

# ASX ANNOUNCEMENT

26 September 2014

## **Collection House releases inaugural Corporate Social Responsibility Report**

Leading Australian Receivables Management Company, Collection House Limited (ASX code: CLH) announces its first ever Corporate Social Responsibility (CSR) Outcomes Report.

In keeping with its long-standing commitment to “lead the way” in ethical and sustainable business practice, and also to underpin an ongoing emphasis on accountability as a core feature of its company culture, Collection House Group introduced a CSR program into its business operations in February this year.

Today, alongside the release of its 2014 Annual Report, the Company released the CSR program’s inaugural report card, detailing outcomes across four key areas:

- Supporting the community
- Protecting the environment
- Engaging stakeholders
- Respect for the law

The program is based on International Standard ISO26000, allowing CSR activity to be informed by internationally recognised best practice.

### **Market Leader**

Collection House Managing Director and Chief Executive Officer Mr Matthew Thomas said the CSR report enhanced the Collection House Group’s reputation as an industry leader.

Collection House is the first of its industry peers to produce a dedicated CSR report and has done so in the same period as releasing a record net profit of \$18.7m, an increase of 20% on the past financial year (FY13).

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“The report signals very clearly that the Company’s continued growth will not be achieved in a way which diminishes the ethical foundations that underpin our brand and what we stand for,” said Mr Thomas.

“It also demonstrates that profitable business and socially responsible business are not mutually exclusive, but complementary,” he said.

“During the past year we have worked not just to perpetuate company growth but also to unlock opportunities for greater shareholder returns into the future,” said Mr Thomas.

“Our CSR program is fundamental to this. We have taken small, but significant steps forward on our CSR journey and I look forward to the next stage,” he said.

The CSR Outcomes Report and the 2014 Annual Report are available from the Company’s website at [www.collectionhouse.com.au](http://www.collectionhouse.com.au).

For more information please contact:

Matthew Thomas  
Managing Director and CEO  
Collection House Limited  
Ph: 07 3100 1245

## Collection House Group - Overview

### Collection House Limited

Debt collection and receivables management



### Reliance Legal Group

Legal services including insolvency administration



### Lion Finance

Debt purchasing and recovery



### CashFlow Financial Advantage

Licensed intermediary for the provision of credit



### Collective Learning & Development

Credit management and related training services



### Midstate CreditCollect Pty Ltd

Debt collection services, specialising in Local Government



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# Corporate Social Responsibility



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## MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S MESSAGE

For over 20 years, the twin features of the Collection House brand have been our long-standing commitment to "leading the way" in ethical debt collection bolstered by our enduring reputation as a strong corporate citizen.

As I indicated in our 2013-14 Annual Report, Collection House has committed to a 'gear change' to grow the Company consistent with our long-term strategy. However, I assure our stakeholders that this growth will be accompanied by an equal commitment to achieve this outcome in a socially and environmentally responsible manner.

This commitment is demonstrated through the implementation of a dedicated Corporate Social Responsibility (CSR) program in the Company. To this effect, I am pleased to release the *Corporate Social Responsibility Outcomes Report 2013-14*, the first such report from this Company.

This report and its content embody many of our core values: Respect, Teamwork, Accountability, Professionalism, Innovation, Performance and Ethics. It also clearly signals that our continued growth will not be achieved in a way that diminishes the ethical foundations that underpin our brand and what we stand for.

