



Capral Limited Modern Slavery Statement 2020

This statement has been produced in accordance with the standard Australian Modern Slavery Act 2018 (Cth) and is the first for Capral Limited ("Capral").

CONTENTS

Introduction

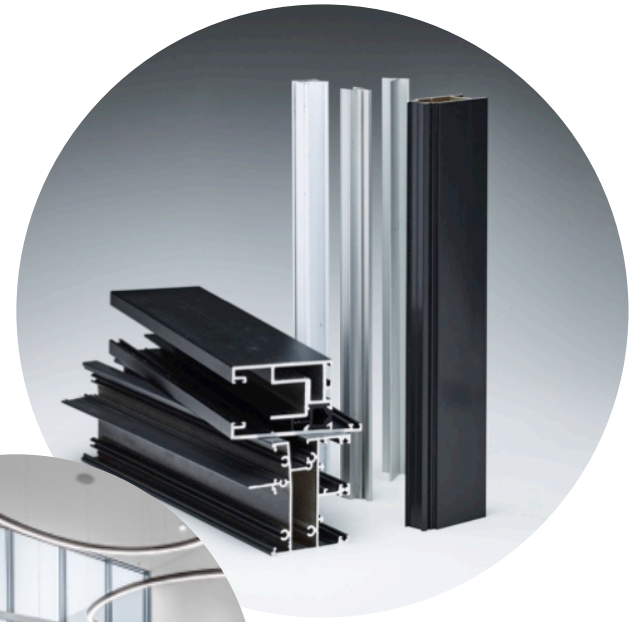
Criteria #1: About Capral

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

All of us at Capral work hard on our strategic initiatives to grow our business into something we can be proud to be associated with.

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; 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 devastating consequences for victims. Capral welcomes any effort to help prevent Modern Slavery in domestic and global supply chains.

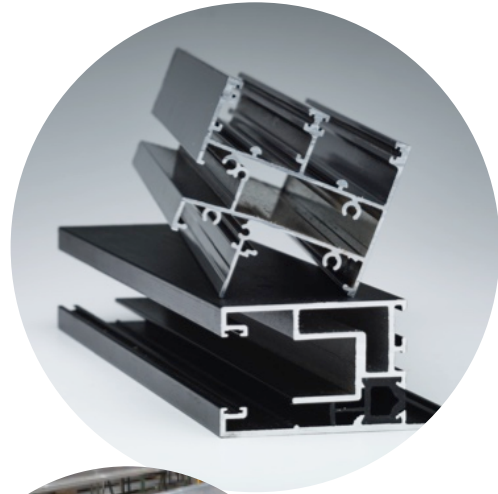
With numerous suppliers across multiple countries, Capral takes a risk-based approach and focuses our efforts on areas assessed as high risk of Modern Slavery practices in our supply chains. Capral oppose all forms of slavery and forced labour in our operations and the operations of our suppliers.

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

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



Tony Dragicevich
 CEO and Managing Director
 30 June 2021



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

CRITERIA #1: ABOUT CAPRAL



6 plants; 9 extrusion presses



**18 distribution centres
Australia-wide**



**Annual extrusion capacity
56k¹ tonnes**



**Annual turnover
~\$430 million²**



**Residential & commercial
construction, industrial**



Over 900 employees

Capral Limited (ABN: 78 004 213 692) commenced operations in Australia in 1936 and is Australia's largest manufacturer and distributor of aluminium profiles, and distribution of aluminium rolled products, with sales during 2020 of around \$430 million and net assets of approximately \$120 million.

Capral has a national footprint of world class aluminium extrusion plants, comprising eight operating extrusion presses with an annual capacity of around 56,000 tonnes.

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

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

Capral employs over 900 people within its operations throughout Australia, with significant industry skills and expertise.

¹Excludes Mothballed Press.

²For the year ending 31 December 2020.

