

Funding Circle Holdings plc

(the Company)

AUDIT COMMITTEE - TERMS OF REFERENCE

adopted by the Board of Directors on 7 September 2026

1. Background

- 1.1 The board of directors of the Company (the **Board**) has resolved to establish an audit committee (the **Committee**). These terms of reference replace any previous terms of reference for any audit committee of the Board.
- 1.2 The Board has delegated to the Committee responsibility for the following:
- (a) overseeing the financial and corporate reporting and internal financial controls of the Company and its subsidiaries (collectively, the **Group**),
 - (b) reviewing the Group's internal control systems,
 - (c) reviewing and overseeing the Group's procedures for detecting and preventing bribery, fraud, money laundering and other financial crime,
 - (d) managing both internal and external audit procedures and for maintaining an appropriate relationship with the external auditor of the Group, and
 - (e) reviewing the adequacy and effectiveness of the Company's climate-related financial disclosures, ensuring compliance with applicable regulations, including the UK Corporate Governance Code, Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and other relevant reporting frameworks.

2. The Committee's duties

The Committee performs the following duties for the Company, its major subsidiary undertakings and the Group as a whole, as appropriate:

Financial reporting

- 2.1 To monitor the integrity of the Company's financial statements, including its annual and half-yearly reports, any interim management statements, any preliminary results announcements and any other formal announcements relating to its financial performance.
- 2.2 To review and report to the Board on significant financial reporting issues and judgements made in connection with the preparation of the financial statements (having regard to matters communicated to it by the external auditor), interim reports, preliminary announcements and related formal statements.
- 2.3 To review related information presented with the financial statements, including the strategic report and corporate governance statements relating to the audit and to financial risk management.
- 2.4 To review and challenge where necessary:
 - (a) significant accounting policies and any changes to them;
 - (b) methods used to account for significant or unusual transactions where the accounting treatment is open to different approaches;
 - (c) whether the Group has adopted appropriate accounting policies and where necessary made appropriate estimates and judgements, taking into account the views of the external auditor on the financial statements;
 - (d) the clarity and completeness of disclosures in the financial statements and whether the disclosures are set properly in context;
 - (e) all material information presented with the financial statements, such as the strategic report, the corporate governance statement (insofar as it relates to the audit and risk management) and the internal control and risk management statement.
- 2.5 To review the annual financial statements of any pension scheme relating to the Company or the Group.
- 2.6 To assess the effectiveness of the Group's financial reporting procedures.
- 2.7 Where the Committee is not satisfied with any aspect of the Group's financial reporting, to report its views to the Board.
- 2.8 Where requested by the Board, to review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- 2.9 To review if practicable other statements containing financial information that require Board approval.

Internal control systems

- 2.10 To monitor and keep under review the adequacy and effectiveness of the Group's internal financial controls and internal control systems and, at least annually, carry out a review of its

effectiveness, which review will be led by the Risk Committee. This review should cover all material controls, including financial, operational, technology and security, reporting and compliance controls.

- 2.11 To receive and review regular assurance reports from management, internal audit, external audit and others on matters related to controls, in particular as to the effectiveness and testing of internal control systems (including financial controls). If there are any material controls which are not operating effectively, the Committee should monitor management's actions taken to address any reported issues.
- 2.12 To review and recommend to the Board the disclosures included in the annual report and accounts in relation to the going concern assumption, the viability statement assumptions, the review of the Company's systems of internal controls and risk management, and the effectiveness of the Group's material controls.

Whistleblowing, fraud, bribery and other compliance

- 2.13 To review the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible improprieties in financial reporting or other matters, with the aim of ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action.
- 2.14 To review (in conjunction with the Risk Committee) the Group's procedures for preventing and detecting fraud and its systems and controls for preventing bribery and/or money laundering and for ensuring that the Group complies with relevant regulatory and legal requirements, receive reports on the same and consider appropriate action.
- 2.15 To review and monitor significant findings from major investigations, including those arising from the Group's whistleblowing policy and management's response to such matters.

