

About this report

This Sustainability Report covers the sustainability practises of the Codan Group across all its controlled entities during the year ended 30 June 2021. The Sustainability Report is published on 22 September 2021 as part of Codan's Annual Report.

This year's report is broken down into four main reportable pillars; Innovation, Social, Environment and Governance. In FY21 we engaged the assistance of an external consultant to facilitate a series of workshops with employees across the company to identify the material topics to be the focus of Codan's Sustainability Report. We assessed this materiality on two criteria; what is material to our business as well as our stakeholders. We have included Innovation as a reportable topic for the first time this year, as our culture of innovation, and the way we protect our Intellectual Property, is fundamental to ensuring the longevity of our business.

The information has been compiled with the contribution of various leaders across the business. The Board Audit, Risk and Compliance Committee has approved the content within this report.

CEO's statement

Now in its second year of production, Codan's Sustainability Report continues its evolution as we become more aware of our sustainability practices and the subsequent impact on our long term business outlook. Developing a more sustainable business is at the heart of what we do, as is demonstrated by our ongoing investment in innovation and our people for over 62 years.

We recognise the need to continuously identify, respond to and manage risks, issues and opportunities that are important to our business and our stakeholders. As such, we will establish a regular Sustainability reporting framework via a Sustainability committee, and will formalise this report using the Global Reporting Index framework for FY22 reporting.



Donald McGurk
Managing Director and CEO



INNOVATION

Promoting a culture of innovation is embedded in the way we do business. Our capabilities span across multiple engineering disciplines, including software, electronics and mechanical engineering. We also have a number of PhD-qualified physicists in our team. Our engineering teams ensure that technology is released to specification, on schedule and with appropriate Intellectual Property (IP) protection. This combination of core competencies allows us to continuously develop unique IP to solve our customers' communications and detecting problems in some of the harshest environments.

Creating our culture of innovation

To continuously boost its innovative edge, the engineering team pursue new recruits which share a similar attitude, fit and desire to learn. Continuous improvement is facilitated through training, coaching, regular Innovation and Product Review forums, (where staff are able to pitch novel ideas), and regular one-to-one communication. This ensures an optimum path for our people to be "the best that they can be", promoting freedom of thought and the desire to innovate and succeed. When designing new or improved products, the team looks beyond its own innovative ideas and strengths and seeks broad market research to help balance product capabilities. We also routinely seek customer feedback through our sales and distribution network, as well as talking direct to users, fuelling further thoughts for both innovation and general product improvement.

Codan's reputation for quality is paramount to our success, and this is a testament to the efforts put into the research & development phase, along with the rigorous testing undertaken.

In FY21 we invested in excess of \$30 million into R&D, and released five new products to market.

Intellectual Property

Great lengths are taken to protect our Intellectual Property, with the use of patents. A registered patent provides our business with the exclusive right to commercialise it for the life of the patent. We use patents to protect an idea or process, the design, including visuals, and the brand/logo.

We also have a strong anti-counterfeit strategy, to protect the integrity of our brand and products. We enforce this by using a third party to actively search for and pursue sites selling fake Minelab products.

During the period we analysed **14,925 listings** on **55** online marketplaces removing **12,694** infringing listings – for a **99.99%** success rate

PILLARS



INNOVATION



SOCIAL



ENVIRONMENT



GOVERNANCE

Silversaver®

Minelab is about to launch an innovative product which sits adjacent to its core metal detecting business. Minelab was approached to design and manufacture a piece of equipment to sit on top of a restaurant bin, utilising its metal detection technology, to capture all cutlery to prevent loss of product for restaurateurs.

After our own internal research was conducted, we confirmed this was a problem for restaurateurs, who tasked staff to sort through rubbish at the end of the night to retrieve any cutlery accidentally thrown away. Restaurateurs often had to re-order cutlery, resulting in additional time and expense for the business, not to mention the environmental impact.

