

# Funding Circle Holdings plc

## INTERNAL AUDIT CHARTER

Approved by the Funding Circle Holdings plc Audit Committee (AC) 25 February 2026

### 1. Introduction

1.1 The Internal Audit ('IA') Charter sets out the purpose, authority and responsibility of the IA function within Funding Circle Holdings plc and its subsidiaries (collectively, 'the Group') as delegated by the Group Board of Directors (the Board) and the Funding Circle Holdings plc Audit Committee (the AC). The IA function is responsible for independently assessing the adequacy and effectiveness of risk management, control, and governance processes.

1.2 Consequently, this IA Charter describes the purpose of the IA function within the Group.

This Charter is the Internal Audit Mandate, which is the formal authority provided by the Board and AC to the IA function to carry out its responsibility.

1.3 The IA Charter is reviewed annually, referenced when questions about the internal audit mandate arise, and is updated as needed.

### 2. Internal Audit Mandate

#### 2.1 Purpose of Internal Audit

The IA Function aims to strengthen the Group's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice and insight on:

- Governance, risk management, and control processes.
- Decision-making and oversight by factoring in prevailing and emerging risks; and
- Ongoing initiatives to achieve its strategic objectives.

#### 2.2 Role of Internal Audit

The primary role of the internal audit function is to conduct internal audit activities and deliver internal audit services.

#### 2.3 Scope of work

The scope of the work of the IA function is to give independent assurance over the risk management, control and governance processes, as designed and operated by management.

#### 2.4 Responsibilities

IA's responsibilities are to provide independent assurance, advice and insight over the effectiveness of the Organisation's governance, risk management and control processes. IA will:

- Assess the key risks across the Group and designing a plan to conduct work necessary to provide independent assurance that these risks are adequately controlled;
- Liaise with other assurance providers, such as Risk, Compliance and External Audit to ensure that assurance activities are mutually supportive and efficient.; and
- Support ad-hoc investigations or reviews as required or requested by the AC.
- The Board has delegated the following responsibilities to the AC of managing the internal audit procedures:
  - Reviewing and approving the IA Mandate, Charter and risk-based Plan annually, ensuring alignment with key risks and overall effectiveness of IA function.
  - Overseeing management's implementation of the internal audit issues and ensuring that management addresses significant risks and control deficiencies in a timely manner according to agreed actions.

- Ensuring that there is open communication and that the internal audit function evaluates the effectiveness of the risk, compliance and finance functions as part of its internal audit plan.
- Ensuring that the Internal audit function has unrestricted scope and the necessary resources and access to information to enable it to fulfil its mandate.
- Approving the appointment and removal of the Internal Audit Director (IAD) of the internal audit function (or the persons responsible for managing the outsourced internal audit provider).
- Reviewing reports to the Committee from the internal auditor and to meet the IAD (or the persons responsible for managing the outsourced internal audit provider) at least once a year, without management present, to discuss the effectiveness of the internal audit function, its remit and any issues resulting from audits.
- Ensuring that the IAD has direct access to the Board chair and to the Committee chair, providing independence from the executive and accountability to the Committee.
- The IAD is accountable for:
  - Establishing and maintaining an IA strategy that includes a vision, strategic objectives and performance measures for the IA function, ensuring it aligns with the organisation's strategic goals and risk profile;
  - Putting in place appropriate policies, processes and standards for the IA function in line with Institute of Internal Auditors' (IIA) codes and practices;
  - Establishing, developing and maintaining a suitably skilled, experienced and diverse IA team (through the in-house IA team and through the use of specialist external resources);
  - Regularly evaluating the function's technological requirements and communicating to the AC the need for tools, such as AI, data analytics and automated working papers, to enhance audit effectiveness.
  - Attending each meeting of the AC and providing the AC with periodic updates on IA capacity, capability and financial budget and whether this is sufficient to deliver the committed assurance coverage;
  - Developing and delivering a flexible, risk-based IA Plan, based on an independent risk assessment performed at least annually and taking into account other concerns identified by management and the AC and periodically refreshed to reflect any changes to the Group risk profile or strategic priorities;
  - Reporting progress and results on the delivery of the IA Plan and any other relevant developments in the IA function to the AC and executive management;
  - Providing an opinion, at least every 6 months, on the overall control environment across the Group and highlighting any key themes or areas that require particular attention;
  - Identifying issues with the adequacy and effectiveness of the Group's governance, risk management and control activities, and/or potential improvements to processes, and agreeing action plans with operational management to help resolve these issues and deliver process improvements;
  - Establishing a follow-up process to monitor and ensure management has effectively implemented agreed action;
  - Establishing appropriate quality control, quality assurance and IA continuous process improvement mechanisms; and
  - Arranging for an independent external quality assessment of the IA function as a whole at appropriate intervals, not exceeding 5 years (in line with the requirements of the Global Internal Audit Standards - GIAS). As the AC is responsible for overseeing the effectiveness of the IA function, the AC Chair will oversee and approve the appointment of an appropriate external assessor. The external assessment will consider and report on conformance with the GIAS.

