



Codan has assessed our ESG (Environmental, Social, Governance) risks and opportunities and presented them below. The Board Audit, Risk and Compliance Committee has endorsed the content within this report, which was compiled with the contribution of various leaders across the business.

## ENVIRONMENTAL



Codan is conscious of our impact on the environment during the manufacture, distribution, use and disposal of our products. We maintain an effective Work Health, Safety and Environmental Management System that is integral to our business processes and are accredited to OHSAS 18001 and AS/NZS 4801 Occupational Health and Safety Management Systems and AS/NZS ISO 14001 Environmental Management Systems.

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 also extends to our supply chain. Our two largest suppliers, Plexus Corp and Venture Corporation Limited, comply with ISO 9001 Quality Management Systems and ISO 14001 Environmental Management Systems. We partner with suppliers who meet stringent quality standards, are innovative and work in safe and responsible ways.

As part of our ISO certification process, we continually review and update our business risk management register, and conclude that we do not have any significant environment risks. We consider our potential environmental incidences could range from a dangerous chemical spill that requires notifying the EPA, to a noise complaint from neighbours. In FY20 we reported no environmental incidences.

Our global head office located in the Technology Park precinct at Mawson Lakes, South Australia, houses around 240 Codan, Minelab and Minetec staff, and is currently awarded a 4.5 star Nabers energy rating, which exceeds the minimum 4 star requirement.

*Solar panels at head office reduced our energy consumption by 25% in the last six months.*

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 (Waste Electrical and Electronic Equipment) sticker which encourages consumers to dispose of the product thoughtfully when at the end of its lifecycle.

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

Codan has a low carbon footprint with the exception of air travel, which has been essential given our global sales footprint. Current COVID-19 restrictions have prompted a business review of our reliance on air travel and we are working through some options to reduce this reliance when restrictions ease.



## SOCIAL

### Our People and Values



Can-Do



High Performing



Customer Driven



Openness & Integrity

Codan's core values are a shared set of values that shape our company culture and ultimately enable us to achieve our organisational goals.

Our core values are embodied in the strong culture of our organisation. 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. We hold all of our staff accountable to our values and, most importantly, our senior leaders of the business, who play a significant part in shaping our core values.

Commencing in 2019, Codan partnered with Next Level Elite, a South Australian organisation which supports athletes in broadening their professional goals to make the most of their athletic success. As part of the athletes' tailored mentoring program, which includes topics such as leadership and media training to life beyond sport, athletes presented their unique stories to Codan staff. Each athlete spoke about how they personify a specific Codan Core Value, such as "Can-Do" or "High Performing". This program has proven to be mutually beneficial for both Codan staff and the athletes involved. Staff feedback from these sessions has strongly suggested that this should be a continuing arrangement.

## COVID-19 RESPONSE

In light of the recent worldwide pandemic, COVID-19 has tested our resilience and ability to respond quickly to modify our way of working. The below measures were implemented by the business to not only support staff but also seamlessly continue our business operations:

- ☑ Codan's IT department responded swiftly to ensure staff were equipped to work from home as quickly and efficiently as possible;
- ☑ Codan released a 'COVID-19 staff check in survey'. With an 82% participation rate, the results were overwhelmingly positive with company confidence at 90%, and 98% of staff felt supported by the company during this time;
- ☑ HR held numerous focus groups across varying parts of the business to capture any learnings from our modified way of working, with two of the main considerations under review being a Working From Home policy, and future travel assessment requirements;
- ☑ Mental health and wellbeing training facilitated by external psychologists was offered to all employees. These sessions focussed on self-care and resilience in the workplace, as well as additional training for managers to look out for any early warning signs if members within their team were suffering, and what next steps to take.

## WORKPLACE, HEALTH & SAFETY



Codan is committed to a philosophy of zero harm for all staff in all areas of the business, and we are particularly conscious of exposing employees to critical risk, especially with respect to those travelling to remote locations. As such, Codan engages experts to ensure the safety and welfare of its travellers.

*Codan has not had a lost time injury in the last three financial years.*

*Codan's latest culture survey included an inaugural safety section. After reviewing staff feedback, we've taken additional steps in FY20 to increase safety communication, and to encourage all staff to report all incidences and near misses.*

We are working on a training module to improve safety awareness across the group sites, and undertaking an audit against our legislative requirements for consultation and communication.



## SOCIAL RESPONSIBILITY



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 administer this through our Sponsorships & Charity Committee. 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.

Proudly Supporting



Codan is a long time proud supporter of Variety – the Children's Charity, with 2020 marking our 32nd year of sponsorship. Specifically Codan is a Gold sponsor of the Variety Bash, Australia's largest and longest running charity motoring event through the Australian outback. Throughout the Variety Bash, participants visit local towns, stopping into schools and organisations to present grants and visit the children. Codan participates in the event with our own Variety Bash vehicle, and encourages local and international employees to be part of the annual eight day event. Codan 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.

*The Variety Bash truly feels like a once in a lifetime experience. Not only did we get to travel through some remote and beautiful parts of South Australia, but the focus was always brought back to the brilliant work that Variety do for the kids in need, living in these remote communities. It is heart-warming to see firsthand how Variety improves the lives of these children.*

**Rory, Bash participant**

After Australia experienced one of the most devastating bushfire seasons throughout the summer of 2019/2020, Codan has assisted the South Australian Country Fire Service (CFS) in preparation for the upcoming bushfire season. In June, Codan donated five HF SDR Manpacks with all the latest features and capability, alongside five VHF transportable repeaters with UHF Links. Codan is ready to assist the CFS with configuration and operational training. This equipment will offer CFS volunteers improved communications and safety during extended operational incidents.

