



Collection House Group

Board of Directors Charter

DOCUMENT CONTROL

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BOARD OF DIRECTORS' CHARTER

Purpose

This Board Charter sets out the role, responsibilities, structure and authority of the Board of Collection House Limited (the Company).

This Charter is subject to the *Corporations Act 2001* (the Act) and the Company's Constitution.

Role and Responsibilities

The role of the Board is to provide strategic guidance for the Company and its subsidiaries and effective oversight of management. The Board is accountable to security holders for the performance of the Company's businesses. In performing its role, the Board aspires to excellence in governance standards.

In performing 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 should be specifically reflected in the Charter of that Committee which shall be approved by the Board and reviewed annually.

The specific responsibilities of the Board of Directors encompass the matters specified in the Constitution and the management of the Board's affairs.

Key Responsibilities of the Board include, but are not limited to

- Appointment of the Chief Executive Officer (CEO) and assuming other responsibilities in relation to the CEO including his/her succession, performance assessment, remuneration and dismissal;
- Approving the appointment and when necessary replacement of other senior executives;
- Communicating with Shareholder/Stakeholder groups;
- Creating sustainable value and ensuring the Company's long term viability and enhancing its financial position;
- Approving the strategic objectives of the Company and significant corporate strategic initiatives and monitoring performance against plans;
- Approving the strategic plan that has been devised by management in consultation with the Board;
- Approving the Company's annual targets and financial statements and monitoring financial performance against forecast;
- Overseeing the integrity of the Company's accounting and corporate reporting systems;
- Determining dividend policy and the amount, nature and timing of dividends to be paid;

- Ensuring the Company acts as, and is seen as, an industry leader in the area of compliance;
- Creating a reputation for cooperation, good communication with stakeholders and industry excellence in staff training;
- Agreeing to key performance indicators for incorporation into the management of the Company;
- Monitoring and assessing performance of the Company, the Board itself, management and major projects;
- Approving and overseeing the operation of the risk management framework assessing its effectiveness, understanding and reviewing the key risks facing the Company and monitoring their management;
- Preserving and promoting corporate culture including establishing the Company's vision, mission, values and ethical standards;
- Setting the risk appetite within which the Board expects management to operate;
- Monitoring developments in the debt recovery, receivables management, debt purchase, credit reporting, consumer credit bureau, financial services and other core business activities of the Company;
- Understanding and protecting the Company's financial position;
- Requiring and monitoring legal and regulatory compliance including compliance with accounting standards, competition and consumer (formerly trade practices) legislation, corporations law, ASX Listing Rules, Australian Consumer Law, privacy law, occupational health and safety and other relevant laws and regulations;
- Overseeing the entity's process for making timely and balanced disclosure of all material information concerning the entity, in line with the Company's Continuous Disclosure Policy. Approving, as required, continuous disclosure, media releases, public policy statements, documents and sensitive reports;
- Periodically reviewing the Constitution;
- Ensuring an efficient and effective system of internal controls exist and is operating as expected;
- Delegating an appropriate level of authority to management;
- Establishing a remuneration and diversity policy and overseeing aspects of the employment of the management team including remuneration, performance and succession planning in consultation with the Remuneration and Nomination Committee;
- Selecting, appointing and terminating the external auditor (including associated recommendations to shareholders) for approval;

- Overseeing of the Audit and Risk Management Committee's evaluation of auditors performance and ongoing independence;
- Overseeing crisis management and enterprise business continuity management and strategies;
- Monitoring the effectiveness of the entity's governance practices; and
- Being aware of and, where appropriate, reviewing any litigation actions, transactions and issues, papers and reports to external/third parties which impact on the Company and may attract adverse public, government, regulatory or other interest.

Role and Delegation to Management

The Chief Executive Officer (CEO) is responsible for the development of strategic objectives for the business and the achievement of the planned results for the Company. The strategic plan is devised by management in conjunction with the Board. The Board is to approve the strategic plans of the Company.

Management of the Company's day to day operations is undertaken by the CEO, subject to specified delegations of authority approved by the Board.

Any matter or transaction outside the delegations of authority must be referred to the Chairman or the CEO or the Company's Board for approval, as required.

