

Funding Circle Holdings plc

(the Company)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (**ESG**) COMMITTEE - TERMS OF REFERENCE adopted by the Committee on 14 November 2024

1. Background

- 1.1 The board of directors of the Company (the **Board**) has resolved to establish an ESG committee (the **Committee**). These terms of reference replace any previous terms of reference for any committee of the Board focused on ESG or corporate social responsibility. The ESG Committee shall be responsible for managing oversight of the Company's ESG matters other than in respect of risk management (which shall be dealt with by the Audit and Risk Committee ("**ARC**")), such as the Group's commercial strategy related to ESG opportunities, stakeholder engagement and voluntary commitments.
- 1.2 In this document '**Group**' means the Company and its subsidiary undertakings from time to time.
- 1.3 References in these terms of reference to ESG matters and ESG shall include, but not be limited to:
 - (a) **Environmental:** the Group's impact on the natural environment and its adaptation to climate change including the Company's approach to climate-related risks and opportunities.
 - (b) **Social:** the Group's interactions with employees, customers, suppliers, other stakeholders and the communities in which it operates and the role of the Group in society including through workplace policies, ethical procurement, financial product safety, privacy and data security, responsible investment and other social opportunities.
 - (c) **Governance:** the ethical conduct of the Group's business including the Group's Code of Conduct and approach to good corporate behaviour in connection with ESG related matters (it being noted that the general corporate governance framework and compliance with the Corporate Governance Code is a matter for the Board as a whole rather than the Committee).

- (d) **Diversity, Equity and Inclusion (DEI):** **Diversity** is the representation of all varied identities and differences (be that race, ethnicity, gender, sexual orientation, gender identity and expression, disability, marital status, age, nationality, religion, of thought, belief, experience or expression), collectively or as individuals; **Equity** seeks to ensure fair treatment, equality of opportunity, and fairness in access to information and resources for all; **Inclusion** builds a culture of belonging by actively inviting the contribution and participation of all people and cultivating a workplace where all unique talents, skills, and perspectives are valued and utilised.

2. The Committee's duties

2.1 The Committee performs the following duties for the Group:

- (a) To ensure that the Company has an ESG strategy and framework and that such strategy and framework is regularly reviewed and remains fit for purpose;
- (b) To provide oversight of the Group's management of ESG matters and compliance with relevant legal and regulatory requirements, including applicable rules and principles of corporate governance, and applicable industry standards;
- (c) To ensure that short and long term objectives for ESG activities are in place and that key metrics are agreed and reported on;
- (d) To monitor the development and implementation of the Group's ESG objectives;
- (e) To review ESG and sustainability related disclosures, including the sustainability section of the annual report (provided, however, for the avoidance of doubt the ARC shall retain responsibility for risk related disclosures set out in the risk section of the annual report, including in respect of Task Force on Climate-related Financial Disclosures reporting requirements set forth in the sustainability section of the annual report) and periodic or ad hoc disclosures;
- (f) To identify ESG opportunities that enable the Group to engage with the community or other stakeholder groups in a positive way that benefits society and protects the long term value of the Company;
- (g) To ensure the workforce is aware of and engaged with the Group's ESG objectives; and
- (h) To ensure that the requirement in the Corporate Governance Code to engage with the workforce is satisfied.

2.2 To fulfil certain specific ESG Committee duties, one non-executive director member of the Committee will take responsibility for each of two key areas (Environmental – in particular related to climate change and voluntary commitments toward net zero goals – and Workforce Engagement) and report back to the Committee on a regular basis.

3. Composition

- 3.1 The Committee must have at least two members. The designated workforce engagement non-executive director from time to time (if any) shall be a member of the Committee. Members of the Committee are appointed by the Board in consultation with the chair of the Committee.
- 3.2 Only members of the Committee shall have the right to attend Committee meetings, but the Committee may invite others to attend all or part of any meetings, including but not limited to any director, officer or employee of the Group and/or any person whose advice is sought.
- 3.3 The Board appoints the chair of the Committee. In the absence of the Committee chair and/or an appointed deputy, the remaining members present may elect one of their number to chair the meeting.

4. Quorum

- 4.1 The quorum necessary for the transaction of business is two members.
- 4.2 A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. Meeting administration

- 5.1 The Committee shall meet as often as it deems necessary but in any case at least two times a year. The Committee may hold meetings in person or by any method of electronic communication, and may take decisions without a meeting by unanimous written consent (including by email), when deemed necessary or desirable by the Committee chair.
- 5.2 Meetings of the Committee are called by the secretary of the Committee at the request of any of its members.
- 5.3 Unless otherwise agreed by a majority of the Committee members, notice of each meeting confirming the venue, date and time (and dial-in details if required) of the meeting must be sent, with an agenda of items to be discussed and supporting papers, to each member of the Committee and any other person required to attend the meeting, no later than three working days before the time proposed for the start of the meeting.

6. Secretary

- 6.1 The Company Secretary or such person as the Company Secretary nominates acts as the secretary of the Committee.
- 6.2 The secretary must ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

- 6.3 The secretary must minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.4 Any conflicts of interest of members of the Committee are to be declared at the start of each meeting in relation to the matters to be discussed and recorded accordingly in the minutes.
- 6.5 Draft minutes of Committee meetings must be sent promptly to all members of the Committee. Once approved, minutes must be made available to all members of the Board, unless the chair of the Committee thinks it is inappropriate to do so.

7. Self-evaluation

- 7.1 The Committee must review its own performance, composition and terms of reference at least once a year and recommend to the Board any changes it considers necessary or desirable.

8. Reporting responsibilities

- 8.1 The Committee chair must report to the Board on the Committee's proceedings and on how it has discharged its duties and responsibilities.
- 8.2 The Committee may make such recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is desirable or necessary.
- 8.3 For the Company's Annual Report, the Committee shall either produce a separate report on its activities or ensure that ESG matters are otherwise adequately reported.

9. Other matters

- 9.1 The Committee must:
 - (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretarial team for assistance as required on all Committee matters;
 - (b) oversee any investigation of activities which are within its terms of reference; and
 - (c) work and liaise as necessary with all other Board committees.

10. Authority

- 10.1 The Board authorises the Committee to:
 - (a) undertake any activity within its terms of reference;
 - (b) seek any information from any Group employee or contractor that it requires to perform its duties;

- (c) obtain external legal or other professional advice on any matter within its terms of reference at the Company's expense, and to invite persons giving such advice to attend Committee meetings;
- (d) call any Group employee or contractor to be questioned at a Committee meeting, as and when required; and
- (e) delegate any of its powers to one or more of its members or the secretary.