



Capral Limited Modern Slavery Statement 2022

CONTENTS

Introduction

Criteria #1: About Capral

Criteria #2: Structure, Operations and Supply Chain

Criteria #3: Governance and Risk Assessment

Criteria #4 & #5: Actions, Effectiveness and Future Focus

Criteria #6: Consultation



INTRODUCTION

Every day, all of us at Capral work hard on our strategic initiatives to make our business something we can be proud of.

Whilst what we achieve is important – even more important is how we achieve it.

How we run our business is guided by our core values. They are Safety First, Play Fair, Own It, Customer Success and Better Every Day. We are relentless in our pursuit of these values, and they guide our decision making.

Modern Slavery remains a pervasive yet often hidden issue in global supply chains and has severe and sometimes devastating consequences for victims. Capral supports any effort to help prevent Modern Slavery in domestic and global supply chains.

With numerous direct suppliers across multiple countries, Capral is taking a risk-based approach, focusing our efforts on areas assessed as at high risk of Modern Slavery practices in our supply chains. Capral opposes all forms of slavery and forced labour in our operations and the operations of our suppliers.

Preventing and addressing any potential involvement in Modern Slavery is central to our sustainability approach including our commitment to running a safe and responsible business.

This is Capral's annual Modern Slavery Statement and we are committed to continuously improving our supply chain.



Tony Dragicevich
CEO and Managing Director

This statement has been approved by the Capral Board of Directors.

CRITERIA #1: ABOUT CAPRAL



6 plants; 8 extrusion presses



8 distribution centres and 14 trade centres Australia-wide



**Annual extrusion capacity
65k tonnes**



**Annual turnover
~\$690 million¹**



**Residential & commercial
construction, industrial**



Over 1,000 employees

Capral Limited (ABN: 78 004 213 692) commenced operations in Australia in 1936 and is Australia's largest manufacturer and distributor of aluminium extrusions, with sales during 2022 of \$690 million and net assets of \$190 million.

Capral has a national footprint of world class aluminium extrusion plants, comprising of eight operating presses with an annual capacity of around 65,000 tonnes.

Capral also has an extensive distribution network, consisting of major distribution facilities, as well as regional and metropolitan trade centres with an extensive range of products and logistics capabilities. Capral is a market leader in supply to fabricators and distributors, focusing on the Residential and Commercial Building and Industrial segments.

Capral has a comprehensive product range and innovative R&D capability.

Capral employs over 1,000 people within its operations throughout Australia, with significant industry skills and expertise.

¹For the year ending 31 December 2022.

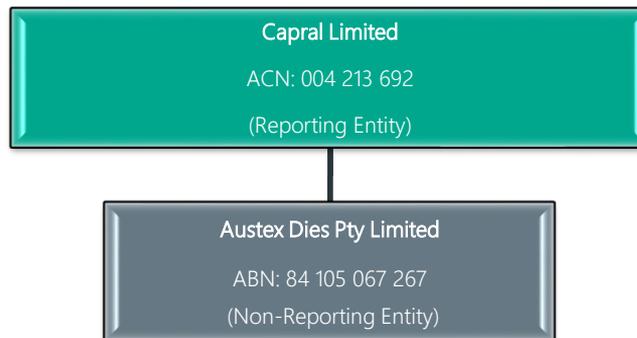
CRITERIA #2: ORGANISATIONAL STRUCTURE

This statement is made by Capral Limited, for itself and its subsidiary company, Austex Dies. Capral was incorporated in Victoria in 1936, and now has its registered office at Bundamba, Queensland and its corporate head office at Huntingwood, New South Wales.

Capral is a public company listed on the Australian Stock Exchange (CAA).

Registered Office: 71 Ashburn Road, Bundamba, QLD, 4304, Australia.

