



Codan Limited

ACN 007 590 605

Notice of Annual General Meeting

Explanatory Notes

Date of meeting

26 October 2022

Time of meeting

11.00am (Adelaide time)

The meeting will be held as a **hybrid meeting** as follows:

In person: Codan Limited, Technology Park, 2 Second Avenue,
Mawson Lakes SA 5095

Virtual meeting link: <https://meetnow.global/MP74WFFV>

Shareholders are encouraged to participate in the meeting in person or via the virtual meeting link provided.

This Notice of Annual General Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Notice of Annual General Meeting

Codan Limited ACN 007 590 605 (**Company**) will hold an annual general meeting on 26 October 2022 at 11.00am (Adelaide time).

Voting

Voting in person

To vote in person, attend the meeting on 26 October 2022 at 11.00am (Adelaide time) at Codan Limited, Technology Park, 2 Second Avenue, Mawson Lakes SA 5095.

Voting virtually during the meeting

Shareholders who wish to vote virtually on the day of the meeting will need to visit <https://meetnow.global/MP74WFV> on a smartphone, tablet or computer (using the latest version of Chrome, Safari, Edge or Firefox).

Online voting registration will commence 30 minutes prior to the start of the meeting. For full details on how to log on and vote online, please refer to the user guide which can be accessed at www.computershare.com.au/virtualmeetingguide.

Voting in advance

Shareholders can vote in advance of the meeting by completing and lodging a valid proxy form (see further below for information on completing and returning proxy forms).

Please refer to the further voting and proxy instructions on page 7.

Questions from shareholders

Shareholders are encouraged to submit written questions in advance of the meeting, including questions for the Company's auditor. This can be done by emailing investors@codan.com.au. Please specify that your question relates to the annual general meeting and if it is a question for the auditor. The written questions must be received no later than 5.00pm (Adelaide time) on 19 October 2022 to be considered in advance of the meeting.

Shareholders will also have the opportunity to submit questions during the meeting in respect to the formal items of business. The chair of the meeting will attempt to respond to the questions during the meeting.

How to participate in the meeting

For logistical purposes, if you wish to attend the meeting in person, please register your intention to do so by emailing companysecretary@codan.com.au at least five business days before the meeting (being not later than 5.00pm (Adelaide time) on Wednesday, 19 October 2022). Shareholders who attend the meeting in person will be subject to the Company's COVID safety protocols applicable at the time of the meeting, which may include social distancing and the wearing of masks.

If you elect not to attend the meeting in person, you will be able to listen to and observe the meeting, cast an online vote and ask questions both online and orally through the online platform at <https://meetnow.global/MP74WFV>

To participate and vote online, shareholders will need their Shareholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) (which is shown on the front of their holding statement or Proxy Form), and their postcode (or country code if outside Australia). Attorneys and corporate representatives can log in to the online platform using the SRN/HIN of the relevant shareholder.

Any appointed proxyholders should contact the Company's share registry, Computershare Investor Services on +61 3 9415 4024 to receive their login information.

Online voting registration will commence 30 minutes prior to the start of the meeting. For full details on how to log on and vote online, please refer to the user guide which can be accessed at www.computershare.com.au/virtualmeetingguide.



Resolutions by Poll

All resolutions will be conducted by poll in accordance with the requirements of section 250JA of the *Corporations Act 2000* (Cth) (**Corporations Act**).

Technical Difficulties

Technical difficulties may arise during the course of the meeting. The chair of the meeting has discretion as to whether and how the meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the chair of the meeting will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected.

Where the chair of the meeting considers it appropriate, the chair of the meeting may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders are encouraged to submit a directed proxy in advance of the meeting in accordance with the instructions below, so that votes can still be counted even if you plan to attend the meeting online.

AGENDA

GENERAL BUSINESS

2022 Financial Statements

To receive, consider and discuss the Company's financial statements and the report of the directors and auditor for the year ended 30 June 2022.

ORDINARY BUSINESS

Resolution 1

Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the remuneration report for the year ended 30 June 2022 be adopted for the purpose of section 250R(2) of the Corporations Act."

Note: Section 250R(3) of the *Corporations Act 2001* (Cth) (**Corporations Act**) provides that the vote on this resolution is advisory only and does not bind the directors or the Company.