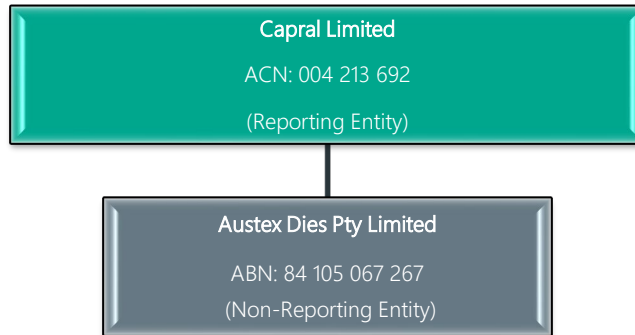
CRITERIA #2: ORGANISATIONAL STRUCTURE

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

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

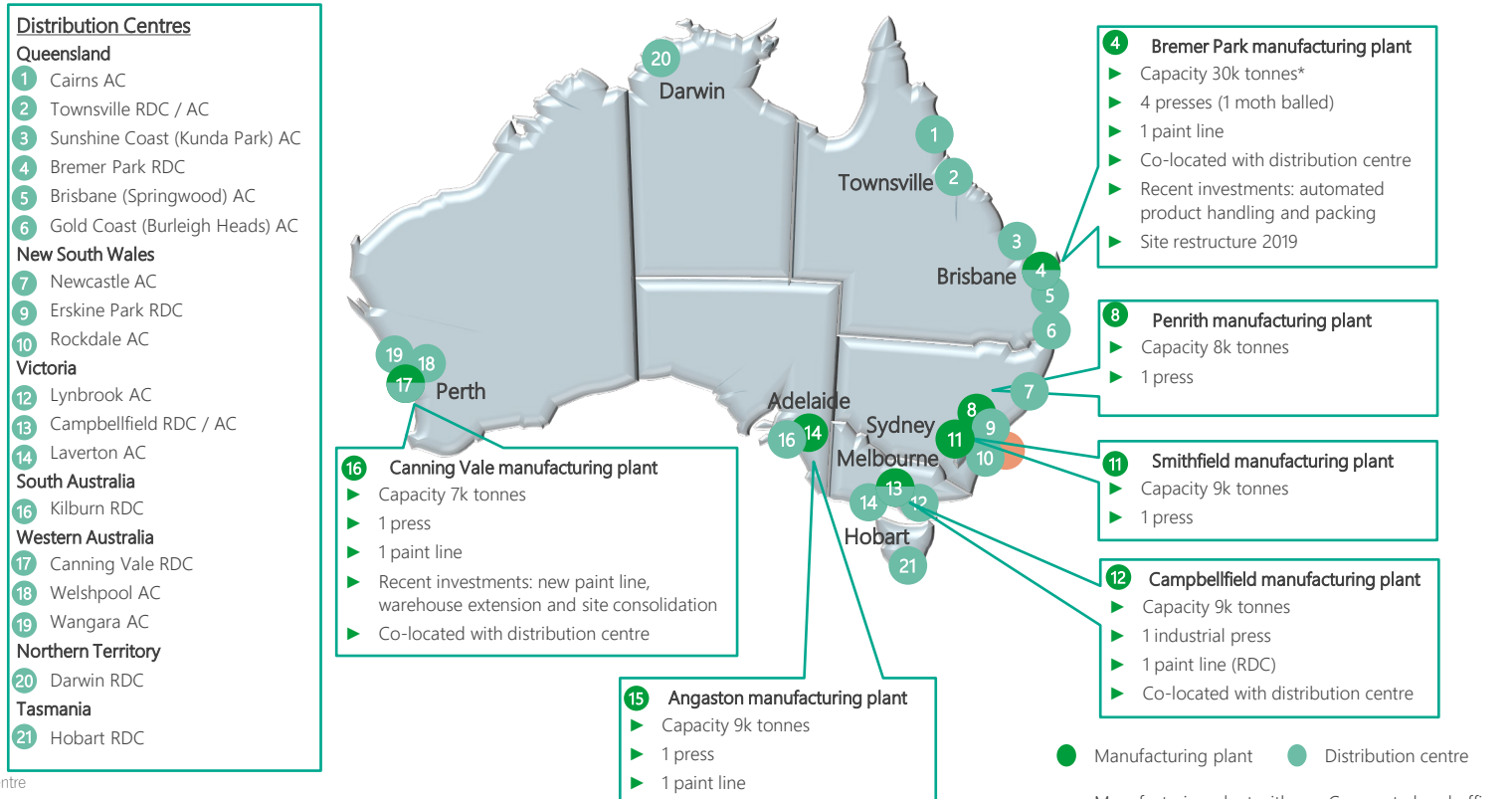
Registered Office: 71 Ashburn Road, Bundamba, QLD, 4304, Australia.

The corporate structure of Capral is shown below. All entities shown in the corporate structure are companies and the subsidiary is 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 the five mainland capital cities.



RDC - Regional Distribution Centre

AC - Aluminium Centre

* - Includes mothballed press

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 imported primarily 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 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 the Directors, executives, management and employees 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 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 (updated to include a specific Modern Slavery clause in 2021).
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. (Policy developed during the reporting period and approved by Capral Board in 2021).

The policies and procedures listed above were in place during the current reporting period. Changes made in the reporting period included updates to Terms and Conditions of Purchase and Supplier Trading Agreements.

