



# Governance

## In this section

---

- 32 Board of Directors
- 34 Corporate Governance Report
- 38 Nomination Committee
- 39 Audit Committee Report
- 40 Risk Committee Report
- 41 Remuneration Committee Report

## BOARD OF DIRECTORS

The Board is responsible for overseeing the management of the business as a whole and for ensuring that high standards of corporate governance are maintained throughout the business. Certain aspects of this are delegated to Committees of the Board, as further described in the reports of the various Committees below.

The biographical details, skills and experience of each of the Directors are summarised below, including the expected time commitment of each Director.

### Robert Lister

Independent Non-Executive Chairman  
(appointed 1 January 2021)

Robert Lister joined the Board on 1 January 2021 as a non-Executive Director and Chairman. Robert spent 25 years in investment banking first with Barclays de Zoete Wedd where he started as a graduate in 1983 and rose to become Head of European Equities in 1998 and then at Dresdner Kleinwort Benson where he was Global Head of Equities. Since then Robert has been appointed as a non-Executive Director of Investec Wealth and Investment Limited (2010), Aberdeen Smaller Companies Income Investment Trust PLC (2012 to 2022), Credit Suisse Asset Management Limited (2012) and Integrafina Holdings PLC (2019). He is also Investment Expert and Chair of the Salvation Army International Trust Fund and Retired Officer Allowance Scheme.

Time commitment: Approximately 2-3 days a month

### Samantha (Sam) Smith

Chief Executive Officer

Sam established finnCap in 2007, having orchestrated the management buy-out of a small broking subsidiary of JM Finn & Co Limited, a private client stockbroking firm. Sam is the first female Chief Executive of a City stockbroking firm and is a supporter of social enterprises designed to inspire and engage the next generation of female business leaders and entrepreneurs. Sam qualified as a Chartered Accountant at KPMG and is an alumnus of the University of Bristol.

Time commitment: Full-time

### John Farrugia

Chief Executive Officer (Designate)  
(appointed 8 July 2022)

John was appointed to the Board as Chief Executive Officer (Designate) on 8 July 2022, and, subject to regulatory approval, will succeed Sam Smith as Chief Executive Officer with effect from 1 September 2022. John joined Cavendish (now finnCap Cavendish) in 2008, and became Managing Partner, and joined the Group's executive committee, in November 2020. He has over 20 years' experience in investment banking, primarily within mergers and acquisitions, and has an outstanding deal completion track record within the technology and tech enabled business services sectors. John graduated with a degree in Economics from the University of London in 2000. He started his career within the technology M&A division of DC Advisory (formerly Close Brothers) and subsequently Strata Technology Partners before moving to Cavendish.

Time commitment: Full-time

### Geoff Nash

Executive Director  
(appointed 8 July 2022)

Geoff is a founding shareholder and was a key member of the 2007 MBO, as a Director of the Group. He has over 20 years' corporate finance experience in growth companies, having advised on all aspects of IPO, M&A and secondary funding. Geoff has advised clients across a range of sectors, with a particular focus on life sciences. Prior to joining the Group, Geoff qualified with KPMG and previously worked in private equity. He also spent seven years at Evolution Securities (formerly Beeson Gregory and now part of Investec).

Time commitment: Full-time

### Richard Snow

Chief Financial Officer (appointed 20 May 2020)

Richard joined the Company as Chief Financial Officer in May 2020. Prior to joining the Company, Richard was the Finance Director and Compliance Officer for Finance and Administration of the UK law firm Greenberg Traurig LLP. He qualified as a Chartered Accountant with Arthur Andersen in 1991 and moved to the investment banking industry gaining 15 years' experience in corporate advisory at Charterhouse, Merrill Lynch, Goldman Sachs and Nomura. From 2006 to 2011 Richard was Director of M&A and then Investor Relations at Vodafone Group plc. From early 2014, he was Director of Investor Relations of Ladbrokes plc and then, from December 2015, he served on its Executive Committee as acting Chief Financial Officer leading the finance team through the merger with Coral Group plc. Richard has an MA (Hons) in Natural Sciences from Trinity College, Cambridge.

Time commitment: Full-time

**Tom Hayward**

Chief Operating Officer

Tom was appointed to the role of Finance Director to finnCap in 2010. Tom served as Chief Financial Officer of the Company during its admission to AIM in 2018 and until Richard Snow joined the Board in May 2020. From May 2020, Tom continued to serve on the Board as Group Chief Operating Officer and Managing Partner of Cavendish, roles he assumed following the departure of the Group's Chief Commercial Officer in 2019. Since John Farrugia's appointment as Managing Partner of Cavendish in late 2020, Tom has focused on his COO duties, including overseeing the implementation of the Group's new business division, finnCap Analytics. Tom previously spent nearly 10 years as a Venture Capital investor at Herald Investment Management Limited where he invested in early-stage information technology and media companies. Between 1998 and 2000, Tom worked in the telecoms and technology M&A team at J. Henry Schroder & Co. Tom qualified as a chartered accountant in KPMG's project finance team and has an MA (Hons) in Natural Sciences from Trinity College, Cambridge, and an MSc in Computing from Imperial College, London.

Time commitment: Full-time

**Andrew (Andy) Hogarth**

Senior Independent Non-Executive Director

Andy was appointed to the board of Staffline Group plc as Finance Director in 2002, becoming Managing Director in 2003 and was appointed Chief Executive when the company was admitted to trading on AIM in 2004. During the fifteen years of his leadership, the business grew from a turnover of £40m in 2004 to nearly £1bn in 2017, with underlying operating profits growing from £2m to over £39m during the same period. He has held senior roles in a wide range of businesses, including retail, support services, healthcare, hospitality and construction. As Finance Director, he led the management buy-out and subsequent trade sale (to Morgan Sindall in 2002) of Pipeline Constructors Group, a utility services business. Andy currently sits on the board of an elderly care charity, is a Governor of two RSA academy schools and is the Non-Executive Chairman of Ten10 Ltd, a PE backed computer software testing consultancy. He is also a Director of Hogarths Hotels, which has two boutique hotels in Solihull and Kidderminster. He is a Fellow of the Association of Chartered Certified Accountants.

