

RISK AND COMPLIANCE COMMITTEE CHARTER V2021.1

Introduction

The Board is ultimately responsible for the sound and prudent management of hummgroupp limited, and its subsidiaries (“**hummgroupp**”), including oversight of the risk management framework, which governs the way **hummgroupp** manages risks arising in its operations.

The Board Risk & Compliance Committee (“**R&C Committee**”) assists the Board in fulfilling its corporate governance and oversight responsibilities in relation to the **hummgroupp** risk appetite statement, risk management strategy, risk management framework and risk management function. In discharging its responsibilities, the Board may, as it considers prudent, place reasonable reliance on the recommendations and advice from the R&C Committee, external advisers and **hummgroupp** management. In so doing, the Board expects all R&C Committee members to approach their tasks with an enquiring mind and make an independent assessment of the matters for consideration and decision.

The R&C Committee provides oversight of, and guidance to, **hummgroupp** management in the conduct of its activity, but is not involved in that activity.

1. Purpose

- (a) The purpose of the R&C Committee is to provide objective oversight of the implementation and operation of **hummgroupp**’s risk management framework.

2. Composition

- (a) The R&C Committee will comprise at least two non-executive directors, with a majority of the non-executive directors also being independent directors, as determined by the **hummgroupp** Board from time-to-time.
- (b) The Chair of the R&C Committee must be an independent director (“**R&C Chair**”). The R&C Chair will be appointed by resolution of the Board and recorded in the minutes of the meeting at which the decision is made.
- (c) Members of the R&C Committee will be appointed by resolution of the Board, to be recorded in the minutes of the meeting at which the decision is made.
- (d) The membership of the R&C Committee will be reviewed annually by the Board, or at any other time at the discretion of the Board.
- (e) Notwithstanding the previous clauses, if the R&C Chair is absent from a meeting, the R&C Committee members present will appoint another independent director as R&C Chair for that meeting.
- (f) The Chair of the **hummgroupp** Board can sit on the R&C Committee but cannot be R&C Chair.
- (g) The Company Secretary of **hummgroupp** will establish an induction program for new members of the R&C Committee. The R&C Chair has responsibility for ensuring that new members are provided with the induction program.
- (h) The Company Secretary of **hummgroupp** will be responsible for keeping membership records for the R&C Committee.

3. Authority and Powers

- (a) The R&C Committee discharges its responsibilities in accordance with the authority delegated to it by the Board as well as any powers conferred by statute, regulation or regulatory authority requirements.
- (b) The responsibilities delegated to the R&C Committee are contained in the Delegated Authorities Policy, this Charter and any other resolution of the Board as made from time to time.

- (c) The R&C Committee must, at all times, have free and unfettered access to **hummgroupp** executives, the heads of risk, compliance, audit and legal functions, senior management, risk, compliance and financial control personnel ("**hummgroupp Personnel**"), and any other parties (internal or external) or information it deems warranted in carrying out its responsibilities.
- (d) **hummgroupp** Personnel and **hummgroupp**'s external auditor must, at all times, have free and unfettered access to the R&C Chair and the R&C Committee.
- (e) The R&C Committee can request **hummgroupp** Personnel and management committees to present written or verbal reports to meetings for the purpose of ensuring that the R&C Committee is able to discharge its responsibilities:
 - i. Regular reports are to be provided by management in accordance with an agreed schedule and agenda.
 - ii. "Issue driven" reports may be prepared on a needs basis (at the request of the Board, **hummgroupp** Chair, the R&C Chair, or management).
- (f) The R&C Committee may, with the Board's approval, obtain written and verbal advice from external advisors, at **hummgroupp**'s cost.
- (g) The R&C Committee may delegate its discretions and responsibilities. The R&C Committee will record a copy of all delegations in its minutes.
- (h) The R&C Committee may establish management committees to report to it on particular matters or areas. The terms of reference, membership, scope and reporting requirements of any management committee will be established at the time of its formation.
- (i) The R&C Committee may, as determined by the R&C Chair, make decisions by circulating resolution. Approval of a circulating resolution will be evidenced by:
 - i. The signature of a R&C Committee member who is also an independent director on the **hummgroupp** Board, entitled to vote on the matter, on a written copy of the resolution, or
 - ii. Electronic proof of the R&C Committee member's approval of the resolution.