With the Silversaver® 1000 retailing for US\$899, and the Silversaver® 200 for US\$499, it is a relatively small investment for the restaurateur with a quick payback. The Silversaver® series will be available for sale in the North American market in the first half of FY22.



SOCIAL

Core Values

- Can-Do
- High Performing
- Customer Driven
- Openness & Integrity

Codan's core values are a shared set of principles that shape our company culture and ultimately enable us to achieve our organisational goals. We strive for our values to help guide our day-to-day decisions and provide the framework for not only what we do, but more importantly, how we do it. Our company's core values underpin our core purpose of delivering superior shareholder value by growing a lasting and innovative organisation that consistently creates outstanding customer experiences.

Codan seeks to employ individuals who align to and genuinely relate to our core values, and encourages all staff to help bring these values to life through their everyday interactions with one another.

Codan has continued it's partnership with Next Level Elite, a South Australian organisation which supports athletes in broadening their professional goals to make the most of their athletic success.

Athletes meet with selected Codan employees to share cross-skills and collaboration.

"My mentor brings a unique perspective on how to achieve success and build resilience, which I've found beneficial in my professional and personal endeavours."

Codan employee

Workplace Diversity

Codan is committed to promoting a culture that supports the development of and embraces a diverse mix of employees throughout all levels of the organisation.

Codan recognises that our success is directly related to our people. Our people reflect a growing diversity, with different gender, ages, family status, cultures, ethnicities, and religions represented among our employees. Research shows that a diverse work force is strongly linked to high performing teams, and we see evidence of that at Codan through innovation, product development and our global workforce.

Codan's purpose to "deliver innovation wherever you are", can only be achieved through the wide range of talent, experience, skills and perspectives of our employees. We recognise that this is reinforced by ensuring that our diversity is reflected throughout all levels of the organisation.

Codan continues to monitor our diversity profile, review our recruitment and development processes and challenge ourselves to understand our employees better, so that all our employees have the ability to succeed and meet their potential. Codan is committed to sustaining an inclusive environment where our people feel part of the team and contribute to Codan's wider success.

In FY21 we issued a non-compulsory Diversity and Inclusion survey, which sought feedback across the business to gauge our strengths and areas for improvement. With a 75% completion rate, the group scored highly for "Fairness" and "Belonging". Specific focus areas for improvement were actioned across specific departments and/or business units.



The board work with management to set specific gender equity targets ahead of each financial year. All objectives were met for FY21. It was pleasing to note that the percentage of females hired for technical and leadership roles more than doubled versus the previous year. The board have set an objective to achieve 30% of each gender for directors by FY26.

In FY20, we introduced a paid maternity leave program. Since it's introduction, all staff who have taken advantage of the policy have returned to work.

Gender representation	30 June 2021		30 June 2020	
	Female (%)	Male (%)	Female (%)	Male (%)
Board	20%	80%	20%	80%
Senior executive	0%	100%	0%	100%
Senior management	27%	73%	30%	70%
Other	30%	70%	26%	74%
Whole workforce	29%	71%	27%	73%

In FY21, voluntary turnover was **under 6%**, which is pleasing to report **against a benchmark of 10%**.

Health, Safety and Wellbeing

Throughout another year of disruption due to Covid-19, the health, safety and wellbeing of our people remain of utmost importance. We continue to provide flexible work arrangements, with work from home checklists to ensure staff are working safely at home. We encourage staff to remain connected to one another, and look after their mental health. Staff have access to confidential counselling support if required.

Head office provides voluntary flu shots for staff, and has an onsite gym. The in house café located at our head office provides meals which are subsidised by Codan. This staff benefit encourages our people to get away from their desk and mingle with others and to enjoy our canteen and courtyard facilities. The 'Stark Tower' meeting room is configured with dual AV, phone, game console, child friendly games and toys so that a child can be brought to work and staff are able to work in the room at the same time.