Time commitment: Approximately 2-3 days a month

**Barbara Firth**

Independent Non-Executive Director

Barbara has decades of financial and management experience covering both private and quoted companies. Previous roles have included Chief Financial Officer and subsequently Chief Operating Officer of Advanced Computer Software Group plc (ACS) from its early stages to the sale in 2015 to Vista for £725m. Prior to her role at ACS, Barbara was Chief Financial Officer of Computer Software Group plc (CSG) from the time of its float to the sale in 2007 to HG Capita. Prior to CSG, Barbara was the UK financial controller for Roberts Pharmaceutical Inc. and a member of the Roberts/Shire merger task force. Barbara has considerable M&A experience including processing and integrating many smaller bolt-on acquisitions and several larger scale transactions. Barbara's past responsibilities have included Finance, M&A, Human Resources, Legal and Commercial Contracts, Investor Relations and Company Secretarial functions.

Time commitment: Approximately 2-3 days a month

**Annette Andrews**

Independent Non-Executive Director

As an independent Non-Executive Director Annette Andrews brings substantial HR and people expertise to the Board after a 30-year career in HR roles in both regulated financial and commercial environments. In the past 15 years she has held senior HR leadership positions at Lloyd's of London (Chief People Officer), Catlin Insurance (HR Director), Lloyds Banking Group PLC (various roles including Head of HR Americas) and the Ford Motor Company in Europe and the UK. On leaving Lloyd's of London in 2020, Annette founded Acaria Coaching and Consultancy Ltd, working with individuals and organisations globally to help them achieve their full potential. Annette is MBA qualified and a Fellow of the Chartered Institute of Personnel Development, alongside being a Life and Executive Coach. Annette's other non-executive and advisory roles include Non-Executive Chairman of The Guild of Human Resource Professionals, Chair for a Community Interest Charity, 'Strengths in Communities'.

Time commitment: Approximately 2-3 days a month

## CORPORATE GOVERNANCE REPORT

### Chairman's Introduction

I am pleased to present the Company's Corporate Governance Report for the year ended 31 March 2022.

We continue to adopt, and apply the principles of, the Quoted Companies Alliance's Corporate Governance Code ("QCA Code"), and this report sets out how we have applied those principles during the year and describes the governance framework that we have established (and continue to develop) to support the implementation of the principles and a culture of good corporate governance. The report is structured under the headings of the ten QCA Code principles for ease of reference. I am delighted to confirm the Board's belief that we have complied with the ten principles of the QCA Code throughout the year.

The positive culture of our group, based on our values of being smart thinking, dynamic and collegiate, is key to creating a sustainable, growing business, and the Board recognises its key role in setting the tone from the top and demonstrating our culture and values in our own interactions.

Our culture supports our core mission to help ambitious companies grow for the benefit of their shareholders, and we have a clear business model and growth strategy to diversify our business by offering more services to our existing and new clients. We were delighted to announce our acquisition of a 50% investment in Energise Limited (a net zero and sustainability consultancy) in April 2022, supporting this strategy and giving our clients access to assistance in addressing the key sustainability challenges facing today's boards.

In addition to promoting our culture and values, it is the Board's job to ensure that the Group is managed for the long-term benefit of our shareholders, clients, staff, and other key stakeholders. This requires effective and efficient decision making, including maximising revenue opportunities across finnCap, Cavendish, and now Energise. A strong corporate governance framework is vital to support those processes, reducing risk and adding value to the business.

We recognise the need to continue to develop our governance framework and processes to ensure that they meet the needs of the business and support high standards of corporate governance. We are pleased to have appointed Annette Andrews as an Independent Non-Executive Director and Remuneration Committee Chair during the year, who brings further experience in listed (and financial services) remuneration matters to that committee, and to ensure that our remuneration policy continues to operate to attract, motivate and retain the high-calibre individuals that the Group needs to continue to drive our strategy.

The Board is kept up to date on all relevant regulatory and governance developments (both directly and through regulatory updates from the Group's Compliance Function to the Risk and Compliance Committee), and reviews key group policies on a regular basis.

### Strategy & business model (Principle 1 of the QCA Code)

Our strategy and business model, including the key risks and challenges in delivering them, are set out in the Strategic Report on pages 3 to 29.

The Board regularly discusses the Group's long-term strategy and monitors the performance of the Executive team in the delivery of that strategy. Performance against a set of relevant KPIs is discussed at each Board meeting.

### Shareholder relations (Principle 2)

The Board is committed to listening and communicating openly with its shareholders to ensure that our strategy, business model and performance are clearly understood. Helping these audiences understand our business and strategy is a key part of driving our strategy, and through our Executive Directors (primarily our Chief Executive Officer and Chief Financial Officer) we are proactive in seeking dialogue with the market through investor roadshows and our regular reporting. All of the Non-Executive Directors (but in particular the Chairman and Senior Independent Director) are also available to meet with major shareholders.

The Board as a whole is kept informed of the views and concerns of shareholders through briefings following engagement activity conducted by the Executive Directors, or any non-Executive Directors, and any significant investment reports are also circulated to the Board.

Outside the programme of investor engagement led by the Executive Directors, the Annual General Meeting ("AGM") is the main forum through which the Board is available for engagement with shareholders. After COVID-19 restrictions had led to our 2020 AGM being held as a "closed" meeting, we were very happy that our 2021 AGM was open for shareholder attendance, and look forward to welcoming shareholders again to our 2022 AGM on 15 September 2022.

### Our stakeholders (Principle 3)

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.

