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# CAPRICORN MUTUAL LIMITED 2024 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 at Level 19, 141 St. Georges Terrace, 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 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.

## Key actions taken:

- Consideration given to the potential for modern slavery within supply chains.
- Conducted a work, health and safety audit, in order to understand the effectiveness of controls mitigating risks to employees.
- Undertook modern slavery and whistleblower training for all employees across CML. Awareness training will continue to be provided as part of employee onboarding and refreshed annually.
- Provided several webinars and an in-person presentation on mental health.

## Operations, structure and supply chains

### Operations

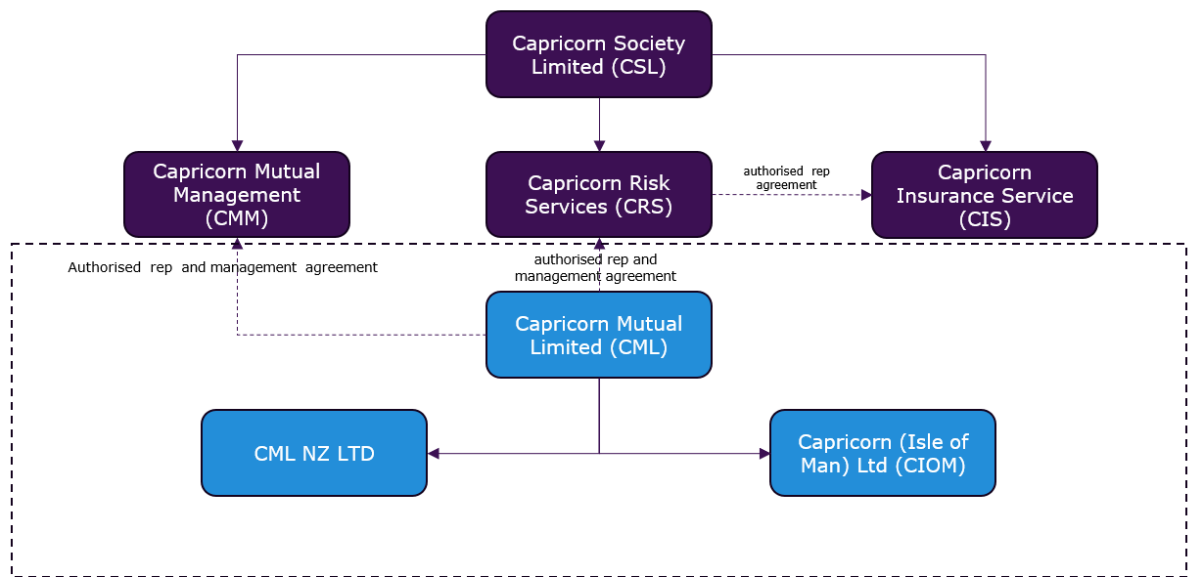
CML conducts operations throughout Australia and New Zealand and holds a subsidiary in the Isle of Man for reinsurance services, with all of these countries classified as 'low risk' for modern slavery. Further to this approximately 92% of CML's operational expenses are outsourced through a management 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.



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 Compensation Insurance).

## Direct employment of workers

The CML entity does not have employees. All employees are employed by 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.

## 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.

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.

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).

CML's direct suppliers in relation to operational and claims costs are predominately located in Australia and New Zealand, significantly reducing the risk of Modern slavery.

### 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 risk of Members engaging in modern slavery to be aligned with Australia and New Zealand's overarching exposures.

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 Boards, can exit a Member relationship at its 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.

As part of CML's supplier onboarding process, all material contractors are onboarded via in-house legal who ensure modern slavery risks regarding prospective suppliers with turnover greater than \$100m are required to provide a Modern Slavery Statement as part of the documented contracts process.

## 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, has maintained a well-functioning health and safety management system to ensure that CML 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, 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, CML provided employees with training on its Whistleblower Policy as part of the induction process for new employees as well as annual mandatory refresher training for existing employees.

## 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 CML's commitment as outlined in this statement at risk. 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. CML's preferred approach will therefore be influencing the supplier to remediate.

## Training and awareness

CSL employees who support CML are required to undertake work, health and safety and diversity and equality training during induction and refresher training on a regular cycle. Training is provided on Modern Slavery as part of the induction process for new employees and offers refresher training for existing employees.

## Modern slavery consultation

CML and its subsidiaries are directed by the Chief Executive Officer, Capricorn Risk Services (CEO Risk Services). The CEO Risk Services 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.

CML's Risk Management & Compliance Policy applies to CML, and risk management and compliance reporting on CML is provided to the CEO Risk Services 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 2025, CML will continue to focus on further understanding its 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** - CML procedures will be updated to explicitly identify potential triggers of modern slavery.
- **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.

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

Signed,

Chair, Capricorn Mutual Limited

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This statement was approved by the CML Board on 11 December 2024.