

# Funding Circle Ltd

(the Company)

Company number: 06968588

Extract from the Annual Report and Financial Statements for the year ended  
31 December 2019

## Section 172(1) statement

The Directors recognise that they have a duty under section 172 of the Companies Act 2006 (“Act”) to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard, amongst other matters, to the factors set out in section 172(1) of the Act.

In discharging their section 172 duties, the Board has regard to such factors, as well as to other factors which they consider relevant to the decision being made (for example, the views of regulators). While the Board accepts that not every decision it makes will result in a positive outcome for all of the Company’s stakeholders, by considering the Company’s purpose, mission and values together with its strategic priorities and having a process in place for decision making, the Directors aim to make sure that the Board’s decisions are consistent and predictable.

The Company’s key stakeholders are its people, its borrowers, the investors in its loans, the communities in which it operates, the shareholders of the Parent company and its regulators (including, in particular, the FCA). The views of, and the impact of the Company’s activities on, those stakeholders are an important consideration for the Directors when making relevant decisions.

During 2019 the Board received information to help the Directors understand the interests and views of the Company’s key stakeholders and other relevant factors (including those set out in section 172(1) of the Act) when making decisions. This information was distributed in a range of different formats including in reports and presentations on the Company’s financial and operational performance, key risks and the outcomes of specific pieces of engagement (for example, the results of customer satisfaction surveys, retail investor feedback and engagement with the FCA). As a result of this the Board has had an overview of engagement with the Company’s stakeholders and other relevant factors which allows the Directors to understand the nature of the stakeholders’ concerns and to comply with their section 172 duty to promote success of the Company.

The approach taken by the Board in relation to the changes made to the secondary loan sale mechanics provides a good example of how the Directors have had regard to the matters set

out in section 172(1)(a)-(f) when discharging their section 172 duty, and the effect of that on decisions taken by the Board. The Board reviewed and approved the launch of the new selling tool designed to improve the Company's retail investors' ability to access their funds more quickly and more regularly. In making their decision, the Directors carefully considered the impact on retail investors, including taking into account retail investor feedback, with a focus on ensuring that the changes would improve their lending experience and were equitable as between investors. The Board also reviewed the results of the consultation with the FCA in respect of these changes.

While the Board engages directly with certain stakeholder groups or on certain issues, this is done in line with similar engagement practice that takes place at a Group level. For details on some of the engagement that takes place with the Company's stakeholders so as to enable the Directors to understand the issues to which they must have regard please see pages 56 to 60 of the Funding Circle Holdings plc Annual Report for the year ended 31 December 2019.