In addition to our shareholders, the Board has identified our key stakeholder groups as being our employees, our clients, our community (and the environment), and our regulators and relevant industry bodies. Information on how the Company engages with these key stakeholder groups is set out in more detail on pages 21 to 22.

### **Risk Management (Principle 4)**

The Group operates a clearly defined, robust, scalable and enterprise-wide risk management and control framework through which we aim to identify actual and potential risks, and ensure that appropriate controls and safeguards are in place and operate to mitigate risks within our agreed risk appetite.

The Board has ultimate responsibility for the systems of internal control and risk management, with oversight of financial risk management systems and internal controls delegated to the Audit Committee. The Risk and Compliance Committee has delegated responsibility for the assessment of the quality, integrity, implementation, and reliability of the Company's risk management processes. The reports of the Audit Committee and the Risk and Compliance Committee are on pages 39 and 40 respectively.

Further information on our approach to risk management, and the principal risks facing the Group, is set out in the "Managing Risks" section on page 26 to 29.

Key financial and non-financial controls are set out below:

#### **Financial controls**

- 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.
- 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 the light of actual performance.

#### **Non-financial controls**

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 robust IT strategy which is vital to the security and continuity of the Group.

### **The Board (Principle 5)**

The Board provides oversight of the Group's governance and it is the Board's job to ensure that the Group is managed for the long-term benefit of our clients, staff, shareholders and other key stakeholders, with effective and efficient decision-making, including maximising revenue opportunities across the Group's trading subsidiaries.

As at the date of this report, the Board comprises the Chairman, three Executive Directors and five independent non-Executive Directors with a gender balance of 67% male and 33% female Directors. The Board is satisfied that it comprises an appropriate balance between independence and knowledge of the Group 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 Board has in place effective procedures to monitor and deal with conflicts of interest, including recording the other external commitments and interests of its Directors.

The Board has delegated specific responsibilities to various Committees as follows:

- The Nomination Committee is responsible for receiving and recommending changes to the composition of the Board and its Committees.
- The Remuneration Committee is responsible for overseeing the overall remuneration policy for the Group and the remuneration of the Executive Directors.
- The Audit Committee is responsible for overseeing financial performance, financial risk, internal controls and external audit.
- The Risk and Compliance Committee is responsible for overseeing the risk management policies of the Group.

Further information on each of the Board Committees is set out in their respective reports in this Annual Report.

#### **Board and Committee Meetings**

The Board has regular scheduled meetings at least six times per year and meets at other times as necessary. At its scheduled meetings, the Board reviews financial performance, strategy and key risks, and monitors key performance indicators. Detailed Board packs are prepared and circulated several days in advance of formal scheduled meetings and all Directors receive appropriate information on a timely basis to enable them to discharge their duties accordingly.

Attendance at Board and Committee meetings by members of the Board, and Committee membership, during the year ended 31 March 2022 was as follows.

	Position As at 31 March 2022	Board (6 meetings)	Nominations Committee (2 meetings)	Audit Committee (2 meetings)	Remuneration Committee (2 meetings)	Risk and Compliance Committee (4 meetings)
Robert Lister	Chairman (NED)	6	2	2	2	4
Sam Smith	CEO	6				
Tom Hayward	COO	6				4
Stuart Andrews	Managing Director, finnCap	6				
Richard Snow	CFO	6				4
Annette Andrews <sup>1</sup>	Non-Executive Director	1	–		–	
Andy Hogarth	Senior Independent Director	5	2	2	2	
Barbara Firth	Non-Executive Director	6	2	2	2	4

<sup>1</sup> Annette Andrews was appointed as a non-Executive Director, Chair of the Remuneration Committee and a member of the Nominations Committee with effect from 25 January 2022. The table above reflects Annette's attendance at meetings from that date.

## Roles & Responsibilities

### Chair

Robert Lister is our non-Executive Chair. In this role Robert is responsible for the effective leadership, operation and governance of the Board, ensuring that all Directors contribute effectively to the Board's discussions and the development of the Company's strategy, and ensuring that the culture and values of the Group are reflected in the way in which the Board operates.

### Independent non-Executive Directors

Annette Andrews, Barbara Firth and Andy Hogarth are considered by the Board to be independent non-Executive Directors (NEDs). The role of the NEDs is to provide oversight and scrutiny of the performance of the Executive Directors. Our NEDs are expected to devote such time as is necessary for the proper performance of their duties, which in normal circumstances equates to approximately two to three days per month, including attending all Board meetings and all meetings of the Committees of which they are members (or which they Chair).

### Executive Directors

The Executive Directors are responsible for the management of the business and, in the case of the CEO, the strategic development of the Group. They have general authority to manage the business of the Group, subject to a list of matters reserved for consideration by the Board.

The Executive Directors sit on the boards of the trading subsidiaries of the Group, and (with the addition of the Managing Partner of Cavendish) are the regulated entities' "Senior Managers" for the purposes of the Senior Managers & Certification Regime ("SMCR"). They meet regularly in this capacity, reviewing matters relating to the risk management, legal & compliance issues, staff conduct, technology risks, financial procedures and other issues as required.

To support the Executive Directors in managing the business, the Group has established a Group Executive Committee (consisting of the Executive Directors, the Managing Partner of Cavendish, and the Heads of HR and Marketing) and a Business Leaders Group (consisting of the functional Heads of client facing parts of the Group). The Group Executive Committee meets weekly to monitor implementation of the Group's strategy. The Business Leaders Group meets quarterly to discuss revenue-generating activities and opportunities.

The Group also has an Operations Committee, which is chaired by the CFO and operates on a Group-wide basis. It consists of members of the Trade Support, Compliance, Finance, IT, HR and wider operations team and considers inter-departmental projects and other operational issues.