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

Capral understands that there is a risk that its own 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.

Risk	Description	Finding	Our Risk Exposure
1	Casual or Contract workers engaged directly by Capral	Capral's workforce is mostly all permanent, with only 1.5% casual and 13% contractors (via labor 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

The governance of sustainable procurement aligns with Capral's Risk Management Framework (RMF). The RMF establishes a framework for identifying, assessing, controlling, reviewing and reporting a risk. The RMF applies to Capral and its subsidiary and covers both corporate functions and operations.

An investigation is underway to better understand our supply chain to assess the level of Modern Slavery risk with our most significant suppliers. These suppliers account for the majority of purchases for use in manufacturing, sale to customers and to support Capral operations.

The significant suppliers were categorised based on their risk assessment (low, medium, high). The risk categorisation will be updated and referred to by region as appropriate in future reporting periods.

For Capral's first reporting period, the focus is on suppliers into the manufacturing supply chain. Capral is still developing a risk profile for supply into other areas of the operations (Distribution and Corporate).

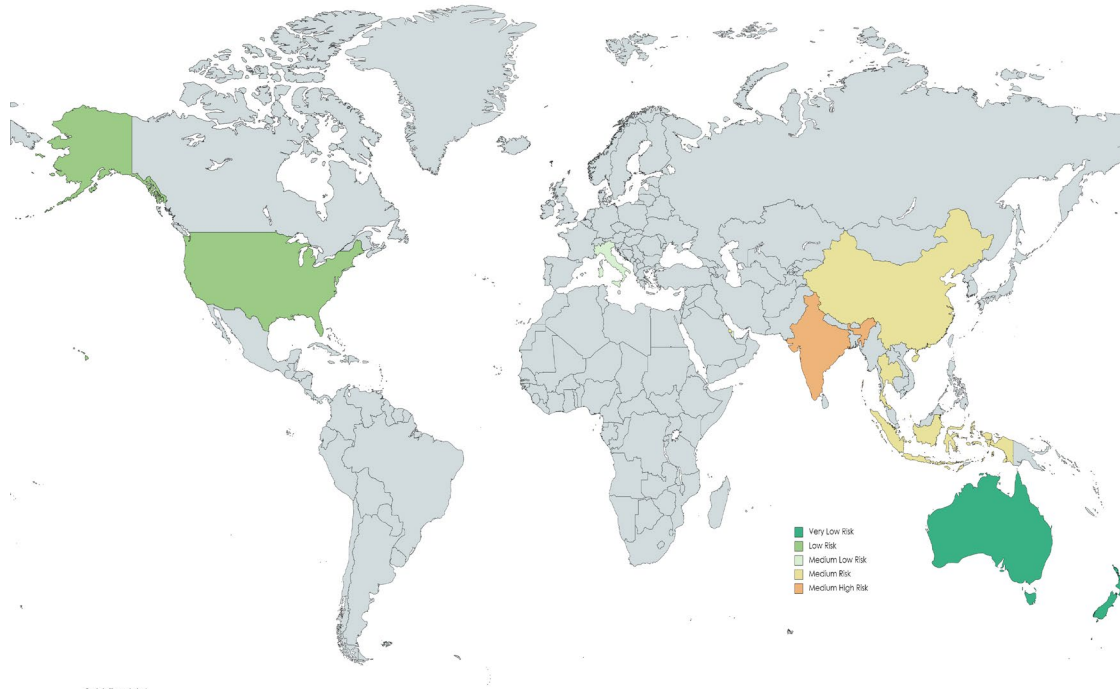
Assessment of risk considers the following areas:

- **Location:** Some countries and regions have increased risk of Modern Slavery. Capral classified country risk based on the 2018 Global Slavery Index's Vulnerability profile.
- **Outsourcing:** Capral purchases finished goods from some suppliers, so have less visibility of how our suppliers outsource manufacturing of these finished goods. Capral consider the portion of a product manufactured beyond our direct supplier as part of future risk assessment.
- **Audits:** Supplier manufacturing of finished goods will be audited either by an independent third party or a Capral representative. Suppliers who pass the audit (frequency to be determined) will be deemed to be lower risk than those not audited.
- **Trade Agreements:** Capral have updated its Terms and Conditions of Purchase and some specific trade agreements to include a Modern Slavery clause. Where a supplier signs such specific trade agreements, Capral considers such supplier to have a lower risk.
- **Industry:** Suppliers in industries dependent on low-cost labour are considered higher risk.

COVID-19: Capral acknowledge COVID-19 has increased existing vulnerabilities and created new ones and could increase the risk of Modern Slavery in our supply chain. The impact of COVID-19 has limited Capral's ability to progress Modern Slavery assessments overseas due to travel restrictions.

