

Statement of compliance with the QCA Corporate Governance Code

Chairman's Statement

The Board has adopted the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the AIM Rules requiring all AIM-listed companies to adopt and comply with a recognised corporate governance code. Our report sets out in broad terms how we comply at this point in time.

Our values are based on being smart thinking, dynamic and collegiate. We act with integrity and demonstrably care about our clients and our staff. The Board believes this culture is key to creating a sustainable, growing business. This culture supports the Group's core mission to help ambitious companies grow for the benefit of their shareholders. We have a clear business model and growth strategy to expand our business by offering more services to our existing and new clients.

It is the Board's job to ensure that the Group is managed for the long-term benefit of all our clients, staff, shareholders, and our other key stakeholders, with effective and efficient decision making, including the maximising of revenue opportunities across finnCap and Cavendish. Sensible corporate governance is an important part of that job, reducing risk and adding value to our business.

The Chairman (Jon Moulton) leads the Board and is responsible for directing the Company. He manages the Board agenda and ensures that all Directors have the capability, structure and support to effectively contribute their various talents and experience in the development and implementation of the Group's strategy.

The Chairman is responsible for ensuring that the Board implements, maintains and communicates effective corporate governance processes and for promoting a culture of openness and debate designed to foster a positive governance culture throughout the Group.

A number of changes were made to the governance structure of the business during 2018 as part of the IPO and acquisition of Cavendish, including the structure of the Board as set out below. Since then, as announced in January 2019, Joe Steltzer stepped away from the Board and out of the day-to-day management of the business for medical reasons, and his responsibilities were assumed by Tom Hayward.

Since Admission, the Group has been undergoing a thorough integration process which will align the services and culture of finnCap and Cavendish going forward. The finnCap and Cavendish teams have already worked together on mandates. Updates on the integration plan as well as the Group's compliance with the QCA Code are provided in our annual report.

The Board considers that it does not depart from any of the principles of the QCA Code.

Jon Moulton
Chairman

Principle 1: Establish a strategy and business model which promotes long-term value for shareholders

The 2019 Annual Report incorporates an explanation of our strategy and business model. A copy may be accessed [here](#).

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company commits to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood. Understanding what investors think about us and, in turn, helping these audiences understand our business is a key part of driving our business forward and we will actively seek dialogue with the market. We will do so via investor roadshows and our regular reporting.

The Board will review proxy voting reports and any significant dissent will be discussed with shareholders and, if necessary, action taken to resolve any issues. In compliance with best practice, the level of proxy votes (for, against and vote withheld) lodged on each resolution will be declared to all future general meetings and subsequently announced.

Shareholders will be given the opportunity to raise questions at the Annual General Meeting ("AGM") and the Directors will be available both before and after the meeting for further discussion with shareholders.

Private shareholders

The AGM will be the main forum for dialogue with retail shareholders and the Board. The Notice of Meeting will be sent to shareholders at least 21 days before the meeting. The Chairs of the Board and all committees, together with all Directors, will as far as possible attend the AGM and will be available to answer questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld will be announced at the meeting. The results of the AGM will be subsequently published on the Company's corporate website.

Internally, staff also hold approximately 70% of the Company's ordinary share capital (including Executive Directors) and regular briefing updates are given to staff.

To request a meeting please contact: investor.relations@finncap.com

Institutional shareholders

The Directors are actively seeking to maintain a constructive relationship with institutional shareholders. Shareholder relations are managed primarily by the Chief Executive Officer and Chief Financial Officer, as appropriate, supported by the Company's financial PR advisers. The Chief Executive Officer and Chief Financial Officer will make presentations to institutional shareholders and analysts each year immediately following the release of the full-year and half-year results. The Board as a whole will be kept informed of the views and concerns of shareholders by briefings from the Chief Executive Officer and the Chief Financial Officer. Any significant investment reports from analysts will also be circulated to the Board. The Non-Executive Chairman and Senior Independent Director will be available to meet with shareholders if required to discuss issues of importance to them.