### Subsidiary committees

finnCap Ltd and Cavendish Corporate Finance LLP, being the Group's operating subsidiaries, each have an Executive Committee ("ExCom") comprised of key revenue generators and department heads. Each ExCom meets regularly to discuss and decide on matters specific to the relevant subsidiary's business, performance and staff.

finnCap and Cavendish also each have new business committees which consider the take-on of new clients or transactions. finnCap also has certain other committees, including a Nomad Committee, Sponsor Committee and Opinions Committee, which assist in meeting finnCap's regulatory obligations in providing services to its clients.

### Directors' skills and capabilities (Principle 6)

The current Board has a good blend of sector, financial and listed company experience, and the Executive Directors have broad experience in financial services, investment banking and M&A.

With the support of our Company Secretary, Nomad and other advisors, the training development needs of the Board are met through regular updates on legal, regulatory and governance issues as appropriate.

On joining the Board, Directors receive a tailored induction programme including meetings with members of the Board and senior management, access to Board and Committee papers and minutes, and meetings with relevant external advisers including the Company's Nomad.

Biographies of each Director, including details of their experience and roles on the Board, are set out on pages 32 and 33.

### Board performance evaluations (Principle 7)

During the year, the Board considered whether it would be appropriate to conduct an externally facilitated performance evaluation, but concluded that at the current stage of the Company's development, and with no particular concerns as to the Board's effectiveness, a full external review was not necessary.

The Board therefore undertook a self-assessed performance evaluation during the year in the form of an online questionnaire using Independent Audit's Thinking Board® Evaluator. All Directors completed the questionnaires, which focused on how well the Board covers its key areas of responsibility, and the processes that support Board and Committee governance, and the responses were summarised in a report presented to and discussed by the Board at its meeting in January 2022.

Responses indicated that the Board meetings are efficient, enjoyable and useful, that in general the Board performs well in addressing the key areas of its responsibilities (including ensuring sound financial and risk management systems are in place), and that governance processes operate well to support the Board in fulfilling its main responsibilities. Some areas for improvement were identified, including ensuring that the Board adopts appropriate policies to incentivise, motivate and retain a high-performing management team. More information on steps taken to address this can be found in the Remuneration Committee report on page 41, and it is intended that the Nomination Committee will continue to develop Board and executive succession planning processes going forwards.

The Board will continue to keep under review the appropriate approach to evaluating its performance, and the performance of its Committees, on an annual basis.

### Corporate culture (Principle 8)

The Board recognises that our core values provide a framework which influence every level of the Group. All employees are encouraged to contribute to the furtherance of our values (smart thinking, collegiate and dynamic), and sharing and demonstrating these values plays a major role in maintaining employee relations and engagement. These core values are clearly set out in our Employee Handbook and form a key part of employee performance and development reviews.

All staff are given training on the FCA's Senior Manager and Certification Regime (SMCR) which applies to the Group's regulated subsidiaries. This includes training on expected levels of conduct, and materials have also been made available to employees on a dedicated conduct page of our intranet. Staff conduct is a standing item on the agenda of the Risk and Compliance Committee, the quarterly meetings of the Group's Senior Managers, and the Group and regulated subsidiaries' executive committees.

The Board receives feedback on the culture of the Group through updates from the Executive Directors (including on staff engagement surveys) and direct interactions with employees. Since the year-end the Board has approved the constitution of a People & Culture Committee which will meet regularly and report to the Board on its activities. People & Culture will also be a standing item on the Board's agenda going forwards.

### Whistleblowing

The Group has in place well-established policies on whistleblowing and financial crime. Employees may report in confidence, and anonymously if preferred, any concerns they may have about suspected impropriety or wrongdoing in any matters affecting the business. No matters were reported in the year.

### Governance structure (Principle 9)

The Board is satisfied that its governance structure and processes are fit for purpose. The roles and responsibilities of the Board, its Committees and Directors are described above and in the reports of the principal Committees set out in this Annual Report.

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 (capex or opex), approval of external financial reporting, annual budgets, dividend policy, and Board structure. The Board also monitors the exposure to key business risks and reviews the strategic direction of the Group's trading subsidiaries, their annual budgets and their performance in relation to those budgets.

Each of the Board's Committees operates under specific terms of reference approved by the Board and which are reviewed annually. The terms of reference are available on the Group's website at: <https://www.finncap.com/investors/corporate-governance>.

The governance framework is supported by robust internal controls, delegated authorities and authorisation processes, and these are kept under review on an ongoing basis to ensure that they operate effectively.

### Shareholder and stakeholder communications (Principle 10)

Our approach to maintaining a dialogue with shareholders and other stakeholders is explained under the "Shareholder relations (Principle 2)" and "Our stakeholders (Principle 3)" headings above. 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 Group's website provides information about our business activities, access to all regulatory announcements and copies of the current and historic Annual Reports.

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

Robert Lister  
**Chair**

13 July 2022

## NOMINATION COMMITTEE REPORT

### Role of the Nomination Committee

The Board has delegated authority to the Nomination Committee for ensuring that the Board has the right balance of skills and experience, including succession planning for Directors and other senior executives and filling vacancies in the Board as they arise.

The Committee's terms of reference are available on the finnCap Group website and set out in further detail the objectives and responsibilities of the Committee.

### Members and Meetings

The Nomination Committee comprises Andy Hogarth, Barbara Firth, Annette Andrews and Robert Lister, and is chaired by Andy Hogarth. The experience and expertise of the Committee members is set out in the biographies in the section entitled "Board of Directors" of this Annual Report.

The Committee meets as appropriate, and at least once a year. In the last financial year, the Committee met twice primarily to discuss Board composition and the recruitment process for a new non-Executive Director, with further discussions on the search for non-Executive Directors at full Board meetings. Information about meetings and attendance is set out in the Corporate Governance Report.

The Chief Executive Officer and/or Chief Financial Officer are invited to attend these meetings as appropriate. The Company Secretary acts as the secretary of the Committee.

### Activity during the year

The principal business of the Nomination Committee during the financial year was to consider non-Executive Director succession planning, lead the search for a new non-Executive Director and Remuneration Committee Chair, and make appropriate recommendations to the Board.