We maintain an effective Work Health and Safety System that is integral to our business processes and are accredited to OHSAS 18001 and AS/ NZS 4801 Occupational Health and Safety Management Systems.

FY21 Workplace, Health & Safety Statistics

Lost Time Injuries (all now resolved)	3
Near misses	14
Incidents	24

Learning & Development

Codan continues to focus on growing our own future leaders and building capability by providing all employees with high-quality learning experiences and development opportunities. We utilise a number of tailored training approaches, including short courses on our online Learning Management System, a platform which houses various mandatory and optional training content for all staff to access. Some business units accessed micro-learning content provided by Adelaide Uni, and we held two global leadership workshops throughout the year; a Leaders Mindset program for 100 staff, and Emotional Intelligence, for 50 staff.

Learning and Development spend **\$504,000**
In FY21, our **learning and development spend** equated to **1% of staff costs**, in line with previous years.

Codan launched a mentoring program this year. The aim of this voluntary program is to develop the career pathways and leadership capabilities of our team within Codan, aligning with our culture of collaboration and leadership development. The mentoring partnership runs for 12 months, and includes a mix of formal and informal meetings. Whilst the program is still in its infancy, initial feedback is positive, with 89% noting that the mentoring partnerships meet their needs.

Codan Mentoring Program



"I think this is a great program and I love how everyone, including the most senior management, are supportive of the time we are investing in it."

"My mentor has challenged me to drastically rethink my approach to career progression and people management, something that has already paid off significantly in my work life."

In building our future capability, Codan also offers selected candidates a four year apprenticeship within our head office at Mawson Lakes, and also offer internships across the business.

Our Customers

Codan's commitment to its customers is second to none. We pride ourselves in the highest of customer satisfaction. We aim to get as close to the end user as possible, by establishing global offices in our markets, to where possible, being on the ground with our customers, no matter how harsh the environment.

In FY21, we incurred **no product recalls**, and **warranty costs were less than 1% of sales**.

Serving our African customers

Africa is one of our most important gold detecting markets. Minelab staff are unique in their plight to visit the rural villages, sometimes driving for days outside of cities, to offer free of charge training over three or four days. People are gathered for demonstrations, and have access to use the machines. Practical merchandise, such as clothing and caps, are also donated, which is greatly appreciated in the communities. Our staff also provide advice on how to get the most out of older machines, for example reviewing machine settings for efficiency.

A defining moment for Ali, Business Development Manager, was on a field visit to a rural community, where he was approached by an existing customer who had an issue with the control box on the GPZ®. Ali was able to replace the control box on the spot so the customer didn't have to send away the detector for warranty, which would have resulted in the customer foregoing any source of income for weeks.

These in-country visits are mutually beneficial. What we learn from the field visits drive our future R&D to enable continued ease of use for our consumers. Our products are designed and supplied in a way to maximise customer satisfaction. For the African

market, we supply our detectors with two batteries as standard, as African customers go into the field all day, without power supply, so this allows use for one battery for the working day, and the secondary battery can be left at camp on solar charge for the following day. For our newer detectors, if the shaft becomes damaged or lost, you don't need to purchase a spare part. You can use any replacement stick, for example a broom handle, and the detector will continue to work. The Gold Monster® uses universal headphone jacks so customers do not have to purchase any additional accessory. We offer a three year warranty, however our products are designed to be used much longer than this.

Machines are also designed with OH&S in mind. Our detectors are continually engineered as lighter pieces of equipment to hold for all day use, and designed for comfort for women as well. In West Africa, it is common practice for many women to detect for gold.

Thought is also going into our packaging, to save our environment. We no longer ship construction guides and are minimising plastic in our cardboard packaging.





Our Community

Being a socially conscious and responsible organisation is a part of Codan's corporate identity. We endeavour to foster a sense of awareness through our charity programs. We are an avid supporter of a number of charities, via numerous initiatives such as direct sponsorship dollars and product donations, charity events and providing employees with time away from work to volunteer.