Delegations are recorded in the Minutes of the Board meeting at which the relevant delegation is made.

Board Size and Composition

The Board is responsible for:

- Identifying and evaluating possible future Directors to the Company's Board;
- Appointing Directors to fill casual vacancies on the Company's Board;
- Making recommendations to the Company's shareholders for the appointment or removal of Directors; and
- Approving policies for appointments to the Boards of entities controlled by the Company.

The size of the Board will be determined in accordance with the Company's Constitution.

Collectively, the Board members should have a broad range of financial and other skills, experience and knowledge necessary to guide the Company business.

The Board, in conjunction with, or following the functions, powers and delegations set out in the Remuneration and Nomination Committee Charter (where the Committee has been dissolved), 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. Where the Remuneration and Nominations Committee is established, the Board may, from time to time, delegate this process to the Committee .

Expertise

Each Director must be capable of making a valuable contribution to the effective and prudential operation of the Company and Board deliberations and processes.

Directors must collectively have the necessary skills, knowledge and experience to understand the risks of the Company, including its legal and prudential obligations and to ensure that the Company is managed in an appropriate way taking into account these risks.

All 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.

Progressive development of Directors will be managed by the Board or delegated to the Remuneration and Nomination Committee.

Fitness & Propriety

Directors must at all times comply with the policies and procedures of the Company and all legal and regulatory requirements relating to the fit and proper standing of persons occupying key positions, including, where required, providing formal declarations.

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).

Expert Advice to Directors

With consent of the Chairman of the Board, the Board as a whole or an individual Director may engage an external professional advisor at the expense of the Company.

Chairman

The Board will appoint one of its members to be the Chairman in accordance with the Constitution.

The Chairman represents the Board to the shareholders and communicates the Board's position.

The Chairman cannot have been the CEO for the Company at any time during the previous three years.

Chairman's Tenure

Subject to the provisions of the Constitution, the Chairman and/or Deputy Chairman are elected:

- to hold office for a period determined by the Board; or
- until their retirement; or
- until their resignation as a Director of the Company; or
- until a resolution of the Board appointing a replacement Chairman and/or Deputy Chairman.

Specific Role of the Chairman

The Chairman's (including the Deputy Chairman's) role and functions are:

- liaison and central point of contact with the Directors of the Board;
- chairing the Board meetings. If the Chairman is absent at a Board meeting, the Deputy Chairman or, in his/her absence, a Chairperson elected by the Directors at the relevant Board meeting, will preside over the relevant Board meeting;
- chairing the Annual and General Meetings of Shareholders;
- liaising with the CEO and Company Secretary on the agenda of Board Meetings and on the general business and management of the Company;
- approving Director requests for independent professional advice;
- ensuring the regular evaluation of the performance and remuneration of the Board, its Committees and its individual Directors based on the recommendations of the Board and the Remuneration and Nomination Committee; and
- such other roles and functions as the Board may by resolution approve from time to time.

Chief Executive Officer

The CEO is a key employee of the Company in general and the Board in particular. As such, a special relationship exists between the CEO and the Board.

Specific Role of the Chief Executive Officer

The CEO is responsible for the ongoing management of the Company in accordance with the strategies, policies and performance plan approved by the Board. The Company will be managed to achieve the objectives agreed and endorsed by the Board.

The CEO's role and responsibilities include:

- developing, with the Board, a consensus for the Company's strategic and business vision and direction;
- constructing, with the Company's management team, a performance plan to implement this vision;
- agreeing with the Board, the terms and conditions of appointment of senior executives for Board approval;
- appointing the senior management team and delegating appropriate authority to senior management to achieve the Company's goals and objectives;
- endorsing the terms and conditions of appointment of all other staff members;

- providing strong leadership to, and effective management of, the Company in order to:
 - maintain and enhance the reputation of the Company;
 - encourage cooperation and teamwork;
 - maximise financial performance and business efficiency;
 - build and maintain staff morale at a high level; and
 - build and maintain a strong sense of staff identity with, and a sense of allegiance to, the Company;
- ensuring a safe workplace for all personnel;
- carrying out the day-to-day management of the Company;
- ensuring compliance with legal, regulatory and industry code requirements;
- forming task forces and steering committees from time to time to assist in the orderly conduct and operation of the Company; and
- keeping the Board informed, at an appropriate level, of the activities of the Company.

