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2016

Corporate Social Responsibility



CONTENTS

4	Message from our Chief Executive Officer
5	Our Approach to Corporate Social Responsibility
6	Our FY16 CSR Objectives
8	1. Supporting the Community
12	2. Protecting the Environment
14	3. Respect for the Law
16	4. Engaging Stakeholders
18	2015-16 Corporate Social Responsibility Key Measures and Results
19	2016-17 Corporate Social Responsibility Program Objectives

Message from our Chief Executive Officer

I am delighted to provide my first Corporate Social Responsibility Report to the stakeholders of the Collection House Group, as CLH's new Chief Executive Officer.

I have stated publicly already that the Group's strong commitment and reputation for ethical and compliant business practices was one of the things that attracted me to this position. I see this as being demonstrated in a number of ways:

- Our track record of ethical collection practice, as evidenced by the ACCC's 2015 research showing Collection House had the lowest number of complaints in the industry with 0.05 complaints per collection staff member¹; and the most recent results from our industry Ombudsman showing the Group had just under 40 External Dispute Resolutions (EDR) complaints per 100,000 active accounts²
- The Group's commitment to developing, implementing and measuring a corporate social responsibility program, and making this publicly available
- Collection House's pivotal role in the establishment and strong support of the National Hardship Register.

Having joined the Group in July 2016, it has been a privilege to reflect on the FY16 CSR achievements illustrated over the following pages, and understand the work and commitment of so many of our team. However there were also a number of great initiatives undertaken that were not formal CSR objectives in FY16, but evolved as our employees saw opportunities emerging.

For example, during the year our Resolutions team were given the opportunity to participate in a pilot program with WEstjustice, a community legal centre in Melbourne's west, on 'Restoring Financial Safety' – a family violence and financial security project. The pilot has established a set of financial security protocols, which are practical issues that victims of family violence need resolved for their safety and to restore financial security. This is a critical issue in our society and I am proud that we have stepped up to be a part of the solution.

We have set our FY17 CSR objectives with a view to continue the solid work already underway, and also to expand it in some key areas, especially for our customers and employees. Being a socially responsible business is something that just makes good common sense to me – not only is it "the right thing to do", I've seen around the world how strong corporate citizenship can improve a company's reputation, increase competitive advantage, enable the best staff to be recruited and retained, and strengthen all stakeholder relationships.

I look forward to providing you with the outcomes of our next year's evolution in this space.



Anthony Rivas
Chief Executive Officer

"We have set our FY17 CSR objectives with a view to continue the solid work already underway, and also to expand it in some key areas, especially for our customers and employees"

¹ <https://www.accc.gov.au/publications/research-into-the-australian-debt-collection-industry>

² <http://www.cio.org.au/publications/annual-report-on-operations/annual-report-on-operations-2015/>

Our Approach to Corporate Social Responsibility

The Collection House Group's CSR program is underpinned by our ethos to achieve profitability in a socially and environmentally responsible manner.

Our strategy is guided by the International Standard ISO 26000 Guidance on Social Responsibility (ISO 26000), which provides a best practice framework upon which to base our program. We support this principle's belief that an organisation's performance in relation to the society in which it operates, and its impact on the environment, has become a critical part of measuring its overall performance and ability to continue operating effectively.

We have adopted a number of ISO 26000's core subjects of social responsibility and review our objectives annually under its guidance.

In delivering our CSR program, the Collection House Group:

- Focuses our efforts in four key areas to enable us to deliver sustainable positive change
- Informs stakeholders of our activity through an annual outcomes report
- Continuously validates and improves our CSR practices as guided by ISO 26000
- Establishes new objectives in each annual report and communicates our achievement against these
- Continues to lead the way in ethical debt collection practice.

Key focus areas: our CSR practice

The Collection House Group's CSR program delivers results across four key areas:

- **Supporting the community:** we give back to our communities and contribute to the social good
- **Protecting the environment:** we maintain sustainable business practices and environmentally responsible conduct
- **Respect for the law:** we commit to the spirit and intent of the law, including the protection of the financially vulnerable
- **Engaging stakeholders:** we preserve our constructive engagement with stakeholders, consistent with our commitment to open and transparent business practices



Our FY16 CSR Objectives

The Collection House Group's CSR activity during 2015-16 was driven by the following objectives, which were announced in the previous CSR Report:

1. Supporting the community

- 1.1 Support St Vincent de Paul's Clemente Program by enabling our staff to engage in Learning Partner opportunities
- 1.2 Increase staff participation in our Community Volunteering Program
- 1.3 Partner with the Financial Basics Foundation to deliver debt literacy educational programs in secondary schools
- 1.4 Explore additional opportunities to provide in-kind professional services to not-for-profit community organisations.

