



2022 SUSTAINABILITY. REPORT.

NANOSONICS LIMITED



NANOSONICS LIMITED

(ABN 11 095 076 896) reports annually on its environmental, social and governance (ESG) performance for the financial year. This Sustainability Report covers the period 1 July 2021 to 30 June 2022. It is the third self-standing Sustainability Report published following our initial report for the financial year 2019/20.

Unless otherwise specified, measurements and data in this report pertain to Nanosonics Limited and its controlled entities during the reporting period. All dollar values refer to Australian dollars (AUD) unless otherwise specified.

For any additional inquiries or feedback in relation to this report please contact us at www.nanosonics.com.au/contact/.

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MESSAGE FROM THE CEO & President



MICHAEL KAVANAGH

CEO & President

Financial Year 2022 represented another year where Nanosonics, by continuing to deliver on its objectives, created sustainable growth. This is only possible when we embrace the principles of sustainability throughout our business.

As an emerging leader in the infection control market, we are privileged to be able to provide value to our stakeholders through providing innovative, sustainable solutions to some of the most complex unmet needs in healthcare.

One of the key areas of value we provide is to our customers through the products we create and make available. In many cases, our solutions replace old ways of working that are harmful to the environment and for that reason, the success of our business is dependent on creating sustainable business outcomes for all our stakeholders. That is why readers will see an increased emphasis on the sustainability outcomes that are observable at each stage of our core product's lifecycle. In addition, there is further emphasis on how Nanosonics' business advances the United Nations Sustainable Development Goals.

In that context, I am pleased to introduce this year's Sustainability Report. This is the third year in which we have published an extensive, standalone report from the Annual Report detailing the Company's sustainability performance. We take pride in our commitment to sustainability at Nanosonics, helping to deliver on our mission and contributing to a safer and better environment for patients, clinics and their staff around the world.

We have retained the usual format for this year's report. The report is divided into four key sections: governance, environment, people & culture, and communities. In addition, we have provided some additional context on how our healthcare solutions deliver sustainability outcomes for our stakeholders. I am particularly pleased to see continued development of the Company's reporting against international reporting standards and more detailed year-on-year data disclosure and target-setting.

In addition to the emphasis on healthcare solutions described above, I am also delighted to see a further emphasis on our greatest asset, our people, in this year's report. The Nanosonics global team have shown a remarkable commitment to our Values of Collaboration and Agility in navigating the return-to-work arrangements, and contributing to community causes, whilst still making enormous strides in achieving our mission: Infection Prevention. For Life.

A handwritten signature in black ink, appearing to read 'M. Kavanagh', with a stylized, flowing script.

MICHAEL KAVANAGH

CEO & President

“We see sustainability as a key consideration for our business, and one that is fully aligned with our Values and Mission. We are fortunate that our unique healthcare solutions are in many respects neatly aligned with sustainability principles which means we achieve positive sustainability outcomes whilst addressing our customer's important infection control needs.”

MICHAEL KAVANAGH

CEO & President

PREPARING THIS YEAR'S REPORT

The format of this year's Sustainability Report is once again divided across the three major ESG themes – environment, social and governance. However, we have further divided the 'Social' thematic into 'People & Culture' and 'Communities'. In addition, we have added a new section associated with Nanosonics' healthcare solutions to help illustrate the important sustainability benefits that flow from our research and development, as well as the use of our products and services in the market. We believe that this format allows us to give sufficient attention to each of the important issues discussed and how they interrelate with one another across the business.

In a further effort to effectively communicate our strong sustainability performance to the market and other stakeholders, we have strengthened our alignment with the GRI Sustainability Reporting Standards (GRI Standards). This report has been prepared in accordance with the GRI Standards: Core option. Further information regarding specific disclosures under the GRI Standards can be found in the GRI Content Index at the end of this report.

We have further expanded our stakeholder engagement efforts throughout FY22, with a particular emphasis on our supply chain. In FY22, we implemented our Sustainable Supply Chain Initiative, which seeks collaboration

from several of our valued suppliers to better understand the scope and impact of our supply chain on various sustainability metrics, including climate change, safety and human rights. This is a multi-year initiative, we expect that FY23 will see this program developed further.

The initiatives and targets described in this report were prepared by the Company through consultation with senior management, all of which were subsequently presented to and approved by the Board. The Board was provided with periodic updates throughout the reporting period.



AT A GLANCE

GOVERNANCE



PROGRESS MADE IN RESPECT OF
SUSTAINABLE
SUPPLY CHAIN
INITIATIVE



ARTICULATED
NANOSONICS'
CONTRIBUTION
TO THE UNITED NATIONS SUSTAINABLE
DEVELOPMENT GOALS



STRENGTHENED
IT, PRIVACY AND
CYBER SECURITY
PROTECTIONS
AS WE MOVE TOWARD
ISO27001 ACCREDITATION

ENVIRONMENT



68% OF
TOTAL WASTE
IN AUSTRALIA DIVERTED
TO RECYCLING



COMMITMENT
TO WORKING TOWARDS
AUSTRALIAN PACKAGING COVENANT
ORGANISATION 2025 TARGET



14 TONNES
OF END-OF-LIFE PRODUCTS AND
SERVICE PARTS RESPONSIBLY
RECYCLED IN ACCORDANCE WITH
WEEE AND OTHER REQUIREMENTS

PEOPLE & CULTURE



94% OF
EMPLOYEES
STRONGLY BELIEVE IN THE
PURPOSE OF NANOSONICS



FEMALES MAKE
UP 42%
OF THE GLOBAL WORKFORCE,
41% OF SENIOR MANAGEMENT AND
39% OF STEM-RELATED POSITIONS



ACHIEVED 100%
OF DIVERSITY OBJECTIVES AND
SUBSTANTIALLY ALL OF OUR
INCLUSION OBJECTIVES

COMMUNITIES



\$38,500
RAISED THROUGH VARIOUS
CHARITABLE INITIATIVES



16 STUDENTS
PARTICIPATED IN INTERNSHIP PROGRAMS
ACROSS SEVERAL DEPARTMENTS



WIDENED
THE RANGE
OF COMMUNITY ACTIVITIES WITH
MORE TO FOLLOW THROUGH THE
ESTABLISHMENT OF THE COMMUNITY
ENGAGEMENT COMMITTEE

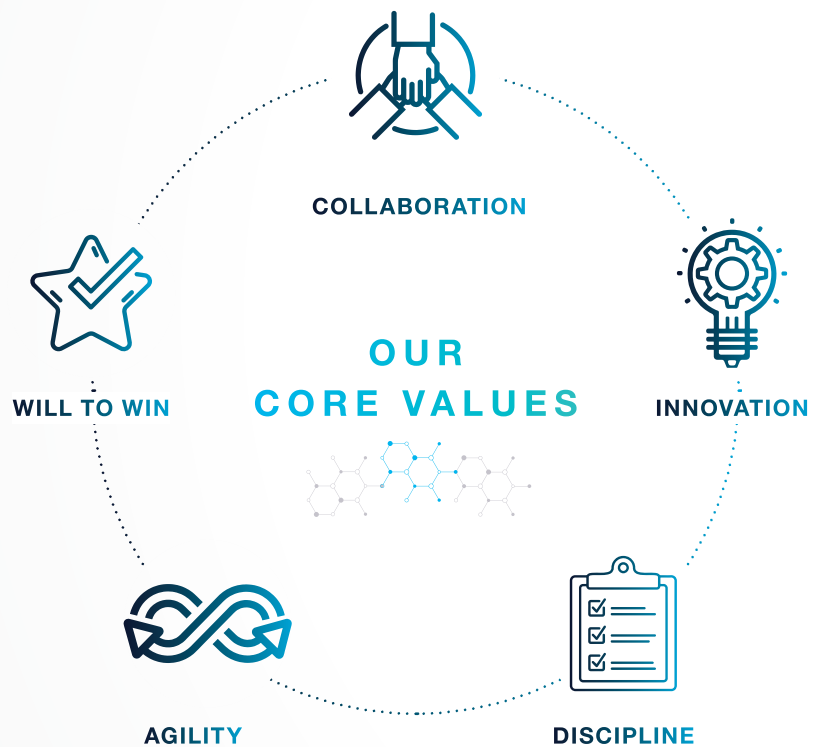
OUR MISSION AND CORE VALUES

Mission

We improve the safety of patients, clinics, their staff and the environment by transforming the way infection prevention practices are understood and conducted and introducing innovative technologies that deliver improved standards of care.

Nanosonics' strong and positive culture continued to be a priority during FY22. This was supported by the continued implementation of the Company's Core Values. Nanosonics believes that the value created by desirable behaviours not only creates a desirable culture and place for people to work, but also supports sustainable long-term value creation for shareholders.

1. **Collaboration:** We do things together because we value diversity of opinion, perspective and knowledge and are stronger when we work as a team.
2. **Innovation:** We innovate because we want to continuously make things better by adding value to our Customers, our operations and our business.
3. **Discipline:** We do things right because we are ethical, compliant and are clear about our responsibility and accountability for delivering on our commitments.
4. **Agility:** We are effective because we not only embrace but drive change, we are continuously learning and can adapt quickly.
5. **Will to win:** We do things with a sense of urgency anticipating market and customers' needs because we always strive to be the best with a will to win.