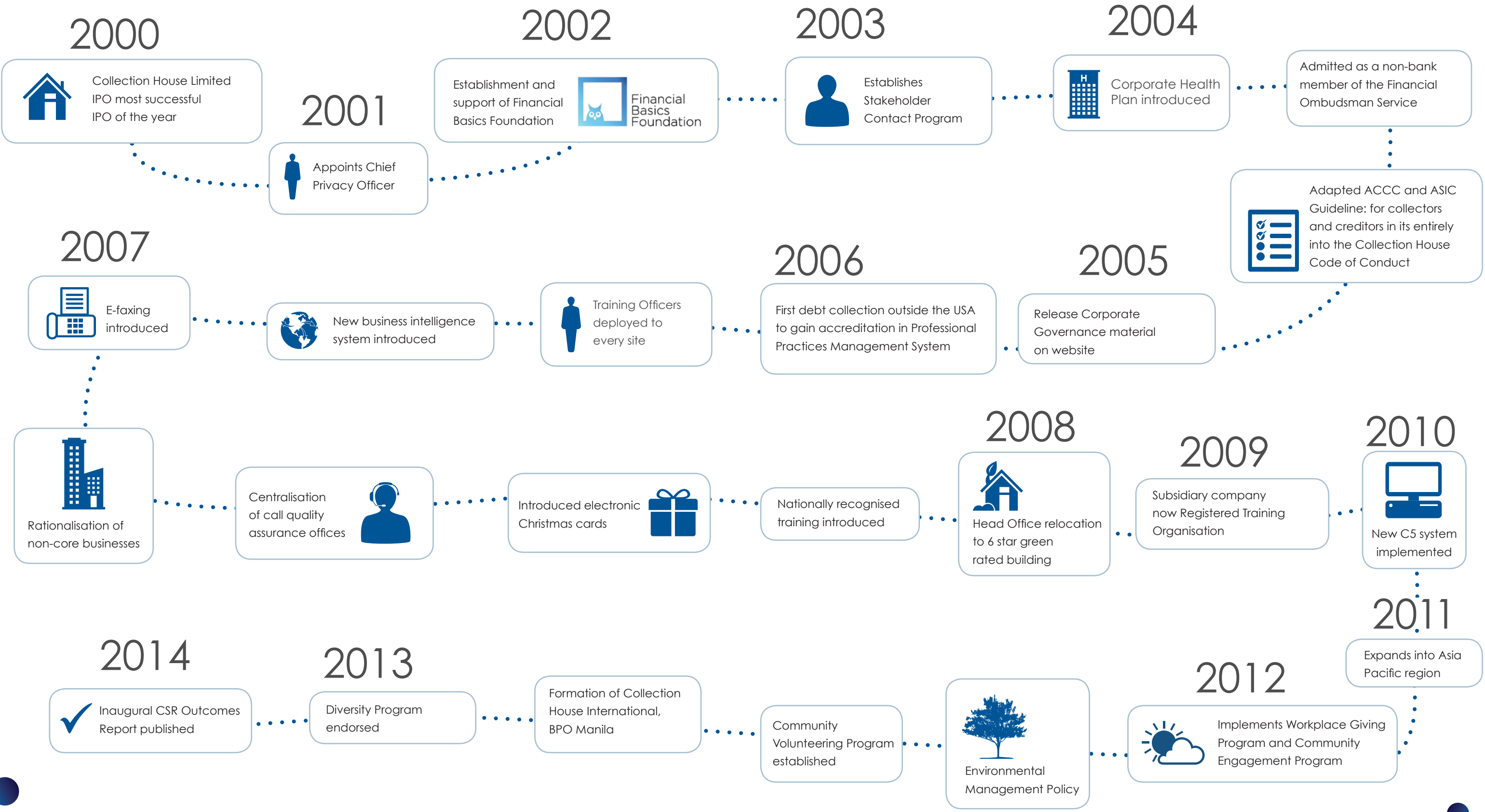
This report is accompanied by a dedicated program that coordinates our existing range of CSR-affiliated activities and supports the development and implementation of new ones. Our CSR program follows the guidance provided by the International Standard *ISO26000 Guidance on Social Responsibility*, allowing our CSR activity to be informed by internationally recognised best practice.

The report also includes clear 2014-15 objectives that enable stakeholders to monitor the implementation of our commitment.

I welcome this next stage of Collection House's CSR journey.

**Matthew Thomas**  
Managing Director and  
Chief Executive Officer

# OUR CSR JOURNEY





# OUR APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

Our ethical legacy continues to guide how we grow.

Collection House is driven by an unwavering commitment to business conduct that is ethical, lawful and respectful of its community and environment. This is featured through the Company's long-standing reputation of "leading the way" in ethical practice and our emphasis on values as an established feature in our culture.

Our orientation to ethical conduct, stakeholder engagement and environmental responsibility was advanced in 2013 with the Company announcing its commitment to implementing Corporate Social Responsibility (CSR) as a specific program.

