

AUDIT COMMITTEE CHARTER V2021.1

1. Purpose and authority

1.1 Purpose

This Charter specifies the authority delegated to the Audit Committee (“**Committee**”) by the board of directors of humm group limited (“**Company**”) (“**Board**”), and sets out the role, responsibilities, membership and operation of the Committee.

1.2 Authority

The Committee is established by the Board in accordance with the Company’s constitution and is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the responsibilities set out in this Charter and under any separate resolutions of the Board made from time to time.

2. Role of the Committee

2.1 Role

The Committee’s role is to assist the Board in discharging its responsibilities by having oversight of:

- (a) Improving the credibility and objectivity of the accountability process, including financial reporting;
- (b) The effectiveness of the internal and external audit functions and providing a forum for communication between the Board and the internal and external auditor;
- (c) Ensuring the independence of the external auditor;
- (d) Providing a structured reporting line for internal audit and monitoring the objectivity and independence of the internal auditor;
- (e) Assuring the quality of internal and external reporting of financial and non-financial information; and
- (f) Ensuring that whistle blower issues are actively followed up.

2.2 Access to information and advisors

The Committee chair receives all reports between the external auditor and management.

To assist it in discharging its obligations the Committee has the authority to:

- (a) require management or others to attend meetings and to provide any information or advice the Committee requires;
- (b) access the Company’s documents and records;
- (c) obtain the advice of special or independent counsel, accountants or other experts, without seeking approval of the Board or management; and
- (d) access senior management;
- (e) access, with or without management present, internal auditors and external auditors.

3. Committee Responsibilities

3.1 External Reporting

The Committee is responsible for:

- (a) considering the appropriateness of the accounting principles and policies adopted and any amendments, as well as the methods of applying those principles and policies;

- (b) overseeing the preparation of financial reports and reviewing the results of external audits or reviews of those reports for the purpose of recommending to the Board whether the financial and non-financial statements should be signed based on the Committee's assessment of them;
- (c) assessing significant estimates and judgments in financial reports by examining the processes used to derive material estimates and judgments including by reference to the internal and external auditors' assessment of the reasonableness of management's estimates;
- (d) ensuring appropriate processes are in place to form the basis upon which the Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") make their declarations to the Board under section 295A of the *Corporations Act 2001* (Cth);
- (e) reviewing management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the preparation of accounts and external reporting by the Company of financial and non-financial information;
- (f) assessing (before publication) whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- (g) reviewing with management and the external auditors all matters required to be communicated to the Committee under the Australian Accounting Standards;
- (h) reviewing the completeness and accuracy of the Company's main corporate governance practices as required by the ASX Listing Rules;
- (i) ensuring that a comprehensive process is established to capture issues for the purpose of continuous reporting to the Australian Securities Exchange ("**ASX**");
- (j) assessing solvency and the going concern assumption;
- (k) assessing the management of non-financial information in documents to ensure that conflicts with financial statements and other documents do not occur;
- (l) assessing management's explanations for unusual transactions or significant variances from prior year results or current year budgets.

3.2 External audit

The Committee is responsible for:

- (a) making recommendations to the Board, for shareholder approval, on the appointment and removal of the external auditor;
- (b) before the start of each external audit agreeing the terms, scope and fees for the engagement, taking account of the Company's material risks and financial reporting obligations;
- (c) monitoring the effectiveness of the external auditor, and periodically assessing their performance;
- (d) reviewing the external auditor's half year and full year audit review and report (respectively) on the Company's financial reports and relevant internal controls, and any other regulatory reports issued by the external auditor, including assessing the findings and recommendations and management's responses to them;
- (e) regularly reviewing the Company's Auditor Engagement Policy;
- (f) at least annually reviewing the external auditor's independence declaration based on the external auditor's relationships and services with the Company and other organisations, in line with the Company's Auditor Engagement Policy and including an assessment of the rotation of lead audit partners;
- (g) assessing whether the external auditor's provision of non-audit services impairs or appears to impair their judgment or independence in line with the Auditor Engagement Policy;

- (h) inviting the external auditor to attend Committee meetings to review the audit plan, discuss audit results and consider the implications of external audit findings;
- (i) raising with the external auditor any specific points of divergence with the Company's management;
- (j) monitoring and examining management's response to the external auditor's findings and recommendations;
- (k) reviewing all representation letters signed by management and receiving confirmation from management that all information provided is complete and appropriate; and
- (l) meeting at least once a year with the external auditor without management present.

3.3 Internal audit

The Committee is responsible for:

- (a) approving the appointment, terms of engagement and dismissal of the Head of Internal Audit or any external provider proposed or engaged to deliver Internal Audit services to the Company (each referred to as the "Internal Audit function");
- (b) reviewing and approving the scope of, resourcing for and effectiveness of, the internal audit plan and work program, monitoring progress, and considering the implications of internal audit findings relating to the Company's control environment;
- (c) meeting at least once a year with the Internal Audit function without management present;
- (d) reviewing the Internal Audit function's role, responsibilities and resources;
- (e) receiving written and verbal reports from the Internal Audit function;
- (f) ensuring the Internal Audit function reports directly to the Committee chair with a dotted line to the CFO;
- (g) evaluating management's responsiveness to the Internal Audit function's findings and recommendations;
- (h) assessing the performance, effectiveness and objectivity of the Internal Audit function.

