

---

## Corporate Governance report

I am pleased to present our Corporate Governance report for the year ended 31 March 2024, our first following the successful merger of finnCap Group plc (“finnCap”) and Cenkos Securities plc (“Cenkos”) in September 2023.



As both finnCap and Cenkos were AIM quoted companies, had adopted the Quoted Companies Alliance's Corporate Governance Code (QCA Code), and had very similar businesses, we have not needed to make material changes to the overriding governance framework. However, we continue to keep the framework under review to ensure it adapts to meet the needs of the enlarged Group.

We continue to adopt and apply the principles of the QCA Code and this report sets out how we have applied those principles (as set out in the 2018 version of the QCA Code which applied to us during FY24). We also describe our governance framework that supports the implementation of the principles, and our approach to

good corporate governance. The 2023 version of the QCA Code will apply to us in FY25, and we will report our approach to applying the principles of the updated version next year.

The activity of the finnCap and Cenkos Boards in the period to September 2023 was naturally focused on completion of the merger. From September 2023 onwards, the new Board's priorities have been to ensure that the benefits and synergies of the merger have been realised, and to ensure that management reporting, governance and compliance processes and procedures have been adapted to meet the requirements of the enlarged Group.

There have been a number of changes to the Board's composition during the year. In connection with the merger, Barbara Firth and Andy Hogarth stepped down as Non-Executive Directors, and Geoff Nash stepped down as an Executive Director (but remains with the business as a senior Director in the corporate finance team). Julian Morse (Co-CEO), Ben Procter (CFO), Jeremy Miller (Non-Executive Director) and I all joined the Board on the merger effective date. Robert Lister stepped down as a Non-Executive Director on 31 December, and we welcomed Mark Astaire to the Board as a Non-Executive Director on 1 January 2024. Since the year-end, Richard Snow (who remained on the Board as Chief Operational Officer following the merger) has signalled his intention to step down from the Board at the end of July. I would like to place on record my thanks to all of the directors who have stepped down during the year for their contribution to the Group, and in particular their support in ensuring the success of the merger and post-merger integration.

The terms of reference of the Board's principal committees were reviewed and updated as part of the merger process, with the Audit Committee and Risk & Compliance Committees combined into a single Audit, Risk and Compliance Committee as flagged in last year's Corporate Governance Report. The activities of the Audit, Risk and Compliance Committee and Remuneration Committees during the year are described in their respective reports in our FY24 Annual Report.

We continue to receive updates on all relevant regulatory and corporate governance developments. Our Head of Compliance attends all meetings of the Audit, Risk and Compliance Committee, and also submits a detailed compliance report to each Board meeting. Our Company Secretary provides a report to each scheduled Board meeting, including a forward-looking view of potential legislative and governance developments that may impact us in the future.

### **Strategy and business model (Principle 1 of the QCA Code) – Establish a strategy and business model which promotes long-term value for shareholders**

Our strategy and business model, including the key risks and challenges in delivering them, are set out in the strategic report on pages 8 to 14 of our FY24 Annual Report.

The Board regularly discusses the Group's long-term strategy and monitors the Executive team's performance in delivering that strategy. The Board also reviews performance against strategic KPIs at each meeting.

### **Shareholder relations (Principle 2) – Seek to understand and meet shareholder needs and expectations**

The Board believes that it is important to maintain open and constructive relationships with shareholders, including to ensure our strategy, business model and

performance are clearly understood. Helping these audiences understand our business and strategy is a key part of driving our success.

Through our Executive Directors (primarily our Co-CEOs and CFO), we maintain contact with the Company's institutional shareholders and significant individual shareholders. The Chair and Non-Executive Directors are also available to engage with shareholders where appropriate.

The Board is kept informed of the views and concerns of shareholders through briefings following engagement activity conducted by the Executive Directors and Non-Executive Directors, and any significant investment reports are also circulated to the Board. See more on Board engagement in our s172(I) statement on page 20 of our FY24 Annual Report.

### **Our stakeholders (Principle 3) – Take into account wider stakeholder and social responsibilities and their implication for long-term success**

The Board recognises that engaging with our stakeholders strengthens our relationships and helps us make better business decisions to support the long-term success of the Company. The Board is regularly updated on wider stakeholder feedback to stay abreast of stakeholder insights into issues that matter to them and our business, so the Board can understand and consider these issues in its decision-making.

In addition to our shareholders, the Board has identified our key stakeholder groups as our employees, our clients, our community and the environment, our regulators and relevant industry bodies.

Through the Executive Directors' reports at each Board meeting, the Board is kept apprised of key engagement activity with these stakeholder groups. Following the merger, this has been particularly focused around engagement with employees to support the successful integration of the two firms (including in relation to culture, ways of working and employee benefits arrangements).

Information on how we engage with each key stakeholder group is on pages 18 to 19 of our FY24 Annual Report.

### **Risk management (Principle 4) – Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board has ultimate responsibility for determining the Company's risk appetite and for ensuring that the risk management framework is appropriate and operating effectively. Oversight of financial risk management systems and internal controls, and for assessing the quality, integrity, implementation and reliability of the Group's risk management processes has been delegated to the Audit, Risk and Compliance Committee.