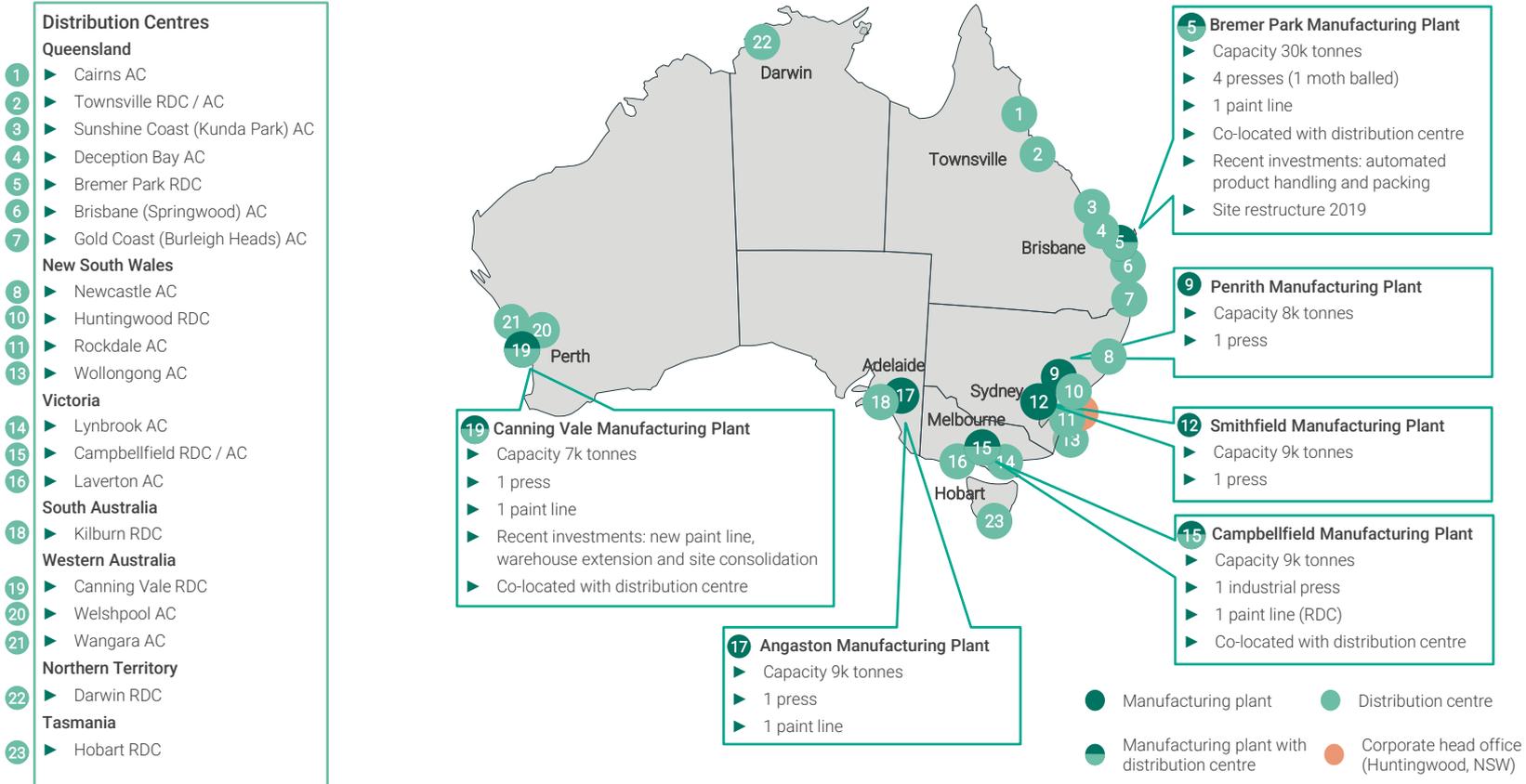
The corporate structure of Capral is shown below. All entities shown in the corporate structure are companies and subsidiaries are 100% owned. Not all entities are reporting entities.



CRITERIA #2: OPERATIONS FOOTPRINT

Capral only has operations in Australia and has a national footprint with distribution presence in every state and extrusion plants near five mainland capital cities

RDC – Regional Distribution Centre AC – Aluminium Centre



CRITERIA #2: SUPPLY CHAIN

Capral is proud of its long-standing relationship with suppliers.

The majority of products and services are sourced from domestic suppliers, with the remainder mainly imported from South and East Asia, Middle East and Europe.

Capral sources products and services for use in manufacturing, sale to customers and to support operations.

- **Products sourced for use in manufacturing** may include aluminium billet, paint powder, packing materials and other.
- **Services sourced for use in manufacturing** may include labour hire, contractors, consulting services, utilities, and other.
- **Products sourced for sale to customers** may include aluminium sheet and plate, aluminium extrusions, fabricated aluminium windows and doors, window and door hardware and other.
- **Products sourced to support operations** may include IT equipment, manufacturing machinery, distribution network requirements, and other.
- **Services sourced to support operations** may include cleaning services, security, consulting services and other corporate and operational requirements.

Capral has a centralised procurement team managing the procurement of the bulk of products and services purchased.