The Chief Executive Officer and Chief Financial Officer are primarily responsible for updating the market with developments. All the Non-Executive Directors are available to meet with major shareholders. Feedback from such meetings with shareholders will be provided to the Board to ensure the Directors have a balanced understanding of the issues and concerns of major shareholders. Trading updates and press releases will be issued as appropriate and shareholder opinion and feedback will be compiled from investor meetings and reviewed by the Board.

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The Board will continually monitor the Company's shareholder base.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

Engaging with our stakeholders strengthens our relationships and helps us make better business decisions to deliver on our commitments. The Board is regularly updated on wider stakeholder feedback to stay abreast of stakeholder insights into the issues that matter most to them and our business, and to enable the Board to understand and consider these issues in decision-making. Aside from our shareholders, suppliers and customers, our employees are one of our most important stakeholder groups. The majority of employees have an equity interest in the Company, providing strong alignment with other shareholders and the Board closely monitors feedback it receives from all shareholders to ensure alignment of interests.

Employees

The Group is committed to employment policies which follow best practice, based on opportunities for all employees. The acquisition of Cavendish resulted in an additional office and more employees. There is an ongoing initiative to merge the cultures.

Employee involvement in the Company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Company plays a major role in maintaining good relations with them. The Chief Executive Officer regularly updates employees on the Company's progress and new initiatives.

Employees are actively encouraged to submit new ideas and suggestions for improvement via an anonymous intranet portal. These are continuously reviewed by the management committee and acted upon as appropriate.

Over the past year we have:

- Conducted one-to-one engagement interviews with staff and acted upon feedback received;
- Reviewed and updated the Employee Handbook, including staff training, clarifying and re-affirming key policies such as Data Protection, Relationships at Work and Equal Opportunities;
- Introduced a more formal, structured induction programme for new recruits; and
- Introduced a programme of external training courses to be undertaken during the first year of a graduate's employment

Customers and communities

Over the past year we have:

- Continued to drive our Ambition Nation initiative, talking to as many high growth, scale up companies as possible;
- Continued to be a key supporter of Stepping Into Business and their school enterprise programme; and
- Participated in the New Entrepreneurs Foundation programme, giving an aspiring entrepreneur valuable experience of working at the heart of an ambitious business.

Regulators

The Board understands that its long-term success relies on it maintaining a good relationship with its key regulators. The Board is very focussed on compliance with the various regimes that it operates under and receives periodic legal briefings on upcoming relevant statute and regulation.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

We operate a clearly defined robust, scalable and enterprise-wide risk management and control framework through which we aim to identify actual and potential risks and amend our controls and safeguards accordingly. This is managed through financial and non-financial controls, set out below.

Audit, risk and internal control

Financial controls

The Group has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by Executive Management, the Audit Committee, the Risk and Compliance Committee and the Board in light of an ongoing assessment of significant risks facing the Company.

- The Board is responsible for reviewing and approving overall Group strategy, approving revenue and capital budgets and plans, and for determining the financial structure of the Group including treasury, tax and dividend policy. Results and variances from plans and forecasts are reported to the Board.
- The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls, including the review of results of work performed by the Group's control function.
- There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and plans, and for forecasting expected performance over the remainder of the financial period. These cover profits, cash flows, capital expenditure and balance sheets. Results are reported against budget and compared with the prior year, and forecasts for the current financial year are regularly revised in light of actual performance.

Non-financial controls

The Board has ultimate responsibility for the Company's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. The principal elements of the internal control system include:

- Close management of the day-to-day activities of the Group by the Executive Directors;
- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks;
- An appropriately staffed compliance department with a clear annual work plan;
- A recently-appointed General Counsel to ensure legal risk is properly managed and legal rigour is enforced in all our business negotiations; and
- A robust IT strategy which is vital to the security and continuity of the Group.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chairman

The Board comprises the Non-Executive Chairman, four Executive Directors (including an Executive Deputy Chairman) and three Non-Executive Directors with a gender balance of two-thirds male and one-third female.