Further information on our approach to risk management and the principal risks facing the Group is on pages 12 to 14 of our FY24 Annual Report.

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 determining our financial structure, including capital allocation, tax, dividend, and remuneration (with support of the Remuneration Committee) policy. Results and variances from plans and forecasts are reported to the Board.
- The Audit, Risk and Compliance 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, 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 profit, cash flows, capital expenditure, balance sheets and regulatory capital positions. Results are reported against budget and compared with the previous 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 Group's day-to-day activities by the Executive Directors.
- An appropriately resourced Compliance Department with a robust compliance monitoring programme which is reasonably designed to focus on areas identified by the FCA in its Business Plan but also takes into account the Group's own risk assessments.
- An organisational structure with defined levels of responsibility to promote entrepreneurial decision making and rapid implementation, while minimising risks.
- A robust IT strategy, which is vital to the Group's security and continuity.

**The Board (Principles 5 and 6) – Maintain the board as a well-functioning, balanced team led by the Chair; ensure that between them, the Directors have the necessary up to date experience, skills and capabilities.**

The Board oversees corporate governance, and is responsible for ensuring that Cavendish Financial plc is managed for the long-term benefit of our shareholders, clients, employees and other key stakeholders.

A number of changes to the composition of the Board

were made on 7 September 2023 in connection with the merger. Lisa Gordon (Chair), Julian Morse (Co-CEO), Ben Procter (CFO) and Jeremy Miller (Non-Executive Director and Chair of the Audit, Risk and Compliance Committee) were appointed as Directors, with Barbara Firth (Non-Executive Director), Andy Hogarth (Non-Executive Director) and Geoff Nash (Executive Director) stepping down. We subsequently announced Robert Lister's decision to step down from the Board at the end of 2023, and the appointment of Mark Astaire as a Non-Executive Director with effect from 1 January 2024. Since the year-end, we have also announced Richard Snow's decision to step down as a Director (and Chief Operational Officer) at the end of July 2024 and, Annette Andrews has informed me of her decision not to stand for re-election at the next AGM in September 2024.

As at the date of this report, the Board comprises: the Chair, four Executive Directors (reducing to three at the end of July 2024) and three Independent Non-Executive Directors (reducing to two in September). The Directors collectively bring a range of business experience to the Board, and that breadth of experience is considered important for the effective management of the Group. The Board is satisfied that there is an appropriate balance between independence and knowledge that supports its ability 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 effective procedures (including as set out in the Company's Articles of Association) to monitor and deal with conflicts of interest, including recording other external commitments and interests of its Directors.

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

- The Audit, Risk and Compliance Committee's responsibilities include overseeing financial performance and reporting, the internal compliance function, the Group's risk management and internal controls systems, and the external audit process.
- The Remuneration Committee is responsible for overseeing the Group's overall remuneration policy and the remuneration of the Executive Directors and the Group's material risk takers.
- The Nominations Committee is responsible for receiving and recommending changes to the composition of the Board and its Committees.

Further information on the work of the Audit, Risk and Compliance Committee and Remuneration Committees is set out in their respective reports.

#### Board and Committee meetings

The Board has regular scheduled meetings at least six times a year and meets at other times as necessary. At its scheduled meetings, the Board reviews financial performance, strategy and key risks, and monitors KPIs. Board packs are prepared and circulated several days

in advance of formal scheduled meetings via an online Board portal (which supports an efficient and secure approach to managing Board and Committee meetings and distributing papers and other materials to the Board).

Attendance at Board and Committee meetings during the year ended 31 March 2024 is outlined in the table below. For Directors who were appointed to, or stepped down from the Board during the year, the table reflects their attendance at meetings from the relevant date.

Directors	Position	Board (6 meetings) (no. attended/ no eligible to attend)	Nominations Committee (1 meeting) (no. attended/ no eligible to attend)	Audit, Risk & Compliance Committee (4 meetings) (no. attended/ no eligible to attend)	Remuneration Committee (6 meetings) (no. attended/ no eligible to attend)
Lisa Gordon (appointed 7 September 2023)	Chair (Non-Executive Director)	4/4	N/A	2/2	3/3
John Farrugia	Co-CEO	6/6			
Julian Morse (appointed 7 September 2023)	Co-CEO	4/4			
Ben Procter (appointed 7 September 2023)	CFO	4/4			
Richard Snow	COO	6/6			
Annette Andrews	Independent Non-Executive Director	6/6	1/1	1/2	6/6
Mark Astaire (appointed 1 January 2024)	Independent Non-Executive Director	2/2	N/A	1/1	2/2
Jeremy Miller (appointed 7 September 2023)	Independent Non-Executive Director	4/4	N/A	2/2	3/3
<b>Past Directors</b>					
Robert Lister (stepped down 31 December 2023)	Deputy Chair (Non-Executive Director)	2/2	1/1	3/3	4/4
Barbara Firth (stepped down 7 September 2023)	Non-Executive Director	2/2	1/1	2/2	3/3
Andy Hogarth (stepped down 7 September 2023)	Non-Executive Director	2/2	1/1	2/2	3/3
Geoff Nash (stepped down 7 September 2023)	Executive Director	2/2			

## Roles and responsibilities

### Chair

Lisa Gordon is our Non-Executive Chair, having succeed Robert Lister in that role on completion of the merger. She is responsible for the effective leadership and operation of the Board, including steering its agenda, promoting a healthy culture of challenge and debate, and ensuring all Directors contribute effectively to the Board's discussions. The Chair is also responsible for evaluating the performance of the Co-Chief Executive Officers, and leads the Nomination Committee when it meets to discuss Board succession planning.

