



Collection House Group

# **Purchased Debt Ledger Investment Committee Charter**

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# PURCHASED DEBT LEDGER INVESTMENT COMMITTEE CHARTER

## 1 ROLE

- 1.1 The role of the Purchased Debt Ledger Committee (the Committee) is to assist the Board of Directors (the Board) fulfil its responsibilities to members of Collection House Limited (the Company) in relation to the purchase of debt ledgers from both forward flow and spot purchases.

## 2 OBJECTIVES

- 2.1 The Committee's objectives include assisting the Board discharge its responsibility to exercise due care, diligence and skill in relation to:
- Receiving appropriate documentation prepared for debt ledger purchases, including an investment memorandum and reviewed sale and purchase agreement.
  - Undertaking appropriate due diligence on the information provided by vendors of purchased debt ledgers.
  - Assessing the advantages and disadvantages of proposed debt ledger purchases.
  - Determining the risk appetite for the purchase.
  - Approving the rationale, pricing and structure of any debt sales to be undertaken by the Company.
  - Approving funding available for debt ledger purchases.
  - Reviewing and, where necessary, amending the pricing methodology, strategy and approving the price to be paid for debt ledgers.
  - Reviewing the ongoing performance of previously purchased debt ledgers against original pricing.
  - Sale of ledgers and valuation of PDLs.
  - Valuation of PDLs at December and June.

## 3 DUTIES AND RESPONSIBILITIES

- 3.1 The Committee's duties and responsibilities shall include:
- Reviewing the processes undertaken by executive management for debt ledger purchases.
  - Reviewing and amending from time to time the authorisation limits exercised by executive management for the purchase of debt ledgers.
  - Meeting as often as necessary to ensure that adequate consideration is given during each stage of potential debt purchases to *inter alia* risk appetite, pricing, investment funding, resources, comparables and any other issues affecting the predicted outcome of each purchase.

- Ensuring a good understanding at Board level of the pricing models, collections methodology and ongoing performance of all debt purchases made by the Company.
- Consulting the Board whenever a proposed transaction is potentially high risk, outside the Company's normal types of purchase, or likely to have a significant effect on resources or funding.

## 4 MEMBERSHIP

- 4.1 The Purchased Debt Ledger Investment Committee will comprise of at least three (3) Non-Executive Directors, a majority of whom are Independent Directors.
- 4.2 A quorum will be two members.
- 4.3 The Board will appoint the Committee Chair who must be a Director.
- 4.4 The Chair of the Committee shall preside over the meetings of the Committee which will be held when debt ledger purchases require approval and will report to the Board the actions and recommendations of the Committee.
- 4.5 The Chair or Committee may appoint a substitute Chair if the Chair is unable to attend a meeting of the Committee. Such substitute Chair shall be a Director.

## 5 AUTHORITY

- 5.1 The Board authorises the Committee to act in a non-executive role to investigate any activity within its Charter. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 5.2 The Committee is authorised by the Board to obtain legal or other independent external professional advice or consultants, and to secure the attendance of outside parties with relevant experience and expertise if it considers this necessary.
- 5.3 Subject to Board approval, to do such other things and take such other actions as are necessary or prudent to fulfil the responsibilities of the Committee.
- 5.4 Undertake other related activities referred to the Committee by the Board.

## 6 ADMINISTRATION OF THE COMMITTEE

- 6.1 To seek the assignment, secondment or appointment of administrative personnel necessary to assist the Committee in performing its responsibilities.
- 6.2 The CEO and CFO along with other appropriate invitees shall normally attend meetings.
- 6.3 The Chairman of the Committee should report formally to the Board and provide a summary of the Committee's work, deliberations and results.
- 6.4 The CFO or such other person as the Board may appoint shall be the designated Secretary to facilitate the administrative functions of the Committee.
- 6.5 The responsibilities of the Secretary include preparing and sending notices of meetings and agendas, recording the minutes of meetings of the Committee and performing any other administrative duties deemed necessary by the Committee.

## 7 MEETINGS

- 7.1 The Committee will meet on a needs basis to approve the purchase of debt ledgers.
- 7.2 The Chairman of the Committee may call a meeting of the Committee at any time, or if so requested by any member of the Committee.

- 7.3 All Board members are invited to attend meetings of the Committee in an unofficial capacity.
- 7.4 Where the Committee requires a Director, Senior Executive or employee to attend a meeting in a formal capacity, the Committee will follow the process contained in the "Invitation to Board and Sub-Committee Meeting Procedure".
- 7.5 Minutes shall be circulated to all members of the Committee as soon as practicable after each meeting and thereafter, following approval by the Chair, to all members of the Board.

## 8 MEETING AGENDAS

- 8.1 The Committee at each of the meetings should consider the following matters:
  - Review and approve Minutes of the previous meeting.
  - The information memorandum, pricing model and other documentation prepared in support of purchased debt ledger purchases.
  - Review periodically the performance of existing purchased debt ledgers, particularly where such performance varies significantly from original pricing or revised forecasts.
  - The formulation of reports and recommendations to the Board.
  - Perform such other functions and consider such other matters deemed necessary by the Committee to fulfil its responsibilities.

## 9 COMMITTEE EVALUATION AND REVIEW

- 9.1 The Committee shall:
  - Evaluate its own performance (both of individual members and collectively) on an annual basis having regard to its functions, roles, responsibilities and work to determine whether it is functioning effectively and has discharged its responsibilities as set out in this Charter. The results of this evaluation will be reported to the Board.
  - Obtain feedback from the Board on the effectiveness of the Committee.
  - Where feedback from the Board raises the efficacy of the Committee, such as appropriate knowledge and skills or impaired performance resultant from scarce director resources, the Committee will return to the Board with a plan to be implemented to address the deficiencies.
- 9.2 The Committee shall review the continuing relevance of the Charter on an annual basis. Where changes are deemed necessary they will be submitted to the Board of Directors for endorsement.
- 9.3 Particular attention should be paid to addressing issues that may emerge from that review, such as the currency of a director's knowledge and skills or if a director's performance has been impacted by other commitments.