### **3. Standards and Codes of Practice Governing the Internal Audit function**

The IA function shall adhere to the mandatory GIAS, including the Principles of Ethics and Professionalism: Integrity, Objectivity, Competence, Professional Courage, and Confidentiality. IA staff shall demonstrate professional courage by communicating truthfully and taking action according to their professional judgment, even when facing pressure or potential adverse consequences. These requirements will be

reflected in the IA methodology. IA will report periodically to the AC regarding the IA function's alignment with the GIAS.

#### **4. Reporting Lines and Authority of IA**

4.1 The internal audit function's authority is created by its direct reporting relationship to AC. Such authority allows for free and unrestricted access to the board, as well as all activities across the organisation. IAD has a direct reporting line to the AC Chair and a secondary reporting line to the Chief Finance Officer ('CFO').

The AC will:

- Approve the IA Charter;
- Input to and approve the risk-based IA Plan;
- Approve the IA budget and resource plan, including making appropriate inquiries of management and IA to determine whether there is inappropriate scope or resource limitations; and
- Receive communications from IA on the IA function's performance relative to its plan and other matters.
- To safeguard independence, given the administrative reporting line to the CFO, the AC shall annually review this reporting structure to ensure that no impairment to the IAD's objectivity or scope of work have occurred.

4.2 IA will have unrestricted access to, and communicate and interact directly with, the AC, including in private meetings without management present.

4.3 The AC authorises IA to:

- Have full, free, and unrestricted access to all functions, premises, property, personnel, records and any other documentation pertinent to carrying out any engagement, while complying with Market Abuse Regulation requirements and at all times maintaining confidentiality and safeguarding records and information. This includes:
  - Right of access to the Group Board Chair, other Board members, and relevant Board and GLT papers.
  - Right to attend and observe all or part of key management decision making fora.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports; and
- Request personnel to provide all information and such explanations deemed necessary relevant to the reviews undertaken.
- 4.4 Under the secondary reporting line, the CFO is responsible for:
  - Approving the internal audit's function human resources administration and budgets;
  - Approving the IAD's expenses;
  - Reviewing the IAD's performance.

4.5 The AC Chair is responsible for approving the appointment, removal, performance assessment and remuneration of the IAD, taking into account the views of the CFO.

#### **5. Independence and Objectivity of IA**

5.1 Independence and objectivity are essential to the effectiveness of the IA Function. The AC will ensure that IA remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If IA determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties. To ensure independence from the operational entities the IA function reports directly to the AC.

5.2 Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

5.3 Internal auditors will not engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year;
- Performing any operational duties for the Group or its affiliates;
- Initiating or approving transactions external to the IA function;
- Directing the activities of any the Group employee not employed by the IA function, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors;
- Where IA has or is expected to have roles and/or responsibilities that fall outside of pure internal audit, safeguards will be established to limit impairments to independence or objectivity;
- IA will confirm to the AC, at least annually, the organisational independence of the internal audit function, including the independence of all team members; and
- IA will disclose to the AC any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

## **6. Reporting and monitoring**

6.1 A written report will be prepared and issued by IA following the conclusion of each IA engagement and will be distributed as appropriate. IA results will also be communicated to the AC. The IA report may include agreed management actions taken or to be taken in regard to the specific findings identified. Agreed actions will include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented. IA will be responsible for appropriate follow-up on engagement findings and recommendations.

6.2 IA will periodically communicate to the AC on the outcomes of the IA function's quality assurance and improvement programme, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Group. All significant findings will remain in an open issues file until cleared.

6.3 IA will periodically report to senior management and the AC on IA's purpose, authority, and responsibility, as well as performance relative to its IA Plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the AC.

6.4 IA will meet with the Chair of the AC and the CEO regularly to discuss any significant emerging issues arising from IA work.

6.5 IA should be present at, and issue reports to the appropriate governing bodies, including the AC and any other Board Committees as appropriate. The nature of the reports will depend on the remits of the respective governing bodies.

6.6 IA's reporting will focus on significant control weaknesses, emerging risk themes and an independent assessment of management's remediation plans.

## **7. IA's relationship with regulators**

7.1 IA will have an open, constructive and co-operative relationship with the Group's regulators which supports sharing of information relevant to carrying out their respective responsibilities as and when required.

## **8. Quality assurance and improvement programme**

8.1 The IA function will maintain a quality assurance and improvement programme to evaluate and ensure that the IA function conforms with the GIAS, achieves performance objectives and pursues continuous improvement. The program will also assess the efficiency of the IA function and identify opportunities for improvement. The program includes internal and external assessments.