Our Code of Conduct & Ethics (Code), codifies our Mission, Core Values and other critical policy frameworks throughout the Company. The Code, Mission and Values are periodically reviewed by senior management, with any update ratified by the Board. The Code has been an important tool for guiding our decision-making, particularly with respect to ESG-related issues. The Code sets the expected standard of conduct for all employees and contractors at Nanosonics, underpinned by the prevailing need to act as good global corporate citizens. The Code serves as an important mechanism to ensure that all of our internal and external stakeholders are aligned on our guiding principles at Nanosonics.

During FY23, all Nanosonics Staff are required to be trained on the Code, with the Company having an objective of achieving 100% compliance.



COMPANY OVERVIEW

Nanosonics Limited (ASX:NAN) is a public listed multinational infection prevention company, trading on the Australian Securities Exchange (ASX). Nanosonics is headquartered in Sydney, Australia, with offices in the United States, Ireland, the United Kingdom, Europe and Japan. Distributor and reseller partners distribute our products and services in a number of other markets. Our headcount continues to grow year-on-year, reaching 425 employees at the end of FY22. We continue to penetrate further into markets throughout the world, with Nanosonics currently selling our products in 31 markets.



Our commitment to our Mission is demonstrated by the innovative products and services which we provide to the market. Our trophon technology remains the industry standard for high-level disinfection and reprocessing of ultrasound probes. Patients around the world benefit from heightened safety from the use of trophon at medical facilities.

In late FY21, we also released a new product, Nanosonics AuditPro, an innovative cloud-driven traceability, reporting and compliance tool for hospitals and healthcare facilities to maintain live records of reprocessing and cleaning procedures. Nanosonics has also announced that it is creating a new platform technology, Nanosonics CORIS, which is directed toward cleaning endoscopes which is an important unmet need in infection control.

We continue to conduct research and development in a range of focus areas:

1. **Compliance and Traceability** – Digitally-enabled tools to increase visibility and control around infection risk mitigation;
2. **Instrument Cleaning** – Mandatory critical first step which sets up the effectiveness of all downstream disinfection procedures;
3. **Instrument Disinfection** – High-level and low-level disinfection, and sterilisation for medical devices before re-use with a patient;
4. **Storage Solutions** – Assurance that reprocessed devices are not subsequently contaminated and are always available for next use; and
5. **Environmental Decontamination** – Novel technologies and chemistries to reduce cross-contamination risk coming from high contact surfaces and environment.

CORPORATE GOVERNANCE AND ESG

THE BOARD

The Board of Directors of Nanosonics has adopted a Board Charter through which it is charged with providing strategic guidance to the Company, effective oversight of its management, and to regularly review the Board's size, performance and composition. The Board regularly meets to discuss material current and future issues relating to Nanosonics, including a range of sustainability topics associated with our products, and diversity and inclusion.



THE BOARD'S ROLE IN ESG

The Board has ultimate responsibility for overseeing ESG. Nanosonics respects the critical importance of properly addressing ESG issues and engages the full board to oversee our ongoing performance, particularly through the following responsibilities specified in the Board Charter:

- Approving management's corporate strategy and performance objectives;
- Approving and monitoring financial and other reporting;
- Overseeing the identification of key risks in the operations of the Company, and satisfying itself that the Company has in place an appropriate risk management framework (for both financial and non-financial risks), monitoring the efficiency and effectiveness of those frameworks and setting the appropriate risk appetite within which the Board expects management to operate;
- Overseeing the process for making timely and balanced disclosure of material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- Approving and overseeing the implementation of the Company's corporate Code of Conduct and Ethics; and
- Monitoring compliance with legal and regulatory requirements and ethical standards and policies.

The Board and its Committees receive briefings on ESG topics and the overall management of ESG in the Company from senior management through Board papers as appropriate. Board members continue to remain apprised of issues and obligations related to ESG in materials presented to it, including this Report.

Nanosonics' commitment to sustainability is incorporated throughout our corporate governance framework.

CORPORATE GOVERNANCE AND ESG CONTINUED

BOARD COMMITTEES

The Board has established four Committees, each with its own Charter and carrying responsibilities for different aspects of ESG:

COMMITTEES OF THE BOARD

RESPONSIBILITIES RELEVANT TO ESG

Audit & Risk Committee

(generally meets quarterly)

- Corporate reporting processes;
- Risk management and internal control;
- Ensure the Company has an appropriate risk management program;
- Ensure material business risks are appropriately reflected in the Company's risk profile and are reported to the Board regularly;
- Gain an understanding of the current areas of greatest risk and how they are managed;
- Compliance with laws, regulations, internal policies and industry standards;
- Activities to prevent, deter, detect and report on fraud;
- Provide to the Remuneration, People and Culture Committee and/or the Board any relevant information in respect of financial and non-financial risks that should be taken into account before approving the remuneration outcomes; and
- Overseeing work, health and safety practices throughout the company.

Remuneration, People and Culture Committee

(generally meets quarterly)

- Make recommendations to the Board with respect to the remuneration of the CEO and President and other senior executives;
- Recommend to the Board the total remuneration package of each Executive KMP; and
- Supporting the development of people strategies, practices and culture to drive the Company's business objectives.

R&D & Innovation Committee

(generally meets quarterly)

- Monitor the strategic direction of the Company's research and product development programs and technical capabilities and make recommendations to the Board on the direction of those programs.

Nomination Committee

(meets at least annually)

- Ensure an appropriate mix of skills, experience, expertise and diversity is maintained on the Board;
- Establish and maintain a diversity policy;
- Establish and assess progress against measurable objectives for achieving gender diversity; and
- Evaluate the performance of the Board and report its findings to the Board as appropriate.

The Board (excluding Mr Stang) sits as an ad hoc Related Party Committee from time to time when a proposed transaction with a related party of Mr Stang is being considered. The ad hoc Related Party Committee ensures that all transactions with related parties are concluded on arm's length terms and are otherwise appropriate. The ad hoc Related Party Committee is chaired by the Chairman, Steve Sargent. Mr Stang is required to not be present, receive any Committee Papers or vote at the meeting.

CORPORATE GOVERNANCE AND ESG CONTINUED

CORPORATE GOVERNANCE FRAMEWORK

The below diagram demonstrates Nanosonics' corporate governance framework by illustrating the flow of information and decision-making authority throughout the Company:



The Board is responsible for its composition, structure and operation as well as ensuring that it is comprised of individuals who are best able to discharge their responsibilities as Directors. The Nomination Committee is appointed by the Board to assist in meeting this responsibility, ensuring that the appropriate mix of skills, experience, expertise, and diversity is maintained.

The Board's Charter details the legal duties, confidentiality and conflict of interest provisions and overall role of the Board.

COMPOSITION OF THE BOARD

The Board comprises the Non-executive Chairman, five Non-executive Directors and the CEO, President and Managing Director. Full details of the Company's Board are disclosed in its annual Corporate Governance Statement.

REMUNERATION AND REWARDS

Details of the Directors and Key Management Personnel (KMP) compensation, and Nanosonics' Executive Remuneration Framework are provided in Nanosonics' Annual Report.

In addition to the Group financial and strategic metrics, each KMP is required to achieve functional/business or operational outcomes that are set by the Board, with a focus on Customer Experience, Product Innovation, Operational Excellence, People Engagement and Value Creation. The impact of each KMP's behaviour is reviewed in alignment with the Company's Core Values and any negative impact can be recognised through the downwards application of a Values rating modifier.

CORPORATE GOVERNANCE AND ESG CONTINUED

MANAGEMENT AND STAFF RESPONSIBILITY FOR ESG

Responsibility for ESG is integrated across all levels of our company from the CEO to the quality control officer at our plant assembly area or the sales staff interacting with medical professionals. It is part of the work ethic of every Nanosonics employee and is outlined in our Code of Conduct and Ethics. With respect to our research, development and manufacturing specifically, consideration of environmental and other ESG impacts are consistently reviewed with a view to minimising adverse outcomes.

The Nanosonics Sustainability Committee is responsible for managing ESG-related issues throughout the Company, and is supported by the Nanosonics Community Engagement Committee for this purpose. The Nanosonics Sustainability Committee reports directly to the Board.

Nanosonics' expectations of staff and employees, officers and Directors, contracted staff, contractors and consultants, and third parties that conduct business for or on behalf of Nanosonics are elaborated in its Corporate Governance Policies and Code of Conduct and Ethics. These include:

- Securities Trading Policy;
- Clawback Policy;
- Anti-Bribery and Anti-Corruption Policy;
- Speak Up Policy;
- Environment, Health, Safety and Sustainability Policy;
- Privacy Policy;
- Diversity Policy;
- Continuous Disclosure and Shareholder Communications Policy;
- Share Ownership Policy; and
- Modern Slavery Statement.

Nanosonics' Corporate Governance Policies are regularly reviewed and updated (at least annually). Nanosonics' approach to sound corporate governance practices includes adherence to all applicable local and international laws, regulations and relevant standards.



STAKEHOLDER ENGAGEMENT

ENGAGEMENT WITH OUR STAKEHOLDERS

The key stakeholders identified by Nanosonics to be impacted in some way by our products, services and operations are listed below, along with a snapshot of their issues of concern of how we engage with each group. Each stakeholder group had been identified and selected by Nanosonics through the preparation in previous sustainability reports. Throughout FY22, we continued to focus on fostering these key relationships, which have proven to be the most relevant stakeholders to our business and operations.