Annette Andrews' appointment followed an extended and robust recruitment process coordinated by an independent executive search firm. The Committee delegated responsibility to Robert Lister to lead the recruitment process in conjunction with the search firm, and to identify suitable candidates to be interviewed by the wider Committee and Board members. Key criteria for the search (which were agreed by the Committee) included independence, significant experience in remuneration matters, experience and insight in the sectors in which the Group operates, and alignment with the Group's culture.

Following a robust process, Annette was identified as the preferred candidate and the Committee recommended her appointment to the Board.

The Committee also discussed senior executive succession planning during the year.

### Diversity

The Nomination Committee recognises the importance of diversity, in its broadest sense, having regard to gender, ethnicity, background, skillset and breadth of experience, at Board level and throughout the Group. The Committee is currently satisfied with the diversity of the Board, and is particularly proud that the Group has had a female CEO, Sam being the first female CEO of a City stock-broking firm. The Committee will keep the diversity of the Board (and the application of the Group's Diversity & Inclusion Policy in Board recruitment processes) under review, in particular in relation to discussions about the composition of the Board and future appointments.

Andy Hogarth  
**Chairman – Nomination Committee**

13 July 2022

## AUDIT COMMITTEE REPORT

### Role of the Audit Committee

The Board has delegated authority to the Audit Committee (the Committee) to provide oversight and governance to the Group's financial reports, its internal controls and its processes, its financial risk management systems and the appointment of and relationship with the external auditor.

The Committee's terms of reference are available on the finnCap Group website and set out in further detail the objectives and responsibilities of the Committee.

### Members and Meetings

The Committee comprises Barbara Firth, Andy Hogarth and Robert Lister, and is chaired by Barbara Firth. All members of the Committee are independent non-Executive Directors. The experience and expertise of the Committee members is set out in the biographies in the section entitled "Board of Directors" of this Annual Report, and the Board is satisfied that the Committee has recent and relevant financial experience.

The Committee meets as appropriate, and usually at least three times per year. In the last financial year, the Committee met twice with a further meeting (to discuss the year-end audit plan) held following the year-end. Information about meetings and attendance is set out in the Corporate Governance Report.

### Activity during the year

The main items of business considered by the Committee during the year included:

- Reviewing and monitoring the integrity of the Group's interim financial statements published in November 2021;
- Reviewing the FY22 audit plan and audit engagement letter;
- Reviewing the suitability of the Group's external auditors for FY23;
- Considering the key audit matters and how they were addressed in the financial statements for FY22;
- Reviewing the financial statements and Annual Report for FY22;
- Considering the external audit report and management representation letter for FY22; and
- Considering the Group's need for an internal audit function.

### Significant issues considered in relation to the financial statements

As part of the monitoring of the integrity of the financial statements, significant matters and accounting judgements identified by the finance team and external auditor are reviewed by the Committee. The significant matters considered by the Committee in respect of the year ended 31 March 2022 are set out below:

*Revenue recognition:* The Committee reviewed management's judgements around the timing of revenue recognition in respect of deal fees and commission income where such revenue is recognised in close proximity to financial period ends. This includes reviewing the outcome of the external auditors review of the design and implementation of controls around revenue recognition. The Committee is satisfied that income has been recognised in the correct accounting period.

*Going concern status:* The Committee reviewed management's going concern analysis and associated stress testing. Taking into account the Company's balance sheet position, the Committee concurred with management's view that the Group has

adequate resources to continue to operate for the foreseeable future, and therefore supported the recommendation that the going concern basis continue to be adopted in preparing the financial statements.

### Role of the External Auditor

The Committee monitors the relationship with the Group's external auditor BDO LLP (BDO), to ensure that its independence and objectivity is maintained. Noting the tenure of BDO, the Committee will keep under review the need for an external audit tender.

### Audit process

BDO prepares an audit plan for the review of the full-year financial statements. The audit plan sets out the scope of the audit, areas to be targeted and the audit timetable. This plan is reviewed and agreed in advance by the Committee. Following the audit, the auditor presents its findings to the Committee for discussion.

### Non-audit services

As part of its monitoring, the Committee keeps under review the nature and extent of non-audit services (and non-audit fees, which are set out in Note 6 to the financial statements) provided by BDO LLP. Non-audit services provided are primarily in connection with regulatory reporting requirements, and BDO LLP and the Committee are satisfied that appropriate safeguards are in place to ensure that the external audit team's independence is preserved.

### Audit effectiveness and Auditor reappointment

The Committee also assesses the auditor's performance on an annual basis. The Committee is satisfied with the auditor's performance and has recommended to the Board that a resolution to reappoint BDO LLP as the Group's external auditor be proposed at the forthcoming AGM.

### Internal Audit

The Committee considers at least annually whether the Group requires an internal audit function, and continues to be satisfied that assurance as to the adequacy and effectiveness of internal controls can be appropriately derived through the Group's risk management procedures. The Committee has considered specific areas where further assurance may be appropriate, with IT Controls (in particular penetration tests) reviewed by the Risk and Compliance Committee during the year.

The Committee will keep the need for an internal audit function, and any areas where additional assurance may be required, under review on a regular basis.

### Internal Controls

The Board has overall responsibility for maintaining sound internal control systems, with such systems designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Audit Committee is responsible for keeping under review the effectiveness of the Group's internal financial control and risk management systems. The Group's system of financial controls includes a robust governance and reporting structure, clearly defined levels of delegated authority, and controls in respect of the key operational and financial processes of the business. The Committee is satisfied that these controls have operated effectively during the year.

Barbara Firth  
**Chair – Audit Committee**

13 July 2022

## RISK AND COMPLIANCE COMMITTEE REPORT

### Role of the Risk and Compliance Committee

The Board has delegated authority to the Risk and Compliance Committee to assess the quality, integrity, implementation and reliability of the Company's risk and compliance management processes.