CRITERIA #3: GOVERNANCE & FRAMEWORK

Capral has a formal governance structure with Board-level oversight through an Audit and Risk Committee, which is responsible for managing and monitoring corporate compliance, including reporting for Modern Slavery.

Capral's Governance structure and this statement are supported by a policy set. The policies outlined below are those most relevant to managing Modern Slavery risk.



Policy	Purpose
Corporate Governance Statement	We believe good governance means ethical dealings with everyone – investors, customers, suppliers and employees. This statement outlines Capral's corporate governance policies and practices in line with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.
Code of Conduct	A series of clear and concise rules concerning the conduct of directors, executives, management and staff of Capral including expectations regarding creating a safe and non-discriminatory workplace, and only dealing with business partners who demonstrate similar ethical and responsible business practices. The Code of Conduct commits the directors and all employees to adhere to high standards of business conduct and compliance with the law and articulates the principles and values that allow the directors and all employees to work in a positive, supportive environment.
Equal Employment Opportunity Policy and Diversity Policy	Capral recognises the importance of equal opportunity and diversity in the workforce and values the contribution of all employees regardless of gender, age, ethnicity, disability, sexual orientation, and cultural background. These policies aim to ensure that the work environment is free from discrimination, harassment and bullying and that everyone respects and values the diversity of our workplace.
Whistleblower Policy	Provides all employees, stakeholders and communities the opportunity to raise concerns regarding improper conduct without fear of any adverse ramifications. These concerns can be raised internally with our human resources department, or through an independent and confidential service.
Supplier Trading Agreement	Our contracts with suppliers set out our terms of trade. It enlists our suppliers to act as partners and support our business to act responsibly and ethically. Suppliers without individual Trading Agreements are bound by Capral's Purchasing Terms - <i>updated to include a specific Modern Slavery clause in 2021.</i>
Ethical Sourcing and Modern Slavery Policy	We have a commitment to verify our suppliers do not engage in, or support modern slavery, while helping Capral to adhere to its ethical sourcing and social responsibility requirements – <i>updates in slide 10 below</i>
Supplier Code of Conduct	A series of clear and concise rules concerning the conduct of suppliers including expectations regarding sustainability, adherence to legislation and regulations and ethical and responsible business practices. The Code of Conduct commits the supplier to adhere to high standards of business conduct and compliance with the law and articulates the principles and values that allow all stakeholders to work in a positive, supportive, sustainable environment.

CRITERIA #3: RISK ASSESSMENT MODERN SLAVERY RISKS IN OUR OPERATIONS

Capral understands that there is a risk that its operations could inadvertently cause, contribute to or be directly linked to Modern Slavery. As part of its efforts to address Modern Slavery, risk areas have been identified and are described in the table below. Capral is undergoing certification via the Aluminium Stewardship Initiative (ASI). The certification outlines a framework that must be adhered to by members that includes social and employee related requirements to have responsible sourcing and management within the organisation including areas of Modern Slavery.

Risk	Description	Finding	Our Risk Exposure
1	Casual or Contract workers engaged directly by Capral	Capral's workforce is almost all permanent, with only 1.5% casual and 13% contractors (via labour hire).	Low
2	Casual workers under the age of 18	Capral has 0 casual employees under the age of 18.	Low
3	Migrant Workers	Capral has 3 employees on a temporary visa. All of these employees are in managerial positions.	Low
4	Seasonal workforce fluctuation	Capral operations are not seasonal, with consistent workforce turnover during the reporting period.	Low
5	Freedom of association	A large percentage of Capral employees operate under Enterprise Bargaining Agreements.	Low
6	External Auditing	Capral is audited to quality, environmental and safety management Standards ISO9001, ISO14001 and AS4801 but is not currently audited by a third party for responsible sourcing.	Medium
7	Sector Risk	Capral operates in high-risk sectors including: <ul style="list-style-type: none"> • Manufacturing • Wholesale and Trade 	Medium
8	Services engaged by Capral	Capral relies on services including recruitment, legal, cleaning services, property maintenance, waste disposal and equipment maintenance. Recruitment, construction and cleaning services are considered particularly high risk, but none of these are sourced outside Australia, thus lowering the risk.	Low

CRITERIA #3: RISK ASSESSMENT MODERN SLAVERY RISKS IN OUR SUPPLY CHAIN

Capral has developed a risk-based procurement methodology to identify and mitigate potential risks within the supply chain. By conducting due diligence on suppliers and subcontractors and prioritising those with the highest risk, Capral can take proactive measures. Capral's supply chain is reassessed via a risk-based approach time frame. Low risk is reviewed annually, moderate is reviewed every six months and high risk is reviewed every quarter against conflict-affected and high-risk areas (CAHRA), reported outcomes of the organisation, in-country legislation and organisation for economic co-operation and development (OECD) countries. In 2022 Capral implemented a Supplier Code of Conduct stating the requirements of suppliers in terms of their environmental, social and governance conduct to align with Capral's legislative and ethical measures.

