



Nanosonics Limited

2021

Modern Slavery Statement

NANOSONICS LIMITED (ABN 11 095 076 896) reports annually with respect to modern slavery. This Modern Slavery Statement covers the period 1 July 2020 to 30 June 2021. It is the first consolidated Modern Slavery Statement covering our Australian and United Kingdom entities. This Statement has been reviewed and approved by the Board of Directors.

Unless otherwise specified, measurements and data in this Statement 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 Statement please contact:

<https://www.nanosonics.com/contact/>

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Introduction

This Modern Slavery Statement (**Statement**) is made on behalf of the reporting entity Nanosonics Limited (**Nanosonics**) pursuant to the Australian *Modern Slavery Act 2018*. This Statement is also published on behalf of the reporting entity Nanosonics UK Limited, a wholly owned subsidiary of Nanosonics that operates in the UK, pursuant to the United Kingdom *Modern Slavery Act 2015*.

This Statement outlines efforts Nanosonics has made throughout the 12-month period ending 30 June 2021 (**FY21**) to address modern slavery risks throughout its operations and supply chain, and activities that are planned for future years.

This Statement has been approved by the Board of Directors of Nanosonics Limited on 13 December and the Board of Directors of Nanosonics UK Limited on 21 December 2021.



MICHAEL KAVANAGH

CEO and President

22 December 2021

About Nanosonics

Overview

Nanosonics (ASX:NAN) is an Australian infection prevention company that has successfully developed and commercialised a unique automated disinfection technology, trophon®, representing the first major innovation in high level disinfection for ultrasound probes in more than 20 years.

trophon is fast becoming the global standard of care for ultrasound probe disinfection. We will continue to drive trophon adoption through our ability to transform the way infection prevention practices are understood and conducted in existing markets and through continued geographical expansion.

Our commitment to innovation is reflected in our investment in research and product development as we look to expand our product portfolio and bring new infection prevention products to market. In June 2021, we released our first discrete data, traceability and compliance management system, Nanosonics AuditPro™, which integrates infection prevention decision-making, track and trace, and compliance into a single digital solution.

Structure

Nanosonics, headquartered in Sydney, Australia, is the ultimate parent company for the Nanosonics Group globally (together, **the Group**). Nanosonics is listed on the Australian Securities Exchange (**ASX**) (ASX:NAN) and is a constituent of the S&P/ASX200 index.

The Group includes regionalised subsidiaries which aid in the sale, distribution and customer support for Nanosonics products and services supplied in the markets in which we operate. The Group also includes Australian-incorporated subsidiaries which support the Group through the management of intangible assets and activities associated with strategic investments. Nanosonics' subsidiaries are listed in full in our Annual Report 2021.

Operations

The Group's operations primarily include the development, manufacture, marketing of and support for our infection prevention products and services. These are sold internationally across the 30 markets which we operate.

Nanosonics engages with a range of third parties to bring our products and services to market. Key third parties include suppliers of components and other inputs, consultants, cloud infrastructure and other expertise, as well as distributors and resellers of our products and services.

Information on Nanosonics' employee headcount and breakdown of permanent and temporary employees and number of employees in each geographical region as at 30 June 2021 is set out in our 2021 Sustainability Report.

Supply chain

Nanosonics develops, manufactures and markets the trophon® ultrasound probe disinfectant and its associated consumables, accessories and services. Nanosonics has its primary manufacturing facilities in Australia. Other products, components and inputs are sourced globally. Finished units are distributed across the Group or to third-party distributors which Nanosonics maintains an ongoing distribution relationship.

As a multi-national company, we have complex and global supply chains through which we procure:

- raw materials and finished goods for use in our production,
- goods and services to support our offices and operations worldwide – including stationery and maintenance services.

Nanosonics sources components and inputs from more than 400 Tier 1 Suppliers¹ in locations such as Europe, the UK, North America, China and the Asia Pacific region.

¹ Tier 1 Suppliers are defined as suppliers who provide goods or services directly to Nanosonics, without an intermediary party. These are suppliers that we have a direct trading relationship with.

Risks of modern slavery practices in our operations and supply chain

Nanosonics is committed to making efforts to identify any modern slavery risks throughout our value chain and addressing them where they exist. These efforts extend to our internal operations and throughout the various tiers of our supply chain. We recognise that defeating modern slavery is a complex, long-term challenge. We strive to continue to develop and strengthen our modern slavery program as our company continues to grow and expand its workforce and product portfolio.

Operations

Most of our Nanosonics team members are employed directly. This lowers modern slavery risks within our direct workforce. Non-employees (such as individuals contracted through third-party labour providers) are used sparingly throughout the business, though may contribute to product assembly, manufacturing and laboratory-based testing functions. Where third-party labour providers are used, appropriate contracts are put in place. Naturally, we may have less direct visibility and control over these workers and their employment terms, who may be susceptible to exploitation, which presents human rights risks, such as forced labour risk.

