

# **CAPRICORN SOCIETY LTD**

## **2024 MODERN SLAVERY STATEMENT**

### Introduction

Capricorn is a Member-based organisation proudly operating by cooperative principles to make it easier for its 29,000 Members to run and grow their automotive businesses<sup>1</sup>.

Capricorn is a member of the International Cooperative Alliance and as a cooperative it is driven by values, not just profits. It operates under internationally agreed cooperative principles of voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives and; concern for community<sup>2</sup>.

Capricorn's business model enables and strengthens relationships between its 29,000 Members and circa 2,000 Preferred Suppliers, and the broader automotive community in Australia and New Zealand. Through Capricorn, Members are in turn supported in providing products and services to their customers. People are at the core of what we do and so respect for human rights through managing people responsibly and working to prevent modern slavery in operations and supply chains is key to our success.

### Reporting Entity

Capricorn (Capricorn Society Limited ACN 008 347 313) is an unlisted public company limited by shares registered in West Perth, Western Australia. Capricorn is also registered in New Zealand (Company no. 651162) to enable provision of services to its New Zealand Members. This statement describes the actions Capricorn took in the financial year ended 30 June 2024 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<sup>3</sup>.

#### Key Actions taken

- Consideration given to the potential for modern slavery within supply chains.
- Incorporating environmental, social and governance factors into its investment analysis and selection processes.
- Capricorn conducted a work, health and safety audit, in order to understand the effectiveness of controls mitigating risks to employees.
- Capricorn undertook modern slavery and whistleblower training for all employees, across Capricorn. Awareness training will continue to be provided as part of employee onboarding and refreshed annually.
- Include a statement on the investment portfolio and linkage to ESG.
- Provided several webinars and an in-person presentation on mental health.

<sup>1</sup> <https://www.capricorn.coop/aboutus/?Country=AU>

<sup>2</sup> <https://www.ica.coop/en/cooperatives/what-is-a-cooperative>

<sup>3</sup> [Resources \(modernslaveryregister.gov.au\)](https://resources.modernslaveryregister.gov.au)

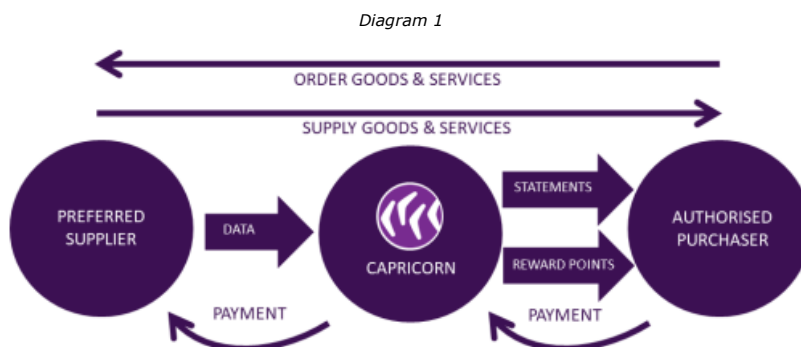
## Operations, Structure and Supply Chains

### Operations

Capricorn conducts operations throughout Australia and New Zealand.

### Financial lending

The most significant part of Capricorn's operations is the provision of credit to Members through Capricorn trade accounts for the purchase of goods and services from Preferred Suppliers, or from Capricorn and its related companies.



### Provision of services

Capricorn also offers a curated range of products and services to its Members, including:

- Trade Credit and Extended Credit
- Capricorn Rewards
- Convention and Events
- Publications (Purple Pages, Ignition, Sparks, Member and Supplier newsletters)
- Risk Protection Services
- Travel Services
- Fuel Card
- Knowledge services (AutoBoost, Capricorn Service Data, CapHub)



Operating on cooperative principles means that shareholding in Capricorn is limited to its Members, and Capricorn may provide financial returns to its Members by way of rebates and dividends.

Capricorn also provides professional management services to Capricorn Mutual Limited, which provides its members with risk protection products, an alternative to insurance. Members of Capricorn Mutual Limited are predominantly Members of Capricorn but not all Members of Capricorn are members of Capricorn Mutual Limited.

Capricorn Mutual Limited is consolidated with Capricorn for financial reporting but not tax purposes, and its activities are not covered by this statement.

