

Green Bond Framework for hummgroupp Green ABS Notes

Humm Group Limited's (formerly FlexiGroup Limited's) green ABS notes (the **Green ABS Notes**) 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 (**hummgroupp**), 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 (formerly Certegy Ezi-Pay Pty Ltd) (**humm BNPL**), a wholly owned subsidiary of **hummgroupp**. The underlying collateral backing **hummgroupp'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.

hummgroupp's Green ABS Notes meet the requirements for certification under the current version of the Climate Bonds Standard (Version 3.0). The climate-related objectives of **hummgroupp's** Green ABS Notes 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.

hummgroupp has been issuing Green ABS Notes 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 Green ABS Notes. 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 3.0) which provides for improved disclosure and reporting.

Subsequent to the 'Flexi ABS Trust 2016-1' issuance, **hummgroupp** has issued further Green ABS Notes across six 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', 'hummgroupp ABS Trust 2021-1' and 'hummgroupp ABS Trust 2022-1'.

Outstanding hummgroupp Green ABS Notes (as at May 2022)

| Transaction | Green ABS Notes | Issue Amount | Pricing Date | Final Maturity Date | ISIN |
|----------------------------------|-----------------|--------------|------------------|---------------------|--------------|
| Flexi ABS Trust 2019-2 (A\$265m) | Class A1-G | A\$47.70m | 21 November 2019 | April 2025 | AU3FN0051678 |
| | Class B-G | A\$21.46m | | | AU3FN0051686 |
| | Class C-G | A\$18.29m | | | AU3FN0051694 |

| | | | | | |
|----------------------------------|------------|-----------|-----------------|---------------|--------------|
| | Class D-G | A\$10.86m | | | AU3FN0051702 |
| | Class E-G | A\$4.51m | | | AU3FN0051710 |
| Flexi ABS Trust 2020-1 (A\$250m) | Class A1-G | A\$40.00m | 22 October 2020 | April 2026 | AU3FN0056545 |
| | Class B-G | A\$19.60m | | | AU3FN0056552 |
| | Class C-G | A\$16.00m | | | AU3FN0056560 |
| | Class D-G | A\$11.15m | | | AU3FN0056578 |
| | Class E-G | A\$9.75m | | | AU3FN0056586 |
| humm 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 |

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 and the 'Flexi ABS Trust 2019-1' transaction was called in February 2022 and in each case, all outstanding notes (including the Green ABS Notes) were redeemed in full.

1. Use of Proceeds

The cornerstone of a "green bond" is the use of proceeds. The proceeds of each Green ABS Note will be used to re-finance assets that are consistent with delivering a low carbon and climate resilient economy. Green ABS Note 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 Green ABS Note is performed by a team from hummgroup. Guidance and advice will be sought from DNV GL, the independent green

bond Verification Agent retained by **hummmgroup**, and the advisory team at the Climate Bonds Initiative, as necessary.

hummmgroup, 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 430 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 Green ABS Notes.

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 and humm ABS Trust 2022-1 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 **hummmgroup** transactions are expected to satisfy the Climate Bonds Standard sector criteria for Solar in place at the time of certification.

3. Management of Proceeds

hummmgroup 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, the United Kingdom 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, **hummmgroup** 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 Green ABS Note 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 **hummmgroup**'s monthly investor reporting.

4. Reporting

hummmgroup will comply with the annual reporting requirements set out in the Climate Bonds Standard (Version 3.0).

hummmgroup will provide publicly available reporting for each Green ABS Note in the form of a DNV GL Verification Report to be issued following the settlement of each **hummmgroup** ABS transaction which includes Green ABS Notes.

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

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

hummmgroup expects to provide reporting on the underlying Solar PV receivables linked to each Green ABS Note, including the number of customer contracts and their outstanding balances.