4. Committee Responsibilities

The R&C Committee is responsible for:

4.1. General Risk Matters

- (a) Advising the Board on **hummgroupp**'s overall current and future risk appetite and risk management strategy.
- (b) Making recommendations to the Board concerning **hummgroupp**'s risk appetite and particular risks or risk management practices of concern to the R&C Committee.
- (c) Establishing a Group-wide view of **hummgroupp**'s current and future risk position relative to its risk appetite and capital strength.
- (d) Overseeing senior management's implementation of the risk management strategy.
- (e) Constructively challenging senior management's proposals and decisions on all aspects of risk management arising from **hummgroupp**'s activities.
- (f) Reviewing management's plans for mitigation of the material risks (as identified by the Board, the R&C Committee or management from time to time) faced by **hummgroupp**.
- (g) Promoting a sound risk management culture which takes account of **hummgroupp**'s strategic plan and achieves a balance between risk minimisation and reward for risks accepted. This includes, but is not limited to, providing a forum whereby the R&C Committee and management can discuss:
 - i. the identification of emerging risks;
 - ii. **hummgroupp**'s risks (including emerging risks) and tolerances to those risks; and

- iii. any other matters to provide for the appropriate debate between the R&C Committee and management.
- (h) Receiving reporting on material incidents involving fraud or a breakdown in **hummgroupp**'s risk controls, and lessons learned from the incidents.
- (i) Receiving reporting from the internal audit function on reviews of the adequacy of **hummgroupp**'s processes for managing risk.
- (j) As the Board retains responsibility for management of **hummgroupp**'s strategic risk, escalating newly identified strategic risks to the Board to consider and address, and for assisting the Board with management of strategic risks, as requested.
- (k) Recommending to the Board for approval, policies, strategies and frameworks in respect of all risks other than strategic risk.
- (l) Approving the design, implementation and review of risk management and internal compliance and control systems throughout **hummgroupp**.
- (m) Providing assistance to the Remuneration Committee and Nomination Committee in respect of the management of risk through **hummgroupp**'s Remuneration Policy.
- (n) Oversee **hummgroupp**'s insurance program.
- (o) Consider **hummgroupp**'s exposure to environmental and social risks, and any disclosures which might be made in respect of them.

4.2. Credit Risk

- (a) Approving the criteria on which **hummgroupp** will rely to identify those credit exposures deemed to be a source of concern, and which will be reported to the Executive and the R&C Committee.
- (b) Approving any risk-grading or risk assessment system deemed necessary to manage credit risk exposures.
- (c) Recommending to the Board for approval the framework, including policies and procedures, by which **hummgroupp** will measure, assess and report impairment or losses.
- (d) Approving the processes by which Commercial asset collateral values are assessed and monitored.

4.3. Operational Risk

- (a) Ensuring **hummgroupp** has in place a designated Operational Risk function, which is adequately staffed by appropriately trained and competent persons with sufficient authority to perform their role.
- (b) Ensuring the operational risk function has a reporting line that is independent from business lines.
- (c) Receiving regular reporting on operational risk matters such as incident and issue management and the outcomes of control testing programmes.
- (d) Recommending to the Board for approval the Operational and Compliance Risk Management Framework.

4.4. Compliance Risk

- (a) Ensuring **hummgroupp** has in place a designated Compliance function, which is adequately staffed by appropriately trained and competent persons with sufficient authority to perform their role.
- (b) Ensuring the Compliance function has a reporting line that is independent from business lines.
- (c) Receiving regular reporting on compliance matters, including breach reporting.

