Directors' Remuneration Policy Report (unaudited)

The following section sets out our Directors' Remuneration Policy (the "Policy"). This Policy has been reviewed and updated from the Policy which has applied following the AGM held on 25 November 2015. Changes to the Policy are minimal and in summary reflect the change in the structure of the Executive Directors' reward arrangements, with the usual annual LTIP award reducing to 100% of salary from 200% of salary. In addition the provision to award transaction bonuses has been removed.

The main aim of the Company's Policy is to align the interests of Executive Directors with the Company's strategic vision and the long-term creation of shareholder value. The Company aims to provide returns to shareholders through both organic and acquisitive growth. The Policy is intended to remunerate our Executive Directors competitively and appropriately for effective delivery of this and allows them to share in this success and the value delivered to shareholders. The Policy is based on a broad set of remuneration principles:

- Promote shareholder value creation
- Support the business strategy
- Promote sound risk management
- Ensure that the interests of the Directors are aligned with the long-term interests of shareholders
- Deliver a competitive level of pay for the Directors without paying more than is necessary to recruit and retain individuals
- Ensure that the Executive Directors are rewarded for the contribution to the success of the Group and share in the success delivered to shareholders and
- Motivate the Directors to deliver enhanced sustainable performance.

Executive Directors' Remuneration Policy

The table below sets out the various elements of Executive Directors' compensation and how each element operates, as well as the maximum opportunity of each element and any applicable performance measures.

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Basic salary	To provide a competitive base salary for the market in which the Company operates to attract, motivate and retain Executives with the experience, capabilities and ambition required to achieve the Group's strategic aims.	Salaries are usually reviewed annually.	No overall maximum has been set under the Policy. However, salaries are determined taking into consideration a range of factors, which may include: • Underlying Company performance • Role, experience and individual performance • Competitive salary levels and market forces • Pay and conditions elsewhere in the Company	N/A
Benefits	To provide broadly market competitive benefits as part of the total remuneration package designed to attract, motivate and retain Executives with the experience, capabilities and ambition required to achieve the Group's strategic aims.	Executive Directors currently receive health insurance for the individual and his immediate family and a car allowance. Other benefits may be provided at the discretion of the Committee based on individual circumstances and business requirements, such as relocation expenses and an invitation to join a Save As You Earn plan.	Set at a level which the Committee deems appropriate and provides sufficient consideration of benefit based on individual circumstances.	N/A
Pension	To provide broadly market competitive retirement benefits as part of the total remuneration package designed to attract, motivate and retain Executives with the experience, capabilities and ambition required to achieve the Group's strategic aims.	Executive Directors are eligible to participate in the Group defined contribution pension plan or on an approved personal pension. In appropriate circumstances, such as where contributions exceed the annual or lifetime pension allowance in the UK, Executive Directors may be permitted to take a pension benefit as additional salary instead of contributions to a pension plan.	No pension provision is provided to the current Executive Directors. For new hires the Company may pay pension contributions, or a cash allowance in lieu of pension, of up to 15% of salary.	15% where applicable.

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Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual bonus	To incentivise Executive Directors to deliver against the short to medium-term objectives of the Group.	Awards are based on annual performance. Pay-out levels are determined by the Committee after the year end based on performance against targets. The Committee has discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance. A proportion (normally 50%) of any bonus earned is paid in cash and the balance is paid in the form of shares.	The maximum annual bonus opportunity is currently 100% of base salary.	Targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/or individual targets and the weightings between these measures determined by the Committee each year taking into account the Company's strategic priorities at the time. Currently 100% of the bonus is based on EBITDA performance.
Long-term incentive plan ('LTIP')	To create alignment between the interests of Executive Directors and shareholders through the delivery of rewards in Company shares.	Awards can be made over conditional shares, nil cost options and/or market value share options (or a cash equivalent). Awards may be made under the Company Share Option Plan ("CSOP") as part of the LTIP grant. Vesting will be subject to the achievement of specified performance conditions over three years. The Committee may also require awards to be subject to an additional two year holding period from the end of the performance period. Awards may include dividend equivalents earned during the holding period. Awards may be subject to malus provisions at the discretion of the Committee.	Normally up to 100% of base salary in respect of a financial year although the overall policy limit is 200% of salary.	Relevant performance measures are set that reflect longer term strategy and business performance. Performance measures and their weighting where there is more than one measure are reviewed annually to maintain appropriateness and relevance.

