

Modern Slavery Statement FY 2021

McMillan Shakespeare Group



Entities covered under this Statement:

Parent entity	McMillan Shakespeare Limited* A.B.N. 74 107 233 983
Subsidiaries (Australia)	Maxxia Pty Limited* Remuneration Services (Qld) Pty Limited Interleasing (Australia) Ltd TVPR Pty Ltd Presidian Holdings Pty Ltd Davantage Group Pty Ltd Money Now Pty Ltd National Finance Choice Pty Ltd Franklin Finance Group Pty Ltd Australian Dealer Insurance Pty Ltd National Finance Solutions Pty Ltd National Insurance Choice Pty Ltd United Financial Services Pty Ltd United Financial Services Network Pty Ltd United Financial Services (Queensland) Pty Ltd Maxxime Pty Ltd. Plan Management Partners Pty Ltd Easilease Pty Ltd ADU Investments Pty Ltd Motorsure Pty Ltd National Dealer Services Pty Ltd Presidian Management Services Pty Ltd Carila Pty Ltd (Just Honk Car Yard). Maxxia Limited Onboard Finance Pty Ltd
Subsidiaries (United Kingdom)	Maxxia (UK) Limited Maxxia Limited Maxxia Finance Limited CLM Fleet Management plc Anglo Scottish Asset Finance Limited plc Capex Asset Finance Limited
Subsidiaries (New Zealand)	Maxxia Limited (NZ) Maxxia Fleet Limited
Subsidiaries (People's Republic of China)	Wuxi McMillan Software Co. Ltd.

* Parent entity is the primary reporting entity under the Act, with consolidated revenues over \$100 million during the financial year ending 30 June 2021. Maxxia Pty Ltd as a stand-alone entity exceeded the reporting threshold under the Act, and is covered as an entity owned/controlled by the parent entity within this joint statement.

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1. Introduction

The McMillan Shakespeare Group (MMS Group or the Group) is opposed to slavery in all its forms, including: slavery; servitude; forced labour; human trafficking; deceptive recruiting for labour or services; debt bondage; forced marriage; and child labour.

This statement has been prepared in accordance with the reporting requirements of Australia's *Modern Slavery Act 2018 (Cth)* (the Act) and associated guidelines. It describes the steps taken by MMS Group during the financial year ending 30 June 2021 to assess and address the risk of Modern Slavery in our operations and supply chains.

This Statement is submitted by McMillan Shakespeare Limited as a joint statement on behalf of all entities within the MMS Group listed on page 2.

2. Corporate Structure, Operations and Supply Chains

2.1. Structure and operations

MMS Group is a trusted, market-leading provider of salary packaging, novated leasing, disability plan management and support coordination, asset management, finance aggregation, and related financial products and services. We offer a breadth of services and expertise, designed to responsibly deliver superior long-term value to our customers.

The parent entity of MMS Group, McMillan Shakespeare Limited, is listed on the Australian Stock Exchange (ASX) and has its head office located in Melbourne.

MMS Group employs a highly committed team of over 1,300 people, with operations spanning across Australia, New Zealand (NZ) and the United Kingdom (UK), as well as a small software development office located in Wuxi, China.

2.2. Supply Chains

MMS Group engages with over 5,500 suppliers of goods and services to operate our business, with consolidated operating expenses of \$227 million during FY21.¹

Our staff are encouraged to develop stable long-term relationships with suppliers to promote the delivery of innovative solutions for our customers and to create operational efficiencies.

Our supply chain is broadly divided into two areas – corporate expenditure and core business supply chain.

Corporate expenditure consists of suppliers that MMS Group directly engages to provide goods and services to support our corporate functions, including but not limited to:

- IT-related services
- Merchandise, uniforms and marketing materials
- Stationery, Office supplies and furniture

¹ Excludes employee benefits and expenses, depreciation and amortisation expenses, and finance costs. Refer to Statements of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021, in MMS Annual Report 2021.

- Legal, financial and professional services
- Corporate travel and accommodation
- Events and catering
- Facilities management services including office cleaning and waste disposal
- Postage and couriers

Our core business supply chain consists of suppliers and partners engaged to service our clients and customers, which includes:

- Purchase of vehicles through dealer distribution network
- Remarketing of off lease assets
- Purchase of fuel through retail petroleum distribution companies
- Subscription of Accident Management and Roadside Assistance services
- Provision/distribution of Motor Vehicle insurances from providers/product issuers
- Provision of vehicle servicing and maintenance through repairer networks, including the acquisition of tyres from distributors
- Facilitation of funding through financiers
- Facilitation of transactions via payment card solutions.

MMS Group acts as a payment processing facility for our customers who may choose to use their funds held with the Group to pay their chosen supplier for goods and services. In such instances, MMS Group acts on behalf of our customer to transact a payment to the customer's chosen supplier. Accordingly, MMS Group does not regard these payees as part of the Group supply chain.