Voting Restriction

In accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by or on behalf of a member of the key management personnel, details of whose remuneration are included in the remuneration report, and any closely related party of such a member. However, the member or any closely related party of such a member may vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution, or by a person who is the chair of the meeting at which the resolution is voted on and the appointment does not specify the way the proxy is to vote and expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel; and
- (b) it is not cast on behalf of the member or any closely related party of such a member.

Resolution 2

Re-election of Director – Ms Kathryn Joy Gramp

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Ms Kathryn Joy Gramp, a director retiring by rotation in accordance with the Company's constitution and being eligible for re-election, be re-elected as a director of the Company."

SPECIAL BUSINESS

Resolution 3

Approval of the grant of pro-rata Performance Rights to Mr Alfonso Ianniello for FY22

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14, approval is given for the grant of 16,305 performance rights to Mr Alfonso Ianniello under the Codan Limited Performance Rights Plan."

Voting Exclusions and Voting Restrictions

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of this resolution by or on behalf of Mr Alfonso Ianniello, who is excluded from voting, or an associate of Mr Alfonso Ianniello. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, in accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a member of the key management personnel, or any closely related party of such a member, acting as proxy, if their appointment does not specify the way the proxy is to vote on this resolution. However, the member or any closely related party of such a member may vote if they are the chair of the meeting at which the resolution is voted on and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

Resolution 4

Approval of the grant of Performance Rights to Mr Alfonso Ianniello for FY23

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14, approval is given for the grant of 40,714 performance rights to Mr Alfonso Ianniello under the Codan Limited Performance Rights Plan."

Voting Exclusions and Voting Restrictions

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of this resolution by or on behalf of Mr Alfonso Ianniello, who is excluded from voting, or an associate of Mr Alfonso Ianniello. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary

provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, in accordance with the Corporations Act, a vote must not be cast on this resolution (and will be taken not to have been cast if cast contrary to this restriction) by a member of the key management personnel, or any closely related party of such a member, acting as proxy, if their appointment does not specify the way the proxy is to vote on this resolution. However, the member or any closely related party of such a member may vote if they are the chair of the meeting at which the resolution is voted on and the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

VOTING AND THE PROXY

For the purpose of determining the voting entitlements at the meeting, the board has determined that shares in the Company will be taken to be held by the registered holders of those shares at 6.30pm (Adelaide time) on 24 October 2022. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

A shareholder who is entitled to participate in and vote at the meeting has the right to appoint a proxy or proxies to participate or vote on the shareholder's behalf. A proxy form is enclosed with this Notice. The proxy or proxies do not need to be a shareholder of the Company. A shareholder that is a body corporate may appoint a representative to attend in accordance with the Corporations Act.

A shareholder entitled to cast two or more votes is entitled to appoint two proxies. Where two proxies are appointed, each appointment may specify the proportion of the shareholder's voting rights that the proxy may exercise. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes able to be cast by the appointing shareholder.

The proxy form (and any power of attorney under which it is signed) must be received at the address below not later than 11.00am (Adelaide time) on 24 October 2022 (being 48 hours before the commencement of the meeting). Any proxy forms received after that time will not be valid for the meeting.

Completed proxy forms should be sent to the Company's share registrar, Computershare Investor Services Pty Ltd as follows:

- Online: www.investorvote.com.au
To use this facility, you will need your holder number (HIN or SRN), postcode and control number displayed on your proxy form
- By mail: Codan Limited
C/- Computershare Investor Services Pty Ltd
GPO Box 242
MELBOURNE VIC 3001
Australia
- By fax: Codan Limited
C/- Computershare Investor Services Pty Ltd
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555
- Custodian voting: For Intermediary Online subscribers only: www.intermediaryonline.com

DATED THIS 21st DAY OF SEPTEMBER 2022
BY ORDER OF THE BOARD



Michael Barton
Company Secretary

Explanatory Notes

These Explanatory Notes have been prepared to provide shareholders with material information to enable them to make an informed decision on the business to be conducted at the annual general meeting of the Company.

The directors recommend shareholders read these Explanatory Notes in full before making any decision in relation to the resolutions. The directors also recommend shareholders read the instructions on the proxy form in full if they intend to vote by proxy.

GENERAL BUSINESS

Receiving financial statements and reports

The Corporations Act requires that shareholders consider the annual consolidated financial statements and reports of the directors and auditor every year.

Shareholders attending the annual general meeting virtually will be given a reasonable opportunity:

- (a) to ask questions about or make comments on the management of the Company; and
- (b) to ask the Company's auditor or the auditor's representative questions relevant to:
 - (1) the conduct of the audit;
 - (2) the preparation and content of the auditor's report;
 - (3) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (4) the independence of the auditor in relation to the conduct of the audit.