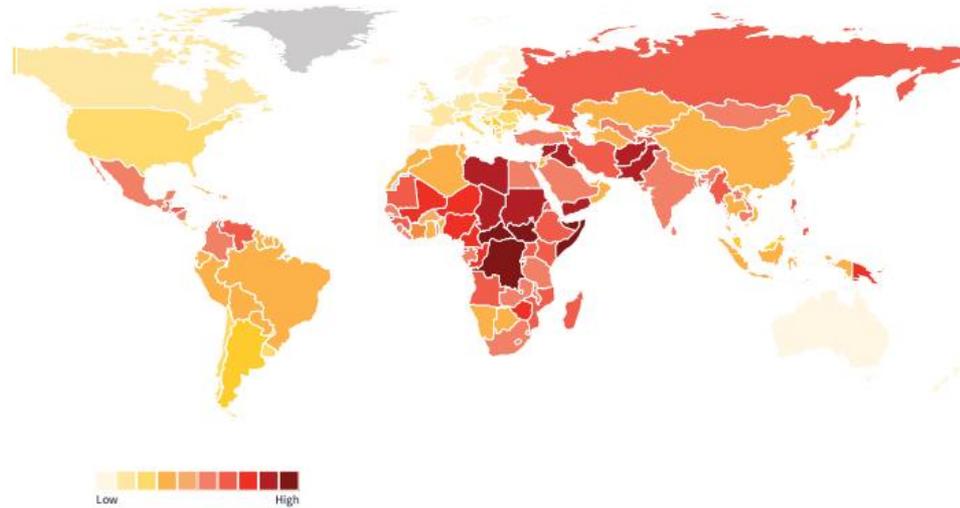
Capral extended its Whistle Blower program for use within the organisation's procurement sphere of influence to allow individuals to report areas of concern. Capral understands its role as a consumer and supplier and has strategies to support the development of organisations that are found to be deficient in areas that enable continued supplier compliance. Onsite visits to moderate or high-risk suppliers include an observational assessment in alignment with the Supplier Code of Conduct. To further enhance the chain of custody methodology, Capral is in the process of being certified under the Aluminium Stewardship Initiative (ASI), which promotes responsible sourcing practices.

Capral's risk assessment of suppliers considered the following:

- **CAHRA:** Whether a supplier's country has been identified as a CAHRA and for what reason
- **OECD:** Whether a supplier's country is actively involved in the OECD and promotes democracy and market economy
- **Reported Outcomes:** Supplier reports including annual reports, policies and procedures and statements
- **Reported Breaches:** Any reported breaches to the whistleblower system or any known breaches to the public
- **In-Country Legislation:** Legislation in the supplier's country to regulate risks of Modern Slavery

CRITERIA #3: RISK ASSESSMENT MODERN SLAVERY RISKS IN OUR SUPPLY CHAIN (CONTINUED)

During the year 2022, Capral sourced products and services from 1,269 suppliers, of which 1,211 (95% in number) were based in Australia and New Zealand.



Estimated vulnerability to modern slavery by country

Supplying Country	% of Total Capral Purchases	Number of Suppliers	Country Global Slavery Vulnerability Score (%) *
Australia	65.4%	1205	7
Bahrain	6.5%	1	40
Belgium	0.0%	1	11
Canada	0.0%	2	11
China	4.1%	14	46
France	0.0%	1	13
Germany	0.1%	7	11
Hong Kong	2.4%	4	28
Indonesia	2.6%	2	49
Italy	0.6%	10	22
Japan	8.3%	3	11
Netherlands	0.0%	1	6
New Zealand	0.4%	6	8
Singapore	7.4%	2	24
Switzerland	0.3%	1	14
Thailand	1.6%	2	46
Turkey	0.0%	1	51
United Kingdom	0.0%	2	14
USA	0.2%	4	25

* Walk Free 2023, Global Slavery Index 2023. Available from: <https://www.walkfree.org/global-slavery-index/>

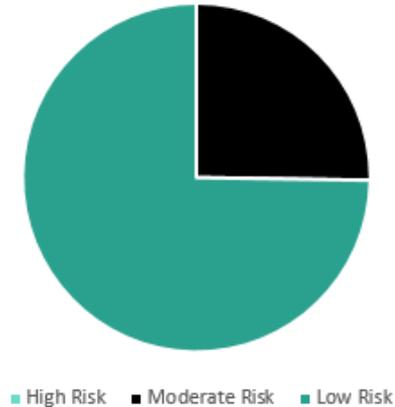
The weighted average Vulnerability Score (weighted on \$ purchased) is 14.7. Capral's overall supply chain risk is Low.