Nanosonics takes an open-door approach to stakeholder engagement. We openly and willingly engage with stakeholders who approach the Company with any query or concern which they seek to raise. Through these informal consultations, we identify and categorise the feedback which we receive and determine an appropriate course of action. Increasingly, the Company has adopted proactive engagement as an emerging means of stakeholder engagement. For example, our Sustainable Supply Chain Initiative was developed with the primary purpose of proactively identifying potential areas of concern throughout our supply chain which may not otherwise have come to light. These insights formed the basis for part of our reporting in this year's Sustainability Report in that area.

Important matters which might arise from these consultations are brought to the Board's attention by the responsible member of Senior Management and/or the Chief Executive Officer.

KEY STAKEHOLDERS

KEY ESG AREAS OF INTEREST

PROCESSES FOR CONSULTATION

Healthcare professionals (HCPs) and patients in hospitals and medical centres	• Prevention of healthcare associated infections; • Ethical marketing; • WHS compliance; and • New products solving unmet needs in infection prevention	Our staff are in regular contact with HCPs through visits to hospitals and medical centres, attendance at professional conferences, our training programs and other avenues. Our Healthcare Professionals Engagement Policy ensures all interactions are conducted in an ethical, lawful and transparent manner.
Customers, including distributors, resellers and ultrasound probe manufacturers	• Public health and infection prevention; • Price; • Product safety; • Ease of use; and • Integration within the clinical workflow.	Our staff meet and otherwise communicate directly with our customers throughout the marketing, sales, installation and ongoing technical and customer service processes.
Suppliers	• Nanosonics' financial performance and viability; • Legal compliance; and • Ethical business practices.	Nanosonics is in regular discussion with our suppliers through the procurement process and beyond. In 2022 we implemented the Sustainable Supply Chain Initiative canvassing feedback on ESG-related issues described further below.
Investors	• Financial performance (revenue and profitability); • R&D activities; • FDA and other regulatory approval; and • ESG issues and risk management.	Nanosonics holds investor briefings attended by the CEO & President and the Chief Financial Officer. We provide information through the annual AGM, Annual Report and Sustainability Report, statutory disclosures to the ASX as well as through press releases, enquiries through our Investor Centre and other mechanisms.
Employees	• A safe workplace (including with respect to COVID-19); • Gender equality; • Diversity and Inclusion; • Training and education; and • Rewarding workplace.	Our annual Employee Engagement Survey provides a mechanism for eliciting feedback from employees. Our management facilitated feedback period, following the Employee Engagement Survey, encourages suggestions, ideas and other input from staff.

STAKEHOLDER ENGAGEMENT CONTINUED



KEY STAKEHOLDERS	KEY ESG AREAS OF INTEREST	PROCESSES FOR CONSULTATION
Government and regulatory authorities	• Product safety and quality; • WHS compliance; • Ethical marketing; and • Tax strategy.	Nanosonics interacts with regulatory agencies in Australia, the United States and other markets on the current and future approval of our products and services for sale in those markets. We also interact with and report to government on a broad range of other matters.
Community and key opinion leaders (KOLs)	• Infection control; • Ethical marketing; • WHS compliance; • New products solving unmet needs in infection prevention; and • The natural environment.	Nanosonics makes information on our products and services and their applications widely available to KOLs and the community through our website, the press and participation in industry and scientific conferences. We welcome and respond to questions from the community.

Throughout our stakeholder engagement efforts during the reporting period, a number of important issues were raised. The table below sheds further light on the outcomes of our interactions with specific stakeholders:

KEY STAKEHOLDERS	FEEDBACK	OUTCOME
Investors	An association representing a group of investors encouraged Nanosonics to increase our emphasis to address climate change.	Prioritised climate change as a material ESG topic.
Employees	Our annual Your Voice employee survey conveyed employees' desire for greater communication from throughout the company, particularly from senior management.	Since the completion of the survey, we have increased the cadence of communication from senior management, including launching the "We Heard Your Voice" employee engagement program and conducting multiple "Town Hall" meetings with the CEO.
KOLs	Engagement with senior healthcare KOLs continued to stress the importance of patient safety by design, and educating customers on the proper clinical use of medical products.	This has further informed our product research and development activities, with a view to further supporting positive patient safety, as well as our educational activities with customers and their frontline clinicians.
Customers	Significant input from customers in both the development of Nanosonics AuditPro and Nanosonics Coris® technology.	Following customer engagement, we analysed and considered their feedback which informed our final product development changes prior to release to Nanosonics AuditPro and the ongoing development of Nanosonics Coris. Further feedback has been received in respect of AuditPro post launch which has been factored into the relevant product roadmap.

MATERIALITY ASSESSMENT

Nanosonics previously conducted a comprehensive materiality assessment in accordance with recognised frameworks for ESG reporting and based on indicative responses provided by management on behalf of the Company's stakeholders. The process was guided by an external consultant and comprised the following steps:

1. Setting the context considering industry, environmental, social and regulatory trends;
2. Analysis of annual, sustainability and other relevant reports from benchmark companies, and the assessment frameworks of ESG rating agencies;
3. Identification of topics that have already been identified by Nanosonics through recent reports, briefings, presentations and other mechanisms; and
4. Consideration of ESG topics listed in GRI and Sustainability Accounting Standards Board (SASB) standards.

During the reporting period, management reviewed the material issues identified in our previous Sustainability Report and consolidated them within the ESG thematic headings which this Sustainability Report is based upon. The assessment completed in prior years continues to remain relevant, given the continued challenge that COVID-19 has posed for the business and its stakeholders.

Our updated material issues are set out below:

Communities

- Using innovation to address unmet needs in patient care in a sustainable way;
- Customer education on infection control and consultation with customers on product development;
- Contributions to the community; and
- Product safety and quality.

Governance

- Consultation with infection control peak bodies;
- Business ethics and ethical marketing;
- Business strategy, including strategic partnerships/relationships;
- Labour, environmental and social practices in the supply chain
- Regulation and relationships with regulatory bodies;
- Tax strategy; and
- Economic value generated and distributed (as described by GRI).

Environment

- Labour, environmental and social practices in the supply chain;
- Energy, waste management and climate change; and
- Responsible product stewardship.

People & Culture

- Work, health and safety; and
- Talent, recruitment, retention including diversity, equal opportunity and non-discrimination.

Nanosonics is committed to periodically reviewing its materiality assessment to ensure that the Company is focused upon the issues which remain material to its business and other stakeholders.

GOVERNANCE

Good governance is the cornerstone of any successful company. At Nanosonics, maintaining an ambitious, likeminded workforce guided by a strong governance framework is at the heart of how we operate. Operating in an ever-increasing interconnected world, the Board seeks to ensure that the Company's governance systems are robust and capable of managing the external forces which influence the business on an ongoing basis. For this reason, we've focused this section of the report on how Nanosonics addresses governance issues throughout the Company, especially where they interface with the broader world. This includes supply chain management, broader risk management, and cyber threats.

Authority is delegated throughout Nanosonics in accordance with our Delegated Authority Policy, which determines who may bind the company in a variety of circumstances. Authority is delegated based upon an individual's role and seniority, their expertise and relevance to the subject matter, and the value of the proposed transaction or engagement.

Nanosonics does not subscribe to any externally-developed economic, environmental and social charters, principles or other initiatives. However, given the nature of the industry in which it operates, Nanosonics is an active member of several industry groups and associations. The Company's participation is consistent with our Mission and provides a reputable professional environment for sharing clinical insights with others. As of the reporting period covered in this Sustainability Report, Nanosonics is a member of a number of professional bodies, including the following:

1. Association for Professionals in Infection Control and Epidemiology (APIC);
2. Association for the Advancement of Medical Instrumentation (AAMI);
3. AusBiotech; and
4. Society for Maternal-Fetal Medicine.

Good governance is the cornerstone of any successful company.



GOVERNANCE CONTINUED

SUPPLY CHAIN

Nanosonics depends on a complex international supply chain to support its products and services (**direct suppliers**), as well as day to day business operations and corporate functions (**indirect suppliers**). To support our manufacturing and R&D activities, Nanosonics has approximately 87 direct suppliers – 89% of which are single-source suppliers and 66% of which provide custom-made components for Nanosonics. As a proud, Australian head-quartered business, during the reporting period, Nanosonics spent \$11.2 million dollars supporting 52 local, direct Australian suppliers and \$9.6 million dollars supporting 319 local, indirect Australian suppliers. This represents a material increase on FY21.

During the reporting period, Nanosonics implemented planned activities under the initial roll-out of its Sustainable Supply Chain Initiative. As mentioned in our previous Sustainability Report, the purpose of this on-going, multi-year initiative is to further engage with our supply chain to better understand the various ESG opportunities and risks which exist beyond our immediate operations. In the same period, Nanosonics sent an engagement survey to our most significant Tier 1 Suppliers¹ to gather information on issues including:

- **Environmental responsibility** – environmental management system, water security, waste management, water and energy consumption, greenhouse gas emissions, public reporting, and compliance;
- **Social responsibility** – workplace health and safety;
- **Business ethics** – Code of Conduct and Ethics; and
- **Supply chain sustainability** – Supplier engagement, sustainable procurement, modern slavery, and conflict minerals.