The Chairman is responsible for the effective leadership, operation and governance of the Board and its Committees. He ensures that all Directors contribute effectively in the development and implementation of the Company's strategy whilst ensuring that the nature and extent of the significant risks the Company is willing to embrace in the implementation of its strategy are determined and challenged. The Chief Executive Officer is responsible for the management of the Group's business and for implementing the Group's strategy.

The Board and each of its committees receive regular and timely reports on the Group's operational and financial performance. Board packs are circulated in advance of each Board meeting and minutes reviewed and approved following each meeting. The Board are able to take independent advice as well, if required.

The Board regards Andy Hogarth and Barbara Firth as independent non-executive Directors. The Board has appointed Andy Hogarth as the Senior Independent Director to be available to Shareholders if they have concerns over an issue that the normal channels of communication (through the Chief Executive Officer or the Chief Financial Officer) have failed to resolve or for which such channels of communication are inappropriate.

The Board is satisfied that it has a suitable balance between independence on the one hand and knowledge of the Group on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The Chairman will use a checklist to assess Board effectiveness on an annual basis.

The Board has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

Further information relating to the composition and functioning of the Board may be found within the Corporate Governance Report section of our 2019 Annual Report. A copy may be accessed [here](#).

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Chairman regularly assesses the individual contributions of each of the members of the team to ensure that:

- their contribution is relevant and effective;
- they are committed; and
- where relevant, they have maintained their independence.

The performance of the team as a unit will be assessed in December 2019 to ensure that the members of the Board collectively function in an efficient and productive manner.

The Board will consider the benefits of an external evaluation of the Board every 3 years.

Principle 8: Promote a culture which is based on ethical values and behaviours

The Board recognises that core values provide a framework which influences every level of the Group. The Chief Executive Officer takes the lead in demonstrating corporate culture, being smart thinking, collegiate and dynamic, and encourages employees to continue to contribute to the furtherance of these values. Sharing and demonstrating these values plays a major role in maintaining the best employee relations. The core values, originally developed by an employee culture committee, are clearly set out in the Employee Handbook and form a key part of Employee Performance and Development Reviews. The Human Resources and Marketing teams promote the Group's values which underpin conditions of employment and everyday working practices. The Board believes that the strong culture which is evident within the Group creates a thriving environment and helps to build a team atmosphere.

The Group has in place a Whistleblowing Policy clearly set out in the Employee Handbook and includes details of how to raise concerns internally and externally.

As well as being a key supporter of Stepping Into Business, the Group supports a number of staff-led charitable initiatives.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

The executive members of the Board have overall responsibility for managing the day-to-day operations of the Group and the Board as a whole is responsible for monitoring performance against the Group's goals and objectives. The Corporate Governance report in the Annual Report and Accounts sets out individual Board members' specific responsibilities, contributions and skills.

The roles of the various committees, including their terms of reference, are set out in the Corporate Governance section of the Company's website as follows: <https://www.finncap.com/investors/corporate-governance> as well as in the Corporate Governance report in the Annual Report and Accounts.

Board meeting programme

The Board meets at least six times per year in accordance with its scheduled meeting calendar. Prior to the start of each financial year, a schedule of dates for that year's Board meetings is compiled, to align as reasonably practicable with the Company's financial calendar, whilst also ensuring an appropriate spread of meetings across the financial year. This may be supplemented by additional meetings as and when required.

Detailed Board packs include information on all business units and financial performance and are circulated ahead of Board meetings. Key issues are highlighted and explained, providing Board members with sufficient information to enable a relevant discussion on the Board meeting.

Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Group's management.

Roles of the Board, Chairman and Chief Executive Officer

The Board is responsible for the long-term success of the Company. There is a formal schedule of matters reserved to the Board, including but not limited to ensuring responsibility for overall Company strategy, approval of major investments (whether capex or opex); approval of the annual and interim results; annual budgets; dividend policy; and Board structure. It monitors the exposure to key business risks and reviews the strategic direction of all trading subsidiaries, their annual budgets and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Company. The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The Chief Executive Officer is responsible for proposing the strategic focus to the Board, implementing it once it has been approved and overseeing the management of the Group through the Executive Team.

