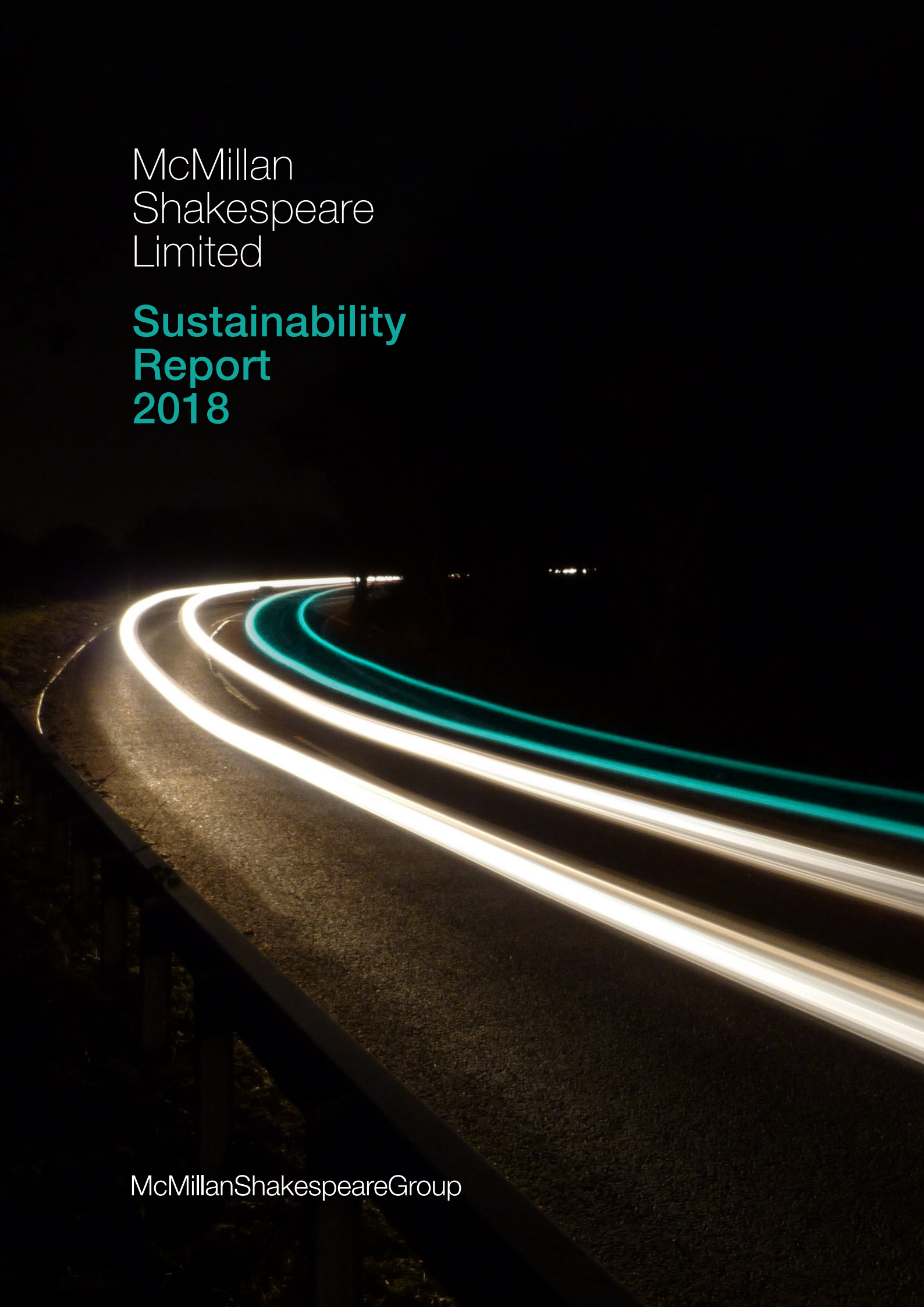


McMillan
Shakespeare
Limited

**Sustainability
Report
2018**

McMillanShakespeareGroup



MMS 2018 Sustainability Update

ABN 74 107 233 983

For more than two decades, the McMillan Shakespeare (MMS) Group has been a provider of workplace benefits, vehicle financing and fleet management services, operating in Australia, New Zealand and more recently the United Kingdom.

As the business has evolved, so too has our commitment to building a sustainable future. We recognise that as we grow we have an increasing responsibility to generate long-term value for our external stakeholders and our team members, beyond our regular business operations.

Considering the social, environmental, and economic impact of our operations on these groups is therefore important to our decision making.

This report presents the MMS Group's Corporate Responsibility and Sustainability performance over the 2018 Financial Year (FY18).

MMS adopts a formalised approach to sustainability, measuring our performance against four key categories: Customers, Stakeholders, Environment and Responsible Corporate Governance.

We do this to ensure that our operations deliver tangible results for our stakeholders and communities.

The metrics on page 4 report on our performance in these categories.

Pleasingly, in FY18, our emissions output with respect to air travel and fleet management were both reduced, while electricity usage across all sites was also lower than in the 2017 Financial Year (FY17).

During FY18, further progress was made on two new initiatives, both of which offer benefits for diverse stakeholder groups.

While we have been a service provider for a large number of Not-for Profit (NFP) health, aged care and charitable organisations for several decades, during FY18 we launched our own venture, Plan Partners, providing services to the disability sector.

Plan Partners is an independent provider of plan management and support coordination services to National Disability Insurance Scheme (NDIS) participants.

Plan Partners was formed as a joint venture initiative between the MMS Group and Disability Services Australia in July 2016.

The business lends its expertise in high volume transactions and funds management to assist NDIS participants manage their care plans and administer their funding and payment arrangements.