A shareholder of the Company who is entitled to cast a vote at the annual general meeting may submit a written question to the auditor if the question is relevant to:

- (a) the content of the auditor's report to be considered at the annual general meeting; or
- (b) the conduct of the audit of the annual financial report to be considered at the annual general meeting.

A written question may be submitted by giving the question to the Company no later than 19 October 2022, being the fifth business day before the day on which the annual general meeting is to be held, and the Company will then, as soon as practicable after the question has been received, pass the question on to the auditor. At the annual general meeting the Company will allow a reasonable opportunity for the auditor or the auditor's representative to answer such written questions submitted to the auditor.

No resolution is required to be moved in respect of this item of General Business.

ORDINARY BUSINESS**Resolution 1 – Adoption of Remuneration Report**

The remuneration report of the Company for the financial year ended 30 June 2022 is contained in the 2022 Annual Report, which either accompanies this Notice or is available on the Company's website:

<http://codan.com.au/investor-centre/annual-reports>. The Annual Report is also available on the following website: www.investorvote.com.au.

Section 300A of the Corporations Act requires the directors to include a remuneration report in their report for the financial year. Section 250R(2) requires the remuneration report be put to a vote at the Company's annual general meeting. The vote on the resolution is advisory only and does not bind the directors or the Company.

Directors' Recommendation

The directors recommend that the shareholders vote in favour of Resolution 1.

Resolution 2 – Re-election of Director – Ms Kathryn Joy Gramp

Ms Gramp was appointed to the board of Codan in November 2015. She has had a long and distinguished executive career and over 24 years of board experience across a diverse range of complex organisations and industry sectors. She has significant experience as Chair of Audit & Risk Committees.

Prior to joining Codan, Ms Gramp was CFO of Austereo Ltd. She joined Austereo Ltd. in 1989 at a senior corporate level and retired in June 2011. In that time the company grew from 2 radio stations to the largest commercial radio network in Australia, and the leader in Digital and Online Media. Ms Gramp's leadership roles and responsibilities included business planning & re-engineering, debt & equity raising, acquisitions & integration, capital investment, major IT projects, corporate governance, risk management, financial management, tax & accounting, change management and investor & key stakeholder relations. Further experience was gained through exposure to international markets in countries such as Greece, UK, USA, South Africa, Argentina, Malaysia and New Zealand.

Ms Gramp was a Director of Uniti Group Limited (ASX:UWL), Chair of Audit & Risk Committee and member of the Nomination & Remuneration Committee until August 2022. Uniti, a diversified provider of telecommunication services, listed in February 2019 and through acquisition and organic growth increased its enterprise value from around \$30 million at the time of listing to \$3.8 billion in August 2022 when the business was sold to a consortium of financial investors. Ms Gramp is a Director of The Australian Institute of Company Directors and is Chair of the HR & Remuneration Committee and is a Council member of Flinders University and Chair of Audit & Risk Committee. In addition, Ms Gramp is also a director of QANTM IP Limited (ASX: QIP), appointed 11 May 2022. QANTM is the owner of a group of leading intellectual property and trademark services businesses operating in Australia, New Zealand, Singapore and Malaysia.

Ms Gramp holds a BA Accounting, is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants in Australia & New Zealand and is a member of Chief Executive Women. In accordance with clause 9.3 of the Company's constitution, Ms Gramp is required to retire and, being eligible, has offered herself for re-election at this annual general meeting.

Accordingly, Resolution 2 provides for the re-election of Ms Gramp as a director of the Company.

Directors' Recommendation

Other than Ms Gramp (who is standing for re-election), the directors recommend that the shareholders vote in favour of Resolution 2.

SPECIAL BUSINESS**Resolution 3 – Approval of the grant of pro-rata Performance Rights to Mr Alfonzo Ianniello for FY22****Background**

Mr Ianniello was appointed as Managing Director and Chief Executive Officer of the Company on 4 January 2022 and has been invited by the Board to participate in the Plan for FY22 and to be issued with pro-rata Performance Rights if approved by shareholders at this AGM. The directors announced the intention to issue Performance Rights to Mr Ianniello for FY22 when his appointment was announced to the ASX on 10 November 2021. It should be noted that the issue of Performance Rights under this resolution is on a pro-rata basis given Mr Ianniello commenced employment with the Company during FY22. As a result, the issue of Performance Rights for FY22 has been calculated on a 50% pro-rata basis.

