



Minelab Electronics, Codan | Domo Tactical Communications, and Zetron are members of Codan Limited.

Codan Limited and its Controlled Entities (**Codan**)

# Modern Slavery Statement FY21



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## 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 2020 to 30 June 2021 (**FY21**). Codan's board has approved the Statement.

The Statement covers all entities within the Codan Group Structure; see page 89 of the Codan 2021 Annual Report for details of all entities (each a “**Controlled Entity**” or together the “**Controlled Entities**”). <https://codan.com.au/wp-content/uploads/2021/09/Codan-Limited-Annual-Report-2021.pdf>

Codan consulted with procurement and operations teams across the Controlled Entities to discuss the specific modern slavery risks and impact within each of their operations. Each Controlled Entity is bound by Codan's policies, procedures and systems, including those relating to contracting, purchasing and human resources.

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## Who is Codan?

Codan is listed on the Australian Securities Exchange (ASX:CDA). Founded in 1959 and headquartered in South Australia, Codan has a global footprint of approximately 735 employees with offices in Australia, Brazil, Canada, Denmark, Ireland, Mexico, Singapore, the UAE, UK and USA.

Codan is a technology company that provides robust technology solutions that solve customers' communications, safety, security and productivity problems in some of the harshest environments around the world. Our customers include United Nations organisations, mining companies, security and military groups, government departments, major corporates as well as individual consumers and small-scale miners.

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.

As at 30 June 2021, Codan's operating model was broken down by:

- Minelab Metal Detection (**Minelab**) – Recreational, Gold Mining and Countermine;
- Communications (**Comms**)– Tactical, DTC, Zetron and LMR; and
- Minetec Tracking Solutions (**Minetec**)<sup>1</sup>

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<sup>1</sup> The sale of Minetec to Caterpillar was completed on 1 July 2021



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## Our workplace and supply chains

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. 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 main 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 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's LMR business operates from Victoria, BC, Canada, with all finished goods manufacturing completed on site. Codan's two newly acquired businesses, Zetron and DTC, are both headquartered in the USA. Zetron has manufacturing facilities in Redmond, USA. DTC has manufacturing facilities in the UK, Denmark and the USA.

Codan's Australian operations are responsible for purchasing materials for the majority of the group's revenue, specifically Tactical, Minelab and Minetec (noting that Minetec is no longer owned by Codan, but Codan continues to manufacture product for Caterpillar). Codan has an extensive global supply chain in place, sourcing products and materials from most regions in the world. Codan works 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 the UAE, the USA, Netherlands, New Zealand, Malaysia, Poland, Brazil, Mexico and Australia, which ensures product is regionally distributed for the fastest route to market. Zetron's distribution centres are located in the USA, the UK and Australia. DTC has distribution facilities in the UK, Denmark, Singapore, and the USA.

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.

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## Modern Slavery Risks and Impacts

Codan has assessed the risks within its internal operations and its extended supply chains in accordance with the 2018 Global Slavery Index (**the Index**). The Index prescribes the MSA delivers 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. In FY21, Codan's Australian procurement team sourced its product and material from several hundred suppliers, with approximately 45% located in Australia and New Zealand, 36% in Asia, 10% in the USA and the remaining located in Europe and Africa<sup>2</sup>.

Codan has conducted initial risk assessments with Zetron and DTC's management to assess each of their operations and supply chains. With the majority of manufacturing occurring in-house in low risk countries (the USA and the UK) coupled with most of their suppliers in-country (the USA and the UK) Codan has deemed both operations low risk.

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## Assessing and Managing Risks and Impacts

Codan's Code of Conduct, issued to all employees upon induction, establishes a framework around the conduct required of its employees, and provides 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. In addition, Codan's employees, contractors, and labour hire workers are covered by its Fair Treatment Policy and their remuneration meets legislative requirements. This Fair Treatment Policy also 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 (**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 and the Policy is well communicated.

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. As such, in 2021, Codan continued to follow the internal procedures implemented in 2020. As set out in the 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 the supplier's modern slavery policy, and should they not have one, their code of conduct (or equivalent policy documentation). Once Codan has assessed the modern slavery questionnaire responses, if it does not believe the supplier can comply with best practice modern slavery methods, it will initiate a remediation process. This process is either a site or virtual audit (dependent upon circumstances around travel and safety), followed by an education process, with a final follow up to ensure any appropriate

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<sup>2</sup> Note this excludes LMR, DTC and Zetron who predominately source in-country (Canada, the UK and the USA respectively). DTC and Zetron were acquired in May 2021.

remedial steps 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 its updated modern slavery due diligence process, with 74% of its suppliers approved. Of the suppliers still in progress, the majority are suppliers located in Australia and the USA. The completion of this process will continue in 2022, along with introducing and embedding this process in Zetron and DTC.

Codan's 2020 Modern Slavery Statement committed to expanding existing supplier terms and conditions of purchase to specifically address modern slavery risks and include an agreement to comply with the Policy. The right to audit, inspections, site visits and ongoing monitoring are now included in the terms and conditions, and a supplier breach of the above terms can be grounds for supplier sanction or, termination. Codan has recently published a Supplier Code of Conduct (**Supplier Code**), available on its website, which sets out the minimum standards and expectations of for all Codan suppliers. The Supplier Code is part of the supplier on boarding process, and is linked to the terms and conditions of purchase on its website.

Codan includes its most critical suppliers into a 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", and "modern slavery". In FY21, no hits were identified in the ongoing monitoring. Codan plans to include any critical DTC and Zetron suppliers into this system during the 2022 reporting year.

Codan has issued compulsory Modern Slavery training to its staff, with an 87% completion as at 30 June 2021. This will become a part of the employee induction program, including DTC and Zetron staff.

COVID-19 has placed additional pressure on the manufacture of certain electronic components, in some circumstances causing a global shortage. This has impacted Codan, like most businesses, and the procurement team are working hard to meet requirements. Codan has implemented some risk mitigation strategies such as increasing inventory cover and increasing communication with existing suppliers. Codan has considered what effect, if any, the global shortage has on its risk profile, and has concluded no change is necessary to its policy and procedures. To date Codan has not on boarded new suppliers to purchase any stock in short supply, and in future, if we do, the same due diligence procedures will be undertaken before any business commitments are made.

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## Assessing the effectiveness of our actions

In 2020 Codan undertook the KPMG Modern Slavery Benchmark (**Benchmark**) to better understand how it identified and managed modern slavery risks through a modern slavery self-assessment for its operations and supply chain. The Benchmark aligns with the UN Guiding Principles on Business and Human Rights and other international standards and frameworks.

The Benchmark provided a useful checklist to Codan 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 were addressed by Codan in 2021, including the creation of the Supplier Code, and will continue to strengthen its procedures into 2022.

Codan's approach to managing the risk of modern slavery will continually evolve throughout FY22. Codan remains committed to improving its understanding, management and elimination of modern slavery risks, with its main focus being on the risk assessment and integration of the two newly acquired businesses (DTC and Zetron).



**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	Disclosure Note
16(1)(a)	Identify the reporting entity	Disclosure Note
16(1)(b)	Describe the structure, operations and supply chains of the reporting entity	Who is Codan? Our Workplace and Supply Chains
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	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	Assessing and Managing Risks and Impacts
16(1)(e)	Describe how the reporting entity assesses the effectiveness of such actions	Assessing the effectiveness of our actions
16(1)(f)	Describe the process of consultation with any entities that the reporting entity owns or controls	Disclosure Note Modern Slavery Risks and Impacts
16(1)(g)	Any other information that the reporting entity, or the entity giving the statement, considers relevant	Disclosure Note Who is Codan?