3.4 Internal financial controls

The Committee is responsible for:

- (a) assessing the internal processes for determining, managing and reporting on key financial risk areas, particularly:
 - i. compliance with laws, regulations, standards and best practice guidelines;
 - ii. important judgments and accounting estimates;
 - iii. business licence requirements;
 - iv. litigation and claims;
 - v. fraud and theft; and
 - vi. other relevant financial risks other than those dealt with by other specific Board committees;
- (b) assessing with management and the internal and external auditors the effectiveness of the internal financial control and performance management systems within the Committee's remit;
- (c) assessing the effectiveness of, and compliance with, the Company's code of conduct and compliance with internal plans, policies and procedures in so far as they may have a financial impact; and
- (d) obtaining regular updates from management and the CFO about finance matters.

3.5 Corporate governance

The Committee is responsible for assisting the Board to ensure appropriate corporate governance is in place.

3.6 Whistle blowing

The Committee is responsible for:

- (a) reviewing and approving the Company's whistle blowing policy and associated procedures, including relevant internal and external communications in relation to the policy;
- (b) overseeing the effectiveness of the whistle blowing policy including receiving reporting on the number and nature of matters escalated under the policy.

3.7 Tax risk management

The Committee is responsible for overseeing and monitoring the Company's tax risk position including reviewing the Tax Risk Management and Governance Framework for endorsement to the Board for approval.

3.8 Related party transactions

The Committee is responsible for reviewing and monitoring the propriety of related party transactions.

3.9 Other responsibilities

The Committee is responsible for:

- (a) maintaining open lines of communication with subsidiary audit committees;
- (b) performing other activities requested by the Board;
- (c) instituting and overseeing special investigations as needed;
- (d) confirming annually that all responsibilities outlined in this Charter have been carried out;
- (e) annually evaluating the Committee's performance and that of its members;
- (f) meeting with external bodies if requested to do so in accordance with relevant laws, regulations or standards.

4. Membership

4.1 Composition and size

The Committee will consist of at least three non-executive directors, the majority of whom are independent, as appointed by the Board.

Membership will be reviewed periodically by the Board.

4.2 Chair

The chair of the Committee is appointed by the Board, and must be an independent non-executive director who is not the chairperson of the Board.

If the Committee chair is absent from a part or all of a meeting, the Committee may elect a chair for that meeting.

4.3 Technical expertise

The Committee must be structured so that the members between them have the accounting and financial expertise, and sufficient understanding of the financial services industry, to be able to discharge the Committee's responsibilities.

4.4 Skills development

If the Committee chair approves, a Committee member may attend seminars or training related to the functions and responsibilities of the Committee at the Company's expense.

4.5 Commitment of Committee members

Committee members must devote the necessary time and attention for the Committee to carry out its responsibilities.

4.6 Secretary

The company secretary is the Committee secretary.

5. Committee meetings and processes

5.1 Meetings

Meetings and proceedings of the Committee are governed by the provisions in the Company's constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this Charter.

Committee members may attend meetings in person or by electronic means.

5.2 Frequency and calling of meetings

The Committee will meet at least four times a year, or more frequently as required. The chair must call a meeting of the Committee if requested by any member of the Committee, the external auditor, senior management or the chair of the Board.

5.3 Quorum

Two directors constitute a quorum for Committee meetings.

5.4 Attendance by directors, management and advisors

The CEO and CFO are expected to attend each scheduled meeting of the Committee and a standing invitation will be issued to the external auditors.

The Committee chair may also request other senior managers and external advisors to attend meetings of the Committee.

A standing invitation to Committee meetings is extended to all Board members who are not Committee members.

5.5 Notice, agenda and documents

The Committee chair determines the meeting agenda after appropriate consultation.

The secretary will distribute the notice of meeting, the agenda of items to be discussed and any related documents to all Committee members and other attendees before each proposed meeting of the Committee. These documents will also be made available to other Board members.

5.6 Reporting to the Board

The Committee chair (or delegate) will report to the Board following each Committee meeting.

5.7 Minutes

The secretary will keep minute books to record the proceedings and resolutions of its meetings.

Minutes of Committee meetings will be provided to the Board.

6. Remuneration

Committee members are entitled to receive remuneration as determined from time to time by the Board.

7. Review and publication of Charter

The Board will review this charter at least every two years, or more often if required, to ensure it remains up to date and relevant to the Company's needs. The Charter may be amended by resolution of the Board.

The Charter will be available on the Company's website and its key features included in the annual report.

Document change history

Who owns this Charter?	Version	Approved by:	Date
Company Secretary	2019.1	Board	March 2019
Company Secretary	2020.1	Board	June 2020
Company Secretary	2021.1	Co Sec (name change only)	January 2021