



## Modern Slavery Statement

Financial Year 2020/2021

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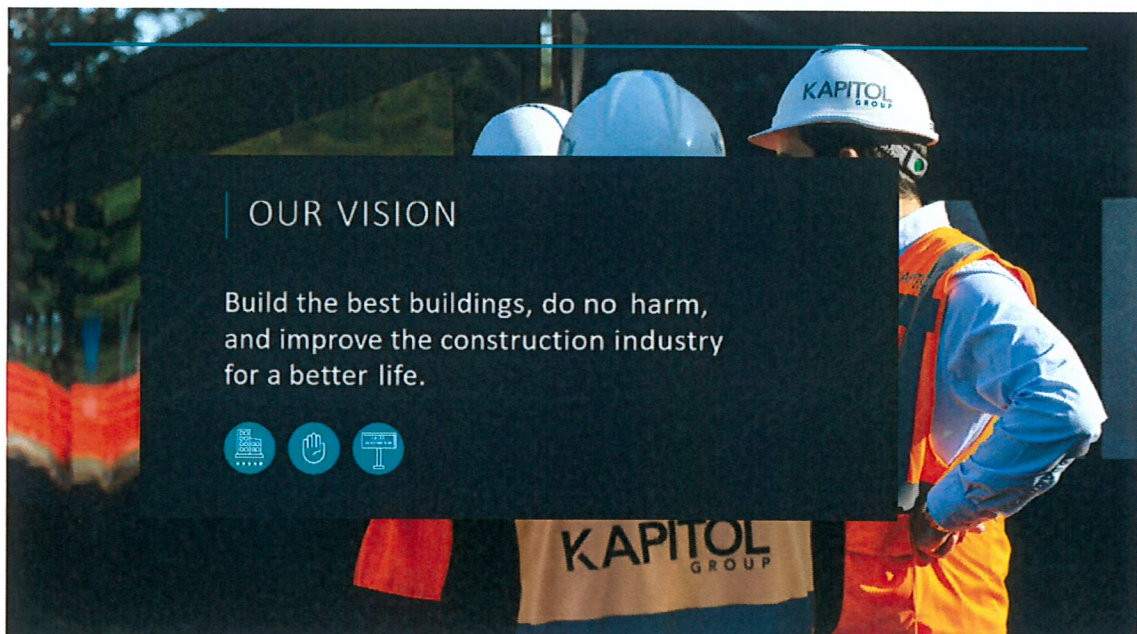
## 1. About Kapitel Group & Our Commitment

Kapitol Group is a privately owned, Melbourne-based, construction company that specialises in providing design, delivery, and service excellence to clients in Victoria's mid-scale project arena.

At Kapitel Group, we acknowledge that the business sector we operate in harbours inherent modern slavery risk, and we recognise the role we can play to combat slavery in all its forms. Kapitel Group adopts a zero-tolerance stance towards any form of slavery, and we are committed to building a robust response framework that tackles modern slavery risks in our operations and supply chain.

Kapitol Group is committed to sustainability, the well-being of our team and giving back to the community, and our industry. We approach our counter-slavery response as part of that overarching commitment to respecting human rights, sustainability and achieving our company vision. We also see our response aligning with our core values: supportive, authentic, inspirational, and driven.

This Statement is Kapitel Group's first Statement under the *Modern Slavery Act (2018) Cth*. In our first reporting year, Kapitel Group have focused on understanding areas of risk, existing structures, policies, and procedures. This Statement sets out our existing processes, systems and actions to tackle modern slavery, as well as targets we have set ourselves to build on our existing systems and actions. We have started implementing many of the targets we have set ourselves already and we will be reporting on those in our next Modern Slavery Statement, in line with the reporting timelines under the Act.



## 2. Kapitol Group: Our Corporate Structure, Operations and Supply Chain

### 2.1. The Reporting Entity and Our Corporate Structure

This Modern Slavery Statement is submitted by Kapitol Group Pty Ltd (ABN 62 622 444 544) as the reporting entity under the Modern Slavery Act. Kapitol Group does not own or control any other entities.

### 2.2. Operations and Supply Chain

Kapitol Group is a privately-owned construction company operating in various locations in Australia, with a robust presence in Victoria. We are engaged in the construction of new commercial and residential buildings, as well as refurbishment and fit out of existing structures. Kapitol Group also works on the construction of government funded building projects across multiple schools and the construction of social housing.

Kapitol Group's supply chain includes the engagement of multiple subcontractors ranging from demolition experts, concreters, form workers, steel fabricators, window suppliers, electrical installers and finishing trades such as painters and landscapers.