### Investments

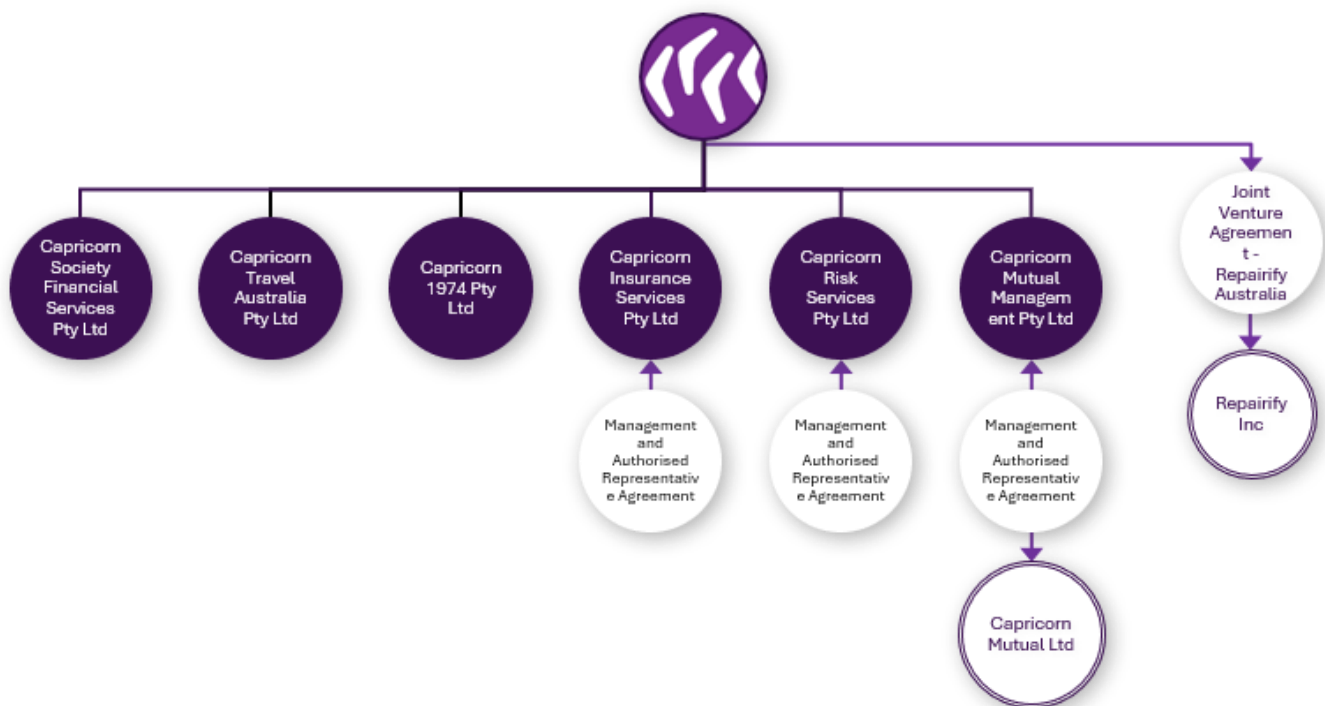
Capricorn's operations also include the management of its own financial investments, both as internally managed investments in other entities and externally managed investment portfolios.

### Direct employment of workers

Capricorn and its subsidiaries have 519 employees as of 30 June 2024. 489 are employed in Australia and 30 in New Zealand. Capricorn operates a mobile sales force that is comprised of 116 Australian and 25 New Zealand employees. The remaining employees are located at Capricorn's head office in Perth with a small number located at an office in Sydney.

### Structure

Operations are conducted either directly by Capricorn or through Capricorn's subsidiaries, the structure of which is set out below. All subsidiaries are registered and operate in Australia, with Capricorn Society Financial Services Pty Ltd, Capricorn Risk Services Pty Ltd and Capricorn Insurance Services Pty Ltd also registered in New Zealand.



## Modern Slavery Risk

### Supply chain

Capricorn's supply chain is predominantly related to the operations of its offices in Perth and Sydney and maintenance of its mobile sales force.

Capricorn understands that our supply chain will span borders and sectors that may have an increased risk of modern slavery including procurement of clothing, foodstuffs, products and services which may be provided by low skilled workers<sup>4</sup>. Capricorn procurement practices include IT and telecommunication services and equipment, professional services, financial services, training providers, uniforms, security, cleaning, office, office supplies and maintenance services, fleet vehicles, events, travel and entertainment, and marketing and digital services and products.