The Committee's full terms of reference are available on the finnCap Group website.

### Members and Meetings

The Risk and Compliance Committee comprises Robert Lister (who Chairs the Committee) and Barbara Firth as non-Executive Directors, the CFO, COO, and the Head of Compliance. Meetings during the year were also attended (by invitation) by the Deputy Head of Compliance, the General Counsel, and a representative Director from the Corporate Finance team. The experience and expertise of the Board Director representatives on the Committee is set out in the biographies in the section entitled "Board of Directors" of this Annual Report.

Information about meetings and attendance is set out in the Corporate Governance Report.

### Activity during the year

The Committee's standing agenda includes regular updates on the following:

- Compliance matters, including:
  - Incidents & breaches;
  - Market abuse monitoring;
  - Regulatory reporting;
  - Compliance policies and procedures (reviewing and recommending changes to the Board where appropriate);
  - Regulatory developments and consultations.
- IT updates on related risk management and procedures (including cyber security risks and controls, penetration testing, and systems projects); and
- Legal updates.

The Committee also reviews and challenges the Senior Managers' assessment of risks facing the Group, including a review of the detailed risk register, risk appetite, the effectiveness of controls in place to mitigate risks and the assessment of residual risk scores taking account of those controls, and proposed actions/responses to further mitigate risks. Further information on the key risks facing the Group is set out on page 26 of this Annual Report.

Other specific areas of focus for the Committee during the year have included:

- Assessing risks relating to the firm's move to a hybrid working model and the controls in place to mitigate regulatory and operational risks and ensuring that the arrangements do not impact on the firm's ability to meet the FCA's threshold conditions.
- Reviewing and agreeing the firm's approach to setting credit limits.
- Monitoring the introduction of conduct monitoring software, and agreeing protocols relating to its operation.
- Monitoring cyber security risks through updates on penetration tests and progress with actions identified, and reviewing and approving a proposal for cyber risk insurance.
- Considering the impact of the War in Ukraine on the Group, its clients and key markets and the related impact on the same of sanctions put in place following the same.

The Committee continues to be satisfied that the systems and procedures in place to manage risk and compliance processes are appropriate and effectiveness, and that appropriate processes are in place to enable the firm to meet its regulatory (including reporting) obligations.

Robert Lister  
**Chair – Risk Committee**

13 July 2022

## REMUNERATION COMMITTEE REPORT

### Remuneration Committee Chair's introduction

I am pleased to present our Remuneration Committee (the "Committee") report, my first since being appointed as a non-Executive Director and Chair of the Committee in January 2022. This report sets out a summary of our remuneration policy, remuneration paid to Directors during the year, and provides details on the composition, structure and operation of the Committee.

### Role of the Remuneration Committee

The Board has delegated authority to the Remuneration Committee to set the framework and policy for the remuneration of the Executive Directors and other senior managers, as well as to determine the overall remuneration policy for the Group.

The Committee's terms of reference are available on the finnCap Group website and set out in further detail the objectives and responsibilities of the Committee.

### Members and Meetings

The Remuneration Committee comprises the independent non-Executive Directors – Annette Andrews (Chair of Committee), Andy Hogarth, Barbara Firth, and Rober Lister. The Committee was chaired by Andy Hogarth until my appointment in January 2022. The experience and expertise of the Committee members is set out in the directors' biographies in the section entitled "Board of Directors" of this Annual Report.

The Committee meets as appropriate, and at least twice a year. In the last financial year, the Committee met on two occasions, and has met six times since the year-end, including to discuss the development of new long-term share incentives (see below), approve Executive Director bonus payments in respect of FY22, and agree the remuneration arrangements for the CEO Designate. Information about meetings and attendance is set out in the Corporate Governance Report.

The Chief Executive Officer, Chief Financial Officer and/or Human Resources Director are invited to attend these meetings as appropriate but are not present when their own remuneration is discussed. The Company Secretary acts as the secretary of the Committee. The Committee is authorised to consult external advisers on remuneration and regulatory issues, when appropriate.

### Major decisions on Directors' remuneration during the financial year

#### New Long-Term Share Incentives

Since IPO, our CEO and other members of our leadership team have not participated in equity-based incentives and there has not been a long-term incentive plan in place for senior leadership. The Committee believes that it is crucial to ensure that the Company's senior leadership is attracted to join, then retained and motivated to drive strong Group performance during the next phase of the Group's growth strategy, and that long-term share incentives are the most appropriate vehicle to achieve this.

In order to assist with its review of potential share structures, the Committee appointed independent, external remuneration advisors (Deloitte LLP). The Committee reviewed market practice at relevant comparators, including sector peers as well as a broader group of companies of a similar size and complexity, with a particular focus on our AIM-listed peers. This included consideration of the overall remuneration packages available to senior management to ensure that they are appropriate and aligned to the market.

The Committee agreed key principles around the structure of a long-term share incentive scheme as follows:

- Upfront award of shares or options;
- Share incentives aligned to share price or absolute TSR performance;
- Performance underpin aligned to individual performance, underlying business performance, as well as the risk profile and control environment;
- Meeting regulatory requirements and recommendations;
- Clawback and malus.

The Committee is of the view that a relatively simple structure will prove a strong retention tool over the period and will ensure that high payouts are only achieved by strong performance over the full lifespan of the plan.

### Dilution

As previously stated (including in the AIM Admission document in 2018), the Board has resolved that equity incentive awards from the IPO onwards to be satisfied with the issue of new shares will not exceed 10% of the Company's issued share capital from time to time in any 10-year rolling period (excluding options in existence at the time of the IPO or to be granted in connection with Admission).