Director Independence

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 the Company and other entities.

The Board assesses independence of Directors upon appointment and annually.

Performance Assessment

The Board, following the functions, powers and delegations set out in the Remuneration and Nomination Committee Charter, will annually develop and implement a formal process to assess its performance and each Committee's performance. This process may, from time to time, be delegated to the Remuneration and Nomination Committee where established. Periodic external review may be recommended from time to time.

Company Secretary

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 is accurately captured in the minutes;

- helping to organise and facilitate the induction and professional development of Directors.

The Company Secretary will be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.

The appointment and removal of a Company Secretary will be subject to Board approval.

All Directors shall have direct access to the Company Secretary.

Ethical Standards

Board members are expected to observe the highest standards of ethical behaviour and conduct.

The Board supports and encourages policies within the Company which require Directors and employees to observe high standards of personal integrity and display honesty in their dealings.

Conflicts of Interest

Directors are expected to avoid any action, position or interest that conflicts with an interest of the Company, or gives the appearance of a conflict.

A Director that has a material personal interest in a matter that relates to the affairs of the Company must give the other Directors notice of such interest.

A Non-Executive Director should inform the Chair of the Board and the Chair of the Remuneration and Nomination Committee before accepting any new appointment as a Director of another listed entity, or other material Directorship or any other position with a significant time commitment.

The Company Secretary will record in the Board Minutes declarations of interest made by Directors.

Meetings

The Board shall meet at least six (6) times annually and at such other times as the Board may from time to time determine.

Quorum

Pursuant to the Constitution, a quorum shall consist of two (2) Non-Executive Directors.

Agenda

The agenda for each meeting is dictated by the needs of the Company and the Board and is prepared by the Company Secretary in consultation with the Chairman and CEO.

Board Papers

Papers for Board and Committee meetings should be circulated, if practical, at least five (5) days before the relevant meeting.

The Company Secretary will retain a complete copy of the Board and Committee papers for each meeting whether stored electronically or in hard copy. These will be available for reference by current and former Directors and senior management as required.

Minutes

The Company Secretary shall minute the proceedings and resolutions of all Board meetings, including the names of those present and in attendance.

The minutes shall be circulated to all Directors of the Board for approval and adoption at the next meeting of the Board within fifteen (15) business days of each meeting. Once approved and adopted, the Chairman of the Board will sign off the minutes as an agreed record of the matters discussed at the next meeting.

Attendance

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. Where attendance or remaining attendance for the full meeting is not possible, leave of absence must be sought in advance from the Chairman.

Access

The Company Secretary, Chief Operating Officer and the Chief Financial Officer may attend all open sessions of the Board upon invitation from the Chairman and such closed sessions as the Chairman may determine.

Board Decisions

Decisions of the Board shall be binding in accordance with their terms.

Public Relations

The Chairman and/or the CEO will act as primary spokespersons for the Board. The Board may delegate authority to designated members of management to comment on particular matters from time to time as may be required, in accordance with such policies as the Board may determine.

Budget and Strategic Plan

The Board shall agree on a budget and strategic plan for the Company which shall be agreed between the Board and management.

Travel Arrangements

Travel arrangements for the Directors shall be in accordance with the travel policy established by management from time to time.

Committees

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 reviewing the need for each Committee on an ongoing basis and receiving reports from each Committee.

The Board will establish Charters setting out matters relevant to composition, responsibilities and administration of such Committees, and other matters that the Board may consider appropriate.

The Board may, from time to time, dissolve a Committee, for whatsoever reason, however the duties, powers and responsibilities of that Committee are absorbed by the Board and the Board, as a whole will exercise those functions, powers and delegations in accordance with the Committee Charter.

Commitment to this Charter

All Directors agree and commit to be bound by the terms, spirit and intent of this Charter, as amended, from time to time.

Review

This Policy will be reviewed annually to ensure that it complies with and meets the objectives of the relevant legislation and remains effective for the Company. This Policy may be changed at any time, at the discretion of the Company's Board.