The responses to the survey have produced data and insights which span approximately 80% of our total Tier 1 Supplier spend. Specific insights to note include:

- All Tier 1 Suppliers who responded to the survey stated that they did not source any conflict minerals for use in the production of goods being supplied to Nanosonics;
- All respondents stated that they have policies and programs in place to: help maintain a workplace free of harassment, abuse and discrimination; and, to ensure a safe work environment;
- 94% of respondents stated that they have a system in place to monitor workplace health and safety, and address any issues and prevent recurrences;
- 94% of respondents stated that they had a Code of Conduct and Ethics or equivalent policy;
- 88% of respondents stated that they have programs in place to minimise waste and energy consumption; and
- 12% of respondents considered fresh water supply as a significant risk to their company and 65% of respondents have a program in place to measure and manage water consumption.

Following this survey, no respondent suppliers required remediation action plans.

For FY23, Nanosonics intends to:

- progress upon these activities and the implementation of the Sustainable Supply Chain Initiative by further expanding the number of suppliers we engage with, based on a risk assessment having regard to a number of criteria including our annual spend with the supplier, the sourcing country and the supplier's industry.
- use internationally recognised tools and resources such as the Global Slavery Index to develop internal guidelines and conduct a supply chain risk assessment to assist with identifying suppliers with a high risk of ESG exposure, and in particular, modern slavery risks.
- develop a supplier code of conduct that sets out our standards expected of our suppliers in relation to environmental and social responsibility, business ethics and supply chain sustainability.

THE COMPANY'S SUSTAINABLE SUPPLY CHAIN INITIATIVE WAS ROLLED OUT IN RESPECT OF KEY SUPPLIERS

1. Tier 1 Suppliers are defined as suppliers who provide goods or services directly to Nanosonics, without an intermediary party.

GOVERNANCE CONTINUED

RISK MANAGEMENT

Throughout the reporting period Nanosonics has refreshed its risk management framework. This has seen the formation of an Executive Risk Management Committee and associated Risk Management Policy and Framework. A Risk Appetite Statement covering the key strategic priorities of the business has also been developed by senior management, discussed at the Audit & Risk Committee and approved by the Board. Key risk indicators for each risk appetite statement are now being developed, which will assist management to monitor its activities against the risk appetite set by the Board.

The business maintains an enterprise risk register, and regularly reports to the Audit & Risk Committee and Board on key risks, and associated risk treatments. Key risks are taken into account in developing KPIs for Executive KMP and the wider business planning and budget setting process.

Nanosonics has not found any credible and substantiated claims or incidents of corruption throughout our international operations. Similarly, no legal actions have been brought against the Company in relation to any allegations of anti-competitive behaviour or violations of anti-trust or monopoly legislation. The Company has similarly not identified non-compliance with regulations concerning marketing communications, advertising, promotion and sponsorship.

PRIVACY AND CYBER SECURITY

Throughout the reporting period, Nanosonics undertook various activities to improve and strengthen its technical and organisational security measures, processes and systems. These security improvement initiatives are particularly important to support our latest product, Nanosonics AuditPro, which leverages cloud computing and has the capacity to provide real-time traceability for healthcare facilities around the world and to instil confidence in our customers in the security aspects of our products.

Activities undertaken during FY22 include:

- Engaged external privacy consultants that led and undertook a business-wide, department-level, gap analysis exercise of Nanosonics' then-current systems and processes and ISO27001 requirements;
- Increased Nanosonics' security headcount/resources; and
- Privacy and security online training completed by Nanosonics' staff to raise awareness of privacy and security issues and appropriate behaviours in the workplace.

During the reporting period, no claims of potential breaches of customer personal data were received or identified.

During FY23, Nanosonics is taking active steps towards achieving ISO27001 certification – the international standard on how to manage information security – to protect Nanosonics valuable intellectual property, company data and customer data.

NANOSONICS' CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



The United Nations (UN) sets out 17 Sustainable Development Goals (SDG) which were adopted by all UN Member States in 2015. The goals represent a global call to action for universal peace and prosperity of the people and planet. This spans across the environmental, social and economic dimensions of sustainable development.

The World Health Organisation (WHO) global report on infection prevention and control (IPC), published on 23 May 2022, is the first of its kind. This report recognises the increasing priority to curb emerging and ongoing threats in health-related activities such as sanitation and hygiene, via IPC action. A key priority at the country level was the implementation of active IPC programmes to attain the SDGs and respond to World Health Assembly resolutions including global action on patient safety, improving the containment of antimicrobial resistance, and water, sanitation and hygiene in health care facilities.¹

How we contribute to the SDGs through the value we create



SDG 3 Ensure healthy lives and promote well-being for all at all ages

Target 3.8: Achieve universal health coverage: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

According to WHO's IPC report, 7 out of 100 hospitalised patients will be infected with a healthcare-associated infection (HAI), the risk doubling and increasing up to 20 times higher in low- and middle-income countries.²

HAIs are among the most frequent adverse events within the health service delivery context.³ Sterilization and disinfection of medical devices play a pertinent role in HAI prevention. Multiple studies document failures in medical device reprocessing and some of these have led to outbreaks and patient exposure.⁴

Improper disinfection practices and use of low-level disinfection methods leave ultrasound probes contaminated with microorganisms. In particular, one study⁵ found there was a 41% greater infection risk following transvaginal ultrasound compared to patients who did not undergo the ultrasound.

Nanosonics continues to improve the safety of patients, clinics, their staff and the environment by transforming the way infection prevention practices operate and increasing the quality and safety of sonographic healthcare services. As a market leader in automated ultrasound reprocessing systems using our trophon® technology, we help protect people (in 31 countries) from avoidable healthcare association infections, by delivering consistent high level disinfection (HLD) of ultrasound probes.

Nanosonics has a large emphasis on maintaining a global standard of care and application of best practices. Our commitment to providing support to our customers does not end at the transaction of our products.

The Nanosonics Academy, an operator's product training and certification resource, is made available for healthcare workers to supplement the upgraded implementation of HLD processes, and ensure their patients are safe from infection.

Our efforts in advocating for quality infection prevention control through medical reprocessing innovations and continued training support for healthcare professionals contribute to the global effort of ensuring healthy lives and promoting well-being and safety to all patients.



SDG 4 Ensure inclusive and quality education for all and promote lifelong learning

Target 4.5: Eliminate all discrimination in education: By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

In FY21, we were able to provide internship opportunities for students to participate in our workplace and develop essential work experience during their university degrees. This continued in FY22. From this pool of talent, full-time positions were also secured. In FY22, the Community Engagement Committee was established, with one foundational pillar being our contribution in fostering quality education and empowering young talent. Key objectives have been set for FY23, including securing secondary and tertiary education collaborations with focus on overcoming barriers to equal-access education, like socioeconomic and gender parity, and creating meaningful and lasting impact for the student learning experience.

1. <https://www.who.int/publications/i/item/9789240051164> Global report on infection prevention and control, page 103.
2. <https://www.who.int/publications/i/item/9789240051164> Global report on infection prevention and control, page v, xii.
3. <https://www.who.int/publications/i/item/9789240051164> Global report on infection prevention and control, page xii, 9.
4. WHO 2016. Decontamination and Reprocessing of Medical Devices for Health-care Facilities; CDC 2008. Guideline for Disinfection and Sterilization in Healthcare Facilities; Rutala WA, Weber DJ. Infect Dis Clin North Am. 2016 Sep;30(3):609-37.
5. Scott D et al. Risk of infection following semi-invasive ultrasound procedures in Scotland, 2010 to 2016: A retrospective cohort study using linked national datasets. Ultrasound 2018;26(3): 168-177.

NANOSONICS' CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS CONTINUED



SDG 5 Gender Equality

Target 5.1: End discrimination against women and girls: End all forms of discrimination against all women and girls everywhere.

Target 5.5: Ensure full participation in leadership and decision-making: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

Nanosonics proudly celebrates diversity and inclusiveness throughout our workforce. It is well recognised that the success of the Company is underpinned by the different and unique perspectives of the communities in which we operate. Mental Health First Aid training accreditation was carried out by members of the senior leadership team, to enhance our focus on employee care and wellbeing.



SDG 8 Promote inclusive and sustainable economic growth, employment and decent work for all

Target 8.5: Full employment and decent work with equal pay: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Target 8.7: End modern slavery, trafficking, and child labour: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

Target 8.8: Protect labour rights and promote safe working environments: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

Our business conduct also contributes to this SDG, as we encourage and establish high internal standards to uphold human rights. In particular, our Company policies and Sustainable Supply Chain Initiative seeks to identify potential areas of concern to labour practices in our global supply chain and to this date, there have been no identified at-risk suppliers reported. We will continue to expand the auditing scope of our supplier engagement to map out supply chain impacts and also, provide further insights through our modern slavery statements, released annually since 2020.

Nanosonics' Diversity & Inclusion Policy confirms that Nanosonics endorses equal remuneration for work of equal or comparable value.



SDG 12 Ensure sustainable consumption and production patterns

Target 12.5: Substantially reduce waste generation: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Since 2020, Nanosonics has fully integrated sustainability and Environmental, Social and Governance (ESG) information into our annual reporting cycle as a dedicated, stand-alone publication. To substantially reduce waste generation, Nanosonics recognises the important role of product stewardship and responsible management of waste generated from our products. Not only is this demonstrated in our trophon reprocessing disinfection cycle which effectively reduces water consumption relative to alternative disinfection processes, and generates only environmentally friendly water and oxygen by-products, but also from our handling of end-of-life trophon EPR units that embraces circular economy principles. Nanosonics has established arrangements with third-party contractors to responsibly recycle recyclable components of trophon install bases like plastics, metals, cables and electronics. Other measures to divert unnecessary waste entering landfill and implement waste minimisation activities include sourcing local waste removal providers and employing a hazardous waste management contractor for R&D generated hazardous waste. Overall, there was 68% of total waste in Australia diverted to recycling, and water savings from approximately 24.5 million trophon cycles annually across the global install base.