<sup>4</sup> <https://www.walkfree.org/global-slavery-index/country-studies/australia/>

Capricorn's direct suppliers are predominately located in Australia with approximately 85% of expenditure paid to suppliers in Australia. Suppliers located in New Zealand represent approximately 6% of expenditure. During the year ended 30 June 2024, Capricorn held an event in the USA which accounted for 8% of total expenditure. This was a once off cost and this level of expenditure is not expected to continue.

Capricorn Mutual Management has a contractual relationship with a third party located in Australia who provides recruitment services to facilitate the offshoring of administrative work to the Philippines. We note that the Philippines is currently considered to be amongst the most vulnerable of countries to modern slavery, with the seventh highest prevalence globally<sup>5</sup>. Currently, seven contractors are seconded to work for CMM through this offshoring arrangement with the CEO Risk Services visiting the offshoring offices in mid 2023. It should be noted that the contractual arrangements in place with the Australian recruiter include modern slavery provisions, including warranties from the recruiter that it will comply with all applicable laws and regulations relating to human rights, and in particular the *Modern Slavery Act 2018* (Cth).

### Operations

The Capricorn Group supports its members, 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, Capricorn assessed the risk of Member's engaging in modern slavery to be aligned with Australia and New Zealand's overarching exposures<sup>6</sup>.

Capricorn's relationship-based operations result in sales staff being regularly onsite with Members, meaning that there is an ongoing assessment of risk, allowing potential issues to be identified. Capricorn can exit a member relationship at its discretion.

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

Capricorn has an appointment policy and due diligence processes in place to assist with identifying suppliers that have values aligned with Capricorn's and that will meet the needs of Members. Preferred Suppliers enter into an ongoing trade agreement with Capricorn that reflects Capricorn's commitment to upholding the Act. Capricorn also provides all Preferred Suppliers with a Preferred Supplier guide which further sets out Capricorn's expectations on modern slavery risks and Prospective Suppliers with turnover greater than \$100m are required to provide a Modern Slavery Statement.

## Our Modern Slavery Actions

### Governance and Management

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

### People Risk Assessment

Capricorn 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, Capricorn enhanced the supporting mechanisms for wellbeing and psychosocial health. This includes information sessions, group training sessions and leaders' support sessions.

### Policies and Procedures

Following the appointment in May 2021 of an independent whistleblower service to collect any whistleblower disclosures, Capricorn provided training on the Whistleblower Policy as part of the induction process for new employees and offered refresher training for existing employees.

### Procurement

Capricorn's procurement and legal services policies and related procedures provide internal governance in relation to the contracting of external party goods and services, including the management of contracts. Capricorn seeks to include in its supplier contracts a right to terminate dealings with suppliers that operate in a manner that puts at risk Capricorn's commitment as outlined in this statement. Capricorn 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.

<sup>5</sup> <https://www.walkfree.org/global-slavery-index/country-studies/the-philippines/>

<sup>6</sup> <https://www.walkfree.org/global-slavery-index/country-studies/australia/>

### Investment

Capricorn incorporates Environmental, Social and Governance (ESG) factors into its investment analysis and selection process. Modern slavery forms part of this ESG assessment. Capricorn's external investment advisors have a documented policy on responsible investing which governs how ESG is integrated into client portfolios.

### 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.

Capricorn provided training on Modern Slavery as part of the induction process for new employees and offer refresher training for existing employees.

### Modern Slavery Consultation

Capricorn's subsidiaries are directed by members of its Executive. The Executive supports the Group CEO in matters necessary for the day-to-day management of Capricorn and therefore consultation occurs at the executive level as required.

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

### Modern Slavery Roadmap

In the financial year ending 30 June 2025, Capricorn 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:

- **Awareness** – a refreshed Whistleblower policy with internal communication to all staff continues to raise and promote ongoing awareness of the Whistleblower program.
- **Internal guidance** - Field guides to be updated to be explicit in the identification of potential triggers of modern slavery.
- **Risk mitigation** – Capricorn will continue to take appropriate risk mitigation actions within its supply chain where a higher risk of modern slavery is identified during contractual review. In addition, Capricorn will assess the potential to leverage external partners who specialise in Modern Slavery reporting to improve visibility, breadth and understanding of existing relationships.

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.

Signed,

A stylized, dark ink signature of Mark Rowe, consisting of several overlapping, sweeping strokes.

Mark Rowe  
Chair, Capricorn Society Limited

*This statement was approved by the Capricorn Board on 10 December 2024.*