As part of Codan's response to assist NGOs on the ground in Africa in their COVID-19 relief efforts, Codan has made communications product donations to various organisations to support their work.



*A sign of appreciation from staff at The Hutt Street Centre*

An employee led fundraising drive to raise much needed funds for the Hutt Street Centre, located in Adelaide, South Australia, resulted in a combined effort from Codan, our employees, suppliers and customers, raising enough funds to provide more than 30,000 freshly prepared, hot, nutritious meals for people experiencing homelessness.

## EMPLOYEE ENGAGEMENT



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. In the last three financial years, we have spent 1% of our staff costs on education and training. This included a number of senior and up and coming leaders attending a two day workshop on "Building High Performance Teams". In FY20, we rolled out an online Learning Management System (LMS) platform which houses various mandatory and optional training content for all staff to access.



In building our future capability, Codan also partners with the Australian Industry Group Training Services (AIGTS) to offer selected candidates a four year apprenticeship within our head office at Mawson Lakes. This has been a mutually beneficial program for Codan and the individual with some of these past apprentices now joining our "20 years of service" club.



Codan tests its culture through biennial employee culture surveys.

*Our most recent survey in 2020, [which had an 89% participation rate] revealed that 90% of staff agreed they would recommend Codan as a great place to work, and are proud to work for Codan.*

The overall engagement score also increased 10% to 78%.



The mental health and wellbeing of our staff is of the utmost importance, and to encourage this our staff have access to confidential counselling support, as well as an onsite gym at head office, employer funded fitness challenges such as Corporate Cup, 10,000 daily step challenge, and Adelaide's City to Bay fun run.



The in house café located at our head office premises provides Codan-subsidised meals. This staff benefit encourages our people to get away from their desks 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 such that a child can be brought to work and staff are able to work in the room at the same time.



## 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 workforce 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 of 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 2020 we updated both our Diversity and Inclusion and Parental Leave Policies, with the inclusion of paid parental leave for both the primary and secondary caregiver. One of our FY21 objectives is to increase the percentage of female applicants for technical and leadership roles. We have a number of strategies in place to achieve this.

Gender representation	30 June 2020		30 June 2019	
	Female (%)	Male (%)	Female (%)	Male (%)
Board representation	20%	80%	20%	80%
Senior executive representation	0%	100%	0%	100%
Senior management representation	30%	70%	30%	70%
Group representation	26%	74%	26%	74%
<b>Total</b>	<b>27%</b>	<b>73%</b>	<b>25%</b>	<b>75%</b>

## CORPORATE GOVERNANCE

Codan's corporate governance statement, which was approved by the board on 19 August 2020, is available on the company's website and may be accessed via the following URL:

<https://codan.com.au/who-is-codan/corporate-governance/>

### Compliance



Fraud, anti-bribery and anti-corruption (ABAC) remains a material topic for our business, as we acknowledge some of our businesses operate in high risk environments. Codan finalised a formal review of our ABAC program in FY20, and implemented a number of initiatives to further strengthen our program including more tailored training for high risk roles, defined the acceptable use of gratuities, and a risk-driven third party due diligence program. We can confirm the program remains fit for purpose and in line with good anti-bribery compliance programs.

*We are pleased to report in FY20 there were zero violations of our ABAC Policy, and we maintain an internal target of zero violations for FY21.*

As part of Australia's new Whistleblower legislation, Codan has formalised a Whistleblower Protection Policy. Employees can report misconduct concerns either internally, or anonymously by accessing the confidential, externally managed hotline. There were no reports to the hotline in FY20.

Codan has recently issued all staff with mandatory training courses for completion to create awareness of our updated ABAC Policy and Whistleblower Program, with a target for 100% completion by the end of the 2020 calendar year.

Codan has also implemented a Modern Slavery Policy following on from the introduction of Australia's Modern Slavery Act 2018. We have recently conducted the KPMG Modern Slavery Benchmark which provided Codan with a self-assessment report with results and recommendations, to be implemented throughout FY21, including tailored Modern Slavery training for our purchasing team.

The revised ABAC, Whistleblower and Modern Slavery Policies can all 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 of 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 FY20 Codan completed penetration testing and regular vulnerability assessments to highlight potential system vulnerabilities. Codan also undertook an ethical hacking "Red Team" assessment to test our physical, digital and social engineering controls. This also allowed Codan to test our security monitoring systems and incident response plans in response to a simulated cyber-attack.

*In FY20, Codan had no known major security incidents regarding the loss of confidential information or intellectual property.*

#### FY20 Highlights

- Systems implemented to reduce time to detect and respond to cyber incidents
- Implemented systems and technologies to strengthen the way we access information and systems
- Introduced additional employee cyber-awareness programs across all global locations

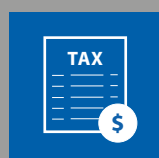
#### FY21 Priorities

- Increase awareness and cyber security programs
- Implement additional technologies to further segregate our assets





## Tax



Codan conducts its tax affairs within a robust risk management policy and framework. Under this framework, we approach our dealings with taxation authorities globally with transparency and integrity, maintaining a conservative approach to tax risk management. As most of the activities and assets which generate our income are in Australia, Codan pays the majority of its taxes here.

In 2020, we paid \$17.2 million corporate tax in Australia, or 97% of our global tax contribution. As a result, our shareholders are able to benefit from the generation of Australian franking credits, notwithstanding that a high proportion of our sales are to overseas customers. Our global effective income tax rate was 28% in 2020, slightly lower than the Australian corporate tax rate of 30%. This difference is due mainly to the tax incentives available in Australia and Canada for the extensive research and development activities that the group undertakes.