3. Modern Slavery Risks

We recognise the causes of Modern Slavery are complex, with several risk factors often interacting to create situations where people experience practices that constitute Modern Slavery. This includes industries, sectors and geographies with poor labour practices and employment of vulnerable workers.

During the year, MMS Group conducted a Modern Slavery risk assessment, using a third party human rights specialist, to identify areas within our operations and supply chains where risk of Modern Slavery practices may be present. Modern Slavery risks were assessed through two lenses:

- 1) The inherent risk in each operational or procurement category, which considered various sources of Modern Slavery risk, such as geographic risk, sector and industry risk, product and service risk, and entity risk; and
- 2) Our opportunity to mitigate Modern Slavery risks, which considered the level of influence MMS may have in working with our suppliers and business partners.

The risk assessment drew on a number of credible publicly available resources, including the United Nations Guiding Principles on Business and Human Rights, Financial Services and Modern Slavery Report by the Australian Human Rights Commission and KPMG, and the Global Slavery Index by the Walk Free Foundation. Risk ratings and outcomes were discussed and validated by MMS senior management through an internal workshop.

Outcomes of this risk assessment are summarised in sections 3.1 and 3.2 below.

3.1. Operations

Examination of our operational activities as part of the risk assessment revealed that the risk of MMS Group causing, contributing to or being directly linked to Modern Slavery practices within our operations (i.e. related to our directly employed workforce or the provision of products and services) is low. This is due to the fact that our employees and customers operate primarily within Australia, NZ and the UK, and therefore considered low risk with regard to child labour, forced labour, or other Modern Slavery practices.

With respect to our global team, MMS Group has a robust system of human resource policies and procedures that ensure compliance with legally mandated employment entitlements and awards across jurisdictions that the Group operates in. These policies apply to MMS Group entities within Australia, NZ, UK and China. MMS's workforce management practices focus on confirming individuals' rights to work in respective countries of operation, and maintaining a safe, healthy and inclusive workplace.

3.2. Supply Chains

MMS Group recognises that we may have an elevated exposure to the risk of Modern Slavery practices through our supply chains.

We are aware of the following risk factors across our supply chain that MMS may contribute to or be directly linked to through our suppliers or business partners:

- Procurement of specific products, for which the material extraction or production may involve Modern Slavery,
- Supplier operations in countries with weak commitments to human rights,
- Use of contract, low-skilled and/or migrant labour, and
- Subcontracting and use of third-party labour hire agencies.

Based on understanding of Modern Slavery risk factors, our risk assessment suggested the following categories as areas for MMS to focus on:

Corporate expenditure

- Corporate merchandise and promotional goods
- Uniforms
- Information Communication Technology (ICT) related services (hardware, software and customer support)
- Stationery, office supplies and furniture
- Facilities management services

Core business supply chain

- Motor vehicle manufacture and raw materials
- Fuel service providers
- Vehicle maintenance and repair networks
- Disability service providers recommended for services such as cleaning and domestic work.

Outputs of this risk assessment has given MMS an enhanced view of our high risk categories, allowing us to develop a staged approach to strengthening our due diligence activities and managing Modern Slavery risks in our supply chain.

4. Risk Mitigation

When our Group commenced our Modern Slavery risk management program during FY20, we initially took a broad view of our supply chain, encompassing both corporate expenditures and core business supply chain. During FY21, we identified the need to be more targeted in how we assess and address Modern Slavery risks in order to drive meaningful change. This led us to complete the high level Modern Slavery risk assessment, as described in section 3 above, which allowed a more nuanced interrogation of complexities in our supplier relationships as well as our supply chain management systems, and prioritise areas to focus on moving forward.

During FY21, we continued to embed and expand foundational initiatives we commenced in the previous year, as outlined in the sections below. Informed by the risk assessment we completed during the year, we have identified clear next steps to advance our journey to address salient Modern Slavery risks in the year ahead, outlined in section 7.

4.1. Supplier Code of Conduct

All suppliers to MMS are expected to comply with our [Supplier Code of Conduct](#) outlining standards of supplier conduct relating to:

- Human rights and labour standards, including prohibitions against the use of forced labour
- Modern Slavery reporting
- Occupational health and safety
- Sustainability and environmental impacts
- Ethical business practices
- Data protection and intellectual property

The Code states that MMS Group has the authority to conduct audits should a breach of the Code be suspected. Suppliers are expected to self-assess their compliance against the Code and are requested to report any known or suspected breach of the Code via their contract manager or the MMS Group procurement team.

During FY21, we continued to embed the Code into additional contractual documentation with suppliers, including Purchase Order Terms and Conditions and Vehicle Order and Delivery Acceptance forms.

