.

In addition to the above sub committees, the Group has an operational Risk committee. Members include the CEO, the CFO, MLRO, Lexcel Officer and individuals responsible for the oversight of key risk areas. The purpose of the Risk committee is to perform centralised identification and oversight of risks affecting the Group and risk management activities and to provide communication to all Group boards regarding important risks and related risk management activities.

As complementary non-legal businesses join the Group, separate "new" company boards are formed, with suitably experienced individuals from the Group and the newly acquired business being appointed as Directors. The primary role of these boards is to oversee the transition into the Group for the benefit of all stakeholders. The minutes of each Group company's monthly board meeting are shared with the Operations, Strategic and Plc Boards.

Principle 9 - continued

The Group has established management committees to address specific areas of the Group's business activities. Details of these Committees and their functions can be found on the Group's website gateleyplc.com.

Principle 10

Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The board is committed to maintaining good communication and having constructive dialogue with all of its stakeholders, including shareholders, providing them with access to information to enable them to make informed decisions about the Group. The Investor Relations section of the Group's website provides all required regulatory information as well as additional information shareholders may find helpful including: information on board Members, Advisers and Significant Shareholdings, a historical list of the Group's announcements, its financial calendar, corporate governance information, the Group's publications including historic annual reports and Notices of annual general meetings, together with share price information and interactive charting facilities to assist shareholders analyse performance.

Results of shareholder meetings and details of votes cast are publicly announced through the regulatory news system and displayed on the Group's website and suitable explanations of any actions undertaken as a result of any significant votes against resolutions will be included when relevant.

Information on the work of the various board committees and other relevant information are included in the Group's annual report.

The board and its committees

Board composition and independence

The board consists of four Executive Directors (including the Chief Executive Officer, the Chief Operating Officer and the Chief Finance Officer), the independent Non-Executive Chairman and two further independent Non-Executive Directors. The Non-Executive Directors are considered by the board to be independent of management and are free from any relationship which may materially interfere with the exercise of independent judgement. At the Annual General Meeting of the company held on 1 October 2021, Nigel Payne and Peter Davies offered themselves for re-election as Directors, both were re-appointed with immediate effect.

Operation of the board

The board meets regularly throughout the year, as well as on an ad hoc basis as required, to consider all aspects of the Group's activities. A formal schedule of matters reserved for the board includes overall Group strategy, acquisition progress, operational review, committee updates, governance and risk and approval of major expenditure. The agenda and relevant briefing papers (which include reports from the Executive Directors and minutes of subsidiary board meetings) are distributed on a timely basis in advance of each board meeting.

All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that board procedures and applicable rules and regulations are observed.

The board has considered the time availability that Nigel Payne has to carry out his duties as Chairman of Gateley (Holdings) Plc. The board considers that Nigel's other public and private company duties as the non-executive Chairman of Braemar Shipping Services Plc and Green Man Gaming (Holdings) Plc and as a non-executive director of JSE listed Sun International Limited, GetBusy Plc, Ascot Racecourse Betting and Gaming Limited and Kwalee Limited take on average no more than twelve working days per month leaving ample spare capacity for him to carry out his duties as Chairman of the Group. This is reassessed on an annual basis.

The board has considered the time availability that both Joanne Lake and Suzanne Thompson have to carry out their duties as Non-Executive Directors of Gateley (Holdings) Plc. The board considers that Joanne's other public and private company duties take on average no more than eleven working days per month and that Suzanne's other public and private company duties take on average no more than fourteen working days per month leaving each of them ample spare capacity for them to carry out their duties as Non-Executive Directors of the Group. The board reassesses the time availability of both Joanne and Suzanne on a regular basis.

Of the Executive Directors within the Group, both Rod Waldie and Neil Smith have full time roles whilst Michael Ward and, prior to his retirement from the board at the end of the 2021/2022 financial year, Peter Davies, work four days a week. Victoria Garrad, Group HR Director, was appointed to the board as an Executive Director from 1 May 2022 and has a full time role in the business.

Remuneration Committee

The Remuneration Committee comprises Suzanne Thompson (Chair), Nigel Payne and Joanne Lake. The Remuneration Committee is responsible for all elements of the remuneration of the Executive Directors and the members of the Strategic Board. The committee also oversees the operation of the Group's share option schemes.

The Chief Executive Officer is invited to meetings of the Remuneration committee to discuss the performance of other Executive Directors but is not involved in the decisions.

Corporate governance statement

continued

Principle 10 - continued

The Remuneration Committee may invite any person it thinks appropriate to join the members of the Remuneration Committee at its meetings.

