



**Collection House Limited**

**ASX Corporate  
Governance Council's  
Principles and  
Recommendations  
Compliance Report**

**Revised Version 3:  
Approved by the Board  
on 26/06/2011**

**Revised Version 2:  
Approved by the Board  
on 25/08/10**

**Version 1: Approved by  
the Board on 26/06/08**

**ASX CORPORATE GOVERNANCE COUNCIL'S PRINCIPLES AND RECOMMENDATIONS  
WITH 2010 AMENDMENTS**

**COLLECTION HOUSE LIMITED'S RECORD OF COMPLIANCE FOR 2010**

	<b>ASXCGC's Principles and Recommendations</b>	<b>Reference<sup>i</sup></b>	<b>Compliance</b>
<b>Principle 1</b>	<b>Lay solid foundations for management and oversight</b>		
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Section 3b)	Comply
1.2	Disclose the process for evaluating the performance of senior executives.	Sections 3h) and 4e)	Comply
1.3	Provide the information indicated in <i>Guide to reporting on Principle 1</i> .	Sections 3b), 3h) and 4e)	Comply
<b>Principle 2</b>	<b>Structure the Board to add value</b>		
2.1	A majority of the Board should be independent directors.	Sections 2b), 3c), 3e) and 3k)	Comply
2.2	The chair should be an independent director.	Section 2b) and 3d)	Non compliant
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Section 3c)	Comply
2.4	The Board should establish a nomination committee.	Sections 3b),3j), 4a), 4b) and 4d)	Non Compliant
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	Sections 3i) and 4b)	Comply
2.6	Provide the information indicated in <i>Guide to reporting on Principle 2</i> .	Sections 2b), 3c), 3d), 3e), 3i), 3j), 3k), 4a), 4b) and 4d)	Comply
<b>Principle 3</b>	<b>Promote ethical and responsible decision making</b>		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> <li>3.1.1 the practices necessary to maintain confidence in the Company's integrity</li> <li>3.1.2 the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</li> <li>3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	Sections 3f), 6a), 6b), 6c), 10 and 11	Comply

3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Not required for the 2010 / 2011 Financial year.	Not applicable.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	Not required for the 2010 / 2011 Financial year.	Not applicable.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	Not required for the 2010 / 2011 Financial year.	Not applicable.
3.5	Provide the information indicated in <i>Guide to reporting on Principle 3</i> .	Sections 3f), 6a), 6b), 6c), 6d), 10 and 11	Comply
<b>Principle 4</b>	<b>Safeguard integrity in financial reporting</b>		
4.1	The Board should establish an audit committee.	Section 4a), 4b) and 4c)	Comply
4.2	Structure the audit committee so that it: <ul style="list-style-type: none"> <li>consists only of non-executive directors</li> <li>consists of a majority of independent directors</li> <li>is chaired by an independent chair, who is not chair of the Board</li> <li>has at least three members.</li> </ul>	Section 4a), 4b) and 4c)	Non compliant
4.3	The audit committee should have a formal charter.	Section 4a) and 4c)	Comply
4.4	Provide the information indicated in <i>Guide to reporting on Principle 4</i> .	Sections 4a), 4b), 4c) and 5	Comply
<b>Principle 5</b>	<b>Make timely and balanced disclosure</b>		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Section 8	Comply
5.2	Provide the information indicated in <i>Guide to reporting on Principle 5</i> .	Section 8	Comply
<b>Principle 6</b>	<b>Respect the rights of shareholders</b>		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings	Sections 8 and 9	Comply

	and disclose their policy or a summary of that policy.		
6.2	Provide the information indicated in <i>Guide to reporting on Principle 6</i> .	Section 9	Comply
<b>Principle 7</b>	<b>Recognise and Manage Risk</b>		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Section 4a) and 4c)	Comply
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Section 4a) and 4c)	Comply
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Section 5)	Comply
7.4	Provide the information indicated in <i>Guide to reporting on Principle 7</i> .	Sections 4a), 4c) and 5	Comply
<b>Principle 8</b>	<b>Remunerate fairly and responsibly</b>		
8.1	Establish a remuneration committee	Section 4e)	Comply
8.2	Structure the remuneration committee so that it: <ul style="list-style-type: none"> <li>• consists of a majority of independent directors</li> <li>• is chaired by an independent chair</li> <li>• has at least three members.</li> </ul>		
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Remuneration Report	Comply
8.4	Provide the information indicated in <i>Guide to reporting on Principle 8</i> .	Sections 3i), 4e) and Remuneration Report	Comply

<sup>i</sup> This refers to the relevant sections of the Collection House Limited Corporate Governance Statement.