
CAPRICORN MUTUAL LIMITED 2023 MODERN SLAVERY STATEMENT

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Introduction

Capricorn Mutual Limited (CML) (ACN 104 601 194) was formed in 2003 exclusively for members of Capricorn Society Limited (CSL), offering a commercially feasible alternative to insurance. A mutual is an association of people with common risks or goals who pool financial resources to meet common financial obligations. Mutuals have a long and proud history in many countries and continue to grow in popularity today due to their ability to provide significant benefits and savings.

CML is a discretionary mutual and unlike an insurance company, operates as a non-profit entity solely for the benefit of its members. As a discretionary mutual, the CML Board exercise a number of discretions including membership admittance, scope of protections and claims decisions. CML holds an Australian Financial Services License (AFSL 230038) and is regulated as a financial services provider by the Australian Securities & Investment Commission (ASIC).

Reporting entity

Capricorn Mutual Limited (CML) (ACN 104 601 194) is an unlisted public company limited by shares registered in West Perth, Western Australia. CML has two subsidiaries: Capricorn Isle of Man (CIOM) and Capricorn Mutual Limited New Zealand (CML NZ). The subsidiary CIOM provides reinsurance-related services.

This statement describes the actions CML took in the financial year ended 30 June 2023 to assess and address the risk of modern slavery in its operations and supply chains. Its content was guided by the Modern Slavery Act 2018 (Act) and Guidance for Reporting Entities provided by the Commonwealth Attorney General's Department.

Key actions taken:

- Continued to consider the risk of modern slavery within its Ecosystem (including contracts with third parties).
- Incorporating environmental, social and governance factors into its investment analysis and selection processes.
- Inclusion of awareness training into the regular HR training cycle.
- Provide mental health and well-being workshops to contract staff.
- Made available optional whistleblowing training to all staff.

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Operations, structure and supply chains

Operations

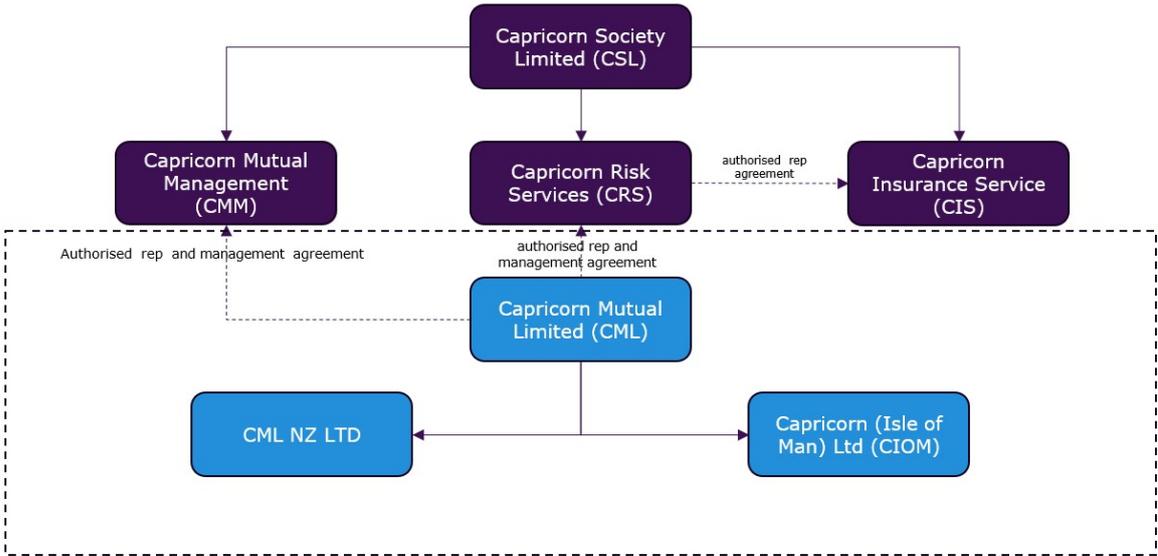
CML conducts operations throughout Australia and New Zealand and holds a subsidiary in the Isle of Man for reinsurance services, with all of these countries classified as 'low risk' for modern slavery. Further to this approximately 92% of CML's operational expenses are outsourced through a management agreement with CMM and CRS (CSL subsidiaries), with CSL also required to prepare an annual modern slavery statement.

Business and personal protections

The most significant part of CML's operations is the management and distribution of discretionary risk protection mutual products for Members of CSL.

Structure and services

The structure of CML and CSL is set out below. The Modern Slavery statement from CSL covers CSL, Capricorn Mutual Management (CMM), Capricorn Risk Services (CRS) and Capricorn Insurance Services (CIS), shown in purple below. This Modern Slavery Statement covers CML and its subsidiaries, shown in blue below.



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The following entities from CSL have been appointed to provide services to CML. These activities are confirmed in a Management Agreement contract between the entities.