As part of the overall discussion around equity incentives, the Committee has undertaken an exercise internally with a view to ensuring that awards to staff members not eligible to participate in any new long-term share scheme are operated within the 10% dilution threshold and on a sustainable basis going forwards. This may include using shares already issued and held in the Employee Benefit Trust (EBT) to satisfy existing awards under our wider staff incentive schemes (the "New Programme" as described in our 2021 Annual Report), and could require additional funding to the EBT to acquire shares in the market to the extent that its existing holding is insufficient to satisfy such awards. The Committee will continue to regularly monitor the position against the 10% dilution limit.

The Committee has determined that share incentive awards made to the CEO Designate and CFO will be outside the 10% dilution limit. This is aligned to the way in which dilution operates in our peer companies.

### Salaries

Following an external benchmark review, recognising the need to maintain salaries at a competitive level to support retention, the Committee approved salary increases for FY23 for the Executive Directors as follows:

Director	% increase	FY23 Salary
Sam Smith	9.1%	£300,000
Richard Snow	10.5%	£210,000
Tom Hayward	1.4%	£180,000

### Bonus

Details of discretionary bonuses paid to the Executive Directors who served during the financial year with respect to FY22 are set out in the Directors' Remuneration table below. The bonus payments were determined by the Committee in accordance with the Remuneration Policy, considering external benchmarks, and reflect both the financial performance of the Group in FY22 and consideration of each Executive Directors' individual performance.

### CEO Designate remuneration

Following the news that the current CEO planned to step into an advisory role, the Committee also approved John Farrugia's base salary as CEO of £300,000 per annum with effect from his taking the role of CEO designate. In order to strengthen John's incentivisation and alignment with shareholders, the Committee has agreed to make an incentive award (in the form of share options) to John as soon as practicable following publication of the Company's results for the year-ended 31 March 2022, the details of which will be announced at the time of grant. The option grant will be aligned with the long-term share incentive principles described above.

### CFO incentive

The Committee also intends to make a share incentive award to the CFO as soon as practicable following publication of the Company's results for the year-ended 31 March 2022, to ensure he is similarly incentivised and aligned with the CEO Designate and shareholder interests. Details will be announced at the time of grant.

### Shareholder engagement

The Committee is committed to an open and transparent dialogue with its shareholders and will be available to answer questions relating to our remuneration policy at the AGM in September 2022. In line with this commitment to transparency, I will write to all of our major shareholders to provide details of our proposed approach to new long-term share incentives for key senior roles in due course, with details of the structure, award levels and targets, once the current review has been completed.

### Remuneration Policy

The Group's remuneration policy is designed to ensure that the remuneration packages attract, motivate and retain employees of a high calibre and to reward them for enhancing value to shareholders. The Group's policy is that a substantial proportion of the total potential remuneration of the Executive Directors should be aligned with regulatory requirements, performance-related and aligned to performance measures that benefit all shareholders and promote the long-term success of the Group. The performance measurement of the Executive Directors and the determination of their annual remuneration package, including performance targets, are undertaken by the Remuneration Committee.

There are five main elements of the remuneration package offered by the Group to its Executive Directors which are summarised in the table below:

Purpose & link to strategy	Operation	Performance conditions & assessment
<p><b>Base salary</b></p> <p>The provision of a competitive fixed salary to support the recruitment and retention of Executive Directors, reflecting their role, skills and experience.</p>	<p>To be reviewed on an annual basis having regard to competitors, industry and needs as well as pay levels elsewhere within the Group, its size and complexity.</p>	<p>Not applicable, although individual performance is considered when determining base salary increases.</p>
<p><b>Benefits</b></p> <p>To provide market benefits on a cost-effective basis.</p>	<p>Benefits offered include private medical insurance, life assurance and subsidised gym membership.</p> <p>Other benefits may be offered in line with market practice if it is considered appropriate to do so.</p>	<p>Not applicable.</p>
<p><b>Pension</b></p> <p>To assist Executive Directors in providing for retirement where this is considered an aid in attracting and retaining the individual.</p>	<p>An employer contribution to a defined contribution pension saving scheme.</p> <p>Employer contribution of 5% of base salary which is aligned with that provided to the wider workforce.</p>	<p>Not applicable</p>
<p><b>Annual Bonus</b></p> <p>To recognise an Executive Director's achievement of annual objectives that support the Group's strategy and financial performance.</p>	<p>The discretionary bonus pool is determined by the Committee considering corporate financial and non-financial performance and having regard for the need to balance all stakeholder interests. A flexible approach to establishing the bonus pool is adopted to ensure that the Group is able to pay market rate bonuses, and the Committee reviews discretionary bonus proposals to ensure resulting compensation remains within the Board's agreed compensation to revenue ratio (excluding equity-based compensation) range.</p> <p>Discretionary bonus payments are subject to clawback whereby the Group has, in certain circumstances, the option to seek repayment.</p> <p>(NB: John Farrugia is also eligible to participate in a deal related bonus scheme in connection with his continuing role as MD of the finnCap Cavendish business).</p>	<p>Individual bonus awards to Executive Directors are determined by the Committee reflecting the individual's performance after risk factors (including behaviour and conduct) have been considered.</p> <p>Individual performance is assessed through a structured process of review and feedback.</p>
<p><b>Long-Term Share Incentives</b></p> <p>To retain and motivate senior leadership to drive strong Group performance during the next phase of the Group's growth strategy.</p>	<p>Current long-term incentivisation is operated by way of options under the finnCap Unapproved Share Option Plan.</p> <p>It is intended that any new long-term share arrangement will operate by way of upfront shares or options subject to a performance underpin.</p> <p>Subject to malus and clawback provisions.</p> <p>Aligned to regulatory requirements and recommendations.</p>	<p>Share incentives aligned to share price or absolute TSR performance. Performance underpin aligned to individual performance, underlying business performance, as well as the Group's risk profile and control environment.</p>

### Directors' remuneration for the year

The single total remuneration of each of the Directors who held office during the year ended 31 March 2022 was as follows.