Our CSR program is guided by the International Standard *ISO26000: Guidance on Social Responsibility*. The standard describes the recognition of CSR in an organisation, the core subjects and issues relating to CSR, and ways to integrate CSR into organisational activity. By using ISO26000 to implement social responsibility in the Company, we are able to be guided by international best practice and align our program activity and outcomes with a recognised framework.

- In delivering our CSR program, we will:**
- focus our efforts on four distinct areas
  - inform our stakeholders of our activity, including the supply of a formal annual report
  - continuously validate and improve our current practices in alignment with international standards and CSR guidelines
  - establish clear annual objectives for the program, and
  - continue to "lead the way" in our industry.

This report provides an overview of our CSR program, including outcomes against identified measures, and also explains our CSR objectives for 2014-15. As our program matures over time, it is anticipated that our CSR performance measures will commensurately grow in their scope and complexity.

**Our Company Vision**  
To be the first choice for customers and clients seeking quality financial solutions.

**Our Corporate Social Responsibility Goal**  
To enhance and sustain Company profitability in a socially and environmentally responsible manner.

**Our Practice**  
Our CSR program will deliver results across the following four areas:

- *Supporting the community* - we will give back to our communities and contribute to the social good
- *Protecting the environment* - we will maintain sustainable business practices and environmentally responsible conduct
- *Engaging stakeholders* - we will preserve our constructive engagement with stakeholders consistent with our commitment to open and transparent business practices
- *Respect for the law* - we will commit to the spirit and intent of the law, relevant legislation and the regulatory requirements where we operate

## Overview of the Collection House CSR Framework





# SUPPORTING OUR COMMUNITY

We support the communities in which we operate.

Collection House recognises the importance of supporting our community and contributing to the social good. We do this because it aligns with our ethos to be an exemplary corporate citizen and because strong communities generate a positive business environment.

**We support our communities by:**

## 1. Encouraging financial literacy

We provide funding and in-kind support to the Financial Basics Foundation and its work with school students. The work of the Foundation and Collection House's role in its success is detailed in the next section.

## 2. Supporting staff volunteerism

We acknowledge the importance of volunteerism in contributing to the political, social, economic, environmental and cultural well-being of our communities. To this effect, each staff member is able to access one day's paid leave per year for the purpose of undertaking community volunteer work.

It is acknowledged that this program was not actively used during 2013-14. During 2014-15, we will re-launch the program with a view to boosting staff volunteerism with community based organisations.

## 3. Giving preference to local suppliers of products and services

We prioritise the use of local suppliers for staff amenities, goods and services, as well as our awards and recognition programs. This contributes to the economic health of our communities.

## 4. Providing financial support to charities and schools

Collection House encourages its employees to participate in the Workplace Giving Program, which offers a convenient and tax effective way to donate to a range of charities.

The Company also directly contributes to charities and schools to assist specific causes.

## 5. Building positive community outcomes

Collection House recognises that supporting the community also includes becoming directly engaged in delivering social outcomes through the provision of in-kind services. This allows the Company to direct the professional expertise and qualifications of its specialist staff to the achievement of specific and meaningful results for the community.

For example, during 2014-15 we will support the Conexu Foundation in delivering its products and services to its stakeholders.



2014-15 Objectives: Supporting Our Community

- 1.1 Explore opportunities for improving financial literacy in the community, including sponsoring research into issues impacting financial health.
- 1.2 Provide in-kind project management services to the Conexu Foundation to deliver products and services for people who are Deaf, hard of hearing, or speech impaired.
- 1.3 Re-launch the Community Volunteering Program and boost staff volunteerism with community based organisations.
- 1.4 Continue our support of the Financial Basics Foundation.

Educating young people about sound financial practices provides benefits for both the individual and broader community. Collection House funding has enabled the Financial Basics Foundation to provide our programs to over 1,600 secondary schools across Australia.

Katrina Birch  
Chief Executive Officer  
Financial Basics Foundation

Building Positive Community Outcomes with Conexu Foundation

An example of Collection House's approach to building positive community outcomes is its partnership with Conexu Foundation.

Conexu Foundation is a national not-for-profit organisation that provides research, services and solutions to address communication barriers for people who are communication impaired, Deaf, or hard of hearing. The Foundation is currently engaging in a range of projects that assist people with access to communication and information of their choice, so they can fully participate in the broader community.