- Capricorn Mutual Management Pty Ltd (CMM) (ACN 129 143 479) (CAR 324456) is a corporate authorised representative to manage CML’s operations including claims management, protection administration, pricing, underwriting, finance, and business management.
- Capricorn Risk Services Pty Ltd (CRS) (ACN 111 632 789) (CAR 460893) is a corporate authorised representative to manage the distribution of CML products including sales promotion, distribution, and servicing of protection.
- Capricorn Insurance Services (CIS) (ACN 154 801 377) (AFSL 435197), while a wholly owned subsidiary of Capricorn Society Limited, is an AFS Licensed general insurance broker which sources general insurance market solutions for Capricorn Society Limited (CSL) Members and non-Members. CIS does not have a management agreement with CML but is often used as an alternative if the Member is not eligible for CML protection or requires a product that is not provided by CML (e.g. Workers Comp Insurance).

Capricorn Risk Division (CRD)		
Capricorn Mutual Management (CMM)	Capricorn Risk Services (CRS)	Capricorn Insurance Services (CIS)
<p>Operates day-to-day functions:</p> <ul style="list-style-type: none"> • Product & Underwriting • Claims • Risk Services • Finance • Business Management 	<p>Distributes for both CML and CIS:</p> <ul style="list-style-type: none"> • New Business Sales • Renewals 	<p>An AFS licensed insurance broker:</p> <ul style="list-style-type: none"> • Sources general insurance products for CSL and the open market

Direct employment of workers

The CML entity does not have employees. All employees are employed with CSL and perform duties for CML as per the Management Agreement. These employees are covered in CSL’s Modern Slavery Statement, which is acknowledged by CML.

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Modern slavery risk

Supply chain

CML leverages CSL's procurement practices for IT and telecommunication services and equipment, financial services, training providers, uniforms, security, cleaning, office supplies, fleet vehicles, travel and entertainment, and marketing and digital services and products. CML is responsible for the procurement practice for, Claims settlement and remediation, Professional Services, Reinsurance, and the Management Agreement between CML and CSL and CSL Subsidiaries.

When assessing the risk of Modern slavery in our supply chain we first consider the Risk of modern slavery in the jurisdictions our suppliers operate in, below is a table showing the countries where our suppliers operate in and the associated slavery risk.

Country	Modern Slavery Risk	Mitigation	Reference	Comments
Australia	Low	No	Global Slavery Index Walk Free	None
New Zealand	Low	No	Global Slavery Index Walk Free	None
Isle of Man	Low	No	Global Slavery Index Walk Free	None

Below is a breakdown of the CML suppliers (excluding claims and Reinsurance costs) split by country of origin (period January to November 2023):

Type	Amount (\$m)	% of total expenses	Country	Modern Slavery Risk	Action
Management Fees	\$32.6m	91.9%	Australia	Low	Covered in CSL Modern slavery statement. No further investigation required; risk rated as low.
Management Fee	\$1.0m	3.0%	New Zealand	Low	Covered in CSL Modern slavery statement. No further investigation required; risk rated as low.
Professional Services (KPMG, PWC, Finity, Lander & Rogers, The Bridge)	\$1.2m	3.7%	Australia	Low	No further investigation required; risk rated as low.
Hello Claims	\$0.1m	0.3%	Australia	Low	No further investigation required; risk rated as low.
Other	\$0.4m	1.1%	Aust / NZ	Low	No further investigation required; risk rated as low.
Total expenses	\$35.5m	100%	Aust / NZ	Low	

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Below is a breakdown of the CML claims payments split by country of origin (period January to November 2023):

Country	Amount (\$m)	% of total claims	Modern Slavery Risk	Action
Australia	\$61.1m	80%	Low	No further investigation required; risk rated as low.
New Zealand	\$14.9m	20%	Low	No further investigation required; risk rated as low.
Total Claims	\$76.0m			

CML's direct suppliers in operational and claims costs are predominately located in Australia and New Zealand, significantly reducing the risk of Modern slavery. In addition to this, no entity on the CML reinsurance panel is in a country which is rated as a high risk in relation to Modern Slavery. A list of reinsurers is attached as appendix 1.

Operations

CML's Members are Members of CSL, all of whom are linked to the Australia or New Zealand automotive industry. Given the nature of the activities undertaken by Members, namely collision and motor vehicle repair and servicing, CML has assessed the risks of Members engaging in modern slavery to be aligned with Australia and New Zealand's overarching exposures.

Notwithstanding, CSL undertakes due diligence on all prospective Members prior to them joining Capricorn, including a scan of factors that may be indicators of modern slavery risks. CML's relationship-based operations results in sales staff (employees of CRS) being regularly onsite with Members, allowing for an ongoing assessment of risk and potential issues to be identified. CML, through CSL and the CML Board, can exit the relationship at their discretion.

CML is also aware that suppliers can be at increased risk of engaging in modern slavery. Preferred Suppliers are valued business partners in the Capricorn business model and look to Capricorn to assist with profitable business growth and quality service.