In FY21, Codan donated \$280,000 to charities*

**inclusive of product donations*

Codan is a long time proud supporter of Variety – the Children's Charity, with 2021 marking our 33rd year of Gold sponsorship of the Variety Bash, Australia's largest and longest running charity motoring event through the Australian outback. Codan participates in the event with our own Variety Bash vehicle, and oversees the radio communications in the lead up to the event as well as manning the control centre to facilitate the communication and tracking of all official vehicles, mobile workshops and mobile doctors, for a safe and successful Variety Bash. Codan employees conduct site surveys ahead of the Variety Bash to ensure the remote site provides reliable communications along the Variety Bash route, as well as provide HF radio operator training, assist with radio installations and attend Variety Bash meetings. This year we also provided new Envoy radios including GPS for tracking and vehicle antenna tuners for three support vehicles.

Codan hosted a charity Golf Day, where key stakeholders were invited to register a team to participate in a fun filled day on the course. Over \$180,000 was raised inclusive of key stakeholder and Codan donations, and the amount was donated evenly amongst three chosen charities.

Codan is committed to developing the next generation of STEM professionals. Codan, in partnership with the Playford Trust, offers an annual \$10,000 Honours Scholarship to a student studying STEM. The scholarship is awarded to a student selected jointly by Codan and the Playford Trust, who is innovative and collaborative and shares the values that drive Codan's culture of excellence – can-do; high performing; customer driven; openness and integrity. The successful student also has the opportunity to undertake a work placement at Codan. Codan also attends career nights to support STEM girls in secondary schools.

"A huge thank you to both the Playford Memorial Trust and Codan for partnering to support high-achieving STEM students contributing to the skills, knowledge and research base of South Australia."

Matthew Rehbein, awarded 2021 Codan / Playford Trust Honour Scholarship



ENVIRONMENT

Codan is conscious of our impact on the environment during the manufacture, distribution, use and disposal of our products. We maintain an effective Environmental Management System that is integral to our business processes and are accredited to AS/NZS ISO 14001 Environmental Management Systems. Our direct environmental impact largely relates to the energy to run our global offices and our travel footprint, which has been negligible this year due to the travel restrictions in place.

Our global head office located in the Technology Park precinct, South Australia, houses around 258 staff, and is currently awarded a 5.5 star Nabers energy rating, which increased from last year's 4.5 energy rating, due to efficiency gains with our solar panels.

We are mindful of our indirect environmental impact within our supply chain. Our two largest contract manufacturers, Plexus Corp and Venture, are accredited with ISO 14001 Environmental Management Systems. Both contract manufacturers have confirmed their sites reported no environmental incidences for FY21.

FY21 Emissions¹

- Total emissions (CO₂e) 623 tonnes
- Emissions intensity (CO₂e) per FTE 1.65 tonnes
- Emissions intensity (CO₂e) per \$ million 1.48 tonnes

¹ Calculated for Scope 1 & 2 emissions only. Excludes DTC and Zetron

Codan has adopted stringent testing and quality control procedures. It is accredited to AS 9100 Quality Management System – Requirements for Aviation, Space and Defence and maintains quality assurance systems approved to International Standard AS/NZS ISO 9001. Codan's commitment extends to our supply chain, with both our largest contract manufacturers also holding these same accreditations. As part of our ISO certification process, we continually review and update our business risk management register, and can report there were no environmental incidences in FY21.

Solar panels have reduced our head office energy consumption by 25% in FY21

Head office is fitted with multiple recycling stations and organic waste bins in staff kitchen areas to enable sustainable disposal of organic materials.

Codan products are RoHS (Reduction of Hazardous Substances) certified. The goal of RoHS is to reduce the environmental effect and health impact of electronics. The legislation's primary purpose is to make electronics manufacturing safer at every stage of an electronic device's life cycle. Codan products are also fitted with a WEEE sticker which encourages consumers to dispose of the product thoughtfully when at the end of its lifecycle.