ENVIRONMENT



We recognise that environmental stewardship is an essential element of our social license to operate. It is imperative that we sustainably use the natural resources used in our operations and manufacturing processes, and minimise harm to the environment. Climate change is an existential threat to humanity and Nanosonics has a part to play in mitigating our contribution of greenhouse gas emissions into the atmosphere. Similarly, mitigating our contribution to waste, particularly hazardous and chemical waste, is important to our environmental stewardship efforts. Finally, water scarcity is an increasingly prevalent issue around the world. We endeavour to limit our unnecessary consumption of water in our operations and manufacturing to not further contribute to this issue. We are applying the principles of product stewardship and lifecycle analysis to our product development and product range to reduce our environmental footprint. This includes, where possible, identifying recyclable and reusable materials as input requirements into our product and process development activities. We recognise that our environmental performance is as crucial to our brand equity as the quality of our products.

Nanosonics has not been sanctioned for any material non-compliance of environmental laws or regulations, including fines or other penalties, across our global operations.

SUSTAINABLE PRODUCTS

Nanosonics prioritises sustainability throughout the product lifecycle – from research, development and product design stages, to operational usage and end of life waste management. Set out below is a description of the sustainability principles that apply at relevant stages of the product lifecycle based on the ISO14040.

PRODUCT STAGE

For all new projects and product development, we aim to use non-hazardous ecofriendly materials and chemicals when possible. Additionally, considerations of recyclability, reusability and minimisation of landfill are input requirements into the design and development processes.

Raw materials supply

In relation to sourcing of raw materials to manufacture our products, we have developed a comprehensive Sustainability

Suppliers Questionnaire to gather information about chemicals of concern and to implement the responsible sourcing of materials. This helps us with monitoring suppliers' sustainability profile and making an informed decision when selecting new suppliers. The majority of our raw materials and components are transported to our manufacturing operations by sea freight.

MANUFACTURING

Waste prevention

The waste management hierarchy prioritises waste prevention, followed by recovery operations that divert waste from being sent to disposal, such as preparation for reuse, recycling, and other recovery operations. Nanosonics takes a proactive approach to managing the responsible disposal of components, materials, chemicals and other general waste accumulated throughout our operations. Waste is primarily generated

across the business through the product manufacturing and servicing activities, with lesser sources from general office activities. In addition, all our hardware products are compliant with the European Union Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electronic and electronic equipment (RoHS 2).

To prevent unnecessary waste entering landfill, the Company employs several measures to prevent waste generation. Throughout our offices, warehouses and manufacturing facilities are cardboard, paper, plastic and metal container and compost waste bins for employees to utilise. We place a particular emphasis on our manufacturing activities, where we seek to continuously improve our processes and initiatives to identify and implement waste minimisation activities. As a result, approximately 68% of total waste in Australia is diverted to recycling.¹ Nanosonics also

1. The decrease in recycling from 80% in FY21 is attributed to the one-off impact of re-location from the Lane Cove site to Macquarie Park site.

ENVIRONMENT CONTINUED

has waste management arrangements with local providers, who provide records of waste removal. Across our Australian operations, 151 tonnes of waste was generated during the reporting period, of which 99 tonnes was recycled.¹ In addition, 1,500 kg of hazardous waste was generated from R&D activities and responsibly managed through a hazardous waste management contractor.

Water consumption

Whilst our water consumption and usage has not been identified as a material issue for the Company, we nevertheless believe in the importance of long-term water stewardship and take responsibility to mitigate any unnecessary consumption. Nanosonics consumed 6.9 ML across our Australian manufacturing operations, and North American and the United Kingdom warehousing and distribution operations throughout the reporting period. This is based upon our water withdrawal from our utility providers for our international offices. The overwhelming majority of our consumption comes from our Australian operations, where all manufacturing and R&D activities are performed.

Packaging

During FY22, Nanosonics joined APCO (Australian Packaging Covenant Organisation) as a brand owner member and committed to aligning with APCO's 2025 target as much as possible. This involves working on increased recyclability of our primary and secondary packaging. For example, primary packaging of our new consumables is designed to be recycled at its end of life and easy-to-recycle food-grade HDPE (high density polyethylene) is used as the main material.

USE STAGE

Use/application

By using Nanosonics' trophon product, hospitals do not use toxic chemicals for ultrasound reprocessing, as trophon produces water and oxygen (environmentally friendly by-products) from the hydrogen peroxide disinfectant solution used to disinfect probes.

Operational energy use

Based on our marketing specification, the energy consumption for a trophon device is as follows:

- Warm-up 580 W
- HLD Cycle 200 W
- Sleep 3 W

This means that our customers' energy usage is around 2.5WH/day per trophon device.

Operational water use

The trophon family of products effectively reduce water consumption throughout the reprocessing cycle as compared to alternative disinfection processes, as a Trophon cycle converts the Nanonebulant consumable into water and oxygen by-products.

END OF LIFE STAGE

Another important pillar of waste management recognised by the Company is product stewardship and the responsible management of waste generated from our products. This is particularly important as our trophon EPR installed base approaches end-of-life. We have identified an opportunity to sustainably manage this final aspect of the product life cycle. We have contracted third party recyclers to assist in dismantling and recycling all recyclable components in these units, with a view to embracing circular economy principles and to avoid linear usage of materials.

All trophon devices that reach end of life are disassembled and approximately 80% of total weight is recycled.

This includes aluminium, electronic parts and plastic parts. The disassembly process is performed within Nanosonics and parts are then picked up by third party recyclers for the recycling process.

In the United States and Australia, approximately 13.5 tonnes of end-of-life units and replaced service parts were responsibly recycled by a third-party contractor. In Europe, 495 kg of electrical and electronic equipment from our products was responsibly recycled by a third-party contractor in accordance with the European Union's Waste from Electrical and Electronic Equipment (WEEE) Directive.

BENEFITS BEYOND SYSTEM BOUNDARY

Reuse

The benefits of trophon go beyond the system boundary. The innovative reprocessing technology of trophon was driven by the need to improve the efficiency and efficacy of HLD reprocessing medical devices. Outside of trophon, alternative methods of High Level Disinfection (HLD) utilised in clinics and healthcare facilities often involve:

- a higher level of staff intervention to conduct disinfection cycles;
- requirement for all staff to wear PPE gear, such as disposable protective gowns and gloves; and
- bulk use of chemical solutions in an open system, with ramifications of chemical fume exposure and bulk chemical dumping after use

Alternatively, trophon utilises an automated closed system design to reprocess ultrasound probes. Benefits of trophon include:

- drastic reduction of workforce time and effort in HLD reprocessing via automation
- minimal PPE disposal relative to other HLD methods
- mitigation of chemical fume exposure from closed system design
- zero chemical waste disposal as by-products are environmentally friendly water and oxygen
- ability for system to be reused, for a high throughput of disinfection cycles

As a result, the use of trophon has significantly improved the health and safety of workers whilst conducting HLD reprocessing and conserved the environment through innovative chemical waste management and reduction in equipment disposal.

Recycling

68% of total waste in Australia diverted to recycling and water savings from approximately 25.5 million trophon cycles annually across the global install base.

1. Calculated based upon 0.35t per cubic metre (m³).

CLIMATE CHANGE

Throughout the reporting period, climate change has been identified as a primary focus for our sustainability-related efforts. One key development in support of our climate change efforts has been increasing the precision and scope when quantifying our environmental footprint. Our Australian sites, which include our new headquarters and manufacturing operations in Macquarie Park, our previous headquarters in Lane Cove, and the development facility in Thornleigh, New South Wales, form the largest part of our business in terms of headcount, operations and manufacturing. Throughout the reporting period, these sites consumed approximately 771,439 kWh of energy. Solar power totaled 356,144 kWh of energy consumption for the reporting period.

In addition to reporting our energy consumption, we have taken the additional step to estimate the carbon footprint of our operations across Australia. We estimate zero scope 1 emissions were produced across both sites. This is a reflection of our research, development and manufacturing activities which do not involve the production of harmful greenhouse gas emissions. Our scope 2 emissions were approximately 659 tonnes, based upon the latest Australian Government National Greenhouse Accounts Factors (NGAF) factor for New South Wales of 0.78kg CO₂/kWh. Nanosonics did not record any emissions of ozone-depleting substances or other significant air emissions during the reporting period. We aim to expand the measurement of our climate footprint to encapsulate our international operations in the future.

ENVIRONMENT	FY22 ¹	FY21	FY20
Climate change			
Energy consumption (kWh)	771,439 ²	1,773,176	625,440 — 1,170,815 ³
Renewable energy usage (kWh)	356,144 ⁴	297,780	74,197 ⁵
Scope 1 emissions (tCO ₂ e) ⁶	0	0 ⁷	-
Scope 2 emissions (tCO ₂ e) ⁸	659	1,282	-
Recycling & waste			
Recyclable e-waste diverted from landfill (kg)	1,741	3,141	1,411
Responsibly disposed chemical and clinical waste (kg)	2,250 ⁹	865 ¹⁰	2,335
Water			
Consumption (ML)	6.9 ¹¹	6.3	-

During FY23, management intends to undertake a greenhouse gas emissions assessment to measure the carbon “footprint” of the organisation with a view to identifying appropriate and meaningful targets for the business.