CML, through CSL, has an appointment policy and due diligence processes in place to assist with identifying suppliers that have values aligned with Capricorn and will meet the needs of Members. Preferred Suppliers enter into an ongoing trade agreement with CSL that reflects Capricorn's commitment to upholding the Act. CSL also provides all Preferred Suppliers with a Preferred Supplier Guide which further sets out Capricorn's expectations on the management of modern slavery risks.

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Our modern slavery actions

Governance and management

CML's Board of Directors (**Board**) has ultimate responsibility for CML's strategy and management of risks, including risks to human rights such as those addressed by the Act.

People risk assessment

While having no direct employees CML, through CSL, CML has maintained a well-functioning health and safety management system to ensure that Capricorn employees and contractors work in a safe environment. During the period, CSL has enhanced the supporting mechanisms for wellbeing and psychosocial health. This includes information sessions facilitated by our Employee Assistance Provider, group training sessions and leaders' support sessions.

Policies and procedures

Following the appointment in June 2021 of an independent whistleblower service to collect any whistleblower disclosures, CML provided employees with an optional awareness presentation, to further encourage such disclosures.

Procurement

CML has strong internal governance in relation to the contracting of external party goods and services, including the management of contracts. CML seeks to include in all its supplier contracts a right to terminate dealings with suppliers that operate in a manner that puts at risk CML's commitment to Modern slavery. CML does, however, recognise that such action could have a detrimental impact on the employees of suppliers, which is contrary to the purposes of the Act. Capricorn's preferred approach will therefore be influencing the supplier to remediate.

Investment

CML invests only with Australian based financial institutions who are all subject to the Modern Slavery provisions.

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Training and awareness

Employees are required to undertake work health and safety and diversity and equality training during induction and a training refresh on a regular cycle.

During the period, Management communicated awareness information to relevant senior leaders who deal with selecting/contracting suppliers. This included the provision of a 'how-to' guide including information about how to undertake a modern slavery assessment and ensuring leaders were aware of the legal team's support in modern slavery matters if needed.

Modern slavery consultation

CML and its subsidiaries are directed by the Chief Executive Officer, Capricorn Risk (CEO Risk). The CEO Risk supports the Group CEO in matters necessary for the day-to-day management of CML and therefore consultation occurs at the executive level as required.

Capricorn's risk management framework applies to the Capricorn Group and risk management and compliance reporting on the Capricorn Group is provided to the CEO Risk and CML's Audit and Risk Committee by the Head of Risk, Assurance and Compliance.

Modern slavery roadmap

In the financial year ending 30 June 2024, CML will continue to focus on further understanding our risk profile and collaborate with suppliers and business partners where appropriate to address any identified modern slavery risks and strengthen its management controls. Key areas of focus will be:

Risk mitigation – CML will continue to take appropriate risk mitigation actions within its supply chain where a higher risk of modern slavery is identified during contractual review.

Awareness training – CML will review and update its modern slavery awareness training and then provide the training to all contract managers.

People risk assessment – CML will conduct a work, health and safety audit, in order to understand the effectiveness of controls mitigating risks to employees.

Capricorn recognises that addressing its modern slavery risks will be a long-term process that requires strong commitment and dedication. The company is committed to reporting annually on its progress in addressing modern slavery risks within its operations and supply chain and look forward to working with our business partners and suppliers on this global issue.

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Signed,

A handwritten signature in blue ink that reads "Mario Pirone". The signature is written in a cursive style.

Mario Pirone
Chair, Capricorn Mutual Limited

This statement was approved by the Capricorn Board on 13 December 2023.

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Appendix 1 Overview of Reinsurers

APRA / NON APRA	S&P	Insurer
APRA	AA-	Hannover Ruckversicherung-AG, Germany, Australian Branch
APRA	AA-	Swiss Re Asia Pte Ltd, Australian Branch
APRA	AA-	XL Re Europe, UK Branch
APRA	A+	Allied World Syndicate 2232
APRA	A+	AXA XL Reinsurance, Bermuda
APRA	A+	Berkley Re Australia
APRA	A+	Canopus Syndicate
APRA	A+	Chaucer Syndicate 1084/1176
APRA	A+	Lancashire Syndicate 2010
APRA	A+	Ms Amlin Syndicate 2001
APRA	A+	XL Re Europe, UK Branch
APRA	A	Aspen Insurance UK Limited, Bermuda Branch
APRA Total		
Non-APRA		Shelter Reinsurance Company
Non-APRA	A+	Everest Re Group, Ltd. (RE)
Non-APRA	A+	Marilla - Partner Reinsurance Company Ltd
Non-APRA	A+	Partner Reinsurance Company Ltd
Non-APRA	A+	Tokio Marine HCC
Non-APRA	A	Allied World Branch
Non-APRA	A	Aspen Insurance UK Limited, Bermuda Branch
Non-APRA	A-	Aspen Insurance UK Limited, Bermuda Branch
Non-APRA	A (Bests)	Shelter Reinsurance Company
Non-APRA		Singapore Reinsurance Corporation Limited
Non-APRA		Triglav Re
Non-APRA Total		
Grand Total		