At the 2004 AGM, shareholders approved the establishment of a plan called the Performance Rights Plan (**Plan**) as part of the overall remuneration strategy of the Company. The Plan provides for the issue of performance rights (**Performance Rights**) to executives of the Company invited by the board to participate in the Plan. The exercise of Performance Rights results in the issue of fully paid ordinary shares in the Company (**Shares**). A copy of the Plan Rules is available on the Company's website www.codan.com.au. A brief summary of the Plan Rules is set out below.

The Plan is designed to provide the Company's executives with an incentive to maximise the return to shareholders over the long term, and to assist in the attraction and retention of key executives. Details of the Company's executive remuneration philosophy and objectives can be found in the 2022 Annual Report.

No other directors have been invited by the Board to participate in the Plan.

Details of any Performance Rights and Shares issued under the Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who becomes entitled to participate in an issue of Performance Rights under the Plan after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

Use of Performance Rights

The Board considers that the issue of Performance Rights to Mr Ianniello, which are subject to the performance hurdle described below under the heading 'Performance Hurdle', provide an additional incentive to Mr Ianniello to work towards maximising returns to shareholders and to encourage Mr Ianniello's retention.

The Board also considers the use of Performance Rights is superior to alternative forms of incentives, such as cash, on the basis that the Performance Rights vesting and becoming exercisable and the consequential issuing of Shares in the capital of the Company to Mr Ianniello mean that Mr Ianniello's shareholding in the Company increases, and this creates further incentives for Mr Ianniello to work towards maximising returns to shareholders.

Remuneration package relevant to FY22 Performance Rights

Mr Ianniello's total remuneration package relevant to this pro-rata issue of performance rights for FY22 comprises fixed remuneration of \$1,000,000 (inclusive of superannuation), a short-term cash incentive and a long-term incentive of the issue of the Performance Rights (subject to shareholder approval) calculated in the manner set out under the heading 'Issue of Performance Rights'. The short-term cash incentive and the Performance Rights are subject to Company performance and the meeting of agreed performance objectives and are based on 30% of the fixed remuneration. Shareholders are referred to the remuneration report for further details of Mr Ianniello's remuneration. The Company has not obtained an independent valuation of the Performance Rights. The value attributed by the Company to the Performance Rights is \$150,000 based on a pro-rata 50% of a 30% long term incentive as Mr Ianniello commenced his employment in January 2022, and (assuming the issue of the Performance Rights is approved) based on the Company's contractual obligation to issue to Mr Ianniello the opportunity to acquire that value of Shares through the issue of the number of Performance Rights calculated in accordance with the formula outlined below under the heading "Issue of Performance Rights".

However, it is important to note that the issue of Performance Rights means that the actual value (if any) of the Performance Rights that Mr Ianniello will receive cannot be determined until the end of the three year performance

period and will depend on the extent to which the performance hurdles are met and the share price at the time the Performance Rights vest.

The Remuneration Report as included in the financial statements for the year ended 30 June 2022 disclosed total remuneration of \$724,780 for Mr Ianniello.

Reason for Shareholder Approval

ASX Listing Rule 10.14 requires that a company obtain shareholder approval for the issue of securities under an employee incentive scheme to a director, an associate of a director or a person whose relationship with the company, a director or an associate of a director is such that ASX considers approval should be obtained. Accordingly, as Mr Ianniello is a director of the Company and falls within the category in ASX Listing Rule 10.14.1, shareholder approval is sought for the issue to Mr Ianniello of 16,305 Performance Rights under the Plan relevant to FY22. If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

The Performance Rights to be granted to Mr Ianniello are in effect conditional entitlements, which may vest and become exercisable subject to the satisfaction of performance hurdles, details of which are summarised below. Should Shareholders not approve the granting of Performance Rights, Mr Ianniello will not be issued with Performance Rights.

Issue of Performance Rights – FY22

Mr Ianniello has not previously been issued any Shares or Performance Rights by the Company.

The Company proposes to issue 16,305 Performance Rights to Mr Ianniello no later than 1 month after the date of the AGM in respect of the FY22 period. Other than those Performance Rights mentioned in Resolution 4, as no other Performance Rights are being offered to the Company's directors (or other related parties), this is the maximum number of Performance Rights that may be acquired by all persons for whom approval is required.