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

During 2020, Capral sourced products and services from 1,448 suppliers, of which 1,373 (95% in number) were based in Australia and New Zealand. Total purchases for the 2020 year were \$355.5 million of which \$255.7 million (72% in value) were in Australia and New Zealand.



Created with mapbox.com

Supplying Country	% of Total Capral Procurement	# of Suppliers	Country Global Slavery Vulnerability Index*
Australia	71.6%	1371	4.3
Bahrain	8.2%	1	49.6
China	7.4%	16	50.7
India	4.9%	1	55.5
Thailand	1.9%	2	51.1
Indonesia	1.6%	2	50.5
Qatar	1.5%	1	37.7
Italy	0.8%	12	28.3
HK	0.6%	3	50.7
Singapore	0.6%	2	13.4
USA	0.5%	11	15.9
New Zealand	0.3%	2	1.9
Germany	0.1%	9	10.44
Russia	0.0%	1	51.6
France	0.0%	1	15.3
Belgium	0.0%	2	13.1
Turkey	0.0%	1	51.6
UK	0.0%	5	11.1
Japan	0.0%	2	13.8
Netherlands	0.0%	1	6.1
Canada	0.0%	2	10.2
High Risk	0.0%	0	100.0

* 2018 Global Slavery Index - <https://www.globallslaveryindex.org/>

The weighted average Vulnerability Index (weighted on \$ purchased) is 16.6. Capral's overall supply chain risk is thus seen as low.

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

During the first reporting period, Capral focused on the largest procurement segment namely raw material purchases feeding its manufacturing business. The largest is aluminium billet purchases from five suppliers.

Capral identified 18 suppliers as Tier 1 suppliers – these suppliers each contributed above \$3.0 million or around 1% of supplies in value.

Tier 1 suppliers accounted for a total of \$242.6 million (68% of total supply) of which \$154.6 million (64%) was from Australian based suppliers.



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

Capral has begun its journey to understand the potential risks of Modern Slavery in its supply chain.

In the next reporting period, we aim to provide more granular detail on the risks identified. We recognize the requirement to implement plans and assess the effectiveness of our actions to address Modern Slavery risk.

Products and services are sourced to support operations from primarily domestic, but also international sources. In addition, Capral also source some products from resale from overseas.

During 2020 Capral focused on identifying and addressing Modern Slavery risks in its Tier 1 suppliers. Capral introduced 'Modern Slavery' clauses to individual agreements where these are in existence (all aluminium billet suppliers) and initiated a project to update Terms and Conditions of procurement.

The following clause was included in all Aluminium billet supplier renewal contracts.

"{Supplier X} will:

- a) comply with all applicable laws and regulations in the areas in which it operates,*
- b) Maintain policies and procedures to ensure such compliance,*
- c) Comply with Capral's reasonable requests (including audits) regarding such compliance; and*
- d) Notify Capral as soon as {Supplier X} becomes aware of any actual or suspected occurrence of human rights violations in its operations and/or supply chain".*

In 2021 the updated Terms and Conditions to supply will be introduced as well as the introduction of a 'Modern Slavery Declaration' for all Tier 1 suppliers without individual supply agreements.

Overseas suppliers are screened to ensure they meet Capral's high expectations and are assessed for safety and quality and Modern Slavery risk. We work collaboratively with suppliers to uphold human rights. These screenings have been done on an informal basis but will be formalised as part of our process improvement.

These informal assessments have identified no major issues across Capral's Tier 1 suppliers.

Capral has not yet assessed the effectiveness of its actions as Capral is only in the early stage of the implementation.

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

Capral continues to endeavour building a sustainable supply chain.

Over the next two years, Capral will focus on the following initiatives and deliverables.

1. Establish Supply Chain Compliance Committee (SCCC) to oversee Modern Slavery activities and report to Audit & Risk Committee.
2. Finalise and adopt the Capral Modern Slavery policy.
3. Refresh all policies relevant to Capral's Governance Framework.
4. Deliver training on Modern Slavery risks for procurement and those directly responsible for purchasing.
5. Formalise risk assessments of all Tier 1 suppliers.
6. Initiate risk assessments of all Tier 2 suppliers.
7. Update standard agreements and obtain Modern Slavery declarations for all Tier 1 suppliers.
8. Initiate the roll out of Modern Slavery declarations to all Tier 2 suppliers.
9. Update Terms and Conditions of Purchase to include Modern Slavery clauses.
10. Issue Supplier Code of Conduct to all relevant suppliers.



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. 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.