The Remuneration Committee has placed focus on the dilution of the Group, challenging the methods of remuneration for senior executives and partners. As a result the committee has instigated changes to the share incentive plans in use by the Group, primarily the introduction of the new Restricted Share Award plan.

Further details of the committee are included in the Remuneration Report.

Audit and Risk Committee

The Audit and Risk Committee comprises Joanne Lake (Chair), Nigel Payne and Suzanne Thompson. Joanne Lake and Nigel Payne are Chartered Accountants and the board believes the committee is independent with all members being Non-Executive Directors. The committee meets, together with the CFO, Neil Smith, at least twice a year. It is responsible for ensuring the financial performance of the Group is properly reported on and monitored. The committee reviews the interim and annual accounts, reviews reports from the auditor, monitors the Group's risk register and the adequacy and effectiveness of the systems of internal control, and reviews annually the effectiveness of the auditor. The auditor, MHA MacIntyre Hudson, attends meetings at the request of the Chairman and the committee meets with the auditor without Executive Directors being in attendance for part of the meeting.

An internal audit function has been established to report to the committee.

Nomination Committee

The Nomination Committee comprises Nigel Payne (Chair), Suzanne Thompson and Joanne Lake. The committee is responsible for monitoring the size and composition of the board and the other board committees. It is also responsible for identifying suitable candidates for board membership and will monitor the performance and suitability of the current board on an on-going basis.

Succession planning is an important part of the Group's corporate governance statement and is key to ensuring that the prosperity and collaborative culture of the business are maintained in the long term.

Communications with shareholders

Communications with shareholders are given a high priority by the Directors who take responsibility for ensuring that a satisfactory dialogue takes place. The principal methods of communication with private shareholders remain the annual report and financial

statements, the interim report, the AGM and the Group's website (www.gateleyplc.com) which has been updated in the year to provide more meaningful and insightful information to investors and other stakeholders. In addition to the formal channels of the London Stock Exchange regulatory news service, the Company utilises its brokers' research services to support its engagement with private shareholders. The Group has also engaged with other brokers and advisers focusing on the delivery of more frequent, quality communications with investors from a number of alternative research analysts.

It is intended that all Directors will attend each AGM and shareholders will be given the opportunity to ask questions. In addition, the Chief Executive Officer, Chief Finance Officer and Head of Investor Relations meet with institutional shareholders following the announcement of interim and final results and at other appropriate times. The Chief Executive Officer and Chief Finance Officer are also in regular contact with analysts who publish reports on the Group's performance.

Internal control

The board is responsible for the Group's systems of internal control and for reviewing their effectiveness. The board regularly reviews the process for identifying, evaluating and managing any significant risks faced by the Group. The Audit & Risk Committee discusses the effectiveness of the systems of internal controls with the auditor. An Internal Audit function has been established to report to the board.

Systems of internal control continue to develop as the Group's activity expands. The internal controls in the businesses acquired by the Group are, where appropriate, the same as those in Gateley Plc.

The operational functions (professional practice, finance, IT, HR, training, business development, support services and compliance) operate within an established management structure. The managers within the trading businesses have specific responsibilities and authority to manage risk effectively and report monthly either directly to the Operations Board or via their respective committees. Decisions made by the Operations Board are reviewed monthly by the Strategic Board and the board.

The operational Risk Committee meets regularly to review financial, operational and compliance risks for the businesses and reports to the Audit & Risk Committee. Processes to embed risk management throughout the Group will continue to be reviewed and implemented as appropriate, as will reviews of social, environmental and ethical matters to ensure that all significant risks to the business of the Group arising from these matters are adequately addressed.

Principle 10 - continued

It must be recognised that any system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. Any such system of internal control can at best provide reasonable but not absolute assurance against material misstatement or loss. The board is committed to operating in accordance with the Code as far as it is appropriate to do so in view of the current stage of development of the Group.

Slavery and Human trafficking statement

Gateley (Holdings) Plc is committed to preventing acts of modern slavery and human trafficking from occurring within its business and supply chain and expects its suppliers to adopt the same high standards. As part of our commitment to combating modern slavery, we have a specific modern slavery policy and we expect all of our suppliers to operate modern slavery and human trafficking.

Gateley (Holdings) Plc's slavery and human trafficking statement, made in accordance with section 54(1) of the Modern Slavery Act 2015 for the financial year commencing 1 May 2020 and ending 30 April 2021, can be found on its website, [gateleyPlc.com](https://www.gateleyPlc.com). The statement for the financial year commencing 1 May 2021 and ending 30 April 2022 will be published in due course.

On behalf of the board

A handwritten signature in black ink, appearing to read 'Nigel Payne'.

Nigel Payne

Chairman

26 September 2022