Internal audit function

- 2.16 To review and approve the role and mandate of the Group's internal audit function and monitor and review the effectiveness of its work. In undertaking a review of effectiveness of the internal audit function the Committee should confirm that it is satisfied that the quality, experience and expertise of the function are appropriate for the business.
- 2.17 To review and approve the annual internal audit plan and internal audit charter, and ensure that they are aligned to the key risks of the business, and receive regular reports on work carried out under them.
- 2.18 To ensure 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.
- 2.19 To ensure the internal audit function has unrestricted scope and the necessary resources and access to information to enable it to fulfil its mandate.
- 2.20 To approve the appointment and removal of the director of the internal audit function (or the persons responsible for managing the outsourced internal audit provider).

- 2.21 To review reports to the Committee from the internal audit function and to meet the Internal Audit Director (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.

Internal Audit Director

- 2.22 To ensure the Internal Audit Director has direct access to the Board Chair and to the Committee Chair, providing independence from the executive and accountability to the Committee.

External audit

- 2.23 To have primary responsibility for appointing the external auditor, including negotiating the fee and scope of the external audit, conducting a tender process, influencing the appointment of an engagement partner and making formal recommendations to the Board on the appointment, reappointment and removal of the external auditor.
- 2.24 To be responsible for and oversee the selection procedures for an external auditor and initiate and supervise any competitive tender process undertaken by the Company for the provision of external audit services and consider and make recommendations to the Board on the appointment, re-appointment, resignation or removal of the external auditor.
- 2.25 To investigate the issues leading to any resignation of an external auditor and decide whether any action is required.
- 2.26 To oversee the relationship with the external auditor, including but not limited to:
- (a) approving the terms of engagement of and remuneration to be paid to the external auditor in respect of audit services, ensuring that the fees are appropriate to enable an effective and high quality audit to be conducted;
 - (b) reviewing and agreeing the engagement letter issued by the external auditor at the start of each audit and the scope of the external audit, and arranging additional work as appropriate;
 - (c) influencing the appointment of the individual identified by the external auditor as being primarily responsible for the conduct of the audit;
 - (d) monitoring and assessing the external auditor's independence and objectivity, and the effectiveness of the audit process, taking into account relevant legal, ethical, professional and regulatory requirements and all Group relationships with the external auditor and its network firms as a whole;
 - (e) discussing with the external auditor threats to independence and how those threats are mitigated;
 - (f) monitoring the external auditor's compliance with ethical standards, the level of fees the Group pays to the external auditor in proportion to the overall fee income of the external audit firm (or relevant part of it), and related regulatory requirements;
 - (g) developing, recommending to the Board and keeping under review a policy on the provision of non-audit services by the external auditor, taking into account ethical

standards and legal requirements and reporting to the Board on any improvement or action required;

- (h) set and maintain a policy specifying the types of non-audit services for which the use of the external auditor is pre-approved, considering the impact any such services may have on the external auditor's independence and objectivity and, containing a method for assessment of whether the non-audit services have a direct or material effect on the audited financial statements. The policy may cover:
 - (i) threats to the independence and objectivity of the external auditor and any safeguards in place;
 - (ii) the nature of the non-audit services;
 - (iii) whether the external audit firm is the most suitable supplier of the non-audit service;
 - (iv) the fees for the non-audit services, both individually and in aggregate, relative to the audit fee; and
 - (v) the criteria governing compensation;
- (i) approving non-audit services provided by the external auditor, with the aim of preserving the external auditor's independence and objectivity;
- (j) setting and maintaining a policy on the Committee's assessment of the external auditor's independence (including the effect of non-audit services on audited financial statements as referred to in paragraph (h) above);
- (k) obtaining and reviewing annually external auditor information about its policies and procedures for maintaining independence, including, as required, a letter from the external auditor affirming its independence, and monitoring compliance with relevant requirements, including in relation to rotation of audit partners and staff;
- (l) agreeing with the Board a policy on the employment of former employees of the external auditor, taking account of relevant ethical standards and legal requirements, monitoring the application of this policy, including the Committee's own safeguards relating to independence, and considering whether there has been any impairment or appearance of impairment of the external auditor's independence and objectivity;
- (m) annually assessing the external auditor's qualifications, expertise, resources, independence and objectivity and the effectiveness of the audit process, which, if deemed appropriate, shall include a report from the external auditor on their own internal quality procedures, and reporting to the Board with a recommendation on whether to propose to shareholders that the external auditor be reappointed;
- (n) seeking to ensure co-ordination between the external auditor and the internal audit function; and
- (o) evaluating the risks to the quality and effectiveness of the financial reporting process, especially in light of the external auditor's communications with the Committee.

