



Collection House Group

Board of Directors' Charter

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BOARD OF DIRECTORS' CHARTER

1 PURPOSE

- 1.1 This Board of Directors' (Board) Charter (Charter) sets out the role, responsibilities, structure and authority of the Board of Collection House Limited, including its subsidiaries (known collectively as Collection House).
- 1.2 This Charter is subject to the *Corporations Act 2001* (the Act) and Collection House's Constitution (Constitution).

2 BOARD ROLE AND RESPONSIBILITIES

- 2.1 The Board's role is to provide leadership and strategic guidance for Collection House, and to provide effective oversight of management.
- 2.2 The Board is accountable to security holders for Collection House's performance and aspires to excellence in governance standards.
- 2.3 In discharging its responsibilities and functions, the Board may choose to delegate any of its powers to a Board Committee or to other persons in accordance with the Constitution. In the case of a Board Committee, the delegated powers will be reflected in the Charter of that Committee which shall be approved by the Board and reviewed annually.
- 2.4 The specific responsibilities of the Board encompass the matters specified in the Constitution and the management of the Board's affairs.
- 2.5 The key responsibilities of the Board include, but are not limited to:
 - selecting and appointing the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and other Executive Leadership Team (ELT) members that the Board determines
 - determining the corporate goals and objectives relevant to the CEO's remuneration, and evaluating the performance of the CEO in light of these objectives
 - reviewing the succession plans for the CEO, CFO and other ELT members that the Board determines
 - approving Collection House's strategic plan and objectives, and significant corporate strategic initiatives, and monitoring performance against such initiatives
 - approving Collection House's financial statements and annual budget, and monitoring financial performance against forecast and budget
 - considering and approving Collection House's Board Renewal Policy
 - considering and approving Collection House's Remuneration Policy and Diversity Policy in consultation with the Remuneration & Nomination Committee
 - determining the size of bonus / incentive pools as part of Collection House's annual plan based on consideration of pre-determined business performance indicators and Collection House's financial soundness
 - determining dividend policy and the amount, nature and timing of dividends to be paid
 - approving and overseeing the operation of Collection House's risk management framework, including assessing its effectiveness, reviewing Collection House's key risks and the effectiveness of internal controls to mitigate those risks
 - setting the risk appetite within which the Board expects management to operate

- selecting, appointing and terminating the External Auditor, including associated recommendations to shareholders for approval
- reviewing and approving Non-Executive Directors' Board and Committee fees, subject to the Board fee pool approved by shareholders
- maintaining ongoing dialogue with the External Auditor, and, where appropriate, regulators, to provide reasonable assurance of compliance with all regulatory requirements such as accounting standards, competition and consumer legislation, corporations law, ASX Listing Rules, Australian Consumer Law, privacy law and occupational health and safety
- overseeing Collection House's Audit & Risk Management Committee's evaluation the performance and ongoing independence of the External Auditor.

3 ROLE AND DELEGATION TO MANAGEMENT

- 3.1 The CEO is responsible for developing Collection House's strategic plan and objectives, and for the achievement of the planned results. The strategic plan is developed by the CEO and ELT in conjunction with the Board.
- 3.2 Management of Collection House's day to day operations is undertaken by the CEO and is subject to specified delegations of authority approved by the Board.
- 3.3 Any matter or transaction outside the Board approved delegations of authority must be referred to the appropriate Board or Committee for approval as required, with the approval to be recorded in the minutes of the Board or Committee meeting at which approval was provided.

4 BOARD SIZE AND COMPOSITION

- 4.1 The Board is responsible for:
 - identifying and evaluating possible future Directors to the Board
 - appointing Directors to fill casual vacancies on the Board
 - recommending to shareholders for the appointment or removal of Directors.
- 4.2 The size of the Board will be determined in accordance with the Constitution, with the Board to comprise a majority of independent Non-Executive Directors (NEDs).
- 4.3 NEDs will be engaged through a letter of appointment which outlines the terms and conditions of their appointment.
- 4.4 Board Members should collectively possess a broad range of financial and other skills, experience and knowledge, and an understanding of the industry in which Collection House operates, necessary to guide Collection House's business and operations.
- 4.5 Directors must be able to read and understand fundamental financial statements and if required, may seek guidance from an independent professional advisor who is appropriately qualified in the area of finance and accounting.
- 4.6 Directors must at all times comply with Collection House's policies and procedures, and all legal and regulatory requirements relating to the fit and proper standing of persons occupying key positions, including, where required, providing formal declarations.
- 4.7 Each Director must agree to a full credit and criminal history check if required and must not be the subject of any investigation or banning order by the Australian Securities and Investments Commission (ASIC).
- 4.8 With the consent of the Board Chair, the Board as a whole or an individual Director may, at Collection House's expense, an external professional advisor to provide services and assist the Board in discharging its responsibilities.

