

## Climate Bond Framework for hummmgroup Climate Bond Certified ABS Notes

**Humm Group Limited's** Climate Bonds (the **Climate Bonds**) are issued to re-finance solar receivables (including residential solar PV systems and supporting infrastructure including inverters, transformers, energy storage systems and control systems plus solar hot water systems) originally funded via bank-provided warehouse facilities held by Humm Group Limited (**hummmgroup**), via term securitisations in the Australian asset-backed securitisation market.

These solar receivables form part of larger portfolios of consumer receivables originated by Humm BNPL Pty Ltd (**hummm**), a wholly owned subsidiary of **hummmgroup**. The underlying collateral backing **hummmgroup's** ABS term securitisations comprise portfolios of consumer receivables for financing home improvement products (including solar PV), medical services, jewellery and other small ticket goods with a maximum term of 60 months, or in the case of solar contracts across a small number of solar merchants, 72 months.

**hummmgroup's** Climate Bonds meet the requirements for certification under the current version of the Climate Bonds Standard (Version [4.0]). The climate-related objectives of **hummmgroup's** Climate Bonds are to provide for the funding of renewable energy. The underlying solar receivable assets will directly contribute to climate change mitigation by avoiding (or reducing) greenhouse gas emissions by generating renewable energy, reducing energy demand, improving energy efficiency or utilising renewable energy sources.

**hummmgroup** has been issuing Climate Bonds via term securitisation transactions since 2016. The first transaction, known as 'Flexi ABS Trust 2016-1', was the sixth securitisation of consumer receivables originated by humm BNPL. The A\$247m collateral pool of consumer receivables included approximately 38% (or A\$93 million) of solar consumer receivables for financing of residential solar PV systems and other solar equipment (solar hot water systems, solar air-conditioning systems, batteries, inverters etc). Of this A\$93m approximately 87%, or A\$81m, were identified as solar PV products (i.e. household solar PV systems) and were linked to the Flexi ABS Trust 2016-1 Class A2-G Notes, being the Climate Bonds. In 2017 the Climate Bonds Initiative published updated sector criteria for Solar (Version 2.1) which allow for a broader range of solar PV related assets to be earmarked against Climate Bond certified bonds and in 2020 the Climate Bonds Initiative published a further updated Climate Bonds Standard (Version 4.0) which provides for improved disclosure and reporting.

Subsequent to the 'Flexi ABS Trust 2016-1' issuance, **hummmgroup** has issued further Climate Bonds across seven additional transactions – 'Flexi ABS Trust 2017-1', 'Flexi ABS Trust 2018-1', 'Flexi ABS Trust 2019-1', 'Flexi ABS Trust 2019-2', 'Flexi ABS Trust 2020-1', 'hummm ABS Trust 2021-1', 'hummm ABS Trust 2022-1', 'hummm ABS Trust 2022-2' and 'hummm ABS Trust 2023-1'.

### Outstanding hummmgroup Climate Bonds (as at February 2024)

Transaction	Climate Bonds	Issue Amount	Pricing Date	Final Maturity Date	ISIN
hummm ABS Trust 2021-1 (A\$260m)	Class A1-G	A\$10.40m	23 June 2021	December 2026	AU3FN0060752
	Class B-G	A\$28.08m			AU3FN0060760

	Class C-G	A\$13.00m			AU3FN0060778
	Class D-G	A\$13.78m			AU3FN0060786
	Class E-G	A\$10.40m			AU3FN0060794
humm ABS Trust 2022-1 (A\$250m)	Class A1-G	A\$6.00m	9 March 2022	July 2027	AU3FN0066569
	Class B-G	A\$27.00m			AU3FN0066577
	Class C-G	A\$12.50m			AU3FN0066585
	Class D-G	A\$13.25m			AU3FN0066593
	Class E-G	A\$10.00m			AU3FN0066601
humm ABS Trust 2022-2 (A\$210m)	Class A2-G	A\$14.70m	9 December 2022	September 2027	AU3FN0072880
	Class B-G	A\$21.21m			AU3FN0072898
	Class C-G	A\$11.13m			AU3FN0072906
	Class D-G	A\$5.67m			AU3FN0072914
humm ABS Trust 2023-1 (A\$210m)	Class A1-G	A\$18.06m	25 October 2023	December 2028	AU3FN0081899
	Class B-G	A\$27.09m			AU3FN0081907
	Class C-G	A\$13.55m			AU3FN0081915
	Class D-G	A\$13.85m			AU3FN0081923
	Class E-G	A\$17,16m			AU3FN0081931