The number of Performance Rights has been calculated in accordance with the following formula:

$$0.3 \quad \times \quad \frac{\text{Fixed Pay}}{\$9.1993} \quad \times \quad \text{Pro-rata Rate}$$

- Where Fixed Pay equates to Mr Ianniello's annual fixed remuneration for FY22 as Managing Director which is \$1,000,000; and
- \$9.1993 is the volume weighted average of the market prices at which Shares were traded on ASX for the five trading days following Mr Ianniello's appointment as Managing Director and CEO, commencing on 4 January 2022 and ending on close of business 10 January 2022.
- Pro-rata rate is 50% to recognise that Mr Ianniello commenced his employment with the Company in January 2022, which was part way through FY22.

Rights attaching to Performance Rights

A Performance Right is a right to acquire one Share which can be exercised once the Performance Right has become exercisable and provided it has not lapsed.

A Performance Right does not give the holder a legal or beneficial right to Shares and does not enable the participating executive, in this case Mr Ianniello, to receive dividends or any other shareholder benefit by virtue of the issue of these rights unless and until that Performance Right has been exercised and the Share issued.

Exercise of Performance Rights

Performance Rights are exercisable:

- if the Company meets the performance hurdle during the performance period;
- at the discretion of the Board, if an event occurs such as a takeover bid for, or the winding up of, the Company; or
- if the Board allows early exercise on the cessation of employment in certain circumstances.

Performance Period

The performance period is the period commencing on 1 July 2021 and ending on 30 June 2024 (**Performance Period**).

Performance Hurdle

The Performance Rights will vest and become exercisable if the Performance Hurdle is satisfied over the Performance Period in the following circumstances:

- the Performance Hurdle will be met if the Company exceeds the aggregate threshold earnings per share (**eps**) over the Performance Period as set out in the table below;
- all of the Performance Rights will vest and be exercisable if the Company equals or exceeds the aggregate range eps as set out in the table below;
- if the Company achieves an aggregate eps greater than the threshold eps but less than the range eps, the number of Performance Rights that will vest and be exercisable will be calculated on a pro rata basis in accordance with the following formula:
 - $A = (B - C) / D \times E$
 - Where:
 - A = the number of Performance Rights that will vest and become exercisable (rounded down to the nearest whole number)
 - B = the aggregate actual eps over the Performance Period
 - C = the aggregate threshold eps
 - D = the aggregate range eps less the aggregate threshold eps
 - E = the number of Performance Rights issued as set out above.

Year ended	Threshold eps	Range eps
30 June 2021 *(base eps)	38.15	38.15
30 June 2022	38.91	41.20
30 June 2023	39.69	44.49
30 June 2024	40.48	48.05
Aggregate – 3 years to 30 June 2024	119.08	133.74

**Base eps of 38.15 cents has been calculated using a net profit after tax of \$69 million as determined by the board for the purpose of the long term incentive plan. The net profit after tax used to calculate the base eps is the average of the actual results achieved in the previous three (3) financial years.*

The Performance Hurdle eps figures have been set on the basis of cumulative annual compounding growth in eps.

The Performance Hurdle threshold is equivalent to the Company achieving an aggregate compound annual growth of 2% per annum in respect of eps for the Performance Period.

The Performance Hurdle range is equivalent to the Company achieving an aggregate compound annual growth rate of 8% per annum in respect of eps for the Performance Period.

If an eps figure for a particular year is not achieved, the threshold eps or range eps will still be met if the aggregate eps in the Performance Period is equal to or exceeds the amounts set out in the table above.

For the purposes of assessing satisfaction of the Performance Hurdle, if the board assesses that any matter has significantly (adversely or positively) impacted on the reported net profit after tax during the Performance Period, the

eps figure used to determine the satisfaction (or otherwise) of the Performance Hurdle may be adjusted at the sole discretion of the board.

Issue Price and Exercise Price

Each Performance Right will be issued to Mr Ianniello for no consideration and will have a nil exercise price. As such, there are no loans in relation to this acquisition. If the Performance Right vests it would allow Mr Ianniello (or his nominee) to exercise the Performance Right and be issued with a Share.

Exercise Period

Once the Performance Rights have become exercisable, Mr Ianniello will need to exercise those rights within 12 months from the date on which they vest and become exercisable, or they will lapse and there will be no further entitlement to any Shares. This period may be shortened in certain circumstances if the Performance Rights have not lapsed.