During 2014-15, Collection House will provide in-kind specialist project management services to Conexu Foundation. These services will focus on: (i) assisting the Foundation undertake a specific project that will generate positive outcomes for its stakeholders; and (ii) contribute to the Foundation's project management practices.

Learn more about Conexu Foundation at [www.conexu.com.au](http://www.conexu.com.au)





# FINANCIAL BASICS FOUNDATION

Collection House co-founded the Financial Basics Foundation in 2002 to teach Australian secondary school students about money and how to make sound financial choices. Since that time, the Foundation has grown to become a nationally recognised leader in the provision of financial literacy resources for young people and is at the forefront of financial literacy education.

The Foundation delivers two free financial literacy resources to educators and students around Australia:

- Operation Financial Literacy, and
- ESSI Money.

With the launch of a new website in January 2014, the Financial Basics Foundation commenced phase one of a strategy to deliver a suite of financial literacy resources through online and digital forums. This included delivering an updated and digitised version of Operation Financial Literacy, establishing a social media presence, and releasing financial literacy resources to the general public.

In the first six months since its launch, the Foundation's website registered 11,271 sessions. Of these, 6,704 were unique (first time) users and 4,567 were returning visitors.

Foundation staff also delivered seven Professional Development workshops to teachers around Australia, outlining the application of its materials in the Australian Curriculum and its focus on resourcing financial literacy within the new mathematics curriculum.

Learn more about the Financial Basics Foundation at [www.financialbasics.org.au](http://www.financialbasics.org.au)



## Operation Financial Literacy

Operation Financial Literacy is a 12 module secondary school resource for teachers which combines classroom, community, internet and research based activities. Each module includes detailed teacher notes, lesson plans and student activity sheets.

The materials can be incorporated into a number of study areas including Business and Economics, Mathematics, Studies of Society and Environment, Enterprise Education, Life Skills, Vocational Learning, and Information and Communication Technology.

Operation Financial Literacy was written and evaluated by Australian teachers and has received endorsement by the Curriculum Corporation and the federal government's Financial Literacy Foundation. Operation Financial Literacy has been mapped to the Australian Curriculum and the National Consumer and Financial Literacy Framework.

1,667 secondary schools across Australia are currently engaged in the program.

## ESSI Money

ESSI Money is an online financial literacy game for Australian secondary school students. The game focuses on assisting players learn about Earning, Saving, Spending and Investing (ESSI). The structure of the game allows players to practise realistic financial transactions and experience their consequences in a fun and challenging way.

Over 83,664 students have played ESSI Money since its release in 2007. In September 2013, the Financial Basics Foundation was awarded the MoneySmart Week Outstanding Achievement Award for the ESSI Money program.







# PROTECTING THE ENVIRONMENT

Engaging in sustainability is good business practice.

Collection House possesses a long-term commitment to fostering the sustainable use of the Earth's resources. This commitment extends from our appreciation of the importance of protecting the environment, but also because engaging in sustainable practice is good business practice.

## We work to protect the environment by:

### 1. Arranging tenancies in green infrastructure

We have located our head office (which includes the largest proportion of staff from across the Group) in a highly accredited 'green' building that has achieved a six star Green Star rating under the Green Building Council of Australia Scheme and a 4.5 star NABERS rating (Excellent Performance) for indoor environment and water consumption. These features include the use of solar power, natural gas, and rainwater capture.

In addition, our Sydney office uses 100 per cent renewable energy.

### 2. Reduce cost through better resource procurement, usage and waste management

In addition to aiming to reduce our overall consumption of paper, we also arrange for our

waste paper to be recycled through a certified document destruction and recycling program.

We have also implemented processes to identify and track the sources and volume of energy, water and other resources that we consume across the business. This provides us insight into what we currently consume, but also how we can reduce this over time.

### 3. Building an environmentally aware business culture

We look to work with suppliers who also engage in sustainable practices, reflecting our understanding that environmental protection is best achieved through an aligned commitment across business groups. This intent will be reflected in our ongoing procurement practice.

## 2014-15 Objectives: Protecting The Environment

- 2.1** Explore opportunities for improving our environmental protection activities through the review of best practice approaches for the use of technology, property and processes.
- 2.2** Review our Environmental Management Policy and existing range of environmental protection initiatives.
- 2.3** Review our procurement practice to reflect our preference to work with suppliers who also engage in sustainable practices.





