

INTERNATIONAL PERSONAL FINANCE plc
(Company No. 60189733)

Terms of Reference of the Audit and Risk Committee

Authority

The Board of directors (the “Board”) has established a committee known as the Audit and Risk Committee (the “Committee”) to assist it in fulfilling its responsibilities in connection with oversight of audit and risk matters undertaken by International Personal Finance plc (“the Company”).

The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference and is authorised by the Board to obtain, at the Company’s expense, outside legal or other professional advice on any matters within its terms of reference. In addition, it is authorised to obtain such information and to liaise with any functions or other Committees within the Company as may be required to carry out the duties set out in these Terms of Reference.

Purpose

The Committee’s purpose is to oversee and provide assurance to the Board over:

- (a) The integrity of the Company’s financial reporting and statements.
- (b) The effectiveness of the Group’s internal controls and risk management systems, including those relating to probity.
- (c) The internal and external audit processes.
- (d) Oversight of risk management across the Group including overseeing and advising the Board in relation to current and future risk exposures.

Membership

- 1. The Committee shall comprise at least three members, all of whom shall be independent non-executive directors.
- 2. Appointments to the Committee are made by the Board on the recommendation of the Nominations and Governance Committee and in consultation with the Chair of the Committee and shall be for an initial period of three years. This period of office may be extended for such duration as may be determined by the Board, as long as the member continues to be an Independent Non-Executive Director.
- 3. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Chief Financial Officer, Credit Risk Director, Head of Group Internal Audit, Group Financial Controller, Chief Information Officer and external advisers may be invited to attend for all or part of any meeting, as the Chair determines.
- 4. The Board shall appoint the Committee Chair who shall be an independent non-executive director with recent and relevant financial experience. In the absence of the Committee Chair, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.

Secretary

1. The Company Secretary or their nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
2. The Secretary shall produce minutes of each meeting which will be circulated to all members of the Committee after a meeting.

Quorum

1. The quorum necessary for the transaction of business by the Committee shall be two members.

Meetings

1. The Committee shall meet at least five times a year or otherwise as required.
2. Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair or any member of the Committee.
3. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend no later than five days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
4. Formal decisions are passed by a simple majority vote, with the Chair of the Committee holding a casting vote in the event of a tie.

Duties

The Committee should carry out the duties below in respect of the Group, its major operating subsidiaries and the Group as a whole, as appropriate.

Financial reporting

1. The Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary announcements and any other formal statements relating to its financial performance, and review and report to the Board on significant financial reporting issues and judgements which those statements contain having regard to matters communicated to it by the external auditor. In reviewing such annual and interim reports, the Committee should advise the Board on whether it considers it appropriate to adopt the going concern basis of accounting in preparing them and identify any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.
2. In particular, the Committee shall review and challenge where necessary:
 - a. the application of significant accounting policies and any changes to them;
 - b. the methods used to account for significant or unusual transactions where different approaches are possible;
 - c. whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;

- d. the clarity and completeness of disclosures in the financial statements and the context in which statements are made; and
 - e. all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management.
3. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the company, it shall report its views to the Board.
 4. Oversee external disclosures relating to (i) sustainability and (ii) the Company's management of the financial risks arising from climate change

Narrative reporting

1. The Committee shall review the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, it is (i) fair, balanced and understandable (ii) provides the information necessary for shareholders and other stakeholders to assess the Company's performance, business model and strategy and (iii) it informs the Board's statement in the Annual Report on these matters that is required under the Code.

Internal controls and risk management systems

1. The Committee shall
 - a. Keep under review the Group's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control and risk management systems.
 - b. Review and approve the statements to be included in the Annual Report concerning internal control, risk management, including the assessment of principal risks and emerging risks, and the viability statement.
 - c. Oversee and seek suitable assurance regarding the adequacy and effectiveness of the Group's processes and procedures to manage risk and the internal control framework, including the design, implementation and effectiveness of those systems.
 - d. Review and approve the Internal Control Policy.

External audit

1. The Committee shall:
 - a. Maintain regular open dialogue with the External Auditors, ensuring the External Auditors report all relevant matters to enable the Committee to discharge its responsibilities
 - b. Monitor the Company's overall relationship with its External Auditor and between the External Auditor and the Internal Audit, Risk and Finance Functions.
 - c. Review and make recommendations to the Board for approval, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment, reappointment and removal of the External Auditors.

- d. Develop and oversee the selection procedure for the appointment of the audit firm in accordance with applicable Corporate Code and regulatory requirements, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process.
- e. Approve the External Auditor's remuneration, including both fees for audit and non-audit services and other terms of engagement of the External Auditors and ensure that the level of fees are not excessive but are appropriate to enable an effective and high-quality audit to be conducted.
- f. Approve the External Auditor's terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
- g. Review the findings of the audit with the External Auditor including a discussion about any major issues which arose during the audit; the auditor's explanation of how the risks to audit quality were addressed; key accounting and audit judgements; the auditor's view of their interactions with senior management; levels of errors identified during the audit; and the effectiveness of the audit process overall.
- h. The Committee will meet the External Auditor at least once a year, without management being present, to discuss the External Auditor's remit and any issues arising from the audit. The Committee should also meet regularly with the External Auditor (including once at the planning stage before the audit and once after the audit and the reporting stage).
- i. Assess, annually, the independence, objectivity, qualifications, expertise and resources of the External Auditor, taking into account relevant law, regulation, and other professional requirements and the Company's relationship with the auditor as a whole including any threats to the auditor's independence and safeguards applied to mitigate those threats including the provision of any non-audit services.
- j. If the external auditor resigns, investigate the issues giving rise to the resignation and consider whether any action is required.
- k. Annually approve and monitor the Company's policies on:
 - l. the employment of former employees of the External Audit firm, taking into account the Ethical Standard and legal requirements.
 - m. the engagement of the External Auditor to supply non-audit services, including the approval of non-audit services.
- n. Review any representation letter(s) requested by the External Auditor before it is signed by management.
- o. Review the management letter and management's response to the auditor's findings and recommendations.
- p. Review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the Committee.