Bonus issue and capital reconstruction of the Company

The number of Shares to which Mr Ianniello will become entitled on exercise of the Performance Rights will be adjusted to take account of any bonus issues, rights issues or reconstructions which the Company undertakes between the date of allocation of the Performance Rights and the exercise of those rights.

Cessation of employment

Performance Rights lapse immediately if Mr Ianniello's employment with the Company is terminated for misconduct or any other reason justifying termination without notice.

In the case of Mr Ianniello's employment ceasing due to death or permanent disablement, redundancy, retirement, agreement between the Company and Mr Ianniello or from a sale of all or substantially all of the shares or assets of the Company:

- Performance Rights which have otherwise become exercisable remain exercisable up until the end of the exercise period; and
- the Board has a discretion to treat the remaining Performance Rights as exercisable and to set the exercise period for them.

In all other cases where employment ceases, Performance Rights that have not vested and become exercisable will lapse immediately, and Performance Rights that have vested and are exercisable will lapse at the end of 30 days.

Restriction on the disposal of Shares

The Plan provides that 90% of any Shares issued on exercise of the Performance Rights will be restricted from disposal for a further period of two years from the date of issue of the Shares. The remaining 10% of the Shares issued on exercise of the Performance Rights will be restricted from disposal until 12 months after cessation of Mr Ianniello's employment with the Company.

Forfeiture of Shares

Shares issued to Mr Ianniello on exercise of his Performance Rights may be forfeited if he perpetrates fraud against the Company or any of its subsidiaries (**Codan group**), acts dishonestly or breaches his obligations to any member of the Codan group, including any of those obligations that survive cessation of employment.

The right of the Company to cause the Shares, which have been issued on exercise of the Performance Rights, to be forfeited, expires at the end of the relevant restriction period.

Directors' Recommendation

Other than Mr Ianniello (to whom the Performance Rights are to be issued), the directors recommend that shareholders approve the grant of the Performance Rights contemplated by Resolution 3.

Resolution 4 – Approval of the grant of Performance Rights to Mr Alfonso Ianniello for FY23**Background**

At the 2004 AGM, shareholders approved the establishment of a plan called the Performance Rights Plan (**Plan**) as part of the overall remuneration strategy of the Company. The Plan provides for the issue of performance rights (**Performance Rights**) to executives of the Company invited by the board to participate in the Plan. The exercise of Performance Rights results in the issue of fully paid ordinary shares in the Company (**Shares**). A copy of the Plan Rules is available on the Company's website www.codan.com.au. A brief summary of the Plan Rules is set out below.

The Plan is designed to provide the Company's executives with an incentive to maximise the return to shareholders over the long term, and to assist in the attraction and retention of key executives. Details of the Company's executive remuneration philosophy and objectives can be found in the 2022 Annual Report.

Mr Ianniello was appointed as Managing Director and Chief Executive Officer of the Company on 4 January 2022, and has been invited by the Board to participate in the Plan for FY23 and to be issued with Performance Rights if approved by shareholders at this AGM.

No other directors have been invited by the Board to participate in the Plan.

Details of any Performance Rights and Shares issued under the Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who becomes entitled to participate in an issue of Performance Rights under the Plan after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

Use of Performance Rights

The Board considers that the issue of Performance Rights to Mr Ianniello, which are subject to the performance hurdle described below under the heading 'Performance Hurdle', provide an additional incentive to Mr Ianniello to work towards maximising returns to shareholders and to encourage Mr Ianniello's retention.

The Board also considers the use of Performance Rights is superior to alternative forms of incentives, such as cash, on the basis that the Performance Rights vesting and becoming exercisable and the consequential issuing of Shares in the capital of the Company to Mr Ianniello mean that Mr Ianniello's shareholding in the Company increases, and this creates further incentives for Mr Ianniello to work towards maximising returns to shareholders.

Current remuneration package

Mr Ianniello's current total remuneration package comprises fixed remuneration of \$1,004,863 (inclusive of superannuation), a short-term cash incentive and a long-term incentive of the issue of the Performance Rights (subject to shareholder approval) calculated in the manner set out under the heading 'Issue of Performance Rights'. The short-term cash incentive and the Performance Rights are subject to Company performance and the meeting of agreed performance objectives and are based on 30% of the fixed remuneration. Shareholders are referred to the remuneration report for further details of Mr Ianniello's remuneration. The Company has not obtained an independent valuation of the Performance Rights. The value attributed by the Company to the Performance Rights is \$301,459 (assuming the issue of the Performance Rights is approved) based on the Company's contractual obligation to issue to Mr Ianniello the opportunity to acquire that value of Shares through the issue of the number of Performance Rights calculated in accordance with the formula outlined below under the heading "Issue of Performance Rights".