## RESPECT FOR THE LAW

We set the industry benchmark in compliant and ethical debt collection practice and remain committed to this high standard.

A key component of Collection House's brand and business conduct is our respect for the law. We do this by ensuring that we fully operate within the boundaries of the domestic and international legal frameworks where we operate. More importantly, we also achieve this outcome through our broader orientation to accountability, superior governance, proactive compliance, and working in partnership to resolve disputes. It is through these practices that we express our ethical leadership in the receivables management industry.

**We respect the law by:**

**1. Maintaining high standards of corporate governance**

We take pride in maintaining the highest standard of good corporate governance practices, legal compliance, and transparency in our arrangements. Our key Compliance and Corporate Governance policies, Board and Committee Charters, and details pertaining to our compliance with the Principles and Recommendations of the ASX Corporate Governance Council are publicly available through our website.

We will regularly review our alignment with ISO26000 to ensure that we remain consistent with its guidance.

**2. Promotion of ethical and responsible decision making**

Our core corporate values include an emphasis on demonstrating the highest levels of integrity in all aspects of our business. This expectation extends to the clear and documented expectation on all staff to act in accord with our values of Respect, Teamwork, Accountability, Professionalism, Innovation, Performance and Ethics.

**3. Embedding compliance as a way of doing business**

We deliver regular and ongoing compliance and training programs to our staff that instil the importance of acting ethically and treating our customers with respect. Further, we apply the ACCC / ASIC *Debt Collection Guidelines: For Collectors and Creditors* in our Collector's Code of Conduct and in staff employment agreements.

**4. Working to resolve disputes**

We ensure that our consumers have an opportunity to express their concerns and participate in a fair and respectful process in how their concerns are handled and resolved.

We have a robust internal dispute resolution process that ensures customers who may have a complaint with our business activities are treated fairly. Customers are encouraged to contact our internal Dispute Resolution Team to discuss their complaint with our specialist Resolution Officers.



5. A commitment to social justice

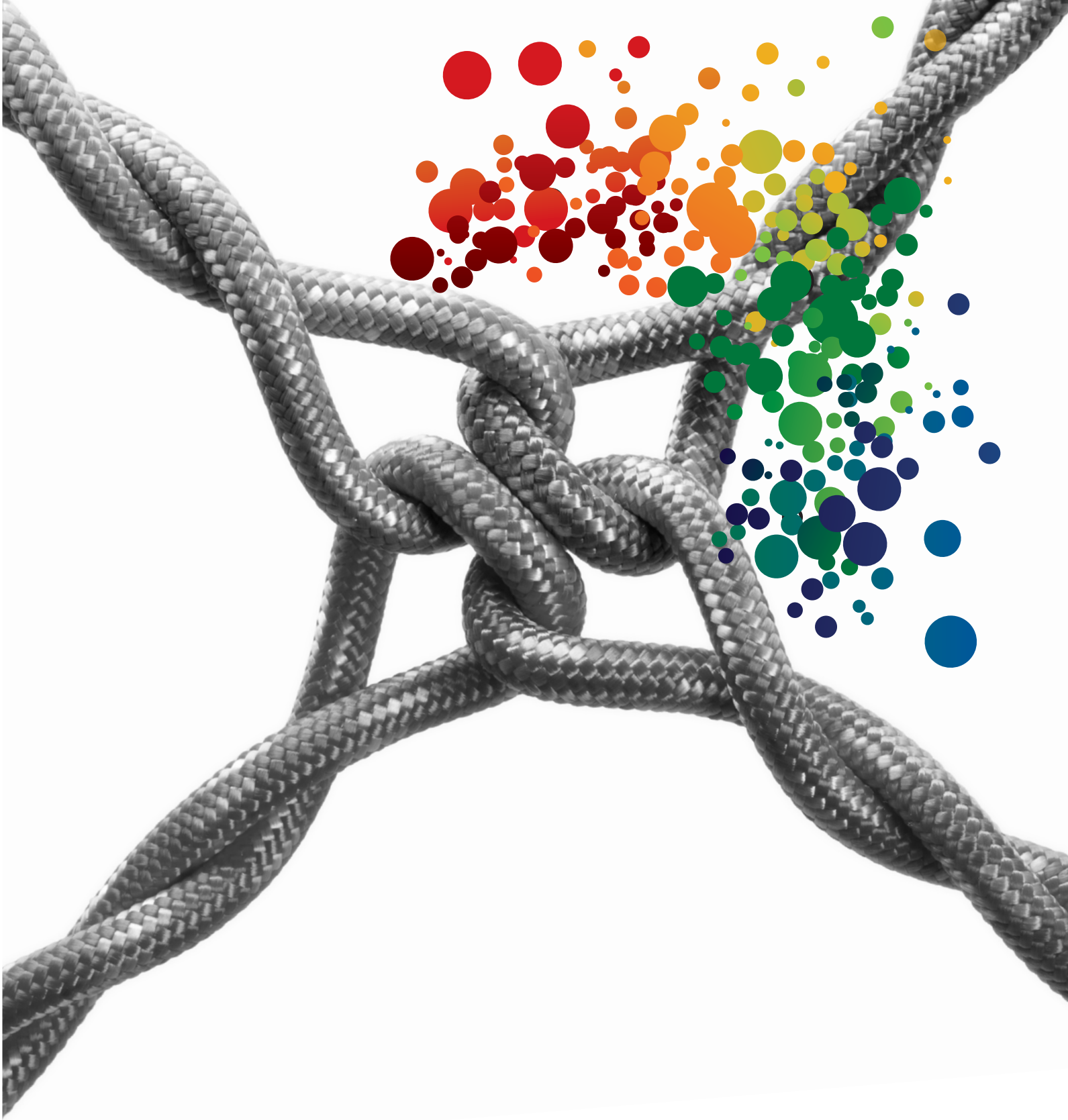
Collection House applies social justice guidelines for the debts it acquires or those owned by its subsidiary, Lion Finance. These guidelines are administered to assist customers experiencing significant adversity by enabling variations in the collection arrangement commensurate with their circumstances.