The 'Flexi ABS Trust 2016-1' transaction was called in July 2018, the 'Flexi ABS Trust 2017-1' transaction was called in July 2019, the 'Flexi ABS Trust 2018-1' transaction was called in October 2020, the 'Flexi ABS Trust 2019-1' transaction was called in February 2022, the 'Flexi ABS Trust 2019-2' transaction was called in December 2022, and Flexi ABS Trust 2020-1' transaction was called in August 2023 and in each case, all outstanding notes (including the Climate Bonds) were redeemed in full.

## 1. Use of Proceeds

The cornerstone of a "climate bond" is the use of proceeds. The proceeds of each Climate Bond will be used to re-finance assets that are consistent with delivering a low carbon and climate resilient economy. Climate Bond proceeds will be earmarked against portfolios of existing household consumer receivables which meet Climate Bonds Standard certification requirements, including sector criteria for solar.

Specifically, these include consumer receivables for financing of rooftop solar PV systems for residential solar PV systems and other solar equipment (solar hot water systems, solar air-conditioning systems, batteries, inverters etc) for Australian households.

## 2. Selection of Eligible Projects and Assets

The selection of portfolios of eligible assets for each Climate Bond is performed by a team from **hummgroupp**. Guidance and advice will be sought from DNV GL, the independent climate bond Verification Agent retained by **hummgroupp**, and the advisory team at the Climate Bonds Initiative, as necessary.

**hummgroupp**, via its wholly owned subsidiary humm BNPL, originates, services and monitors the portfolios of consumer solar receivables which are originated via a network of over 560 accredited merchants across Australia. As part of this process, humm BNPL scrutinises applications received from merchants and consumers to ensure they meet their origination requirements, including those for financing of solar PV or other solar equipment. The solar industry sector is humm BNPL's most heavily scrutinised industry sector.

A broad sample of humm BNPL customers who finance rooftop solar PV systems and other solar equipment are contacted by humm BNPL after installation to confirm installation, home ownership, deposits paid and sound sales and service techniques have been provided by the merchants. These are noted in humm BNPL's core systems under the customer's records.

For the 'Flexi ABS Trust 2016-1' and 'Flexi ABS Trust 2017-1' transactions, only solar receivables which were identified under humm BNPL's "Solar" Industry category and then as either of "Solar", "Solar PV" or "Solar System" in the Product Category of each Customer Application/Contract (i.e. rooftop Solar PV systems) were linked to the Climate Bonds.

For the Flexi ABS Trust 2018-1, Flexi ABS Trust 2019-1, Flexi ABS Trust 2019-2, Flexi ABS Trust 2020-1, humm ABS Trust 2021-1, humm ABS Trust 2022-1, humm ABS 2022-2 and humm ABS 2023-1 transactions solar receivables which met the updated Climate Bonds Standard sector criteria for Solar (Version 2.1) were earmarked, including residential solar PV systems and other solar equipment (solar hot water systems, solar air-conditioning systems, batteries, inverters etc). Subsequent **hummgroupp** transactions are expected to satisfy the Climate Bonds Standard sector criteria for Solar in place at the time of certification.

## 3. Management of Proceeds

**hummgroupp** is an established, reputable and diversified full-service payments company with leading offerings in buy now pay later, revolving credit and SME finance. It is listed on the ASX with operations in Australia, New Zealand, Ireland and Canada. It is also an established issuer of ABS backed by portfolios of consumer and commercial receivables across both Australia and New Zealand.

