



MINETEC

Codan Communications, Minelab and Minetec are members of Codan Limited.



CODAN

Codan Limited and its Controlled Entities (Codan)

Modern Slavery Statement 2020



Disclosure Note

This modern slavery statement (Statement) is designed to meet the disclosure requirements of the *Australian Commonwealth Modern Slavery Act 2018* (MSA) for the reporting period 1 July 2019 to 30 June 2020. Codan's board has approved the Statement.

The Statement covers all entities within the Codan Group Structure; see page 79 of Codan 2020 Annual Report for details of all entities <https://codan.com.au/site-content/uploads/2020/09/Codan-Limited-Annual-Report-2020.pdf>. Each entity is bound by Codan's policies, procedures and systems, including those relating to contracting, purchasing and human resources.

Who is Codan?

Codan is listed on the Australian security exchange (ASX:CDA). Codan develops technology to solve communications, safety, security and productivity problems in the harshest environments on earth.

Founded in 1959 and headquartered in South Australia, Codan has a global footprint of approximately 450 employees with offices in Canada, USA, Ireland, UAE and Brazil. Codan's customers include the world's largest aid and humanitarian organisations, security and military groups, mining companies and governments.

Codan's products are sold in more than 150 countries, with exports accounting for more than 85% of its sales. Codan has a global network of

dealers, distributors and agents that allow it to deliver its solutions and capabilities anywhere in the world.

Codan is proud to be a company that continually challenges the status quo and its values and culture drive an environment of constant innovation, which creates long-term shareholder value and the delivery of innovative products and solutions to customers.

Codan's operating model includes three business units, namely:

- Minelab Metal Detection (Minelab);
- Codan Communications (Codan Comms); and
- Minetec Tracking Solutions (Minetec).

Manufacturing and Supply Chain

The ability to manufacture precision electronics products and associated software is a core competency of Codan, and it remains a sustainable competitive advantage driving future growth. Codan is committed to pursuing ongoing efficiencies, flexibility and investment in its production capabilities. Codan's manufacturing facility, located at its head office in South Australia, is an integral part of its operations where it serves as a technology hub for new product development and the manufacture of "IP-sensitive" and high-complexity products. Of particular note are Codan Comms' security-featured radios and Minelab's landmine detectors, which retain an element of local manufacture. Minetec's personal tracking devices and other hardware are also locally manufactured.

Codan has an extensive global supply chain in place, sourcing products and materials from most regions in the world. In FY20, Codan sourced its product and material from several hundred suppliers, with approximately 50% located in Australia and New Zealand, 31% in Asia, 10% in the United States and the remaining located in Europe and Africa. Codan work with suppliers who meet stringent quality standards, are innovative and work in safe and responsible ways. Codan's dealings with its suppliers reflect Codan's core values, and as such, it has built

collaborative, honest and trusting relationships resulting in reliable and sustainable supply.

The Codan supply chain is responsive to the changing needs of its customers and markets. All Codan suppliers are expected to provide agility, flexibility and speed to market. At the end of Codan's supply chain are global distribution centres located in UAE, USA, Netherlands, New Zealand, Malaysia, Poland, Brazil and Australia, which ensure product is regionally distributed for the fastest route to market.

Manufacturing and distributing world-class products demands a strong, cohesive and responsive supply chain, and at Codan, it has experienced professionals dedicated to the delivery of supply chain excellence.

Codan's strategic relationships with world leading subcontract electronics manufacturers, remains a cornerstone of its manufacturing approach. The majority of manufacturing is carried out in Malaysia, via two main suppliers, namely Plexus Services Corp (Plexus) and Venture International Pte Ltd (Venture). These partnerships ensure that Codan's well-proven manufacturing processes and exceptional performance, quality and delivery standards continue. Plexus and Venture comply with ISO 9001 Quality Management Systems and ISO 14001 Environmental Management Systems.

Modern Slavery Risks and Impacts

Codan has assessed the risks within its internal operations as well as its supply chains. According to the 2018 Global Slavery Index, the MSA provides one of the strongest government frameworks for modern slavery compliance, by which Codan is bound. When referencing the 2018 Global Slavery Index report, Codan notes that the industry in which it operates, is not “high risk” nor does it engage with suppliers that operate within the top 10 highest risk countries.

Codan’s Code of Conduct, issued to all employees upon induction, establishes a framework around the conduct required of its employees, and sets a guidance around expected and acceptable standards of behaviour that are aligned with Codan’s core values. This allows Codan employees to work together to achieve the goals of the business.

Codan’s employees, contractors, and labour hire workers are covered by its Fair Treatment Policy and their remuneration meets legislative requirements.

Codan’s supply chain, manufacturing and distribution operations have been impacted by

COVID-19. Through this pandemic, Codan has ensured all employees have been kept safe. The office staff worked from home where possible and a COVID-19 “check in” survey demonstrated 98% of Codan employees felt supported during this time (an 82% participation rate).