CRITERIA #3: RISK ASSESSMENT MODERN SLAVERY RISKS IN OUR SUPPLY CHAIN (CONTINUED)

During the reporting period Capral utilised a risk based due diligence system and conducted 99 risk assessments of suppliers. Australian suppliers were grouped in one risk assessment due to the structure of current legislation within the country. However, Australian transport and Australian labour hire companies were individually risk assessed.

Capral identified 25 international suppliers as moderate risk and 74 international and Australian suppliers (Australian suppliers are grouped excluding labour hire and transport suppliers) as low risk. No high-risk suppliers were identified. Only one supplier was located in a CAHRA country, but this was due to mining of Tungsten and the supplier is not involved reducing the risk to a moderate as Capral will monitor for any metal additions to the watchlist in this area. The majority of the suppliers that were accessed as moderate is due to a lack of transparency of their practices, however there is no evidence of any breaches or concerns.

Risk Assessment Supplier



CRITERIA #4 & #5: CAPRAL'S ACTIONS, EFFECTIVENESS AND FUTURE FOCUS

Capral is well progressed on its journey to investigate potential risks of Modern Slavery in its supply chain. During 2022, Capral was audited and is in the final stages of certification for ASI. This includes certification of the Performance Standard and Chain of Custody Standard. These standards have a heavy influence on sustainable and responsible operations including supply chains. Ongoing certification will involve continuous improvement, reporting and auditing of these systems.

Upon review of the current system of assessment of suppliers, Capral instigated a risk a risk-based procurement methodology to identify and mitigate potential risks within the supply chain. This was to increase the effectiveness of the system and allow for targeting of suppliers who pose the largest risk in the supply chain. Development of the Supplier Code of Conduct enabled Capral to provide guidance on requirements to Suppliers and support the expansion of the whistle-blower policy for all stakeholders internal to Capral and external. Capral will also conduct onsite audits when visiting suppliers to access compliance to the Supplier Code of Conduct.

Capral is proactively implementing comprehensive measures to combat modern slavery, reflecting our steadfast commitment to corporate responsibility. We consistently review our policies, perform supplier site visits, address issues raised via our whistle-blower hotline, and conduct robust internal training and awareness programs, all of which serve as our assessment of effectiveness. Concurrently, we are pioneering our due diligence assurance system by developing a Social Life Cycle Assessment (SLCA). This innovative approach aligns with the United Nations Environment Programme's guidelines for the SLCA of products and organisations, which evaluates social impacts along the product life cycle, enhancing transparency and accountability. In doing so, Capral acknowledges and actively addresses potential risks and impacts related to modern slavery in our operations and supply chain.

CRITERIA #4 & #5: CAPRAL'S ACTIONS, EFFECTIVENESS AND FUTURE FOCUS (CONTINUED)

Capral continues to build a sustainable supply chain.

Looking forward, Capral's focus will be on the following initiatives and deliverables.

1. Formalise the designated Supply Chain Compliance Committee (SCCC) to oversee Modern Slavery activities and report to Audit & Risk Committee.
2. ASI certification
3. Deliver training on Modern Slavery risks for procurement and those directly responsible for purchasing.
4. Update standard agreements with the Supplier Code of Conduct
5. Initiate the roll out of Modern Slavery declarations to all Tier 2 suppliers.
6. Issue Supplier Code of Conduct to all relevant suppliers.
7. Continued certification and auditing with ASI
8. Automation of the responsible sourcing system
9. Data analysis of supplier information and risk for continuous improvement.

CRITERIA #6: CONSULTATION

In assessing and addressing the risks of Modern Slavery practices in the operation and supply chains of Capral, and in the preparation of this statement, it was not necessary for Capral to consult separately with its subsidiary Austex Dies Pty Ltd. Austex's suppliers fall outside Tier 1 supplier group and procurement is not material.

In addition, Capral's CEO and CFO are directors of Austex, and Austex is not a reporting entity in itself.