Explanation of Performance Measures Chosen

Performance measures for the annual bonus and long-term incentive are selected that reflect the Company's strategy. Stretching performance targets are set each year by the Committee, taking into account a number of different factors.

The annual bonus is based on EBITDA delivery with threshold pay-out normally requiring outperformance of EBITDA reported in the previous financial year and compared to broker forecasts. Stretch targets for maximum awards under the bonus are set against outperformance of internal company forecasts.

The performance measures for the LTIP are EPS growth and relative TSR against the FTSE Small Cap Index across the three year performance period. The Committee considers EPS to be a key measure of long-term sustainable business performance. Relative TSR is a measure of value delivered to shareholders against a group of companies which are considered to be an appropriate peer group for Finsbury as the business grows and matures.

The Committee retains the discretion to adjust or set different performance measures or targets where it considers it appropriate to do so (for example, to reflect a change in strategy, a material acquisition and/or a divestment of a Group business or change in prevailing market conditions and to assess performance on a fair and consistent basis from year to year).

Awards and options may be adjusted in the event of a variation of share capital in accordance with the rules of the LTIP.

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Legacy Remuneration

The Committee has the right to settle remuneration arrangements (including historic share awards) that were put in place prior to this Policy being created and in respect of remuneration awarded to individuals prior to becoming an Executive Director (and which was not awarded in anticipation of becoming an Executive Director).

Non-Executive Directors' Remuneration Policy

The remuneration Policy for the Chairman and Non-Executive Directors is to pay fees necessary to attract the individual of the calibre required, taking into consideration the size and complexity of the business and the time commitment of the role, without paying more than is necessary.

Details are set out in the table below:

Approach to setting fees	Basis of fees	Other items
• The fees of the Non-Executive Directors are agreed by the Chairman and CEO. • The fees for the Chairman are determined by the Board as a whole. • Fees are normally reviewed every two years, but may be reviewed more or less frequently if it is considered appropriate. • Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non-Executive Director and fees at other companies of a similar size and complexity.	• Non-Executive Directors are paid a basic fee for membership of the Board with additional fees being paid for membership and chairmanship of the Remuneration Committee and the Audit Committee. • Additional fees may also be paid for other Board responsibilities or roles, if this is considered appropriate. • Fees are normally paid in cash.	• Neither the Chairman nor any of the Non-Executive Directors are eligible to participate in any of the Company's incentive arrangements. • Non-Executive Directors do not currently receive any benefits. However, benefits may be provided in the future if, in the view of the Board, this is considered appropriate. • Travel and other reasonable expenses (including fees incurred in obtaining professional advice in the furtherance of their duties) incurred in the course of performing their duties are reimbursed to Non-Executive Directors. The Company may settle any tax due on benefits or taxable expenses.

Approach to Recruitment Remuneration

The Policy aims to facilitate the appointment of individuals of sufficient calibre to lead the business and execute the strategy effectively for the benefit of shareholders. When considering the remuneration package of a potential new Executive Director, the Committee would seek to apply the following principles;