Our direct suppliers of services and products are situated in Australia, although various products we source through our suppliers, may be sourced outside of Australia. This may affect products such as steel, glazing, joinery, bricks, timber, and stone. Relationships with subcontractors on a portfolio level are medium term, with the direct effort contingent on project-based activities and, therefore, a series of short-term engagements.



Kapitol Group currently employs 110 team members, 24% of whom are women. We have been recognised amongst Australia's Top Best Places to Work 2021 and for us, our employees are at the core of everything we do.

## 3. Modern Slavery Risks

This being our first reporting year, Kapitol Group has focused on building an understanding of the inherent risks of modern slavery in our operations and supply chain, to facilitate a comprehensive supply chain risk assessment during the financial year 2021/22. The following indicators have been considered in our risk identification and review process, and will also inform our comprehensive supply chain risk assessment:

- Sector & industry risks, such as seasonal, short-term, and unskilled work.
- Product & services risks, such as items required under unrealistic timeframes.
- Geographical risks, for products sourced outside Australia.
- Entity risks, such as an entity having previously been reported as complicit or involved in modern slavery practices.

The findings from our review show that our primary risks lie in the supply chain for construction-related products sourced outside Australia and labour risks from sub-contracting. We believe our operational labour risks to be negligible. We have strong labour and human resources practices, in addition to mandated compliance with Australian labour laws. Nevertheless, we will continue to strive towards building processes, and systems that help us to monitor our human rights performance in operations, in line with our commitment towards the well-being of our team and workers in general.

Our supply chain risks arise primarily in the context of the purchase of materials and products through our contractors. Although our direct supply chain is short, elements within the indirect supply chain are sourced from overseas. An assessment of materials identified as high risk by the Global Slavery Index 2018 include the provision of steel, glazing, joinery, bricks, timber, and stone. Kapitol Group believes the risks of modern slavery in our supply chain are mitigated already to some degree by a number of factors. These include our supplier selection process which values not only price but also social performance of our vendors, as well as the fact that we have established relationships with our primary contractors.

As we progress in our counter-slavery response, we will gain deeper insights into the risks within our operations and supply chain, including on an individual supplier basis. As detailed in section 6 of our Statement, undertaking a comprehensive supply chain risk assessment and gaining increasing visibility into our Tier-2 supply chain, are amongst our top priorities for the next reporting year.

## **4. Addressing the Risks of Modern Slavery**

### **4.1. Governance & Culture**

Kapitol Group is managed by our two Directors, Andrew Deveson and David Caputo, together with the senior management team comprising of our Chief Financial Officer, Construction Manager, People & Culture Manager, Safety Manager, Business Development Manager, Commercial Manager and Quality Manager.

Our directors have ultimate responsibility for Kapitol Group's governance, formulating strategic direction and ensuring the integrity of risk management. Our CFO has been assigned primary oversight for coordinating our response under the Modern Slavery Act. Having said that, our directors and the entire senior management team are actively engaged on the issue specifically, as well as issues of broader sustainability. At Kapitol Group we pride ourselves in our commitment to our people and culture and this is reflected in our fortnightly leadership team meetings, which also present an opportunity for periodic discussion of progress with our counter-slavery response.

Our directors and the management team are committed to driving action on modern slavery. In line with this commitment, we are taking steps to further embed modern slavery within our governance structures and procedures. This will include setting the issue as a regular agenda item for leadership team meetings.

#### 4.2. Policies & Contracts

Kapitol Group has a suite of policies and supporting procedures in place which govern relationships and articulate our values and culture. The following table lists the ones most relevant for countering human rights risks amongst our team members, workers, and broader stakeholders in our supply chain:

Policy & Procedure	Purpose
<b>Code of Conduct</b>	Establishes proper conduct and practices, including ethical and moral principles Kapitol Group expects all team members to comply with. The code also applies to contractors.
<b>Equal Employment Opportunity Policy</b>	Promotes the right to every employee to be treated fairly and equitably and to have equal access to resources and opportunities.
<b>Sexual Harassment Policy</b>	Promotes a safe workplace free of discrimination and harassment and establishes a disciplinary procedure to manage and remediate issues.
<b>Bullying in the Workplace</b>	Promotes a s workplace free of bullying and intimidation.
<b>Procedure for Resolving Employee Workplace Complaints Issues</b>	Establishes the procedure for resolving employee workplace issues. We encourage direct communication to resolve problems in the first instance, and dispute resolution processes where informal communication is not possible or practical.

All team members are introduced to our policy-suite through the induction and on-boarding process and team members are required to acknowledge their acceptance to our policies at that stage. We utilise a dedicated Human Resources Platform, through which new policies and any relevant training can be administered and records maintained. Our vision and core values, which are centred around respectful, authentic, and supportive relationships and underpin the philosophy in our workplace policies, are also emphasised in regular team meetings.