Expectations for employees and suppliers in the UK with respect to addressing Modern Slavery risks are outlined within the [UK Modern Slavery Policy](#).

4.2. Template Contract Clauses

Our policies are supported by our Modern Slavery legal precedent clause, which is included in Supplier Terms and Conditions within the following standard supplier agreements:

- Agency Agreements
- Preferred Dealer Agreements
- Master Services Agreement

The clauses outline the Group's expectation of suppliers to review their supply chains for Modern Slavery and report any breaches through to MMS Group. The clauses also provide MMS Group with the right to audit the supplier in relation to compliance against Modern Slavery obligations.

Our focus during FY21 was on embedding these updated Modern Slavery clauses within all new supplier agreements and contract renewals with existing suppliers in Australia and NZ.

4.3. Supplier Due diligence

During FY20, the MMS Group implemented a third-party risk management platform to conduct screening of our existing direct supplier base. This platform allows MMS Group to screen suppliers for any labour violation enforcements or adverse media relating to Modern Slavery. In FY21, the Group screened over 900 suppliers who had a minimum annual spend of \$10,000. This pool of suppliers represented payments of over \$300 million, representing approximately 90% of transacted spend during the year. No adverse Modern Slavery findings were recorded during this year's screening.

In addition, the MMS Group corporate procurement team requested over 80 suppliers with exposure to high risk Modern Slavery sectors (see 3.2 above) undertake a self-assessment questionnaire relating to their corporate Modern Slavery policies and procedures. The suppliers invited during FY21 consisted both new suppliers to the Group, as well as suppliers we invited during FY20 that did not respond to the questionnaire in the previous year. The questionnaire response rate was approximately 35% during FY21.

Of those who did not respond to our questionnaire during the year, we found that nearly half of the suppliers or their parent companies have in fact, produced a Modern Slavery statement in the past two years. We believe that COVID-19 related pressures have continued to impact the low response rate by our suppliers.

Suppliers' responses to MMS questionnaire during the year indicated that suppliers are continuing to develop Modern Slavery risk mitigation practices, with many indicating that they implement training for employees and some form of Modern Slavery due diligence on their suppliers prior to engagement. Risk assessment and management practices appear to be more mature amongst suppliers that are required to produce a Modern Slavery statement under the Act, compared to those who do not meet the threshold for reporting.

Furthermore, suppliers who did not respond to MMS's Modern Slavery questionnaire in the previous year (FY20) indicated their organisations as not having developed a Modern Slavery response or being in the process of developing one as reasons for not responding.

During FY22, MMS will seek to engage directly with the suppliers that did not respond to our questionnaire during the past two years and have not demonstrated any organisational Modern Slavery response, in order to better understand their risks and mitigation actions. This will include providing educational resources to increase the awareness of those suppliers that demonstrated a low level of understanding of the issue of Modern Slavery.

Additionally, the risk assessment completed during the year identified an opportunity to further strengthen the Group's supply chain management framework and due diligence processes for new and existing suppliers in order to track their performance on an ongoing basis and facilitate better supplier monitoring and engagement. This will be a key focus for MMS during FY22, as outlined in section 7.

4.4. Staff Training

Training relating to the detection of, and screening for, Modern Slavery has been incorporated into the MMS Group Compliance training program. During FY21, the Group extended its Modern Slavery training to 39 leadership and decision-making roles that are relevant to the Modern Slavery risk management across our operations and supply chains, in addition to the 76 roles that completed the training during the previous year. This training is completed by individuals employed in specified roles once every two years. Additionally, a

priority action for MMS during the upcoming year is to ensure that relevant employees within our UK operations also undertake Modern Slavery training.

4.5. Remediation

MMS Group has a Modern Slavery Remediation Process in place to assist employees and suppliers in following the correct protocols should any incidents of Modern Slavery be discovered in MMS Group's operations or supply chains. Awareness of the Remediation Process was provided to employees as part of staff training implemented during FY21, described in section 4.4 above.

Should employees or suppliers become aware of any instances of Modern Slavery, it must be reported through to a relevant manager or executive who will then raise the matter through MMS Group's Critical Response Team.

Employees and suppliers also have the ability to report any concerns related to Modern Slavery through the MMS Group's Whistleblower Policy. No incidents related to Modern Slavery were raised through our whistleblower channels during the year.

5. Other Relevant Information – COVID-19

COVID-19 continued to impact people across Australia, NZ, UK and globally throughout the reporting period. MMS Group acknowledges that inherent risk factors (outlined in section 3.2) may be elevated due to the pandemic in parts of our supply chain during this time, particularly in areas such as cleaning.