- The Committee will ensure that the package is sufficient to attract, motivate and retain the appropriate individual, having regard to the skills, experience, capability and ambition required while ensuring that the long-term interests of the Company and its shareholders are taken into account and without paying more than is appropriate.
- The Committee will typically seek to align the remuneration package with the Company's Remuneration Policy (as set out in the Policy table). In all circumstances, the maximum level of variable remuneration that may be granted to a new Executive (excluding 'buyout' awards referred to below) is 300% of salary. The Committee will ensure that awards within this limit are linked to the achievement of stretching performance measures in line with the Policy maximums under each plan.
- In some circumstances, the Committee may make payments or awards to recognise or 'buyout' remuneration packages forfeited on leaving a previous employer. In doing so, it will take into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining such 'buyout' arrangements, the Committee's intention would be that awards would generally be on a 'like for like' basis as those forfeited. The Committee does not intend to use this discretion to make a non-performance related incentive payment (for example a "golden hello").
- Where a position is filled internally, any ongoing remuneration obligations or outstanding variable pay elements shall be allowed to continue, according to the original terms.

The remuneration package for a newly appointed Chairman or Non-Executive Director will normally be in line with the structure set out in the Non-Executive Directors' Policy table above.

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Service Contracts

Each of the Executive Directors have service contracts with the Company. The notice period of Executive Directors' service will not exceed 12 months.

All Non-Executive Directors have Letters of Appointment, the terms of which recognise that their appointments are subject to the Company's Articles of Association.

All Non-Executive Directors submit themselves for election at the AGM following their appointment. Directors retire by rotation at each AGM in accordance with the Company's Articles of Association.

Details of the Directors' service contracts, notice periods and, where applicable, expiry dates are set out below:

Name	Commencement	Expiry	Notice period
J G Duffy	30 September 2009	Indefinite	12 months
S A Boyd	18 January 2010	Indefinite	12 months
P Baker	1 July 2014	Subject to Articles of Association	3 months
R Duignan	15 July 2013	Subject to Articles of Association	3 months
M Millard	1 February 2016	Initial term of 3 years until 1 February 2019 but subject to Articles of Association	3 months
Z Morgan	4 July 2016	Initial term of 3 years until 4 July 2019 but subject to Articles of Association	3 months
R Beveridge	1 July 2017	Initial term of 3 years until 1 July 2020 but subject to Articles of Association	3 months

Payments for Loss of Office

The principles on which the determination of payments for loss of office will be approached are set out below:

Payment in lieu of notice	Each Executive Director's service contract contains provision for payment in lieu of notice at the discretion of the Company. Such payment would consist of basic salary for the notice period (or the balance of the notice period, if relevant) and may also include benefits for the relevant period.
Annual bonus	The Committee may determine that an Executive Director remains eligible to receive a bonus for the financial year in respect of which he ceased to be a Director. The Committee will determine the level of bonus, taking into account a number of factors including, but not limited to, performance during the bonus period, the length of time employed during the bonus period and the circumstances of departure.
LTIP	The extent to which any unvested awards will vest will be determined in accordance with the rules of the LTIP. Unvested awards will normally lapse on the cessation of employment, other than when the individual is considered a 'good leaver'. A 'good leaver' will typically be a leaver by reason of death, disability, injury, sale of the business or entity employing the leaver out of the Group or any other reason at the Committee's discretion.
Change of control	The extent to which unvested awards will vest will be determined in accordance with the rules of the plan. Awards under the LTIP will vest early on a takeover, merger or other relevant corporate event. The Committee will determine the proportion of awards that will vest by reference to the extent to which the performance condition is satisfied and such other factors as the Committee may consider relevant.
Other payments	In appropriate circumstances, payments may also be made in respect of accrued holiday, outplacement, legal fees and under the terms of the SAYE plan.

Where a buyout award is made then the leaver provisions would be determined at the time of the award.

The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise or any claim arising in connection with the termination of Director's office or employment.

Where the Committee retains discretion it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Director's departure and performance.

There is no entitlement to any compensation in the event of Non-Executive Directors' contracts not being renewed or the agreement terminating earlier.

Consultation with Shareholders

The Committee considers shareholder feedback received on remuneration matters including issues raised at the AGM as well as any additional comments received during any other meeting with shareholders. The Committee will seek to engage directly with major shareholders and their representative bodies should any material changes be made to the Policy.