The business reports monthly on its headline performance against its agreed budget, and the Board reviews the monthly update on performance and any significant variances are reviewed at each meeting. Senior executives below Board level attend Board meetings where appropriate to present business updates. Board meetings throughout the year will be held at the Group's two location offices to give the Board, in particular the Non-Executive Directors, access to the entire business to gain a greater understanding of the organisation's activities.

There is no formal internal audit function. However, the Group is a small organisation and as such the CFO is close to all transactions to evaluate the efficacy of all financial information. In addition the CFO has regular conversations on an ad hoc basis with the fee generating departments in order to compare forecast review to actual and discuss any variances. However, the Audit and Risk and Compliance committees provide additional review and identifies if any further internal controls are necessary on an annual basis.

Executive team

The Executive Team consists of Sam Smith, Stuart Andrews, Tom Hayward and Baron Leigh of Hurley with input from the Heads of Department. They are responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Company's business and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. It also manages and oversees key risks, management development and corporate responsibility programmes. The Chief Executive Officer reports to the Board on issues, progress and recommendations for change. The controls applied by the Executive Team to financial and non-financial matters are set out earlier in this document, and the effectiveness of these controls is regularly reported to the Audit Committee and the Board.

Board committees

The Board is supported by the Audit, Remuneration, Nomination and Risk and Compliance committees. Each committee has access to such resources, information and advice as it deems necessary, at the cost of the Company, to enable the Committee to discharge its duties.

Audit Committee

The Committee considers financial reporting and internal controls. It also reviews the scope and results of the external audit and the independence and objectivity of the auditors. It meets at least twice a year and reviews the interim and annual financial statements before they are submitted for approval by the Board. The Committee considers annually whether the auditors remain independent for the purposes of the audit and whether a separate internal audit function is required. The committee is chaired by Barbara Firth and includes Andy Hogarth.

Remuneration Committee

The Remuneration Committee reviews the performance of the Executive Directors, Chairman of the Board and senior management of the Group and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee will meet as and when necessary, but at least twice each year. In exercising this role, the Directors shall have regard to the recommendations put forward in the QCA Code and, where appropriate, the QCA Remuneration Committee Guide and associated guidance. The committee is chaired by Andy Hogarth and includes Barbara Firth.

Nomination Committee

The Nomination Committee comprises not less than three members, the majority of whom are Non-Executive Directors. The Committee is chaired by the Senior Independent Director unless the matter under discussion is their own succession. Other Directors are invited to attend as appropriate and only if they do not have a conflict of interest. The Committee is also assisted by executive search consultants as and when required. The Committee's principal responsibility is to lead the process for Board appointments and to make recommendations for maintaining an appropriate balance of skills on the Board. The committee is chaired by Andy Hogarth and includes Barbara Firth and Jon Moulton.

Risk and Compliance Committee

The Risk and Compliance committee meets monthly and considers and review the major risks emerging from the market and if the processes and procedures adhered to within the Group adequately manage these risks and comply with the strict regulatory environment in which the Group operates. The committee is chaired by Jon Moulton and includes Barbara Firth, Tom Hayward,

the Head of Compliance, General Counsel and Director of Risk and Finance. This committee reports to the Board at Board meetings.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company's methodology for maintaining a dialogue with shareholders and other stakeholders is also set out in Principle 2. The Board believes that transparency in its dealings offers a level of comfort to stakeholders and an understanding that their views will be listened to.

The Non-Executive Directors attend the AGM and have the opportunity to attend other meetings with shareholders and do so from time to time or as requested. The Board is kept informed on market views about the Group.

All shareholders are invited to make use of the AGM to raise any questions regarding the management or performance of the Group.

Following the Company's first AGM as a public company, the outcome of the votes will be published here on the website.