



McMillan
Shakespeare Limited
**Sustainability
Update
2016**

Driving possibilities

McMillanShakespeareGroup

MMS 2016 Sustainability Update

As a trusted provider of workplace benefits and fleet management services, McMillan Shakespeare Ltd (MMS) enhances the financial wellbeing of our customers. We also have a key role in addressing public issues that impact our customers, community, environment and our people. So we strive to embrace new ways of doing business that allow us to deliver strong customer and social outcomes.

In 2011 we adopted a more formal approach to sustainability to guide our decisions and actions for our Australian and New Zealand operations, and benchmark our progress toward achieving a more sustainable future. We appointed a Corporate Social Responsibility (CSR) Manager, and developed metrics relating to key CSR performance categories that would allow us to track our progress in the years ahead. Our categories form a CSR Scorecard and comprise: Customers, Stakeholders, Environment and Responsible Corporate Governance.

This report summarises our performance during the financial year to 30 June 2016 (FY16) for MMS and presents our Corporate Sustainability Scorecard to demonstrate our track record over the last five years. For the first time the report includes data for Presidian Holdings Pty Ltd and three United Financial Services companies (acquired in calendar 2015). The report excludes data for our UK businesses, except where noted.

For over two decades MMS has been a trusted workplace benefits services partner to many Not-for-Profit (NFP) health, aged care and charity organisations. In the December quarter of FY15 MMS launched a human resources initiative that gives every employee the opportunity to volunteer one day a year for a charity or NFP organisation with no impact to their annual leave entitlements. By 30 June 2016 our people had volunteered 272 hours of the company's time during the year to support our charity and NFP customers.

Other highlights of MMS' performance in FY16 include:

- Achieving further reductions in our greenhouse emissions produced by our car fleet and electricity usage. Emissions in air travel increased by 15% owing to additional international travel as a result of our increased global operations. (Prior years' air travel figures have been recalibrated to align with the emissions calculations used by the Group's current travel provider).
- The retention of carbon neutrality for all CO₂ emissions resulting from the production of printed materials for our company. In FY16 our printers, DMC, received formal certification of carbon neutrality from the Carbon Reduction Institute of Australia.
- Increasing the number of women on the MMS Board and in our senior management team.
- Delivering community benefits by improving overall productivity, and paying dividends and salaries to our shareholders and staff.
- Increasing our contribution to the community by paying \$33.6 million in tax in FY16, an increase of 15.7% on a year earlier.
- Lifting our contribution to the community by increasing our sponsorships to selected organisations.
- Reducing our Lost Time Injury Frequency Rate by 36% on the previous year.
- Maintaining an average monthly Net Promoter Score of 49 (rated as 'excellent' for financial services companies).

MMS CORPORATE SUSTAINABILITY SCORECARD

	FY16		FY15		FY14		FY13		FY12		
Customers											
Net Promoter Score (Average monthly score)	49		50		51		53		50		
Customer Compliments (%) (Ratio per Customer)	0.20		0.26		0.18		0.18		0.15		
Customer Complaints (%) (Ratio per Customer)	0.45		0.39		0.50		0.66		0.70		
Customer Complaints resolved by MMS & Customer Advocate (%)	100		99		-		-		-		
Stakeholders											
Donations and Sponsorships	\$396,190		\$275,789		\$250,150		\$319,042		-		
Company-sponsored staff volunteering (Hours)	271.9		386.2		-		-		-		
Taxes paid (\$M) ¹	33.6		29.0		26.0		26.4		23.1		
Salaries and related expenses paid to employees (\$M) ¹	120.2		96.9		81.0		74.2		65.7		
Productivity: Revenue/Staff (Index = 100 as at July 2008)	169.2		167.5		162.0		156.0		152.7		
UNPATA (\$M) ^{1,2}	87.2		69.6		56.1		62.2		54.3		
Dividends paid to shareholders (\$M)	46.6		43.9		29.1		36.5		31.4		
Market Capitalisation (A\$M)	1,138.1		973.9		683.4		1,205.8		880.9		
Environment											
Air Travel (tonnes CO ₂ per FTE)	0.38		0.33		0.31		0.33		-		
Car Fleet (tonnes CO ₂ per FTE)	0.39		0.43		0.49		0.49		-		
Electricity (tonnes CO ₂ per FTE)	1.82		2.15		2.44		2.44		-		
Printed material (tonnes CO ₂ per FTE) ³	Neutral		Neutral		Neutral		Neutral		-		
Responsible Corporate Governance											
Headcount (FTE)	984		828		793		804		730		
Employee engagement score (%) ⁴	No survey		80		No survey		84		No survey		
Staff Turnover (%)	29.4		24.5		26.3		25.6		29.5		
Absenteeism (%)	3.5		3.8		4.0		3.8		4.1		
Staff Training & Development (Hours)	28,863		31,964		31,698		36,090		36,698		
Lost Time Injury Frequency Rate (AS1885.1–1990)	5.1		8.1		Nil		3.7		3.1		
Employees											
	M	F	M	F	M	F	M	F	M	F	
Total (%)	48	52	47	53	47	53	52	48	52	48	
Management (%)	66	34	-	-	-	-	-	-	-	-	
Group Executive (%)	79	21	82	18	82	18	85	15	83	17	
Board (%)	80	20	100	Nil	100	Nil	100	Nil	100	Nil	
Employee Age Diversity											
	<20		20-29		30-39		40-49		50-59		60+
%	1.0%		24.6%		38.5%		22.8%		10.3%		2.8%

¹ Includes UK businesses

² Underlying NPATA (UNPATA) is reported NPAT normalised for items considered to be capital in nature or not directly relating to operational performance. UNPATA is likely to better reflect maintainable earnings and presents a better comparable measure of performance year on year. UNPATA items included in FY16 comprise after-tax adjustments for acquisition expenses from business combination relating to UFS and Anglo Scottish of \$1.9m in FY16 (Presidian of \$1.5m in FY15, CLM of \$0.8m in FY14), and after-tax amortisation of intangibles acquired from business combination of \$2.8m in FY16 (FY15: \$0.6m).

³ Printed material carbon emissions are 100% offset by purchased carbon offsets

⁴ Employee engagement survey completed biennially



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