4.5. Legal and Regulatory Risk

- (a) Ensuring **hummmgroup** has in place a suitable process for identifying, monitoring and mitigating Legal and Regulatory Risk across the **hummmgroup**, which ensures an optimal balance between risk and return, taking into account the nature, scale and complexity of the **hummmgroup's** businesses and operational processes.
- (b) Ensuring the Legal and Regulatory Risk function has a reporting line that is independent from business lines.
- (c) Receiving regular reporting on legal and regulatory risk issues and concerns.
- (d) Recommending to the Board for approval the Legal and Regulatory Risk Management Framework.

4.6. Balance Sheet and Funding Risk

- (a) Ensuring the Assets and Liabilities Committee ("**ALCO**") is achieving its objectives and adhering to its responsibilities as described in the ALCO Charter.
- (b) Receiving regular reporting from ALCO on **hummmgroup's** funding, liquidity and interest rate risk management positions and on any related material risks identified by ALCO.
- (c) Examining and monitoring any matters, including any material risks, presented by ALCO for the R&C Committee's consideration.

4.7. Other

- (a) Reviewing the R&C Committee's Charter at least every two years (or more regularly as required) and putting any changes to the Charter to the Board for consideration and approval.
- (b) Reviewing the Committee's performance at least annually and reporting the outcomes of the review to the Board.
- (c) Ensuring continuing education is provided to directors on emerging trends, risks, governance and industry and product developments.
- (d) Regularly reviewing relevant policies and procedures.
- (e) Examining any other matters referred to it by the Board.
- (f) Meeting with ASIC or any other relevant regulator at the regulator's request.

5. Meetings

- (a) The R&C Committee will meet at least 5 times annually.
- (b) The R&C Committee may, at its discretion, schedule additional meetings with management.
- (c) The R&C Chair will be responsible for setting a calendar of business to ensure that the R&C Committee fulfils its duties and responsibilities as contained in the R&C Committee's charter.
- (d) The R&C Chair and Company Secretary will be responsible for setting the agenda for each meeting. Any R&C Committee member may make a suggestion for the agenda.
- (e) R&C Committee papers will be provided to members in reasonable time prior to the meeting to allow members to prepare for the meeting.
- (f) A quorum of the Committee is to comprise a minimum of two non-executive directors.
- (g) Appropriate senior management, advisors and other external parties may be invited to attend meetings of the R&C Committee at its discretion.
- (h) The R&C Committee meets, as appropriate, with those responsible for risk management functions without other parties being present.

- (i) Subject to any conflict of interest, any other members of the Board may attend the R&C Committee's meetings as observers, and upon request can receive copies of the R&C Committee's papers.
- (j) A R&C Committee meeting may be called or held using any technology consented to by all members.

6. Conflicts of Interest

- (a) The Board has established the Code of Conduct, Trading Policy and disclosure practises for handling matters that may give rise to a conflict between the interests of a Director and those of **hummm**group.
- (b) Any R&C Committee member, with a real or perceived conflict of interest, may not vote on the matter being considered unless the other members agree that the interest should not disqualify the member with the conflict from voting.

7. Voting

- (a) A resolution of the R&C Committee must be passed by a majority of the votes cast by the R&C Committee members entitled to vote on the resolution.
- (b) Each R&C Committee member present in person or by alternate is entitled to vote and has one vote.
- (c) If on any resolution an equal number of votes is cast for and against the resolution, the R&C Chair will have a casting vote.

8. Reporting

- (a) The Company Secretary will prepare minutes of the meetings for approval at the next R&C Committee meeting. The R&C Chair will sign the minutes.
- (b) The minutes will record all decisions made by the R&C Committee.
- (c) The minutes will be included in the papers for the next R&C Committee meeting and will include action items to be carried across to the next meeting as Matters Arising.
- (d) The R&C Committee will report to the Board at the next Board meeting through a verbal report from the R&C Chair and, if available, the circulation of minutes, on those of its activities and decisions that should be brought to the attention of the Board.
- (e) The R&C Chair will report to the Chair of any other Board committee, at the earliest possible time, any matters that in the opinion of the R&C Committee should be brought to the attention of that other Board committee.
- (f) The R&C Committee may refer any relevant matters to another Board committee for consideration and determination by that committee.