Through its in-house origination and servicing capabilities, **hummgroupp** is able to sort, analyse and extract reporting on the underlying consumer contracts that back the Solar PV receivables that will meet Climate Bonds Standard eligibility requirements for each securitisation transaction. Proceeds from each Climate Bond will be tracked and reported against the outstanding eligible solar receivables under the customer product category (Solar/Solar PV/Solar Systems) earmarked for each securitisation transaction. These will be tracked and reported through **hummgroupp**'s monthly investor reporting.

## 4. Reporting

**hummgroupp** will comply with the annual reporting requirements set out in the Climate Bonds Standard (Version 4.0), including with respect to environmental impact reporting.

**hummgroup** will provide publicly available reporting for each Climate Bond in the form of a DNV GL Verification Report to be issued following the settlement of each **hummgroup** ABS transaction which includes Climate Bonds.

Each DNV GL Verification Report will include details including, but not limited to:

- Net proceeds raised from each Climate Bond;
- Aggregate of Climate Bond proceeds allocated against each of the Climate Bond eligible categories;
- A description of each eligible asset category included within the Climate Bond eligible portfolio/s;
- Where available, qualitative and quantitative performance measures of the environmental objectives of the assets within the Climate Bond eligible portfolios;
- Any unallocated Climate Bond proceeds; and
- Confirmation that the use of proceeds of each Climate Bond is in compliance with this **hummgroup** Climate Bond Framework.

Information disclosed for eligible assets will be subject to relevant confidentiality agreements and available information.

In addition, the Trustee (Perpetual Corporate Trust Limited) for each securitisation transaction will make investor reports for each **hummgroup** ABS Trust transaction available on a monthly basis on their website for all investors. These reports will include details such as performance of the underlying portfolio collateral, details of the repayment of principal and interest in accordance with the principal and interest repayment waterfalls as defined within the contractual documentation and the balances outstanding against each note (including the Climate Bonds).

**hummgroup** expects to provide reporting on the underlying Solar PV receivables linked to each Climate Bond, including the number of customer contracts and their outstanding balances.

## 5. Assurance

Prior to the issuance of the Climate Bonds, **hummgroup** will obtain an independent verification statement from DNV GL, a Climate Bonds Initiative approved Verification Agent, confirming that the Climate Bond Framework for Climate Bonds is in compliance with the requirements of the Climate Bonds Standard.

For each Climate Bond issued, **hummgroup** will seek verification from DNV GL and then certification from the Climate Bonds Standard Board that it is in compliance with the requirements of the Climate Bonds Standard.