- 4.9 The Board will determine and regularly review the composition of the Board having regard to the optimum number and skill mix of Directors, subject to the limits imposed by the Constitution and the terms served by existing NEDs.

5 BOARD CHAIR

- 5.1 The Board will appoint one of its Members to be the Board Chair in accordance with the Constitution.
- 5.2 The Chair represents the Board to the shareholders and communicates the Board's position.
- 5.3 The Chair cannot have been the CEO of Collection House at any time during the previous three years and must be an independent Non-Executive Director.
- 5.4 Subject to the provisions of the Constitution, the Chair and/or Deputy Chair are elected:
- to hold office for a period determined by the Board; or
 - until their retirement; or
 - until their resignation as a Director of Collection House; or
 - until a resolution of the Board appointing a replacement Chair and/or Deputy Chair.
- 5.5 The Chair (including the Deputy Chair) is responsible for:
- Liaising, and being a central point of contact, with the Directors of the Board.
 - Chair Board meetings. In the event the Chair is absent at a Board meeting, the Deputy Chair, or in his/her absence, a Chair elected by the Directors at that Board meeting will preside over that Board meeting.
 - Chairing the Annual General Meeting of Shareholders, along with other General Meetings of Shareholders that may be held.
 - Liaising with the CEO and Company Secretary on the agenda for Board meetings and on the general business and management of Collection House.
 - Ensuring that the Board's performance and remuneration, and that of its Committees and Directors, are evaluated annually.
 - Ensuring that the Board Charter, and the charters of Committee established by the Board, are reviewed annually.

6 CHIEF EXECUTIVE OFFICER

- 6.1 The CEO is responsible for:
- the ongoing management of Collection House in accordance with the strategies, policies and performance plan approved by the Board
 - developing, in conjunction with the Board and the ELT, Collection House's strategic and business vision and direction
 - developing, in conjunction with the ELT, a performance plan to implement the strategic and business vision and direction
 - agreeing with the Board, the terms and conditions of appointment of senior executives for Board approval
 - appointing the ELT and senior management team, and delegating appropriate authority to enable management to achieve Collection House's goals and objectives
 - endorsing the terms and conditions of appointment of all other staff members

- providing strong leadership to, and effective management of, Collection House in order to maintain and enhance the reputation of the Company, and maximise financial performance and business efficiency
- ensuring compliance with legal, regulatory and relevant industry requirements
- keeping the Board informed, at an appropriate level, of the activities of the Company.

7 COMPANY SECRETARY

- 7.1 Collection House's CFO is the nominated Company Secretary and is responsible for coordinating all of the Board's business, including agendas, board papers, minutes, communication with regulatory bodies, the Australian Securities Exchange and all statutory and other filings.
- 7.2 The role of the Company Secretary includes:
- advising the Board and its Committees on governance matters
 - monitoring that Board and Committee policies and procedures are followed
 - coordinating the timely completion and despatch of Board and Committee papers;
 - ensuring that the business at Board and Committee meetings are accurately captured in the minutes
 - helping to organise and facilitate the induction and professional development of Directors.
- 7.3 The Company Secretary will be accountable directly to the Board, through the Chair, on all matters related to the proper functioning of the Board.
- 7.4 The Board is responsible for approving the appointment and removal of the Company Secretary.
- 7.5 All Directors shall have direct access to the Company Secretary.