However, it is important to note that the issue of Performance Rights means that the actual value (if any) of the Performance Rights that Mr Ianniello will receive cannot be determined until the end of the three year performance period and will depend on the extent to which the performance hurdles are met and the share price at the time the Performance Rights vest.

Based on the above, the Company considers that the value of Mr Ianniello's total remuneration package for this year is \$1,607,781.

Reason for Shareholder Approval

ASX Listing Rule 10.14 requires that a company obtain shareholder approval for the issue of securities under an employee incentive scheme to a director, an associate of a director or a person whose relationship with the company, a director or an associate of a director is such that ASX considers approval should be obtained. Accordingly, as Mr Ianniello is a director of the Company and falls within the category in ASX Listing Rule 10.14.1, shareholder approval is sought for the issue to Mr Ianniello of 40,714 Performance Rights under the Plan. If approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1.

The Performance Rights to be granted to Mr Ianniello are in effect conditional entitlements, which may vest and become exercisable subject to the satisfaction of performance hurdles, details of which are summarised below. Should Shareholders not approve the granting of Performance Rights, Mr Ianniello will not be issued with Performance Rights.

Issue of Performance Rights

Mr Ianniello has not previously been issued any Shares or Performance Rights by the Company.

The Company proposes to issue 40,714 Performance Rights to Mr Ianniello no later than 1 month after the date of the AGM. Other than those Performance Rights mentioned in Resolution 3, as no other Performance Rights are being offered to the Company's directors (or other related parties), this is the maximum number of Performance Rights that may be acquired by all persons for whom approval is required.

The number of Performance Rights has been calculated in accordance with the following formula:

$$0.3 \quad \times \quad \frac{\text{Fixed Pay}}{\$7.4042}$$

- Where Fixed Pay equates to Mr Ianniello's annual fixed remuneration as Managing Director which is \$1,004,863; and
- \$7.4042 is the volume weighted average of the market prices at which Shares were traded on ASX for the five trading days following the release of the Company's FY22 results, commencing on 19 August 2022 and ending on close of business 25 August 2022.

Rights attaching to Performance Rights

A Performance Right is a right to acquire one Share which can be exercised once the Performance Right has become exercisable and provided it has not lapsed.

A Performance Right does not give the holder a legal or beneficial right to Shares and does not enable the participating executive, in this case Mr Ianniello, to receive dividends or any other shareholder benefit by virtue of the issue of these rights unless and until that Performance Right has been exercised and the Share issued.

Exercise of Performance Rights

Performance Rights are exercisable:

- if the Company meets the performance hurdle during the performance period;
- at the discretion of the Board, if an event occurs such as a takeover bid for, or the winding up of, the Company; or
- if the Board allows early exercise on the cessation of employment in certain circumstances.

Performance Period

The performance period is the period commencing on 1 July 2022 and ending on 30 June 2025 (**Performance Period**).

Performance Hurdle

The Performance Rights will vest and become exercisable if the Performance Hurdle is satisfied over the Performance Period in the following circumstances:

- the Performance Hurdle will be met if the Company exceeds the aggregate threshold earnings per share (eps) over the Performance Period as set out in the table below;

- all of the Performance Rights will vest and be exercisable if the Company equals or exceeds the aggregate range eps as set out in the table below;
- if the Company achieves an aggregate eps greater than the threshold eps but less than the range eps, the number of Performance Rights that will vest and be exercisable will be calculated on a pro rata basis in accordance with the following formula:
 - $A = (B - C) / D \times E$
 - Where:
 - A = the number of Performance Rights that will vest and become exercisable (rounded down to the nearest whole number)
 - B = the aggregate actual eps over the Performance Period
 - C = the aggregate threshold eps
 - D = the aggregate range eps less the aggregate threshold eps
 - E = the number of Performance Rights issued as set out above.