1. All figures have come from Cochlear's (Lane Cove) and ANSPEC's (Thornleigh) facilities teams. As Nanosonics is now the primary tenant at all of its facilities, it is anticipated that for FY23 these figures will be monitored and collected directly by Nanosonics.
2. Assumption of reduced energy consumption includes: High number of staff working from home, therefore decreasing energy needs associated with office (reducing air conditioner loading, lighting loading, and general energy usage); Lane Cove site HVAC upgraded with new chiller system improving efficiency of cooling (Cochlear initiative).
3. The Company's FY20 calculation is based on an estimate for Nanosonics' proportion of the Lane Cove premises, as provided by the landlord.
4. Increase in renewable energy usage associated with a full year benefit of the solar panels installation.
5. Our FY20 calculation is based on an estimate for Nanosonics' proportion of the Lane Cove premises, as provided by the landlord.
6. Based upon our Australian premises in Lane Cove and Thornleigh, New South Wales.
7. Nanosonics has not identified any direct processes which generate greenhouse gas emissions from electricity generation, chemical processing, transportation or fugitive emissions in Australia. There are negligible greenhouse gas emissions from leased vehicles in Europe. We intend to capture our international carbon footprint in the next report period.
8. Based upon our Australian premises in Lane Cove and Thornleigh, New South Wales. Scope 2 emissions calculated based upon total energy consumption at these premises multiplied by National Greenhouse Accounting Factor of 0.78kg CO₂/kWh.
9. Increase in clinical waste due to an increase in R&PD activities associated with new technology.
10. Our FY21 results have significantly reduced from the prior reporting period as a result of a change in the Company's internal R&D activities.
11. Increase in water consumption also associated with R&PD activities associated with new technologies.

PEOPLE AND CULTURE



We recognise the tremendous value that our human capital provides to the Company. Diversity of thought brings unique and inspiring perspectives, which help contribute to the success of our business and the prosperity of the communities in which we operate. It is for this reason that Nanosonics places significant emphasis upon the care, wellbeing and prosperity of its workforce and the culture they work within.

This section deals with the internal People & Culture dimension of the 'Social' thematic in ESG. Within the 'Social' thematic, the Company has focused its efforts on three core areas:

- First, we wish to continue our progress from previous reports on diversity and inclusion throughout the workplace, from the Board downward.
- Secondly, the experience of our workforce, ensuring that their needs and interests are sufficiently addressed.
- Thirdly, the safety of our employees, contractors, patients and clinicians is critical, especially as we continue to endure through the COVID-19 pandemic.

DIVERSITY AND INCLUSION

Nanosonics proudly celebrates diversity and inclusiveness throughout our workforce. Having a workforce which reflects the communities in which we operate fosters different and unique perspectives which collectively drive our decision-making. It is through bringing together diverse backgrounds in this way that we are able to make business decisions and provide meaningful products to the market which are inclusive to all.



PEOPLE AND CULTURE CONTINUED

Below we set out the Company's FY22 Diversity and Inclusion Objectives and the outcomes against those objectives:

ACHIEVEMENT OF FY22 DIVERSITY AND INCLUSION OBJECTIVES:

OBJECTIVES	PERFORMANCE
Gender	
Senior Management to maintain or improve on FY21 gender representation of 38% female and to ensure close alignment towards the overall gender representation at Nanosonics year-on-year and to maintain or exceed the current 29% female representation at Board level	✓ Gender diversity at Senior Management reached 41%. Female representation at Board level has been maintained at 29%.
Retention rate of greater than 85% of the emerging female talent	✓ 90% retention rate.
FY21 identified emerging female leaders and identified female talent for the "next level leadership"	✓ 3 identified female talent in the next level leadership talent.
Flexibility	
Return to work from parental leave rate to be at least 90%	✓ Achieved at 100% return to work rate.
Increase in FY21 flexible work outcomes, with a particular emphasis on part-time employees	✓ In FY22 May, 1 month transition period was rolled out, for all employees to make lifestyle adjustments to transition from 100% remote to in-person attendance. A Hybrid Working Model was adopted, supporting a teams-based minimum 3 days in-person and maximum 2 days remote working. An increase to 11 employees working flexible from 4 in FY21.
Development and implementation of the Flexible Work Options policy	✓ The Flexible Work Guiding Principles and Hybrid Working Model were finalised and rolled out in April 2022.
Inclusion	
Implement an Inclusion Employee Experience Survey throughout the Company to establish a benchmark measure of inclusion	– This Inclusion Employee Experience Survey staff survey did not occur. ✓ Your Voice Employee Engagement Survey was rolled out in March 2022.
All people managers being offered an unconscious bias education session by the Diversity Council	✓ In FY22 August, the Unconscious Bias Training session for senior leaders and people managers, in partnership with Diversity Council Australia, was held. A recording is accessible for all staff to view.
Increasing overall workforce participation in unconscious bias training to at least 50%	– Staff have been tasked to complete an online Unconscious Bias Training Module. 41% have completed.
Maintaining the current gender diversity statistics of FY21	✓ 42% overall female, 41% senior manager.
Recruit a Senior Talent Acquisition Specialist, to assist with diversity and inclusion	✓ Hired in November, 2021.
Review and improve benefits offering throughout the Company	✓ COVID paid leave, including 2 x employee well-being days were introduced in 2021.
Attendance at Global Diversity and Inclusion events	✓ R U OK Day was celebrated.

PEOPLE AND CULTURE CONTINUED

Committed to gender representation in line with Hesta 40:40 Vision

Below we set out the Company's FY23 Diversity Objectives:

FY23 DIVERSITY AND INCLUSION OBJECTIVES:

Gender

- Continue to commit to working towards a gender balanced Executive Team and gender balanced Senior Leader level¹ which is aligned with the Company's global female representation of 42%,² and the Hesta 40:40 Vision³. An interim target has been included which sees the Company aim to increase the gender representation on the Executive Team to 18% by 2025.
- Increasing the senior leader level towards 40% female by end of FY23.
- Continue to build the emerging female leaders co-hort by identifying an additional 4 emerging female leaders during FY23 from a potential talent pool of 58 females.
- Retention rate of greater than 85% of the emerging female talent including the FY23 nominated emerging leaders.
- Identify internal successors (where applicable) with a focus on gender equity for each member of the Executive Team (FY22: 10%⁴ female) by end of FY23.
- Build a pipeline of diverse talent with a focus on gender equity for the next level roles in Operations and R&PD by end of FY23.

Flexibility

- Embed the New Ways of Working through a culture of Future Flex during FY23.
- Evolve the Nanosonics Flexible Work Guiding Principles into a Company policy which is inclusive of employee feedback gathered through an employee survey and employee focus groups post the introduction of Nanosonics Hybrid Working model.

- Introducing the concept of Flexible Options to provide flexible options for employees during their tenure with Nanosonics to enable any lifestyle adjustments where positive outcomes are able to be achieved for the Company, team and individual, for example: part-time hours, career break, transitioning to retirement or phased return from parental leave.
- Improving Nanosonics Flexible Leave by reviewing the current leave offering and seeking feedback from across the organisation to ensure a broad range of leave options are available and relevant to all Nanosonics employees.

Inclusion

- To continue to create a culture that is inclusive of everyone and where people feel valued and a sense of belonging by embracing diversity in relation to:
 - Age
 - Family or marital status
 - Sexual orientation, LGBTQI+
 - Gender
 - Disability & Accessibility
 - Ethnicity
 - Religious beliefs
 - Cultural background
 - Aboriginal & Torres Strait Islander People
 - Mental Health
 - Socioeconomic background
 - Flexibility

- Demonstrate support and inclusion for mental health in the workplace by aiming to be recognised as Bronze Mental Health First Aid Skilled Workplace Program and having Nanosonics workforce be skilled in MHFA.
- Create a culture of inclusion by understanding and being aware of unconscious bias through continuing the Unconscious Bias Unplugged training by the Australian Diversity Council for all employees during FY23 and FY24.
- Introduce a pilot learning experience on Allyship & Inclusive Leadership for Executive/Senior Leaders which will build on the unconscious bias awareness training and continue to create an inclusive culture by strengthening leadership inclusive behaviours.
- Continue to recognise, support and celebrate cultural diversity during FY23 with a focus on NAIDOC Week, World Mental Health Day, International Day of Disability, International Women's Day and International Day of Families.
- Extend our preferred recruitment partner model to include an agency that will support and educate Nanosonics on becoming a disability-inclusive organisation.
- Implementation of the HRIS (ELMO) will enable the reporting of culturally diverse statistics, such as gender identification, generational coverage (age), Indigenous Torres Strait Islander, ethnicity, and languages of our workforce to understand the current state of the diversity of Nanosonics.

1. This is defined as a direct report into an Executive Team member and/or in a senior manager role responsible for strategic delivery or execution of the Company's strategy. Please note: Recommendation 1.5 of the Corporate Governance Principles and Recommendations (4th Edition) recommends that listed entities clearly define how they are using similar terms in diversity targets.

2. As at 30 June 2022 and is based on the global headcount, inclusive of casual and maximum term contract.

3. 40:40 Vision | HESTA Super Fund. This model is for ASX 200 companies to commit working towards 40% women, 40% men and 20% any other gender at c-suite level by 2030.