GOVERNANCE

Codan's corporate governance statement, which was approved by the board on 18 August, 2021, is available on the company's website and may be accessed at <https://codan.com.au/who-is-codan/corporate-governance>

Business Ethics / Behaviour

Codan's Code of Conduct provides a framework for employee conduct, with guidance around expected and acceptable standards of behaviour that are aligned with our core values, and which allow us to work together to achieve the goals of the business. The Code of Conduct and Core Values are published on our website, and included in induction packs for new starters.

An essential part of our culture of "Openness & Integrity", one of Codan's four Core Values, is underpinned by our Speak Up framework. This framework encourages staff to raise issues or conduct that concerns them. Our Speak Up framework is reinforced by our Code of Conduct, Core Values, and Whistleblower Policy. We take all reports of harassment, discrimination, bullying and any form of misconduct very seriously. Our grievance procedure facilitates the appropriate investigation and resolution of complaints. There were two workplace grievances filed with human resources globally during FY21, which were addressed and resolved. An employee which was found to have breached our Code of Conduct was terminated this year. For misconduct matters, employees can report concerns either internally, or anonymously by accessing a confidential, externally managed helpline. There were no reports to the hotline in FY21.

With two recent acquisitions, extensive work has been done to ensure cultural integration. We produced a "Why Codan" video for the newly acquired staff, along with Town Halls to bring newly merged teams together, and induction packs to share our core values and policies. Shortly, we will launch the LMS platform to these staff, to provide training videos on our culture, values, code of conduct, safety and compliance content, such as Cyber Security, Anti Bribery and Anti Corruption, Whistleblower, and Modern Slavery.

Compliance Programs

At Codan, we take compliance seriously. We have a strong, fit for purpose compliance program run by our in house Legal & Compliance department. Staff training is a critical part of this program. This training is mandatory for all our people. New employees are also required to complete mandatory compliance training. Our training program is multi-tiered, with short training videos required for all staff, managed within the LMS platform, and tailored, in depth training sessions for staff in high risk roles.

FY21 LMS Training course completion rates

Modern Slavery	87%
Anti Bribery and Anti Corruption	98%
Whistleblower	97%
Bullying & Harassment	98%
Security Awareness	98%

The business' priorities for FY22 are to carry out a risk review of DTC and Zetron's businesses and integrate our compliance program across the newly acquired businesses, and make any adjustments to our policies and procedures, if required.

Codan's Anti Bribery and Anti Corruption (ABAC) program involves a risk driven due diligence process for third party business partners, regular training for high risk staff and third parties, and an approval based Gratuities Register. There were no violations of our ABAC Policy in FY21, and we maintain an internal target of zero violations for FY22.

Codan's sanctions compliance program is a group-wide approach that uses enhanced due diligence measures, external resources, monitoring and approval procedures to ensure we meet our global sanctions obligations. During FY21 Codan did not breach any sanctions and was not subject to any fines or sanction notifications within any jurisdiction.

In March 2021, Codan published its first Modern Slavery Statement, prepared in accordance with the disclosure requirements of the *Australian Commonwealth Modern Slavery Act (2018)*. We partner with suppliers who meet stringent quality standards, are innovative and work in safe and responsible ways. We have systems in place to carry out daily online searches on our highest risk suppliers for any adverse media, including modern slavery topics, and to date we have had no adverse "hits". To strengthen our supplier expectations, a Supplier Code of Conduct is being prepared for rollout in FY22, and we are in the process of updating our Supplier terms and conditions to include additional Modern Slavery clauses. In FY21, we had no breaches of our Modern Slavery Policy.

Codan's ABAC, Whistleblower and Modern Slavery Policies and Statement can be found on our website.

Cyber Security

As a global technology company, safeguarding our intellectual property and confidential information is paramount to maintaining trust with our customers, suppliers and partners. Codan is compliant with the legal and regulatory frameworks pertaining to data security and protection for all our global locations.