- 2.27 To ensure that appropriate plans are in place for the annual audit at the start of each annual audit cycle, in particular considering whether the external auditor's work plan is consistent with the scope of the audit engagement, having regard to materiality, resources and the seniority, expertise and experience of the audit team.
- 2.28 To review audit representation letters before signature, considering in particular any representation on a non-standard matter.
- 2.29 To meet with the external auditor at least once a year without management present to discuss the external auditor's remit and any issues arising from the audit.
- 2.30 To review the findings of the audit and the auditor's report with the external auditor, including but not limited to:
- (a) major issues that arose during the audit, both resolved and unresolved;
 - (b) how the external auditor addressed risks to audit quality;
 - (c) key accounting and audit judgements;
 - (d) any actual or alleged fraud and significant financial exposures;
 - (e) the level of errors identified during the audit; and
 - (f) interactions between the external audit team and senior management and other members of the finance team.
- 2.31 To review and monitor management's responsiveness to the external auditor's findings and recommendations. The Committee will be responsible for reviewing and resolving any disagreements between the Company's management and the external auditor regarding financial controls or financial reporting.
- 2.32 To assess the effectiveness of the audit process and the quality of the external audit, including but not limited to:
- (a) understanding how risks to audit quality are identified and addressed;
 - (b) reviewing the external auditor's compliance with the audit plan;
 - (c) taking the views of key Group officers and employees on the conduct of the audit, including the reliance the external auditor placed on the internal audit; and
 - (d) reviewing and monitoring the external auditor's management letter and its other communications with the Committee.

Tax compliance

- 2.33 To approve the framework of responsibilities and policies in regard to tax compliance, and ensure that appropriate people and procedures are in place for managing tax compliance risk.
- 2.34 To scrutinise, monitor and review the effectiveness of the Group's tax arrangements and ensure that the risks to tax compliance are properly managed and enable returns to be prepared with an appropriate degree of confidence and compliance with tax legislation.

- 2.35 To review and authorise any tax structuring initiatives intended to result in a tax saving in excess of £500,000.

Other

- 2.36 In conjunction with the Risk Committee, agree an appropriate division of responsibilities and strategy to review the Group's internal control and risk management systems.
- 2.37 To review other disclosures and documents as required by the Board.

3. Composition

- 3.1 The Committee must have at least three members and at least one member must also be a member of the Risk Committee. Members of the Committee are appointed by the Board on the recommendation of the nomination committee in consultation with the Chair of the Committee.
- 3.2 All members of the Committee must be independent non-executive directors. The Chair of the Board may not be a member of the Committee. If the Board decides that a member of the Committee who was independent on appointment to the Committee is no longer independent, the Board may determine that that member will cease to be a member of the Committee.
- 3.3 At least one member of the Committee must have been determined by the Board to have recent and relevant financial experience and one member of the Committee must have been determined by the Board to have competence in accounting and/or auditing. Each member of the Committee must be able to read and understand fundamental financial statements, and the Committee as a whole should have competence relevant to the sector in which the Group operates.
- 3.4 Only members of the Committee have the right to attend Committee meetings, but the Committee may invite others to attend all or part of any meeting if it thinks it is appropriate or necessary. The Chief Financial Officer (the **CFO**), Internal Audit Director (or the persons responsible for managing the outsourced internal audit provider) and external audit lead partner must be invited to attend meetings of the Committee on a regular basis.
- 3.5 Appointments to the Committee are for a period of up to three years, extendable for two further three-year periods, provided the director still meets the criteria for membership of the Committee.
- 3.6 The Board appoints the Chair of the Committee who, for the avoidance of doubt, must not be the Chair of the Board, and must have experience evaluating of financial statements with a level of complexity similar to the Company's financial statements. 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 must meet as often as it deems necessary but in any case at least three times a year, at appropriate times in the financial reporting and audit cycle, at such times and places determined by the Committee Chair. The Committee must approve the annual calendar of its meetings. Additional meetings may be called by any of the Committee members or the external or internal auditors. 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 or the external or internal auditors.
- 5.3 Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date (and dial-in details if required) of the meeting must be sent, with an agenda of the items to be discussed and any supporting papers, to each member of the Committee, any other person required to attend the meeting and all other non-executive directors, as soon as practicable, and in any event no later than five working days before the date of the meeting.
- 5.4 Outside the formal meeting programme, the Committee Chair must maintain a dialogue with key individuals involved in the Company's governance, including the Board Chair, the Chief Executive Officer, the CFO, the external audit lead partner and the Internal Audit Director (or the persons responsible for managing the outsourced internal audit provider).