As cleaning service providers are primarily engaged through building owners, MMS Group endeavoured to understand, initiatives our building owners have implemented with cleaning suppliers to uphold health, safety and sound employment practices of cleaning staff during the pandemic. This was achieved through monitoring of regular tenant communications from building management, reviewing our building owners' public Modern Slavery statements, as well as requesting additional information about COVID-safe policies of cleaning suppliers.

Broadly, we observed that for industries we engage in our supply chain, COVID-19 has not appeared to have had a significant impact on their business activities and their ability to manage their employees and Modern Slavery risks, including cleaning which was considered an essential service during the restrictions.

6. Assessing Effectiveness

MMS uses a number of evaluation methods to assess our effectiveness and continuously improve our approach to managing Modern Slavery risks. These include,

- Reporting regularly to the MMS Sustainability Committee and the Board on our program of work to address Modern Slavery risks,
- Screening our existing suppliers for labour rights and Modern Slavery related enforcements through a third party platform,
- Reviewing supplier responses to the Modern Slavery self-assessment questionnaires,
- Training provided to relevant MMS employees on Modern Slavery risks and related policies and processes,
- Incidents raised and investigated through internal reporting and whistleblowing channels, and

- Active monitoring of evolving industry best practices, lessons learned and areas for improvement through external events, research reports and consultation with industry experts.

As part of the risk assessment completed during the year, the independent human rights specialist we engaged reviewed the current management approach in place to assess and manage Modern Slavery risks, and opportunities to strengthen our response in the future. Some of the key opportunities identified for the Group include:

- Further strengthening of our policies, including the establishment of a human rights policy for the Group, and updating our Supplier Code of Conduct to clarify our expectations for suppliers with respect to due diligence and ongoing assessment,
- Further developing our approach to managing risks within high risk categories,
- Continuing to deepen our understanding of suppliers (including Tier 2 and beyond) within high risk categories and countries,
- Developing and commencing implementation of a well-defined supplier due diligence process for both new and existing suppliers to assess modern risks, monitor performance and report on the effectiveness of actions on an ongoing basis, and
- Strengthening the capacity of our UK businesses to assess and address Modern Slavery risks, in line with the broader Group's approach.

7. Our progress and plans for the year ahead

MMS is committed to continually improving our processes and actions to address Modern Slavery risks in our operations and supply chain, recognising that this is an on-going process.

Our priorities will now shift from risk assessment to adopting a targeted approach to addressing our salient Modern Slavery risks, including through meaningful engagement with our suppliers. In doing so, we will continue to promote positive, collaborative and transparent business relationships with our suppliers, in order to deliver mutually beneficial results for both MMS and our supply chains.

Table 2 below highlights our progress in implementing the commitments outlined in our previous statement, as well as priority objectives to focus on in the year ahead.

Table 2: Our progress in implementing commitments, and plans for the year ahead

	Our commitments for FY21	Our progress (section reference)	Our commitments for FY22
Policies and commitments	Embed Modern Slavery template clauses for new suppliers and on supplier contract renewal	✓ (4.1)	Develop a human rights policy for the Group. Update Supplier Code of Conduct to include expectations regarding supplier due diligence and assessment.
Risk assessment	Send a follow up questionnaire non-responding suppliers*	✓ (4.3)	Categorise our suppliers based on direct and indirect spend, industry, country and Modern Slavery risk category.

			Implement an enhanced Modern Slavery questionnaire to High Spend – High Risk direct spend suppliers.
	Devising a strategy for how we will engage with our suppliers that do not meet expectations.	✓ (4.3)	Engage directly with non-responding suppliers* to better understand their awareness of Modern Slavery risks and mitigation actions. Seek external advice and resources to develop our approach to managing high risk categories Develop and document a supplier due diligence process for both new and existing suppliers.
	Engage with building owners to ensure that potential Modern Slavery risks relating to cleaning services supply chain are mitigated.	✓ (5)	Engage with cleaning providers to understand evolving risks related to COVID-19 and Modern Slavery.
Assessing effectiveness	Annually review our Modern Slavery risk management approach	✓ (6)	Commence project to build a comprehensive system to manage our supply chain, which incorporates Modern Slavery related monitoring and reporting.

**Non-responding suppliers are suppliers that have not responded to MMS's Modern Slavery questionnaire in the past two years and have not publicly demonstrated any organisational Modern Slavery response.*

8. Consultation with Entities owned/controlled by MMS Group

Consultation with MMS Group purchasing, risk and compliance personnel and relevant business areas has been undertaken to develop an accurate MMS Group Modern Slavery Statement. In addition, the Modern Slavery associated policies and frameworks referenced in this Statement have been socialised across the MMS Group to ensure the effective implementation of the Group's approach to Modern Slavery risk management.

This Statement was approved by the Board of McMillan Shakespeare Limited on behalf of the MMS Group on 21 December 2021.



Helen Kurincic
Chair of the Board



Mike Salisbury
Managing Director & Chief Executive Officer