Collection House takes a proactive approach to resolving disputes lodged at the Financial Ombudsman Service by engaging with its customers in a co-operative and solution focussed manner. Collection House has also taken the lead on a number of important issues confronting its sector, particularly in relation to long term hardship.

**Philip Field**  
Lead Ombudsman - Banking & Finance  
Financial Ombudsman Service Limited

Objectives: Respect For The Law

- 3.1 Strengthen our focus on risk, legality and compliance by implementing an internal structure that enables full oversight of our risk functions and a single point of contact for all matters in relation to corporate governance, risk, audit, compliance and resolutions.
- 3.2 Complete an annual review of our alignment with ISO26000 to ensure that we remain consistent with its guidance.



# ENGAGING OUR STAKEHOLDERS

We work with stakeholders to generate solutions consistent with the principles of natural justice.

Collection House seeks to have robust and mutually beneficial relationships with its stakeholders to resolve issues, share information, and contribute to shared goals. This approach supports the intended transparency of the Company in our business dealings. It also demonstrates our commitment to the principles of natural justice, fair dealing, and continuously improving the ways we work with others.

**We engage our stakeholders though:**

**1. A commitment to ongoing dialogue**

- Over the last year, Collection House has constructively engaged with a significant number of stakeholder groups including:
- Financial Counselling Australia
  - Legal Aid (Queensland, New South Wales, Western Australia and South Australia)
  - the financial counselling bodies of each Australian state and territory, the New Zealand Federation of Family Budgeting Services Inc., and financial counselling agencies such as Salvation Army, Moneycare, and UnitingCare, and
  - community legal centres such as the Consumer Action Law Centre, Financial Rights Legal Centre, and the Consumer Credit Legal Centre of Western Australia.

The dialogue and feedback arising from this engagement generates improvements in how we respond to the financial hardship experienced by some of our consumers. For example, Collection House now has a process in place for our Customer Service Officers to identify vulnerable consumers and refer them to financial counsellors and budget advisors so that they can receive appropriate advice and assistance.

Equally important is our sustained dialogue with government regulators. This allows us to fully incorporate legislative and policy requirements commensurate with the expectations of regulators into our business practice. It also allows us to effectively contribute our significant experience and insight during government consultation activities, generating positive regulatory outcomes for both industry and stakeholders.