The Chair also engages directly with all employees through a range of informal meetings.

### Independent Non-Executive Directors

Annette Andrews, Mark Astaire and Jeremy Miller are considered by the Board as Independent Non-Executive Directors (NEDs). The NED role is to oversee and scrutinise the Executive Directors' performance. Our NEDs are expected to devote enough time for the proper performance of their duties, equating to approximately two to three days a month (as stipulated in their letters of appointment), including attending all Board and Committee meetings for which they are members (or which they chair). The Board is satisfied that each of the NEDs is able to allocate sufficient time to the Company to discharge their responsibilities effectively, and that the NEDs have remained independent throughout the year.



## Governance structure (Principle 9) – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Group's governance framework is set out in the chart below.



Teams within our Equity Capital Markets and M&A businesses have their own management committee as required comprised of key revenue generators and department heads which meet regularly to discuss and decide on matters specific to the relevant business's performance and employees.

The Board is satisfied that our governance structures 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 strategy, approval of major investments (capital expenditure or operational expenditure), 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 reviewed annually, available on our website.

Our governance framework is supported by robust internal controls, delegated authorities and authorisation processes, and these are reviewed on an ongoing basis so they operate effectively.

### **Shareholder and stakeholder communications (Principle 10) – Communicate how the Company is performing by maintaining a dialogue with shareholders and other stakeholders.**

Our approach to maintaining a dialogue with shareholders and other stakeholders is explained in Shareholder relations (Principle 2) and Our stakeholders (Principle 3) above. The Board believes transparency in its dealings offers a level of comfort to stakeholders and an understanding that their views will be listened to.

All results announcements, annual reports, regulatory news announcements and items detailing recent transactions concerning clients are made available on the Company's website ([www.cavendish.com](http://www.cavendish.com)).

Our Non-Executive Directors attend the AGM and can attend other meetings with shareholders, and do so from time to time or as requested. All shareholders are invited to attend the AGM to raise any questions regarding the Group's management or performance.

---

**Lisa Gordon**

Chair

14 July 2024



The Board has determined that the formal appointment of a senior independent Director is unnecessary given the structure and composition of the Board. In addition, given the size of the Company and active dialogue with the institutional shareholders, the Board considers such an appointment would not provide any further benefit in assisting with shareholder communication.

### **Executive Directors**

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

The Executive Directors sit on the boards of the Group's trading subsidiaries, Cavendish Capital Markets Ltd, Cavendish Securities plc and Cavendish Corporate Finance LLP, and (along with the Head of Compliance) are the regulated entities' 'Senior Managers' for the purposes of the Senior Managers & Certification Regime (SMCR). As part of the wider Group Executive Committee, they meet regularly in this capacity, reviewing matters relating to risk management, legal and compliance issues, employee conduct, technology risks, financial procedures and other issues as required.

### **Directors' skills and capabilities**

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

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

On joining the Board, Directors are given the opportunity to meet with all members of the Board and senior management, access to Board and Committee papers and minutes, and meetings with relevant external advisers, including the Nomad.

Biographies of each Director, including details of their experience and roles on the Board, are on page 24 of our FY24 Annual Report.

### **Board performance evaluations (Principle 7) – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

Given the significant changes to the Board during FY24, it was agreed that no performance evaluation would be conducted in order to allow more time to adapt to the new composition and ways of working as a merged business. It is intended that an evaluation exercise will be conducted (with the format to be discussed and agreed) during FY25 and the process followed and a summary of output to be included in the FY25 annual report.

The Chair is responsible for an annual appraisal of the Co-CEOs' performance, and the Co-CEOs for each of the other Executive Directors.

### **Corporate culture (Principle 8) – Promote a culture that is based on ethical values and behaviours**

The Board recognises the importance of promoting a strong and positive corporate culture which should set the tone for all staff across the organisation, and be demonstrated in the way that we interact with each other, our clients and other stakeholders. We aim to promote and maintain an open and respectful culture, with sound ethical values and behaviours.

This culture is reinforced through our mandatory training programme. All employees receive training on various regulatory and compliance related issues. This includes training on expected levels of conduct. Materials are also available to employees on our intranet. Employee conduct is regularly reviewed by the Group Executive Committee and if required considered by the Conduct Rules Committee, and any conduct related matters are reported to the Audit, Risk and Compliance Committee and the Board through regular updates from the Group compliance function.

The Board receives feedback on Group culture through updates from the Executive Directors, including employee engagement surveys, and direct interactions with employees.

Further detail on culture and engagement can be found on page 15 of our FY24 Annual Report.

### **Whistleblowing**

The Group has 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.