Supply chain

Components for our trophon and AuditPro products are sourced from suppliers residing within Europe (including Germany), the UK, North America, China and the Asia Pacific region (including Australia and New Zealand). 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, such as conflict minerals including tin, tantalum, tungsten and gold (3TG).

In FY22, Nanosonics is working to complete an initial review of our largest Tier 1 suppliers. Our initial review will focus on our most significant Tier 1 Suppliers – whom collectively represent around ~80% of our total supplier spend for FY21. This will form part of our larger stakeholder engagement effort, supporting our efforts to address non-financial aspects of our business. More information on Nanosonics' environmental, social and governance (**ESG**) initiatives are found in our 2021 ESG Report.

Our rationale for our initial Tier 1 supplier review focused upon identifying our largest suppliers who may be exposed to modern slavery risks as a result of their location or the categories of products supplied to Nanosonics. Our Tier 1 suppliers are drawn from a range of international markets such as China and Taiwan and a range of products, components and inputs including electronics components. In future years, we intend to review other suppliers such as those that represent modern slavery risks due to the nature or location of their business.

Actions taken to assess and address modern slavery risks

In FY21, Nanosonics reviewed and updated its Risk Management Policy and Framework, as well as its Risk Appetite Statement. Nanosonics also updated its Code of Conduct & Ethics (**Code**), Supplier Standard Operating Procedure and is in the process of formalising an updated Procurement Policy. To supplement these policies, Nanosonics is in the process of training all staff on the Code which includes our Mission, Core Values and critical policy frameworks, as well as touching directly on modern slavery issues.

During this period, Nanosonics prepared its newly developed Sustainable Supply Chain Initiative which is currently being launched. The purpose of the Sustainable Supply Chain Initiative is to further engage our supply chain to better understand the various ESG opportunities and risks, including modern slavery risks, which exist beyond our immediate operations. This process has seen Nanosonics:

- review our Supplier Assessment Questionnaire which is a key part of our due diligence process when engaging potential suppliers,
- share a survey with our most significant Tier 1 Suppliers for them to report on ESG issues, including labour practice issues, and modern slavery issues, and
- map our Tier 1 Suppliers by country of incorporation and the category of products and services it provides to Nanosonics to help us assess modern slavery risks in our supply chain.

Nanosonics will determine any “at risk” Tier 1 suppliers through analysis of supplier responses to our questionnaire and survey, and supply chain mapping as part of its FY22 Sustainability Report activities.

If an “at risk” Tier 1 Supplier is identified, our remediation processes include the potential to:

- conduct on-site ‘social audit’ investigations,
- collaborate with the supplier to establish remedial plans to address and mitigate modern slavery risks,
- conduct follow-up monitoring, and
- end relationships with “at risk” suppliers where modern slavery risks cannot be sufficiently mitigated.

As part of our ongoing reporting and risk management practices, Nanosonics will continue to update its modern slavery related policies and procedures, implement training and internal education programs to its employees on modern slavery issues, report at least annually to the board on modern slavery risks and develop and update its supply chain mapping as Nanosonics expands its business.

How we assess the effectiveness of our actions

Nanosonics understands the importance of assessing the effectiveness of the actions we are taking to assess and address modern slavery risks. Currently, we are working to understand the effectiveness and impact of our initiatives set out in this Statement.

For future reporting periods, we intend to assess the effectiveness of our actions in assessing and addressing modern slavery risks by reference to the following key measures and target activities:

- % coverage of our supply chain and number of Tier 1 Suppliers who respond to and complete our survey with labour practice questions,
- frequency of review of relevant policies,
- % of employees in the Group who have completed in person or virtual training on our policies, including the Code and on modern slavery risks in our operations and supply chain, with a focus on staff involved in procurement and purchasing,
- evaluation as to whether insight we gain from our surveys and questionnaires align with industry averages for risk areas as informed by modern slavery expert stakeholders such as government bodies, non-governmental bodies, consultants, charities, etc.,
- internal benchmarking against other ASX200 reporting entities and comparable industry peers, taking into account public commentary by modern slavery expert stakeholders on how entities can improve their modern slavery efforts,
- feedback from leadership, the Board, and shareholders,
- where applicable, the number and efficiency of resolution of complaints raised under our Speak Up Policy with respect to modern slavery issues,
- where possible, analysing the results of our supplier engagement efforts against industry-standard insights prepared by modern slavery expert stakeholders; and
- where applicable, the number of Tier 1 Suppliers with remedial plans in place and implemented in response to modern slavery risks identified.

Over the coming years, we anticipate that the maturity of our modern slavery program and its effectiveness will develop and learn from our initiatives, including our Sustainable Supply Chain Initiative, external good practice and continued dialogue with our suppliers.

Consultation throughout the Group

This Statement has been prepared by Nanosonics in consultation with our UK reporting entity. The process of consultation involved engagement with our key teams that collaborate in an effort to identify, assess and manage human rights and modern slavery risks in our operations and supply chain (including Procurement, People and Culture, Legal and Finance across the Group).

The Boards of Nanosonics Limited and Nanosonics UK Limited, were provided this Statement for discussion, review and approval.