**2. Supporting consumer advocacy events**

Collection House is a strong sponsor of, and participant in, consumer advocacy events. During 2013-14, our engagement included a range of financial counsellor conferences and consumer-focused forums such as the Australian Competition and Consumer Commission's 2014 National Consumer Congress.

**3. Supporting initiatives that address consumer long-term hardship**

We look to work with stakeholders in the creation, assessment and support of initiatives that are responsive to consumers experiencing long-term hardship. An example of this commitment is our leadership in the development of the National Hardship Register, a joint initiative between industry and community to assist consumers experiencing long term and severe financial hardship.

Collection House has made genuine efforts to build relationships with financial counsellors. This has led to responsive conversations, where both parties can focus on the circumstances, capacity and needs of the vulnerable client. We have all learnt from this process, and clients will benefit. The National Hardship Register is one example of how this can result in new ways of doing things, which make sense from everybody's point of view.

A Financial Counsellor

**The National Hardship Register**

Collection House has been a key contributor in the development of the National Hardship Register (NHR). The NHR is a joint pilot program between Financial Counselling Australia and the Australian Collectors and Debt Buyers Association (ACBDA) to address the debts of vulnerable consumers experiencing extreme, long term financial hardship.

The concept acknowledges that, while most consumers want to repay outstanding amounts, a small number are unlikely to ever be able to achieve this. These consumers can often be affected by long term physical or mental illness, with no legal relief from unpaid debts other than through Bankruptcy proceedings or the waiver of the debt by individual creditors.

Recognising that debt recovery activity against these vulnerable consumers is counter-productive for all parties involved, Collection House proposed the NHR to enable Financial Counsellors to apply to list eligible consumers for relief from debt collection activities.

The NHR commenced in January 2014 after almost two years of planning. Approximately half of the ACDBA membership is now committed to the pilot.

Learn more about the NHR at [www.nhr.org.au](http://www.nhr.org.au)

**2014-15 Objective: Engaging Our Stakeholders**

- 4.1** Continue to support the National Hardship Register and promote its positive results.

# MEASURES, OUTCOMES AND 2014-15 OBJECTIVES

## 2013-14 Corporate Social Responsibility Key Measures and Outcomes

| Key Measure  | Outcome   |
|--|-----------|
| Total staff donations (\$) to registered charities through the Workplace Giving program  | 8,580     |
| Sponsorship support (\$) provided to charitable organisations  | 70,958    |
| Per cent of total energy consumption in the Brisbane, Sydney, Newcastle and Melbourne sites that is generated from renewable resources | 7.29      |
| Estimated number of trees saved through paper recycling programs   | 166.1     |
| Estimated tonnes of carbon emissions saved through paper recycling programs  | 31.4      |
| Consumer debt (\$) forgiven through social justice guidelines  | 3,660,604 |
| Per cent of staff contacts made with consumers resulting in a referral for dispute resolution  | 0.006     |

## 2014-15 Corporate Social Responsibility Objectives

| 2014-15 Program Objectives  |
|---|
| Explore opportunities for improving financial literacy in the community, including sponsoring research into issues impacting financial health.  |
| Provide in-kind project management services to the Conexu Foundation to deliver products and services for people who are Deaf, hard of hearing, or speech impaired.   |
| Re-launch the Community Volunteering Program and boost staff volunteerism with community based organisations.   |
| Continue our support of the Financial Basics Foundation.  |
| Explore opportunities for improving our environmental protection activities through the review of best practice approaches for the use of technology, property and processes.   |
| Review our Environmental Management Policy and existing range of environmental protection initiatives.  |
| Review our procurement practice to reflect our preference to work with suppliers who also engage in sustainable practices.  |
| Strengthen our focus on risk, legality and compliance by implementing an internal structure that enables full oversight of our risk functions and a single point of contact for all matters in relation to corporate governance, risk, audit, compliance and resolutions. |
| Complete an annual review of our alignment with ISO26000 to ensure that we remain consistent with its guidance.   |
| Continue to support the National Hardship Register and promote its positive results.  |

For additional information regarding Collection House's Corporate Social Responsibility Program, please contact:

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