8 BOARD COMMITTEES

- 8.1 In accordance with the Constitution, the Board may establish and appoint Committees with such powers (not exceeding its own) as it may determine from time to time. The Board shall oversee the work of the Board Committees including regularly reviewing whether each Committee is required and receiving reports from each Committee.
- 8.2 The standing Board Committees are the:
- a) Audit & Risk Management Committee
 - b) PDL Investment Committee
 - c) Remuneration & Nomination Committee.
- 8.3 The Board will establish charters for each Committee which sets out matters relevant to the composition, responsibilities and administration of such Committees, and other matters that the Board may consider appropriate.
- 8.4 The Board will determine the membership and composition of Board Committees, having regard to workload, skills and experience, and any regulatory requirements.
- 8.5 The Board may, from time to time, dissolve a Committee, for whatsoever reason, with the duties, powers and responsibilities of the Committee being dissolved to be absorbed by the Board. In such instances, the Board, as a whole, will exercise those functions, powers and delegations in accordance with the Charter of the dissolved Committee.

9 BOARD MEETINGS

- 9.1 The Chair, in consultation with the CEO and the Company Secretary, is responsible for the conduct of all Board meetings, including being satisfied that the agendas are comprehensive, that all agenda items are appropriate and that recommendations fit within the Board's broad strategic direction.
- 9.2 The Board will meet at least six (6) times a year, and at such other times as the Board may from time to time determine.
- 9.3 Pursuant to the Constitution, a quorum shall be two (2) NEDs.
- 9.4 The Board will meet regularly, either in person, or via teleconference, with ELT members invited to attend all open Board meetings and be available to be contacted by Directors between meetings. ELT members may attend closed Board sessions at the invitation of the Board Chair.
- 9.5 For each meeting, the Company Secretary, in conjunction with the Board Chair, will be responsible for:
 - developing the agenda for each meeting, supported by documentation
 - circulating the notice and agenda for each meeting, including relevant supporting papers, to Board members at least seven (7) working days prior to each meeting.
- 9.6 The Company Secretary will retain a complete copy of the Board papers for each meeting, whether electronically or in hard copy, which will be available for reference by current and former Directors and senior management as required.
- 9.7 The Company Secretary shall minute the proceedings and resolutions of all Board meetings, including the names of those present and in attendance. Board minutes will be drafted and circulated to all Board Directors within 15 working days after each meeting.
- 9.8 Board Directors will review and adopt meeting minutes at the next Board meeting. Once the meeting minutes have been adopted, the Board Chair will sign off the minutes as an accurate record of the matters discussed in that meeting.
- 9.9 Directors are required to make every reasonable effort to be fully prepared for and attend each meeting and to remain in attendance for the full duration of the meeting. The Chair is to be notified in advance where attendance or remaining attendance for the full meeting is not possible.
- 9.10 Board decisions will be binding in accordance with their terms.

10 DIRECTOR INDEPENDENCE

- 10.1 The Board has adopted the definition of independence as set out in the ASX Corporate Governance Recommendations. The Board, in assessing the independence of each Director takes into account the individual's interests in and relationship with Collection House and other entities.
- 10.2 The Board assesses the independence of Directors upon appointment and annually.
- 10.3 Directors are expected to avoid any action, position or interest that conflicts with an interest of Collection House, or gives the appearance of a conflict.
- 10.4 A Director that has a material personal interest in a matter that relates to the affairs of Collection House must give the other Directors notice of such interest.
- 10.5 A Director should inform the Chair of the Board and Chair of the Remuneration & Nomination Committee before he / she accepts any new appointment to be a Director of another listed entity, any material Directorship or any other position with a significant time commitment.
- 10.6 The Company Secretary will record in the Board minutes the declarations of interest made by Directors. Ongoing conflicts of interest need not be disclosed at each meeting once they have been acknowledged. Where Board members or invitees are deemed to have a

real or perceived conflict of interest they will be excused from Board discussions about the issue where a conflict exists.

11 BOARD PERFORMANCE

- 11.1 The Board, following the functions, powers and delegations set out in the Remuneration & Nomination Committee Charter, will develop and implement a formal process to assess its performance, and that of each Committee, annually.
- 11.2 The assessment of the Board's performance, and that of each Committee, may, from time to time, be delegated to the Remuneration & Nomination Committee or an external party.
- 11.3 Board members are expected to observe the highest standards of ethical behaviour and conduct, with the Board supporting and encouraging Collection House policies which require Directors and employees to observe high standards of personal integrity and display honesty in their dealings.