Kapitol Group is committed to rapidly maturing our counter-slavery response. To that end we are currently reviewing our Code of Conduct, and our Grievance and Remediation Mechanism to broaden the scope of application to modern slavery and provide for a clear procedure in the event that any slavery practices are identified by or raised with our organisation. We are also looking to develop standard contract clauses covering our suppliers' obligations related to modern slavery and we are in the process of adopting a Human Rights Policy. We expect this Policy to be adopted before the end of the calendar year.

### **4.3. Supplier Engagement & Management**

Kapitol Group maintains close relationships with many of our suppliers. This means we are well-positioned to engage and manage risks within our supply chain, including around modern slavery. We see supplier engagement and management as a collaborative process and will strive to engage our suppliers as partners, to help Kapitol Group investigate and mitigate potential slavery risks within our supply chain.

Before engaging our existing suppliers on modern slavery, Kapitol Group will first undertake a supply chain risk assessment to determine where our exposure may be. We will then develop a sequential engagement plan to determine which segments of our supply chain to engage with first. We anticipate that engagement will include a Supplier Assessment Questionnaire in the first instance. We will then build upon the outcomes of the Questionnaire to develop nuanced engagement strategies as appropriate, determined by the level and significance of the risk posed by our suppliers. For new suppliers, Kapitol Group is currently reviewing our tender process and selection criteria, with a view to embedding a risk assessment. This will be based on information obtained directly from our prospective suppliers and incorporated into our tender process.

As our counter-slavery response framework matures, we anticipate that additional assurance actions will be developed to manage risks within our supply chain. This may include broadening the construction site physical audits we already undertake, to include specific checks for modern slavery indicators.

### **4.4. Training**

Kapitol Group recognises the value of awareness raising through training on modern slavery for all its team members. Training must, therefore, be a part of our core response. Kapitol Group plans to include modern slavery training in all new induction processes for new staff as well as implementing training for all current team members. The training will focus on a general understanding of the issue globally and in Australia; identification of modern slavery within operations and supply chains; and provide guidance for when issues arise, or risks are identified.

Kapitol Group is also considering the longer-term design and development of more specific modern slavery training for key functions within the business, such as procurement staff. This training will be timed to include training on reviewed and updated policies and procedures.

### **4.5. Collaboration**

The Modern Slavery Act encourages organisations to work together to identify and combat modern slavery. One of the core values we embrace is to be inspirational. In line with this commitment, we seek to look to our peers and industry to find new ways of doing things together, and freely share our knowledge, and practices that prove to be effective for us.

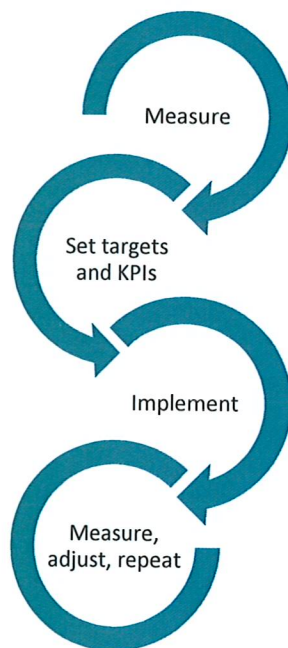
Kapitol Group is actively exploring collaboration pathways with our industry groups, peers, suppliers, and communities. One of the ways in which we seek to do this is through joining the UN Global Compact Modern Slavery Community of Practice. Additional collaboration pathways

open to us include the Master Builder Association and other industry-bodies. We will explore ways to leverage existing initiatives and partner with peer organisations to share resources and information relevant to modern slavery.

## 5. Assessing Effectiveness of Our Actions

Kapitol Group has developed a system for assessing the effectiveness of our counter-slavery response. The approach is iterative and will mature and progress over-time. As described above, for the financial year 2020/21 emphasis was placed on measuring the readiness of our current-state structures, policies, systems and processes and gathering information on key risk areas for

our organisation. This will inform a sound strategy for implementation of a robust counter-slavery response. The outcomes of this measuring process are reflected throughout this statement under each of the mandatory reporting criteria.



Kapitol Group has set a series of targets, both immediate and longer term, and associated Key Performance Indicators, as a result of our current-state analysis. In the reporting year currently underway (i.e. financial year 2021/22) we seek to implement all our immediate term targets. Indeed, progress towards meeting some of these targets is already underway. We will then measure performance against our KPIs and targets, adjust and establish new targets and repeat the cycle again. We will report upon our progress and effectiveness in future statements.