2. Protecting the environment

- 2.1 Explore opportunities with precinct partners to undertake joint environmental initiatives
- 2.2 Increase the renewable energy component of total energy consumption from across our sites
- 2.3 Continue our trend of reducing paper consumption through improved efficiencies, implementing digital processes that replace the use of paper, and increasing staff awareness of wasteful paper consumption practices
- 2.4 Undertake a whole-of-company switch to carbon neutral or recycled paper.

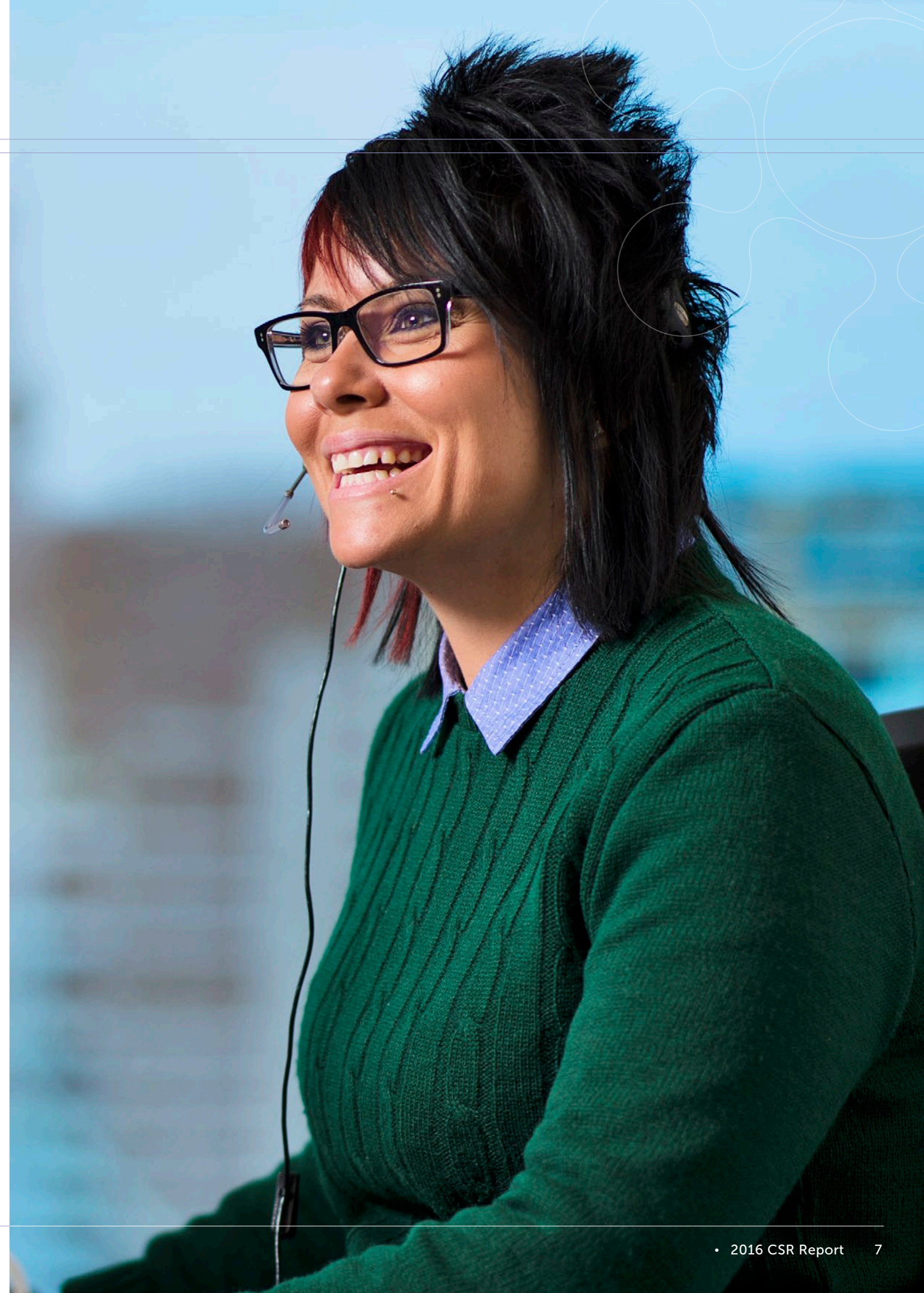
3. Respect for the law

- 3.1 Learn from financial counsellors to enhance how our Hardship Assistance Team engage with financially vulnerable customers
- 3.2 Support the National Hardship Register and its transition to an ongoing program with more participants and greater outreach
- 3.3 Complete an annual review of our alignment with ISO 26000 to ensure we remain consistent with its guidance.

4. Engaging stakeholders

- 4.1 Continue our support of financial counselling services
- 4.2 Continue our work with government regulators to generate positive outcomes for both industry and stakeholders.

Our progress against each of these objectives is provided over the following pages.



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1. Supporting the Community

A key component of our CSR program is to provide financial and other resources to programs and services that contribute to the social good and strengthen the communities we operate in. Our approach demonstrates how we “give back” to our communities, and how we work with the not-for-profit sector to achieve practical, positive and immediate outcomes.

1.1 Support St Vincent de Paul’s Clemente Program by enabling our staff to engage in Learning Partner opportunities

St Vincent de Paul’s Clemente Education Program helps marginalised and disadvantaged people re-engage in their communities through a free-of-charge university program designed to build confidence through education.

The program relies on volunteers to donate their time as Learning Partners, mentoring individual Clemente students by providing support, encouragement and study skills assistance.

Four Collection House Group staff volunteered to work with the Clemente Program over a three month period (one semester), meeting with their mentee weekly to provide support and assistance with their studies. A further three staff provided voluntary support at the beginning of the program.

Collection House contributed 50% of the costs of the program.

Our volunteers and financial contribution were considered essential to the success of program.



(L-R) Collection House Group Clemente Program mentors Dan Rapmund, Rodd Budgen, Gabriella Hernandez and Helene Grabs



Clemente Program students and mentors at the program’s graduation day

“I thoroughly enjoyed the experience and I learnt a lot about the students, the subject, my colleagues and myself. It was a truly rewarding experience and I would encourage any of my colleagues to consider participating.”

Rodd Budgen
Collection House