As the probability of cyber-attacks increase and become more complex, Codan has adopted a risk-based framework to protect our assets. Cyber risks are regularly reported to the Codan Board and Board Audit, Risk and Compliance Committee. Relevant organisational policies and standard operating procedures are in place and are regularly reviewed to ensure they remain commensurate with the external risk.

During FY21 Codan completed penetration testing and regular vulnerability assessments to highlight potential system vulnerabilities. Codan also undertook multiple Cyber Tabletop exercises to simulate specific cyber-attacks. This allowed Codan to test our security monitoring systems and incident response plans in response to a simulated cyber-attack. Codan has implemented additional technologies to further segregate our assets, along with increased security awareness training for all employees.

In FY21, Codan had no known major security incidents or events that resulted in loss of confidential information or intellectual property.

The main focus in FY22 is reviewing and improving where necessary the Cyber Security processes and procedures across the newly acquired businesses.

Tax

As part of our commitment to meeting our global taxation obligations in a transparent and open manner, we conduct our tax affairs within a robust tax risk management policy and framework overseen by the Board.

Codan's tax governance process is documented in our Tax Risk Management Policy and Framework. This framework is based on the philosophy of managing tax risk through a well-planned approach built around the following principles:

- A transparent and accountable relationship with local country tax authorities;
- The payment of the legally correct amount of tax in a timely manner;
- The systematic identification of significant tax sensitive transactions ahead of time;
- The documentation of tax processes to facilitate review and minimise the impact of changes in personnel;
- Defined channels for the reporting of tax information to the Board;
- Internal controls, with effectiveness of those controls assessed on a regular basis;

- Codan should not enter any transaction where there is a material risk that any legislative general anti-avoidance provisions will be applied by a Court; and
- Codan will not promote tax exploitation schemes.

The Board has delegated oversight of Codan's taxation affairs and the framework to the Board Audit Risk and Compliance Committee. The framework requires the Committee to attest to the Board on a yearly basis that it has effective policies and processes in place to manage tax risk.

The Chief Financial Officer has overall responsibility for the group's taxation affairs, including enforcing policies and implementing strategies approved by the Board, developing and implementing systems that identify, assess, manage and monitor tax risks, monitoring the appropriateness, adequacy and effectiveness of tax risk management systems and reporting on tax risk and management thereof to the Board. The Chief Financial Officer is also responsible for the maintenance of in-house tax resources with appropriate qualifications and experience in taxation matters, to oversee that Codan's obligations globally are discharged in a legally correct and timely basis and that the tax risk management controls set out in the framework operate in an effective and robust manner.

The framework requires management to consult with reputable local country external tax advisors where appropriate to ensure compliance with local country obligations. KPMG is engaged to review the numbers disclosed in the Tax Note in the Annual Report each year, as part of the half-year review and full-year audit. We apply arms'-length principles to our international related party dealings, engaging with external advisors with appropriate expertise to ensure our compliance with transfer pricing laws globally.

As part of our commitment to our tax risk management policy and framework, we welcome the Board of Taxation's Tax Transparency Code and the opportunity to adopt the recommendations of the Code with effect from June 30, 2021. To this end, the Board has directed that each year the Annual Report should contain sufficient information to comply with Part A of the Code. The Part A disclosures required of Codan by the Code are:

- Codan's Australian and Global effective tax rates;
- a reconciliation of the accounting profit to income tax expense;
- a reconciliation from income tax expense to current year income tax payable.

The Part A financial information can be found in the Taxation Note (Note 9) of the Notes to the Financial Report on page 78 of this Annual Report. As most of the activities and assets which generate our income are in Australia, Codan pays most of its taxes here. In 2021, we paid \$36.1 m corporate income tax in Australia, or 99% of our global corporate income tax contribution. As a result, our shareholders can benefit from the generation of Australian franking credits notwithstanding that a high proportion of our sales are to overseas customers.