2. Seek to ensure coordination of the External Auditor with the activities of the Internal Audit Function.

Internal Audit

The Committee shall:

- a. Approve and review the appointment and removal of the Head of Group Internal Audit.
- b. Monitor and assess, on an annual basis, the role and effectiveness of the Internal Audit Function.
- c. Receive regular reports from the Head of Group Internal Audit, together with findings and recommendations for improvement on work carried out and ensure the Board is made aware of significant issues.
- d. Monitor and review management's responsiveness to the Internal Audit function's findings and recommendations.
- e. Review and approve the Internal Audit plan to ensure that it is aligned to the key risks of the business and ensure that the Internal Audit Function has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with relevant professional standards.
- f. Meet with the Head of Group Internal Audit at least once a year, without management being present, to discuss their remit and issues arising from the internal audits and any matters arising from the completion of the Internal Audit Plan.

Whistleblowing, fraud and bribery

3. The Committee shall:

- a. review the adequacy and security of the company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- b. Review and approve the Whistleblowing Policy and ensure that any such whistleblowing matter is properly investigated as required under the Company's Whistleblowing Policy and relevant regulatory requirements.
- c. Review and approve the Anti-Bribery and Corruption Policy and receive reports on the Company's procedures for detecting fraud and its systems and controls for the prevention of bribery, including instances of non-compliance and assessing the effectiveness of such arrangements.

Risk and Internal Control Matters

1. The Committee shall:

- a. Advise the Board on the Group's overall risk appetite, tolerance and strategy, and the principal and emerging risks the Company is willing to take in order to achieve its long-term strategic objectives.
- b. Advise the Board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact.
- c. Review the Company's procedures to manage or mitigate principal risks and to identify emerging risks, to assist in the Board's assessment of principal and emerging risks including the review and approval of the Risk Management Policy and Risk Advisory Group Terms of Reference.
- d. Undertake and advise the Board on the results of an assessment of the Company's risk management and internal control framework and a review of the effectiveness of these arrangements. The monitoring and review will cover all material controls, including financial, operational, reporting and compliance controls. The review should be sufficient to enable the Board to provide in the annual report: (i) a description of how the board has monitored and reviewed the effectiveness of the framework; (ii) a declaration of effectiveness of the material controls as at the balance sheet date; and (iii) a description of any material controls which have not operated effectively as at the balance sheet date, the action taken, or proposed, to improve them and any action taken to address previously reported issues.
- e. Review and recommend to the Board for its approval on an annual basis the enterprise risk management framework.
- f. Review and endorse the annual (i) Group Compliance Plan (ii) Group Data Protection Plan (iii) Digital Resilience Strategy.
- g. Review and oversee the activities undertaken by the Company to respond to the financial risks arising from climate change.
- h. Review and consider strategic risks to the Company as set out in the enterprise risk management framework and ensure the views of the Committee are considered as part of the broader Board strategic planning process.
- i. Meet with the Credit Risk Director at least once a year, without management being present, to discuss their how risks are managed within the Group.

Reporting

1. The Chair of the Committee shall report to the Board after each meeting on the nature and content of its discussions, recommendations, and actions to be taken.
2. The Committee shall compile a report on its activities to be included in the Company's Annual Report & Accounts, which shall include the following:
 - a. the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed.

- b. an explanation of how the Committee has assessed the independence and effectiveness of the external audit process and the approach taken to the appointment or reappointment of the External Auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans.
 - c. an explanation of how auditor independence and objectivity are safeguarded if the External Auditor provides non-audit services, having regard to matters communicated to it by the External Auditor and all other information requirements set out in the Code.
 - d. Confirmation that a robust assessment of the Group's emerging and principal risks has been completed, which includes a description of its principal risk, what procedures are in place to identify emerging risks, and an explanation of how these are being managed or mitigated.
 - e. Confirmation that an annual review of the effectiveness of the Group's risk management and internal control systems, covering all material controls, including financial, operational, reporting and compliance controls and report on that review.
3. In compiling the reports the Committee should exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Company is a going concern and the inputs to the Board's viability statement. The report to shareholders need not repeat information disclosed elsewhere in the Annual Report and Accounts but could provide cross references to that information.
 4. The Chair of the Committee shall attend the Annual General Meeting of the Company and is available to answer any questions referred to him or her by the chair of the meeting.

Reviewing Committee Performance

1. To arrange annual assessments of the Committee's effectiveness and report the output of this activity to the Board.
2. To review periodically, and at least annually, these Terms of Reference to ensure the Committee is operating effectively and recommend any changes it considers necessary to the **Board for approval.**

Approved by the Board on 20 February 2025