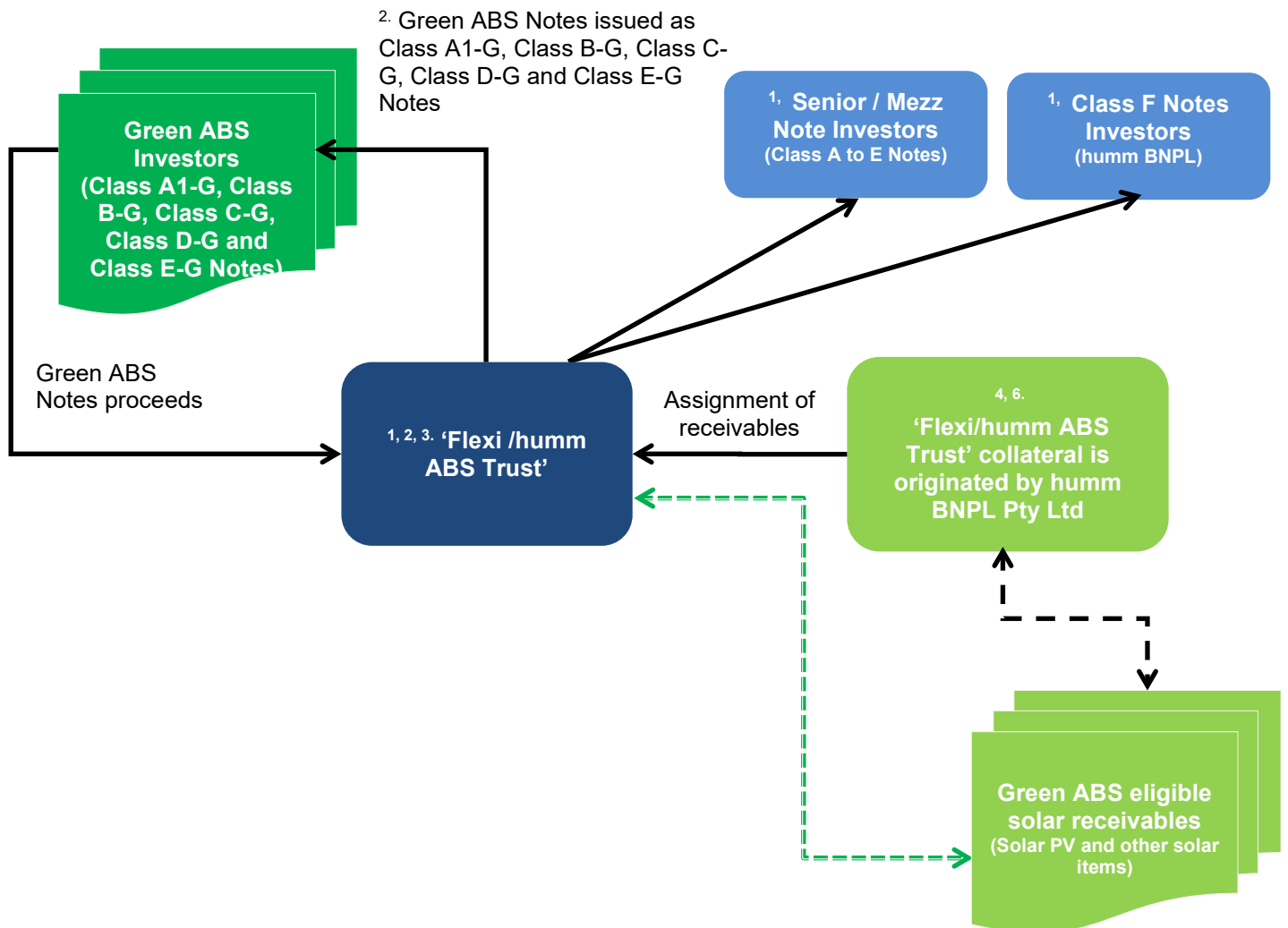
5. Assurance

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

For each Green ABS Note issued, **hummmgroup** 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 **hummmgroup** website.

Typical hummgroupp Green 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-G, B-G, C-G, D-G and E-G Notes in respect of each transaction are Climate Bond Certified "Green 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-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-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-G Notes rank *pari passu* to the Class A1 Notes in terms of Principal Repayments, Interest Repayments and Loss Allocations.
4. Tracking and reporting on use of Green ABS proceeds until bond maturity will be checked and certified in compliance with Climate Bonds Standards.
5. Flexi/hummgroupp ABS Trust securitisations will be collateralised by portfolios of fully amortising Australian dollar consumer receivables.