1.2 Increase staff participation in our Community Volunteering program

The Community Volunteering program was re-launched in June 2015, offering Collection House Group staff members the opportunity to access one day’s paid leave per year to undertake volunteer work with a community agency or charity event of their choice.

In 2015-16, employees contributed 19 volunteer days to not-for-profit organisations. A focus area for FY17 will be ensuring employees across the Group are aware of this opportunity to increase engagement in the program.

Whilst volunteering days taken were down on the previous year, employee contributions to our Corporate Giving Program, supporting UnitingCare Community and Beyond Blue, almost doubled this financial year.

1.3 Partner with the Financial Basics Foundation to deliver debt literacy educational programs in secondary schools

Collection House is proud to be the founding partner of Financial Basics Foundation, which provides free financial

literacy education programs to Australian high schools. The Foundation reached a milestone recently with its resources now available in more than half of secondary schools nationally.

Our partnership this year focused on the creation of a resource to help develop debt literacy for secondary school students. This classroom teaching resource, which was named by one of our staff as *Slaying The Debt Dragon*, is designed to help students understand debt and the importance of not letting debt get out of hand. It also highlights the importance of talking with your lender if you are having trouble meeting your debt commitment.

Slaying The Debt Dragon was developed with input from experienced Collection House staff, lending a ‘real world’ context to the material. Furthermore, our staff participated in a trial with Financial Basics to personally deliver the lesson at two secondary schools, which received positive feedback as to its relevance and the method of delivery. We are now considering options for a broader trial of the material at other secondary schools, using our staff as volunteers to help deliver the lesson in classrooms.



Collection House’s Terry Cross presenting the ‘Slaying The Debt Dragon’ lesson

1. Supporting the Community

Feedback from the five teachers involved in the 'Slaying the Debt Dragon' pilot

	Average rating from 1 - 5 (1 = Poor, 5 = Excellent)
Content relevance for your subject	5
Overall value to your students	4.4
Engagement / interest of students you observed today	3.8
Level of difficulty - pitched at the right level –suitability for your class	4.2
The presenter in terms of knowledge of content	4.6

"The Financial Basics Foundation pursues its mission through a series of programs that are designed to educate young people about financial issues. This year, FBF worked with Collection House to develop and release a joint initiative aimed at increasing students' understanding of indebtedness and solving debt problems before it's too late. The result - "Slaying the Debt Dragon" - is a unique product that combines the insight of debt collection experts with a structure and format accessible for middle school students.