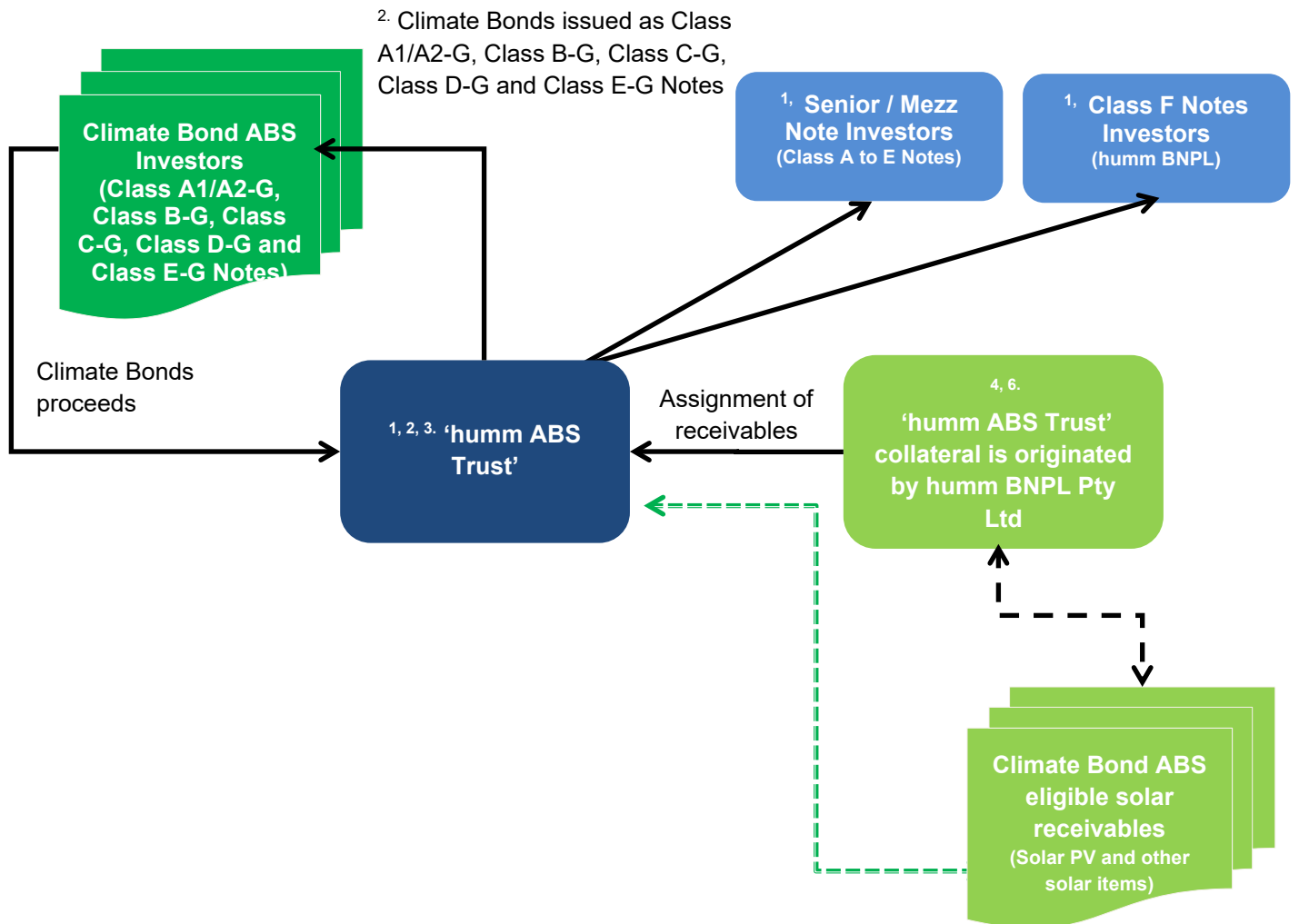
The independent DNV GL Verification Reporting will be made publicly available on the **hummgroup** website.

## 6. Climate Bond Certification Disclaimer

The information contained in this document with respect to Climate Bonds certification does not constitute investment advice in any form or any invitation or inducement to engage in investment activity and the Climate Bonds Initiative is not an investment adviser. Any reference to a financial organisation or debt instrument or investment product is for information

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## Typical hummgroupp Climate Bond ABS Structure



### Notes:

1. For complete details of each hummgroupp transaction, investors and interested parties should refer to the transaction specific final Information Memorandum and the underlying transaction documents.
2. The Class A1/A2-G, B-G, C-G, D-G and E-G Notes in respect of each transaction are Climate Bond Certified "Climate Bonds" with proceeds from the issuance used to finance solar energy related assets. DNV GL, an independent verification agent, will verify that the relevant Class A1/A2-G, Class B-G, Class C-G, Class D-G And Class E-G Notes meet the requirements for certification under the Climate Bonds Standard and the Climate Bonds Standards Board will then confirm and issue the Climate Bond certification.
3. Whilst the relevant Class A1/A2-G, Class B-G, Class C-G, Class D-G And Class E-G Notes are earmarked against the outstanding amount of solar receivables; the Class A1/A2-G Notes rank *pari passu* to the Class A1/A2 Notes in terms of Principal Repayments, Interest Repayments and Loss Allocations.
4. Tracking and reporting on use of Climate Bond proceeds until bond maturity will be checked and certified in compliance with Climate Bonds Standards.
5. Flexi/humm ABS Trust securitisations will be collateralised by portfolios of fully amortising Australian dollar consumer receivables.