Kapitol Group is committed to assess its effectiveness on quantifiable actions and progression beyond a baseline.

## 6. Modern Slavery Roadmap: What's Next

Kapitol Group is committed to progressing our counter-slavery response and in this section, we identify several important targets and our planned actions and activities to achieve those targets. Many of these actions correspond to longer-term targets that we will be progressing towards, while others are near-term priorities that have our current focus. Capitol Group will be reporting on these actions and our measured progress against them in subsequent Statements.

Action	Purpose	Measurement / KPI	Implementation Timeframe
Supply chain visibility	Creating a centralised supplier database that enables the collection of relevant data points.	Supplier database developed.	2021/22
Supply chain risk assessment	Establishing where our supply chain risk exposure is as a foundation for future actions and engagement.	All Tier 1 suppliers assessed for modern slavery risk, and risk exposure established.	2021/22
Management oversight	Formalising Management oversight of modern slavery issues by setting modern slavery as a regular agenda item.	Modern Slavery considered as an agenda item bi-annually.	2021/22
Supplier engagement and assurance	Developing and deploying Supplier Assessment Questionnaire (SAQ) to adjust risk and work towards greater supply chain visibility. Adopting additional assurance procedures for high-risk suppliers, such as inspections and third-party audits.	SAQ developed and deployed to all new suppliers SAQ sent to high-risk existing suppliers based on outcomes of supply chain risk assessment. Additional assurance practices adopted.	2021/22 2022/23 2022/23 and beyond
Collaboration	Exploring avenues for industry collaboration, including through joining the UNGC Modern Slavery Community of Practice. Signal commitment to sustainability by becoming a signatory to the UNGC.	Signatory to the UNGC. Join UNGC Community of Practice.	2021/22 2021/22





<b>Supplier selection criteria</b>	Undertake risk screening of potential suppliers for modern slavery risk prior to engaging suppliers.	Selection criteria developed and implemented.	2021/22
<b>Training</b>	Conducting employee training on modern slavery issues, risks, and mitigations.	Training developed and included in all induction processes; 100% of new team members trained. Development of specialised training module for key team members (procurement and People & Purpose).	2021/22 and beyond  2022/23
<b>Updating policies</b>	Updating and expanding Kapitol Group's policy suite to include specific language and controls around modern slavery, beginning with the adoption of Supplier Code of Conduct (SCOC) and revision of Complaints procedure, and a human rights policy (already underway).	Adoption of SCOC. Adoption of revised Complaints procedure. Adoption of Human Rights Policy.	2021/22 2021/22 2021/22
<b>Updating contracts</b>	Commencing review of contractual clauses for updating with specific modern slavery controls and language.	Adoption of counter-slavery contractual provisions for standard contracts. Inclusion of counter-slavery contractual provisions in all new contracts after suitable clause developed.	2021/22  2022/23 and beyond

## 7. The Impacts of COVID-19 and Kapitol's Response

In 2020, the COVID-19 pandemic applied significant pressure to the business, our people, and our suppliers. Since the beginning of the pandemic and early in 2021 Kapitol Group acted promptly to mitigate health risks for our team. This has included an update to our new head office design and fitout, adding an extra layer of Covid protection for our team. Additional to these measures, Kapitol Group has increased focus on mental health support for our team. During the pandemic Kapitol Group continued to hire additional people to support its growth. The snap lockdowns were also used as professional development and training opportunities with courses arranged at short notice for staff. Kapitol Group has not stood down or imposed forced leave on any staff members during the entire duration of the pandemic.

Kapitol Group also supported its supply chain during this time working with them to provide the access required to complete works. Suppliers with their own cashflow issues used the established relationship to approach Kapitol for financial support in the form of early payments for works or payment for offsite materials.

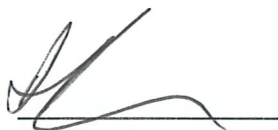
The pandemic has also impacted, and continues to impact, construction supply chains. This has had inevitable knock-on effects on our business that have somewhat slowed planned progress of our counter-slavery response. Despite these disruptions Kapitol Group has made solid strides towards building a robust counter-slavery response commensurate with our capacity and preliminary understanding of primary risk areas. We have set ourselves ambitious targets for the next reporting year, and are committed to strong progress.

## 8. Consultation

Kapitol Group does not own or control any other entities. This reporting criteria is, therefore, not applicable.

## 9. Approval

This statement was approved by Andrew Deveson and David Caputo, as the only Directors and principal governing body of Kapitol Group on 20 December 2021.



Andrew Deveson

**Director**

20/12/2021



David Caputo

**Director**

20/12/2021