4. As of 27 May 2022 and inclusive of the CEO&P, globally this is based on a total number of 10, 1 female. The vacant CIO role is not included in the total headcount. North America Leadership Team 9, 3 female (33%). EMEA Leadership Team 8, female 3 (38%).

PEOPLE AND CULTURE CONTINUED

WAYS OF WORKING

FY22 has seen the Company continue to support and recognise the resilience of its workforce. The nature of the pandemic continuing to evolve has meant that the Company has continued to update and shape its response from a “ways of work” standpoint.

This has seen a range of workplace policies adopted to support a dynamic, agile, and receptive foundation to the way we work together and collaborate. Importantly, we are committed to ensuring the needs of our people are balanced, and we place a focus on wellbeing. Hence, our workforce remains efficient at different phases of the COVID restrictions timeline.

A range of flexible practices have been adopted to support our people. This included instituting a range of practices, generally in line with government guidelines, to support stay at home orders during lockdown periods, isolation orders, vaccination requirements and mandatory on-site Rapid Antigen Testing (RAT) testing processes. During November 2021, NSW vaccination rates were high and COVID-19 case locations were low. The business responded by relaxing on-site RAT testing procedures and rolled out the Nanosonics Vaccination Policy – a core component being the consultation process with all employees. Meanwhile, fully vaccinated employees were required to produce a COVID-19 vaccination certificate prior to commencing shifts or, if not fully vaccinated, required to produce evidence of a negative COVID-19 PCR test, within 72 hours of commencing shift work.

Post-COVID restrictions, Nanosonics implemented a 1 month transition period during May 2022. Here, all employees had the opportunity make any lifestyle adjustments required to transition from 100% remote working to in-person attendance. Flexible Work Guiding Principles aligned with our Core Values to set a consistent and clear framework.

Return to office has been phased and managed via a hybrid working model, developed having regard to market practice. Our hybrid model has been implemented in tandem with the sliding scale of government restrictions, and in alignment to our coincidental move into the new Macquarie Park Headquarters in Sydney. Under this model, all employees followed a maximum 2 days remote and minimum 3 days in-person working schedule, with benefits of new state-of-the-art labs, cross-functional and collaborative office layout, dedicated learning spaces and greater access to public transport and other amenities.

The hiring and onboarding of all new employees who have joined Nanosonics since 1 July 2021 was conducted remotely, in accordance with our New Ways of Working strategy.

WORKPLACE

Our people are central to our success at Nanosonics. They span a variety of disciplines and demographics across the markets in which we operate. As of 30 June 2022, our total employee headcount has reached 425 globally. This significant increase is especially notable, given the challenging conditions which have continued to persist throughout the world because of COVID-19, which have made recruitment particularly challenging.

We continue to demonstrate a strong commitment to gender equality, with at least 42% of our global workforce made up with female-identifying employees. More specifically, there were 179 female-identifying employees across the Company, with 158 contracted on a permanent basis. This compares to 216 permanent and 30 temporary male-identifying employees. Further, we have 147 full-time female-identifying employees and 11 working part-time. This compares to 216 full-time male-identifying positions. Finally, we have maintained 29% female-identifying representation on the Board from the previous reporting period. These figures are accurate

as at the end of the reporting period. Non-employees are used sparingly throughout the business, though continue to contribute to product assembly, manufacturing and laboratory-based testing functions. None of our employees are covered by collective bargaining agreements.

Our workforce is diverse and spread across our global operations. Of our total workforce, 279 employees are located at our Australian offices, with 47 being temporary staff. Across the rest of the world, our workforce is employed entirely on a permanent basis. 103 staff make up our North American offices, reflecting the significance of this market to our core business. Our United Kingdom, EMEA and Japan offices have grown to 14, 20 and 9 employees respectively, reflecting the growing momentum in these markets.

Ensuring a safe and supportive work environment enables our staff to prosper and our Company Mission to be advanced. Through our Employee Engagement Survey, the Executive Team sought to understand the overall experience of our people across all our offices. 94% of our employees strongly agree that they believe in the purpose of Nanosonics, with 93% believing their work contributes to the goals of the Company. This result was based upon 93% participation in the Employee Engagement Survey. The CEO&P and Chief People & Culture Officer run regular “Town Hall” meetings to share updates and facilitate alignment.

Nanosonics provides generous support and parental leave for employees transitioning from pregnancy into the early stages of their child's lives. We believe that it is important to encourage both men and women equally to utilise the resources and leave entitlements, encouraging a healthy balance of parental responsibilities. 100% of employees who took parental leave during the reporting period returned to work.

PEOPLE AND CULTURE CONTINUED

EMBEDDING OUR CORE VALUES

Notably, in FY22, we focused on building our Global Leadership Success Profiles to include both People Leadership capabilities and Behavioural Descriptors which embed our Core Values.

The Managing for Success Leadership Program, which is a fit-for-purpose program to empower leaders at all levels and help them deliver business growth, was launched in November. This program has already commenced with mandatory workshops (Coaching Conversations, and Hiring for Talent) for all leaders, including the Executive during FY22. The Program will continue to be rolled out over an 18-month period.

Our Core Values are embedded through our SuperSonics Reward and Recognition program. This program includes our Core Values Quarterly Award which operates by peer nomination and rewards and recognises employees who have embodied our Core Values.

EMPLOYEE, PATIENT AND CLINICIAN SAFETY

The safety of patients and our employees is essential. Through our products, we strive to mitigate cross-infection and the spread of diseases in healthcare facilities around the world. At home, we seek to ensure that safety procedures are strictly adhered to for the protection of our staff. Throughout FY22, Nanosonics maintained strict compliance with COVID-19 guidance provided by local government authorities around the world. Our office spaces were modified to reflect emerging norms around social distancing and increased surface cleaning. Like many companies, Nanosonics has formalised its work from home practices provided safety can be maintained and the individual's role is not impacted.

Our lost time injury frequency rate (LTIFR) and total recordable injury frequency rate (TRIFR) for the reporting period in Australia were 2.16 and 4.32 respectively per million hours worked. This compares to an industry benchmark LTIFR of 8.5,

as prepared by SafeWork Australia.

Our Workplace Health and Safety Committee meets monthly to address incidents and hazards throughout the workplace, as well as broader risk management. Site inspections and safety audits are also routinely performed across our Australian facilities to ensure that proper health and safety procedures and protections are being utilised.

The safety of patients and clinicians using our products around the world is of utmost importance. Nanosonics endeavours to comply with all information and labelling requirements in the markets which our products are distributed. We supply safety data sheets for all of our products which may be hazardous to the user or environment if not handled correctly, including the chemical disinfectant solution for trophon and associated wipes. The trophon also includes electric hazard warnings on the device. All product user manuals detail the safe use conditions for the product and appropriate disposal methods.

PEOPLE AND CULTURE	FY22	FY21	FY20	FY19
Workplace				
Total employees (No.)	425	339	311	286
Employees returning from parental leave (%)	100	100	—	—
Safety				
Lost Time Injury Frequency Rate (LTIFR)	2.16	6.94	—	—
Total Recordable Injury Frequency Rate (TRIFR)	4.32	6.94	—	—
Whistleblower reports	0	0	0	—
Diversity and inclusion				
Women as a percentage of the total workforce (%)	42	41	41	36
Women in STEM roles (%)	39	42	39.8	—
Women in Senior Management ¹ (%)	41	38	32	30
Women in Board roles (%)	29	29	29	17

1. The definition of senior management used from FY20 onwards is CEO&P and Executives and their direct reports. The definition of senior management used in FY19 was CEO&P and Executives and their direct reports, excluding those individuals who are not people managers.

COMMUNITIES

Nanosonics recognises that our success as a business depends upon maintaining and strengthening our social license to operate. We believe that engaging with the communities in which we operate, in an effort to be a force for social good, is key to managing goodwill. Through community engagement, we seek to leave a positive impression and to give back to those who support our operations around the world.

This year, we have focused upon three central tenets to our community engagement. First, we are strengthening our efforts to engage with our broader supply chain to address the risk of modern slavery and other human rights concerns. Second, we continue to maintain our longstanding charitable commitments which give back to various community groups. Finally, we are focused upon bolstering the educational opportunities for future generations, with a particular focus upon women.

Notably, the FY22 Community Engagement Committee was established. This diverse committee consists of members from throughout the business. The committee is tasked with leading our Community Contributions Program. Within this program, we are evolving existing, and developing new, pathways to support the general community, education and training in the STEM community and the healthcare community.

HUMAN RIGHTS

Nanosonics takes seriously its responsibility to combat human rights abuses throughout our global supply chain. The Company accepts that slavery continues to plague many vulnerable persons around the world. Unfortunately, however, modern slavery takes a range of forms, many of which are not immediately recognisable and are often overlooked.

We recognise the important function which supply chain due diligence plays in detecting and responding to possible instances of modern slavery. Our Sustainable Supply Chain Initiative was designed and implemented with a view to identifying areas of potential concern throughout our immediate suppliers. Throughout the reporting period, we have not identified any at-risk suppliers through our engagement efforts.

Over successive years, we will continue to expand the scope of our supplier engagement to continue to map our supply chain impacts.

Certain minerals and inputs into our products and services may have disproportionately large exposure to human rights abuse, namely due to the manner of extraction. For the purposes of Sustainable Supply Chain Initiative, conflict minerals refer to tin, tantalum, tungsten and gold (3TG). Conflict minerals are an important focus for the Company throughout our product development and R&D. Where our products include traces of conflict minerals, we seek to ensure that they are responsibly sourced and only used where absolutely necessary. We will provide further insights on our efforts to address modern slavery in our Modern Slavery Statement.