	Base salary/fees <sup>1</sup>		Discretionary bonus		Benefits (including pension)		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Executive Directors</b>								
Sam Smith	275,000	231,250	500,000	460,000	1,607	2,078	776,607	693,328
Tom Hayward	177,469	158,102	100,000	119,367	96	-	277,565	277,469
Stuart Andrews	250,000	175,000	200,000	520,000	14,018	12,953	464,018	707,953
Richard Snow <sup>2</sup>	190,000	153,910	198,350	130,269	2,128	825	390,478	285,004
<b>Non-Executive Directors</b>								
Robert Lister <sup>3</sup>	70,000	17,500	-	-	1,883	-	71,883	17,500
Annette Andrews <sup>4</sup>	8,538	-	-	-	-	-	8,538	-
Barbara Firth	50,000	37,500	-	-	-	-	50,000	37,500
Andy Hogarth	50,000	37,500	-	-	-	-	50,000	37,500
<b>Past Directors</b>								
Jon Moulton <sup>5</sup>	-	27,500	-	-	-	-	-	27,500
Howard Leigh <sup>6</sup>	-	79,856	-	-	-	3,943	-	83,799
<b>Total</b>	<b>1,071,007</b>	<b>918,118</b>	<b>998,350</b>	<b>1,229,636</b>	<b>19,732</b>	<b>19,799</b>	<b>2,089,089</b>	<b>2,167,553</b>

1 During the first three months of the 2021 financial year, all directors sacrificed fees and salary, which is reflected in the fees and salary amounts shown for 2021..

2 Richard Snow was appointed as a Director on 20 May 2020 and therefore the 2021 data includes remuneration for the period from that date to the end of the FY21 financial year.

3 Robert Lister was appointed as a Director on 1 January 2021 and therefore the 2021 data includes remuneration for the period from that date to the end of the 2021 financial year.

4 Annette Andrews was appointed as a Director on 25 January 2022 and therefore this data includes remuneration for the period from that date to the end of the 2022 financial year.

5 Jon Moulton resigned as a Director on 31 December 2020 and therefore the 2021 data includes remuneration for the period from 1 April 2020 to that date.

6 Howard Leigh resigned as a Director on 18 November 2020 and therefore the 2021 data includes remuneration for the period from 1 April 2020 to that date.

### Directors' interests under Employee Share Plans

	Date of issue	31 March 2021	Granted	Exercised	Lapsed	31 March 2022	Exercise Price (p)	Vested	Expiry date
Sam Smith	Nov 2018	1,685,714	-	1,685,714	-	-	5.0	Yes	Mar 2023
Tom Hayward	Nov 2018	600,000	-	600,000	-	-	5.0	Yes	Mar 2023
Stuart Andrews	Nov 2018	1,100,000	-	1,100,000	-	-	14.0	Yes	May 2021
	Nov 2018	1,100,000	-	-	-	1,100,000	14.0	Yes	May 2023
Richard Snow	Aug 2020	250,000	-	-	-	250,000	15.5	No	May 2028

### Non-Executive Directors' remuneration

Remuneration of non-Executive Directors is set by the Board on the recommendation of the CEO (in consultation with the Chairman, in relation to the non-Executive Directors other than the Chairman, and the Remuneration Committee in relation to the Chairman), after considering comparisons with peer group companies, experience and responsibility of the individual and the level of work carried out during the year. Remuneration comprises an annual fee only with reimbursement of all reasonable expenses. Non-Executive Directors do not participate in any form of variable compensation, be that discretionary cash bonuses or awards under the Group's share schemes and are not eligible for pension benefits.

### Other matters considered during the financial year

#### COVID Options

As disclosed in our interim results announcement in November 2021, the Board resolved to make an offer via the EBT to facilitate the exercise of options granted to employees (excluding Executive Directors) as a retention measure and recognising that staff had given up a significant portion of their salaries for 3 months to improve the funding position of the Group in preparation for a potentially severely adverse impact from the COVID-19 pandemic ("COVID Options").

The offer resulted in the exercise by employees of approximately 4.6m options, satisfied using shares held by the EBT. The EBT subsequently purchased approximately 2.4m of those shares from employees in order to satisfy the exercise price and their tax liability arising on exercise, and the Group provided funding to the EBT by way of a loan of c.£845k to make those share purchases. Employees who elected to sell shares to the EBT agreed that their remaining shares following the exercise would be subject to a 12-month lock-in which expires on 7 December 2022.

### Director service contracts

#### Executive Directors

The general principle is that all Executive Directors will have a rolling contract of employment with mutual notice periods of at least six months. The table below provides details of the service contracts of the Executive Directors as at 31 March 2021.

	Date of appointment	Nature of contract	Notice period	Next re-election
Sam Smith	28 August 2018	Rolling	12 months	N/A <sup>(1)</sup>
Tom Hayward	28 August 2018	Rolling	6 months	2022
Stuart Andrews	28 November 2018	Rolling	6 months	N/A <sup>(2)</sup>
Richard Snow	20 May 2020	Rolling	6 months	2022

1 Sam Smith will step down as a Director with effect from 1 September 2022, and will therefore not stand for re-election at the 2022 AGM.

2 Stuart Andrews resigned as a Director on 15 May 2022.

#### Non-Executive Directors

Non-Executive Directors are engaged under letters of appointment, which are available for shareholders to view at the Company's registered office and will be available at the Annual General Meeting.

The table below provides details of the date of appointment of the non-Executive Directors together with the next election or re-election date as at 31 March 2022.

	Date of appointment	Nature of contract	Notice period	Next re-election
Robert Lister	1 January 2021	3 years	3 months	2022
Annette Andrews	25 January 2022	3 years	3 months	2022 <sup>(1)</sup>
Barbara Firth	28 November 2018	3 years	3 months	2022
Andy Hogarth	28 November 2018	3 years	3 months	2022

1 Annette is being elected at this year's AGM, having been appointed by Directors since the date of our last AGM.

Annette Andrews

**Chair – Remuneration Committee**

13 July 2022