This partnership enables FBF to drive change and optimise our ability to address challenges that we cannot address alone. The ongoing support of Collection House enables FBF to work towards achieving our mission of ensuring that every young person in Australia has the knowledge, skills and confidence that will enable them to make informed financial choices and manage their money now, and into the future."

Katrina Birch, CEO
Financial Basics Foundation



Collection House not only conceived the idea for Financial Basics Foundation and funded its establishment as an independent not-for-profit in 2002, it has continued to support the organisation financially and non-financially ever since. This partnership is a visible demonstration of our commitment to financial education and improving the financial literacy of young Australians.

1.4 Explore additional opportunities to provide in-kind professional services to not-for-profit community organisations

Our Technology, People & Culture and Corporate Legal teams continued to provide a range of in-kind professional services to the Financial Basics Foundation this year. This ranged from advice on recruitment and termination through to detailed review of online game specifications and recommendations on digital suppliers.

FY17 OBJECTIVES:

- 1.1 Partner with the Financial Basics Foundation to deliver financial literacy educational programs in secondary schools, and explore opportunities to tailor their financial literacy programs for CLH staff and customers
- 1.2 Continue our collaboration with WEstjustice on the Restoring Financial Safety family violence and financial security project
- 1.3 Explore additional opportunities to partner with not-for-profit community organisations



2. Protecting the Environment

Collection House maintains its commitment to fostering sustainable resource use and environmentally responsible conduct. We do this not only because it is an inherent component of our corporate ethos, but also because sustainability practices are in line with good business management.

2.1 Explore opportunities with precinct partners to undertake joint environmental initiatives

We continued to collaborate with our building partners to find new ways to improve sustainability activities. A key feature this year was working with landlord Jones Lang LaSalle in our Sydney office to remove personal bins at employee's desks, in order to increase and promote office recycling and limit cross-contamination in daily refuse. This has worked so well that the practice was introduced to the Brisbane headquarters post-relocation.

2.2 Increase the renewable energy component of total energy consumption from across our sites

Progress in this objective was achieved this year through the relocation of both the Brisbane headquarters and the Sydney office.

The new Brisbane headquarters at 100 Skyring Terrace, Newstead is in a Five Star Green Star – Office Design v3 rating, and is targeting a Five Star Green Star As-Built rating and a 4.5 NABERS energy rating.

The relocation of the Sydney office during the year to 175 Liverpool Street now has our Sydney office in a 5 NABERS energy rating building. The Jones Lang LaSalle on-site management team at this premises is actively committed to sustainability and the recycling of products within this tenancy, and continue to proactively look at initiatives such as smart meter reporting and reducing waste.

Improvements made to the Group's customer portal throughout the year have increased the number of customers using this self-service channel, reducing physical mail production by more than 10%.

2.3 Continue our trend of reducing paper consumption

We have continued our trend of reducing paper consumption this year through improved efficiencies, implementing digital processes to replace the use of paper, and increasing employee awareness of wasteful paper consumption.

To continue this focus, we have investigated "follow me print" technologies to reduce paper wastage when printing – this, together with default double-sided printing, will be built into the requirements for tenderers for the Print Management Contract tender in FY17.

2.4 Undertake a whole-of-company switch to carbon neutral or recycled paper

This objective has been achieved this year, with all paper purchased for general printing being carbon neutral.



FY17 OBJECTIVES:

- 2.1 Increase the renewable energy component of total energy consumption across our sites
- 2.2 Continue our trend of reducing paper consumption through improved efficiencies, implementing digital processes that replace the use of paper, and increasing staff awareness of wasteful paper consumption practices
- 2.3 Embed CSR criteria into the procurement process: include an evaluation of CSR practices when assessing new contracts and suppliers.

3. Respect for the Law

The Collection House brand is synonymous with ethical business conduct, strong governance, and a proactive approach to our legal responsibilities. Further, in committing to the spirit and intent of the law, we also acknowledge the need to facilitate the protection of the financially vulnerable.