Codan’s supply chains are complex and span across multiple countries. Given outsourcing of the majority of its manufacturing and the substantial proportion of imports, this is a significant focus area for Codan. Codan suppliers also have their own outsourced supply chains utilising external suppliers for labour and materials that feed into the assembly of Codan finished goods. With this in mind, one of Codan’s biggest priorities in FY20 was to increase its visibility and understanding of its supplier’s operations and in-country practices, as well as their processes to manage their supply chain to assist in mitigating modern slavery risks (such as, holding passports, wage retention, use of underage labour). The COVID-19 pandemic has prevented Codan personnel from visiting its overseas suppliers to undertake site visits for increased visibility of supplier operations.

Assessing and Managing Risks and Impacts

Codan has several policies, procedures and controls in place covering potential modern slavery risk areas in its workplace, including its Fair Treatment Policy which expresses Codan’s commitment to equal opportunity of employment and to the provision of a work environment that is healthy, safe, secure and free from bullying, victimisation, discrimination and harassment.

Codan’s Whistleblower Protection Policy provides protection for employees, suppliers and other third parties by encouraging a “speak up” culture. It outlines the mechanisms available for reporting and the investigation and communication process that will be followed.

It also advises of the protections available to eligible whistleblowers. Reports can be made anonymously.

Codan has adopted a Modern Slavery Policy, which sets out its commitment to combatting modern slavery in its business and supply chains. This expectation extends to contractors, suppliers and business partners.

Codan has a dedicated Compliance Manager and Legal & Compliance team to ensure its Modern Slavery program is well resourced.

Codan led a tailored modern slavery training session in FY20 to update its procurement team on:

- the impact of the MSA;
- background to what constitutes modern slavery;
- Codan’s responsibilities under the MSA;
- an explanation of Codan’s due diligence supplier process (which now includes specific modern slavery supplier questions within an updated supplier evaluation form); and
- a remediation procedure for new and existing suppliers (where Codan is not satisfied with the supplier evaluation process).

As set out in Codan’s Modern Slavery Policy, supplier due diligence and a risk assessment is carried out before entering into any commercial relationship with a new supplier, with a formal renewal process every three years. Codan has a documented flow chart, which outlines the process for the internal procurement team to make the appropriate risk assessment for supplier approval. The process includes requesting a copy of their Modern Slavery Policy, and if they do not have one, their Code of Conduct. Once Codan has assessed the modern slavery questionnaire responses, if we do not believe the supplier is in accordance with best practice modern slavery methods, our remediation process initiates with a site or virtual audit (dependent upon circumstances around travel and safety), followed by an

education process, with a final follow up to ensure these amendments are put in place. If no improvements are made, then Codan will seek to review and replace the non-conforming supplier.

Codan has asked existing suppliers to complete the updated modern slavery due diligence process, with this process to be completed by the end of FY21.

In FY21, Codan included its most critical suppliers into its third party screening system which undertakes daily searches via more than 1500 databases worldwide (including local language media) using the supplier name as well as key words including “fraud”, “modern slavery”, etc. If a relevant match is found, a member of the Codan team will investigate and take appropriate action.

In FY21 Codan plans to expand on its existing supplier terms and conditions to specifically address modern slavery, and include an agreement to comply with the Codan Modern Slavery Policy. The right to audit, inspections, site visits and ongoing monitoring will also be included. A supplier breach of modern slavery terms will also be a ground for supplier sanction or termination. Codan will create a Supplier Code of Conduct which will link to these terms and conditions.

In the first half of FY21, Codan will roll out Modern Slavery training to all staff which includes a compulsory quiz for completion and certification via its Learning Management System.

Assessing the effectiveness of our actions

Codan undertook the KPMG Modern Slavery Benchmark (Benchmark) to better understand how it is currently identifying and managing modern slavery risks through a modern slavery self-assessment for its operations and supply chain. The Benchmark is informed by, and aligns with, the UN Guiding Principles on Business and Human Rights and other international standards and frameworks.

The Benchmark provided a useful checklist to ensure the foundations of its program is established and documented clearly and transparently. The Codan Compliance team have evaluated the Benchmark's suggested

improvement areas to further strengthen the program's robustness and maturity. These improvement areas are being addressed and are planned for FY21.

Codan also hosted a forum with similar organisations to share methods and approaches used to manage modern slavery risks.

Codan remain committed to improving its understanding, management and elimination of modern slavery risks and expect that the approach to managing the risk of modern slavery will continue to develop and evolve throughout FY21.



Donald McGurk

Managing Director and CEO

For and on behalf of Codan Limited

MSA Reporting Requirements

MSA reference	MSA Criteria	Modern Slavery Statement reference
16(2)(a)	Details of approval by the principal governing body of the reporting entity	0 – Disclosure Note
16(1)(a)	Identify the reporting entity	0 – Disclosure Note
16(1)(b)	Describe the structure, operations and supply chains of the reporting entity	0 – Who is Codan? 3 – Manufacturing and Supply Chain
16(1)(c)	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	0 – Modern Slavery Risks and Impacts
16(1)(d)	Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	0 – Assessing and Managing Risks and Impacts
16(1)(e)	Describe how the reporting entity assesses the effectiveness of such actions	0 – Assessing the effectiveness of our actions
16(1)(f)	Describe the process of consultation with any entities that the reporting entity owns or controls	1 – Disclosure Note
16(1)(g)	Any other information that the reporting entity, or the entity giving the statement, considers relevant	0 – Disclosure Note 0 – Who is Codan?