CONTRIBUTIONS

Contributing to the communities in which we operate is an important philanthropic focus for Nanosonics. Whilst COVID-19 has continued to impact the ways in which we can interact in-person with the local community, this has not impacted our efforts to give back to society. Nanosonics has maintained its longstanding commitments to the Cancer Council of Australia and the St Vincent de Paul Society through participating in the Biggest Morning Tea and CEO Sleepout respectively. At this year's CEO sleepout, the \$22,778 raised will contribute towards 72 individual support programs, 189 beds and 759 meals. Throughout the reporting period, Nanosonics has raised \$38,500 across its various charitable initiatives.

Nanosonics does not make political contributions of financial or in-kind support, either directly or indirectly, to government organisations or other bodies in the regions in which we operate. Such contributions are regulated by the Anti-Bribery & Anti-Corruption Policy, which require prior approval from the Chief Executive Officer.



I'VE JUST SIGNED UP FOR THE
**VINNIES
CEO SLEEPOUT™**
ON 23 JUNE 2022



More than 116,000 people will be homeless across Australia tonight. I'm sleeping out to help break the cycle of homelessness.

Support me in my quest to reduce homelessness by making a donation to my profile
<https://www.ceosleepout.org.au/fundraisers/michaelkavanagh11052>

Many thanks,

MICHAEL KAVANAGH
CEO & President
Nanosonics Limited



[ceosleepout.org.au](https://www.ceosleepout.org.au)

COMMUNITIES CONTINUED

COMMUNITY ACTIVITIES

In July 2022, Nanosonics celebrated National NAIDOC Week, where we encouraged and supported our community in joining in on the NAIDOC festivities. This included an immersive week-long display of music, art, film, and food, running a NAIDOC CINEMA short film festival to showcase the rich culture, history and achievements of Indigenous and Torres Strait Islander peoples, and launching an Indigenous Cultural Awareness Bundle Training Course for all employees.

Along with continuing our tradition of participating in the Biggest Morning Tea event and CEO Sleepout, in FY23, we will also be launching events for NAIDOC week, R U OK day / World Mental Health Day, International Day of Disability, International Women's Day, International Day of Families.



EDUCATION

Nanosonics believes strongly in the need to support the education of the next generation of students, who will continue to support our mission into the future. The Company has a proud and ongoing history working with Australia's leading universities on clinical and other research initiatives. Despite the challenging conditions due to COVID-19, we were able to provide internship opportunities for 16 students to participate in our workplace and develop essential work experience during their degrees. These interns were placed in a range of departments, including engineering, R&D, marketing, clinical affairs and legal. We are proud of the contributions which are interns have made, several of whom have been promoted to full-time positions.

In FY22, the Community Engagement Committee was established, with one foundational pillar being our contribution in fostering quality education and empowering young talent. Currently, networking has been established with universities and their student societies, and also high school science and STEM forums.

Key objectives have been set for FY23, including securing secondary and tertiary education collaborations with focus on overcoming barriers to equal-access education, like socioeconomic and gender parity, and creating meaningful and lasting impact for the student learning experience.

COMMUNITIES

	FY22	FY21	FY20	FY19
Human rights				
At-risk suppliers identified	0	—	—	—
Contributions				
Charitable donations (\$AUD)	38,500	43,805	—	—
Education				
University internships	16	14	—	10



APPENDIX

GRI CONTENT INDEX

This report has been reviewed and approved by the Board of Directors. The Board of Directors acknowledges responsibility for the following statement of use:

The information reported by Nanosonics Limited for the reporting period 1 July 2021 to 30 June 2022 has been prepared with reference to the GRI Standards cited in this content index.

GRI STANDARD	DISCLOSURE	LOCATION OF REPORTED INFORMATION
GRI 102: General Disclosures 2016	<i>Universal Standards</i>	
	102-1: Name of the organisation	Page 1
	102-2: Activities, brands, products and services	Page 7
	102-3: Location of headquarters	Page 7
	102-4: Location of operations	Page 7
	102-5: Ownership and legal form	Page 7
	102-6: Markets served	Page 7
	102-7: Scale of the organisation	Pages 7, 21 — Annual Report
	102-8: Information on employees and other workers	Page 26
	102-9: Supply chain	Page 16
	102-10: Signification changes to the organisation and its supply chain	Page 16
	102-11: Precautionary Principle or approach	Page 19
	102-12: External initiatives	Page 15
	102-13: Membership of associations	Page 15
	102-14: Statement from senior decision-maker	Page 3
	102-16: Values, principles, standards and norms of behaviour	Page 6
	102-18: Governance structure	Pages 8-10
	102-19: Delegating authority	Page 15
	102-20: Executive-level responsibility for economic, environmental and social topics	Page 9
	102-21: Consulting stakeholders on economic, environmental, and social topics	Page 12
	102-22: Composition of the highest governance body and its committees	Page 9 and Corporate Governance Statement
	102-23: Chair of the highest governance body	Page 9 and Corporate Governance Statement
	102-24: Nominating and selecting the highest governance body	Annual Report
	102-25: Conflicts of interest	Annual Report

APPENDIX CONTINUED

GRI STANDARD	DISCLOSURE	LOCATION OF REPORTED INFORMATION
GRI 102: General Disclosures 2016	<i>Universal Standards</i>	
	102-27: Collective knowledge of highest governance body	Annual Report
	102-28: Evaluating the highest governance body's performance	Annual Report
	102-31: Review of economic, environmental and social topics	Page 4
	102-32: Highest governance body's role in sustainability reporting	Page 30
	102-35: Remuneration policies	Annual Report
	102-40: List of stakeholder groups	Page 12-13
	102-41: Collective bargaining agreements	Page 26
	102-42: Identifying and selecting stakeholders	Page 12
	102-43: Approach to stakeholder engagement	Pages 12
	102-44: Key topics and concerns raised	Page 13
	102-45: Entities included in the consolidated financial reports	Annual Report
	102-46: Defining report content and topic boundaries	Page 4
	102-47: List of material topics	Page 14
	102-48: Restatement of information	N/A
	102-49: Changes in reporting	Page 4
	102-50: Reporting period	Page 2
	102-51: Date of most recent report	Page 2
	102-52: Reporting cycle	Page 2
	102-53: Contact point for questions regarding the report	Page 2
	102-54: Claims of reporting in accordance with the GRI Standards	Page 4
	102-55: GRI content index	Page 30-33
	102-56: External assurance	Corporate Governance Statement

APPENDIX CONTINUED

GRI STANDARD	DISCLOSURE	LOCATION OF REPORTED INFORMATION
GRI 200: Economic		
GRI 201: Economic Performance 2016	201-1: Direct economic value generated and distributed	Annual Report
GRI 204: Procurement Practices 2016	204-1: Proportion of spending on local suppliers	Page 16
GRI 205: Anti-corruption 2016	205-3: Confirmed incidents of corruption and actions taken	Page 17
GRI 206: Anti-competitive Behaviour 2016	206-1: Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Page 17
GRI 207: Tax 2019	207-1: Approach to tax	Annual Report
	207-2: Tax governance, control and risk management	Annual Report
	207-4: Country-by-country reporting	Annual Report
GRI 300: Environmental		
GRI 302: Energy 2016	302-1: Energy consumption within the organisation	Page 22
GRI 303: Water and Effluents 2018	303-5: Water consumption	Page 22
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	Page 22
	305-2: Energy indirect (Scope 2) GHG emissions	Page 22
	305-6: Emissions of ozone-depleting substances (ODS)	Page 22
	305-7: Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	Page 22
GRI 306: Waste 2020	306-1: Waste generation and significant waste-related impacts	Page 19-22
	306-2: Management of significant waste-related impacts	Page 19, 21-22
	306-3: Waste generated	Page 22
	306-4: Waste diverted from disposal	Page 22
	306-5: Waste directed to disposal	Page 22
GRI 307: Environmental Compliance 2016	307-1: Non-compliance with environmental laws and regulations	Page 20
GRI 308: Supplier Environmental Assessment 2016	308-2: Negative environmental impacts in the supply chain and actions taken	Page 20

APPENDIX CONTINUED

GRI STANDARD	DISCLOSURE	LOCATION OF REPORTED INFORMATION
<i>GRI 400: Social</i>		
GRI 401: Employment 2016	401-3: Parental leave	Page 24-27
GRI 403: Occupational Health and Safety 2018	403-9: Work-related injuries	Page 27
	403-10: Work-related ill health	Page 26-27
GRI 405: Diversity and Equal Opportunity 2016	405-1: Diversity of governance bodies and employees	Annual Report
GRI 408: Child Labour 2016	408-1: Operations and suppliers at significant risk for incidents of child labour	Page 19
GRI 409: Forced or Compulsory Labour 2016	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labour	Page 19
GRI 414: Supplier Social Assessment 2016	414-1: New suppliers that were screened with social criteria	Page 16
	414-2: Negative social impacts in the supply chain and actions taken	Page 16
GRI 415: Public Policy 2016	415-1: Political contributions	Page 28
GRI 417: Marketing and Labelling 2016	417-1: Requirements for product and service information and labelling	Page 27
	417-2: Incidents of non-compliance concerning product and service information and labelling	Page 27
	417-3: Incidents of non-compliance concerning marketing communications	Page 17
GRI 418: Customer Privacy 2016	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 17