3.1 Learn from financial counsellors to enhance how our Hardship Assistance Team engage with financially vulnerable customers

In 2015 the Group established a dedicated Hardship Assistance Team, to provide specialist support to customers experiencing financial difficulty who advise they are unable to meet their current or future obligations. The formation of this centralised team, who sit within the Group Risk area, enables these requests to be addressed in a sensitive and consistent way.

To build on the skills of this team and to ensure our service to this segment is appropriate, representatives from our Hardship Assistance Team attended a number of financial counselling conferences throughout the year to engage directly with counsellors and share knowledge. Topical issues discussed this year included the complexities around financial hardship, debt and family crisis.

The feedback from both our employees and financial counsellors has been very positive, with the relationships formed, information shared and feedback given invaluable to improving our ability to support customers. The Hardship Assistance Team also share this knowledge with our Resolutions team to ensure consistent treatment and support for our customers.

"Thank you Rodd,

As soon as he has the car and job secured (2 weeks maximum) I will be in contact to organise the repayment proposal.

Cannot thank you enough, you have literally changed this young man's life."

Debt advocate on behalf of a customer

3.2 Support the National Hardship Register and its transition to an ongoing program with more participants and greater outreach

The National Hardship Register (NHR) is a joint initiative by the Australian Collectors and Debt Buyers Association (ACDBA) and the financial counselling sector, as a mechanism to help address individuals facing long-term and severe financial hardship.

When a person is approved to be included in the NHR, debt collection activity from participating ACDBA members ceases. This approach not only protects financially vulnerable people, it also acknowledges that debt recovery against these individuals is counterproductive for all parties.

The NHR was initially suggested by Collection House in 2012, and we have championed the proposal through pilot stage since this time. We were delighted when the initiative was officially launched in February this year, and we will continue to support its operation.

3.3 Complete an annual review of our alignment with ISO 26000 to ensure we remain consistent with its guidance

The CSR objectives for FY17 have been set with reference to ISO 26000. As a result, we feel it is an appropriate time in our program's maturity to expand the definition of one of our focus areas, Engaging Stakeholders, to include a broader definition of stakeholders moving forward. We will continue to be guided by ISO 26000 and will undertake a further review at the end of the financial year.

"Thank you so much Leonard,

It wasn't until I was contacted by a landline number from Lion Finance that I even knew that this default was in my name and straight away I entered a payment plan as I wasn't in a position to pay it off in a lump sum. I understand when taking out a loan that it is my responsibility to make sure it is being paid, however before leaving my husband I thought this was happening as he was in control of all our finances. Last year was a really hard year with me and something I never expected to happen. I have been trying to get back on my feet and sort out and fix all of my finances.

.... This will help me immensely get my life back on track."

Customer

FY17 OBJECTIVES:

- 3.1 Continue to learn from financial counsellors to enhance how our Hardship Assistance Team engage with financially vulnerable customers
- 3.2 Continue support for the ongoing evolution of the National Hardship Register
- 3.3 Complete an annual review of our alignment with ISO 26000 to ensure we remain consistent with its guidance



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4. Engaging Stakeholders

We continue to maintain positive and productive relationships with our stakeholders. In addition to our customers, we recognise our stakeholders to include financial counselling bodies, community legal centres, and government regulators. By effectively working with our stakeholders, we are able to collectively engage in opportunities to achieve mutually satisfying outcomes and a better understanding of shared needs.

4.1 Continue our support of financial counselling services

Financial counsellors assist consumers in financial difficulty. They provide information, support and advocacy to help consumers deal with their immediate financial situation and minimise the risk of future financial problems. Financial counsellors work in not-for-profit community organisations and their services are free, confidential and independent.

Financial Counselling Australia (FCA) is the peak body for financial counsellors in Australia. FCA's member groups are the eight State and Territory financial counselling associations:

- Financial Counselling Tasmania
- Financial and Consumer Rights Council
- Financial Counsellors Association of NSW
- Financial Counsellors Association of WA
- South Australian Financial Counsellors Association
- Financial Counsellors ACT
- Financial Counsellors Association of Queensland
- Money Workers Association of the NT

Collection House Group recognises the important role that financial counsellors play in our society, and we are committed to developing a constructive relationship with them. In consultation with FCA, it was agreed in FY16 that the most impactful way we could support financial counsellors was to contribute funding to each of the State associations to subsidise attendance by counsellors to attend professional development training and conferences.