6. Secretary

- 6.1 The Company Secretary or such person as the Company Secretary nominates, shall act 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 inappropriate to do so.

7. Committee effectiveness

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. Such reporting will occur from time to time or whenever so requested by the Board, but twice annually at Board meetings at a minimum.
- 8.2 The Committee's report must include:
- (a) the significant issues that it considered in relation to the financial statements and how these were addressed;
 - (b) its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
 - (c) any other issue on which the Board has asked for the Committee's opinion, identifying any matters in respect of which it considers that improvement is needed, whether the subject of a specific request by the Board or not, and make recommendations as to the steps to be taken.
- 8.3 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.
- 8.4 The Committee Chair must attend the Company's annual general meeting, where practicable, and respond to any shareholder questions in relation to the Committee's report to shareholders under paragraph 8.5 below and matters within its area of responsibility, as directed by the Chair of the annual general meeting.
- 8.5 The Committee must compile a report to shareholders to be included in the Company's annual report. The report must, as a minimum:
- (a) summarise the role and work of the Committee;
 - (b) explain how the Committee composition requirements have been met, identifying the names and qualifications of its members;
 - (c) state the number of Committee meetings that have been held in the relevant period;
 - (d) explain how the Committee's performance evaluation has been conducted;
 - (e) explain how the Committee has addressed the independence and effectiveness of the external audit process;
 - (f) explain the approach taken to the appointment or reappointment of the external auditor;
 - (g) state the length of tenure of the current external auditor, the current audit partner name and for how long the person has acted as audit partner and when a tender was last conducted;
 - (h) give advance notice of any plans to retender the external audit;
 - (i) if the external auditor provides non-audit services, explain (1) the Committee's policy for approval of non-audit services and how auditor objectivity and independence are

safeguarded; (2) the audit fees for the statutory audit of the Company's consolidated financial statements paid to the external audit firm and its network firms for audit-related services and non-audit services, including the ratio of audit to non-audit fees; and (3) for each significant engagement or category of engagements, what service is provided and why the Committee decided that it was in the Company's interests to buy them from the external auditor;

- (j) explain how the Committee assessed the effectiveness and quality of the internal audit;
- (k) explain the significant issues that the Committee considered, including (1) issues in relation to the financial statements and how these issues were addressed; and (2) the nature and extent of any interaction with the Financial Reporting Council's Corporate Reporting Review team;
- (l) provide the information that the report is required to contain in relation to a financial year in which there has been no competitive tender process for the appointment of the external auditor;
- (m) report, in conjunction with the Risk Committee, on the review of the effectiveness of the Company's risk management and internal control systems; and
- (n) make any statement of compliance required by law or regulations.

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) be given appropriate and timely training, in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- (d) oversee any investigation of activities which are within its terms of reference; and
- (e) work and liaise as necessary with all other Board committees.

9.2 The Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

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;
- (e) publish in the Company's annual report details of any issues that have not been resolved between the Committee and the Board; and
- (f) delegate any of its powers to one or more of its members, the Committee Chair or the secretary.