Year ended	Threshold eps	Range eps
30 June 2022 *(base eps)	48.24	48.24
30 June 2023	49.21	52.10
30 June 2024	50.19	56.27
30 June 2025	51.20	60.77
Aggregate – 3 years to 30 June 2025	150.60	169.15

**Base eps of 48.24 cents has been calculated using a net profit after tax of \$87.3 million as determined by the board for the purpose of the long term incentive plan. The net profit after tax used to calculate the base eps is the average of the actual results achieved in the previous three (3) financial years.*

The Performance Hurdle eps figures have been set on the basis of cumulative annual compounding growth in eps.

The Performance Hurdle threshold is equivalent to the Company achieving an aggregate compound annual growth of 2% per annum in respect of eps for the Performance Period.

The Performance Hurdle range is equivalent to the Company achieving an aggregate compound annual growth rate of 8% per annum in respect of eps for the Performance Period.

If an eps figure for a particular year is not achieved, the threshold eps or range eps will still be met if the aggregate eps in the Performance Period is equal to or exceeds the amounts set out in the table above.

For the purposes of assessing satisfaction of the Performance Hurdle, if the board assesses that any matter has significantly (adversely or positively) impacted on the reported net profit after tax during the Performance Period, the eps figure used to determine the satisfaction (or otherwise) of the Performance Hurdle may be adjusted at the sole discretion of the board.

Issue Price and Exercise Price

Each Performance Right will be issued to Mr Ianniello for no consideration and will have a nil exercise price. As such, there are no loans in relation to this acquisition. If the Performance Right vests it would allow Mr Ianniello (or his nominee) to exercise the Performance Right and be issued with a Share.

Exercise Period

Once the Performance Rights have become exercisable, Mr Ianniello will need to exercise those rights within 12 months from the date on which they vest and become exercisable, or they will lapse and there will be no further entitlement to any Shares. This period may be shortened in certain circumstances if the Performance Rights have not lapsed.

Bonus issue and capital reconstruction of the Company

The number of Shares to which Mr Ianniello will become entitled on exercise of the Performance Rights will be adjusted to take account of any bonus issues, rights issues or reconstructions which the Company undertakes between the date of allocation of the Performance Rights and the exercise of those rights.

Cessation of employment

Performance Rights lapse immediately if Mr Ianniello's employment with the Company is terminated for misconduct or any other reason justifying termination without notice.

In the case of Mr Ianniello's employment ceasing due to death or permanent disablement, redundancy, retirement, agreement between the Company and Mr Ianniello or from a sale of all or substantially all of the shares or assets of the Company:

- Performance Rights which have otherwise become exercisable remain exercisable up until the end of the exercise period; and
- the Board has a discretion to treat the remaining Performance Rights as exercisable and to set the exercise period for them.

In all other cases where employment ceases, Performance Rights that have not vested and become exercisable will lapse immediately, and Performance Rights that have vested and are exercisable will lapse at the end of 30 days.

Restriction on the disposal of Shares

The Plan provides that 90% of any Shares issued on exercise of the Performance Rights will be restricted from disposal for a further period of two years from the date of issue of the Shares. The remaining 10% of the Shares issued on exercise of the Performance Rights will be restricted from disposal until 12 months after cessation of Mr Ianniello's employment with the Company.

Forfeiture of Shares

Shares issued to Mr Ianniello on exercise of his Performance Rights may be forfeited if he perpetrates fraud against the Company or any of its subsidiaries (**Codan group**), acts dishonestly or breaches his obligations to any member of the Codan group, including any of those obligations that survive cessation of employment.

The right of the Company to cause the Shares, which have been issued on exercise of the Performance Rights, to be forfeited, expires at the end of the relevant restriction period.

Directors' Recommendation

Other than Mr Ianniello (to whom the Performance Rights are to be issued), the directors recommend that shareholders approve the grant of the Performance Rights contemplated by Resolution 4.

CDARM

MR RETURN SAMPLE
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SAMPLETOWN VIC 3030

Need assistance?



Phone:
1300 556 161 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (ACDT) on Monday, 24 October 2022.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



IND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Codan Limited hereby appoint

☐

the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Codan Limited to be held at Codan Limited, Technology Park, 2 Second Avenue, Mawson Lakes, SA 5095 and as a virtual meeting on Wednesday, 26 October 2022 at 11:00am (ACDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3 and 4 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3 and 4 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Director – Ms Kathryn Joy Gramp	☐	☐	☐
Resolution 3	Approval of the pro-rata grant of Performance Rights to Mr Alfonzo Ianniello for FY22	☐	☐	☐
Resolution 4	Approval of the grant of Performance Rights to Mr Alfonzo Ianniello for FY23	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