"There are approximately 800 financial counsellors in Australia. One of the biggest issues for all of these workers is access to high quality, relevant training and professional development. Like all professions, ongoing professional development both reinforces core skills and also keeps staff up to date with the latest developments. This is particularly important for financial counsellors, because there are always new things happening in financial services that they need to know about and understand.

On behalf of the State and Territory financial counselling associations, FCA thanks Collection House for its support."

Fiona Guthrie, CEO
Financial Counselling Australia



4.2 Continue our work with government regulators to generate positive outcomes for both industry and stakeholders

We have continued to cooperatively and proactively engage with our regulators this year through regular meetings and ongoing dialogue. We believe in pursuing an open communication channel with our regulators, and proactively raise customer matters directly with them where appropriate.

We are also transparent with discussing and outlining our processes with our regulators, making amendments where required to ensure we follow best practice at all times.

FY17 OBJECTIVES:

In FY17, we are broadening our definition of stakeholders to include employees and customers as specific stakeholder groups.

Financial counsellors:

- 4.1 Continue our support of financial counselling services

Government:

- 4.2 Continue our work with government regulators to generate positive outcomes for both industry and stakeholders

Employees:

- 4.3 Increase participation in our Workplace Giving Program
- 4.4 Increase participation in our Community Volunteering Program
- 4.5 Introduce an annual CEO's Community Awards to recognise individuals' commitment to their local communities

Customers:

- 4.6 Expand our offerings to customers experiencing financial hardship through creating *Safe Horizons*



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2015-16 Corporate Social Responsibility Key Measures and Results

2016-17 Corporate Social Responsibility Program Objectives

Key Measure	2013-14	2014-15	2015-16	Supporting statement
Total staff donations (\$) to registered charities through the Workplace Giving program	\$8,580	\$5,165	\$10,470	Participation in our Workplace Giving Program, supporting UnitingCare Community and Beyond Blue, almost doubled this year.
Sponsorship support (\$) provided to charitable organisations	\$70,958	\$76,500	\$95,000	Our sponsorship support and commitments have either been maintained or increased.
Per cent (%) of total energy consumption across CLH domestic sites that is generated from renewable resources	7.29%	4.29%	5.04%	Total usage 658,432 kW Total Green Energy 33,193 kW (totals include electricity usage provided as at 08.08.16)
Estimated number of trees saved through paper recycling programs	166.1	172.6	158.8	This was less than last year due to the overall reduction in paper usage throughout our offices.
Estimated tonnes of carbon emissions saved through paper recycling programs	31.4 tonnes	32.64 tonnes	30.0 tonnes	This was less than last year due to the overall reduction in paper usage throughout our offices.
Number of community volunteering days accessed by staff	-	30 days	19 days	Awareness programs will be implemented to ensure employees know about the Corporate Volunteering Program.
Consumer debt (\$) treated through social justice guidelines	\$3,660,604	\$3,445,700	\$3,913,952	We have noted there are more customers in the past financial year that are suffering financial hardship. We continue to apply robust guidelines that assist customers experiencing hardship to access adjusted arrangements.
Per cent (%) of staff contacts made with consumers resulting in a referral for dispute resolution	0.006%	0.005%	0.0002%	Our referral levels for dispute resolution dropped significantly despite increasing the number of consumer contacts made by ~50% from last year. We attribute our effective and respectful engagement of consumers as a key contributor for CLH's declining dispute resolution referrals.

1. Supporting the Community

- 1.1 Partner with the Financial Basics Foundation to deliver financial literacy educational programs in secondary schools, and explore opportunities to tailor their financial literacy programs for CLH staff and customers
- 1.2 Continue our collaboration with WEStjustice on the Restoring Financial Safety family violence and financial security project
- 1.3 Explore additional opportunities to partner with not-for-profit community organisations

2. Protecting the Environment

- 2.1 Increase the renewable energy component of total energy consumption across our sites
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- 2.3 Embed CSR criteria into the procurement process: include an evaluation of CSR practices when assessing new contracts and suppliers

3. Respect for the Law

- 3.1 Continue to learn from financial counsellors to enhance how our Hardship Assistance Team engage with financially vulnerable customers
- 3.2 Continue support for the ongoing evolution of the National Hardship Register
- 3.3 Complete an annual review of our alignment with ISO 26000 to ensure we remain consistent with its guidance

4. Engaging Stakeholders

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