Another new initiative that we expect will translate to improved experience for both our customers and our team members is the Beyond 2020 program, which concluded its concept and enablement phase in FY18.

Beyond 2020 is a customer engagement program designed to transform the way we provide our services. The program aims to create a more mobile and user-friendly experience, enabling customers to engage with our services via their channel of choice, when most convenient for them.

Central to the program is developing a culture that supports a more efficient way of working together; re-engineering our processes to make them simpler and providing our people with enhanced customer-centric technology tools that support automation, collaboration and paper-light behaviours.

Key sustainability performance highlights – FY18

Customers



- Improved online claim take-up rates via digital channels.
- The development of new digital channels to enable customers to engage with us more efficiently and resolve issues more quickly. These included new websites for Maxxia, and new social media platforms.
- Reduced the number of customer complaints received by the Group by 15% compared to the previous year.

Environment



- Continued to reduce the greenhouse emissions produced by our corporate travel requirements across our car fleet and air travel activity.
- The retention of carbon neutrality as measured by the Carbon Reduction Institute for all 105 tonnes of CO2 emissions resulting from the production of printed materials for our company.
- Electricity emissions produced by the Group's tenancies reduced by 0.27 tonnes of CO2 per FTE.

Community



- Continued our contribution to the community through our sponsorships to selected organisations, totalling \$0.55m.
- Increasing our contribution to the community by paying \$43.0 million in income tax in FY18, an increase of 5.9% on the prior year.
- Delivering community benefits by improving overall productivity and paying dividends and salaries to our shareholders and staff.

Employees



- Employed 1,283 staff (FTE) across our operations as at 30 June 2018.
- Further increased the number of women in our senior management team from 33% to 34%.
- Reduced staff turnover by 15%.
- Increased staff training and development hours by 55% compared to FY17.

MMS Corporate Sustainability Scorecard

	FY18		FY17		FY16		FY15		FY14	
Customers										
Net Promoter Score (Average monthly score)	49		50		49		50		51	
Customer Compliments (%)	0.14		0.18		0.20		0.26		0.18	
Customer Complaints (%)	0.37		0.46		0.45		0.39		0.50	
Customer Complaints resolved by MMS & Customer Advocate (%)	99		99		100		99		-	
Stakeholders										
Donations and Sponsorships	\$547,275		\$317,196		\$396,190		\$275,789		\$250,150	
Income tax paid (\$M) ¹	43.0		40.6		33.6		29.0		26.0	
Salaries and related expenses paid to employees (\$M) ¹	132.1		121.4		120.2		96.9		81.0	
Productivity: Revenue/Staff (Index = 100 as at July 2008)	174.1		174.9		169.2		167.5		162.0	
UNPATA (\$M) ^{1,2}	93.5		87.2		87.2		69.6		56.1	
Dividends paid to shareholders (\$M)	56.2		54.1		46.6		43.9		29.1	
Market Capitalisation (A\$M)	1,331.3		1210.0		1138.1		973.9		683.4	
Environment										
Air Travel (tonnes CO ₂ per FTE)	0.36		0.47		0.38		0.33		0.31	
Car Fleet (tonnes CO ₂ per FTE)	0.31		0.32		0.39		0.43		0.49	
Electricity (tonnes CO ₂ per FTE)	1.52		1.79		1.82		2.15		2.44	
Printed material (tonnes CO ₂ per FTE) ³	Neutral		Neutral		Neutral		Neutral		Neutral	
Responsible Corporate Governance										
Headcount (FTE) ⁴	1,056		996		984		828		793	
Employee engagement score (%) ⁵	No Survey		76		No Survey		80		No Survey	
Staff Turnover (%)	26.7		30.6		29.4		24.5		26.3	
Absenteeism (%)	4.0		3.6		3.5		3.8		4.0	
Staff Training & Development (Hours)	34,374		22,165		28,863		31,964		31,698	
Lost Time Injury Frequency Rate (AS1885.1-1990)	5.5		6.1		5.1		8.1		Nil	
Employees										
	M	F	M	F	M	F	M	F	M	F
Total (%)	49	51	49	51	48	52	47	53	47	53
Management (%)	66	34	67	33	66	34	-	-	-	-
Group Executive (%)	75	25	75	25	79	21	82	18	82	18
Board (%)	80	20	80	20	80	20	100	Nil	100	Nil
Employee Age Diversity										
	<20	20-29	30-39	40-49	50-59	60+				
%	1.2	22.9	38.9	21.8	11.2	3.3				

1 Includes UK businesses

2 UNPATA is calculated as NPAT before the after-tax impact of acquisition related items (including impairment charge for intangible assets, acquisition expenses, amortisation of acquired intangible assets and deferred consideration items) and disposal of business.

3 Printed material carbon emissions are offset by purchased carbon offsets.

4 As at 30 June, excludes UK.

5 Employee engagement survey completed biennially.

Carbon Reduction Certificate



CARBON REDUCTION CERTIFICATE

DMC Group Australia and the Carbon Reduction Institute have measured the greenhouse gas footprint resulting from the printing services provided to:

Date: 30/06/2018

MMS Printing July 2017 - June 2018

The Carbon Reduction Institute hereby certifies that the services provided to you for this print work are carbon neutral. The emissions of this job amount to 104.9063 tonnes of CO₂, and the appropriate number of verified Carbon Offsets have been purchased in order to deliver this job carbon neutral.

The Carbon Reduction Institute and **DMC Group Australia** would like to thank you for choosing our carbon neutral services and we look forward to working with you again soon for a more sustainable future!

For more information visit www.noco2.com.au



Kind Regards,
**DMC Group Australia and
the Carbon Reduction Institute**



CARBON REDUCTION INSTITUTE



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