



February 2021

Clawback Policy

Nanosonics Limited
ABN 11 095 076 896

1. PURPOSE OF THIS POLICY

This document sets out Nanosonics' policy in relation to the clawback of remuneration in certain circumstances.

The underlying principle of the Nanosonics Clawback Policy is that an Executive Key Management Personnel (Executive KMP) should not receive performance based remuneration if the Board considers that such remuneration would be an "unfair or inappropriate benefit". In such instances, the Board reserves the right to clawback some or all of the Executive KMP's proposed performance based remuneration.

2. SCOPE

This Policy applies to all Executive KMP.

Remuneration covered by the Policy includes any award made under the Company's Short Term Incentive Scheme (**STI**), or Long Term Incentive Scheme (**LTI**) or any other equity award that has not been paid or vested (together, **Employee Share Schemes**).

3. POLICY

3.1 When the Policy may apply

If the Board becomes aware of circumstances that have resulted in an unfair or inappropriate benefit to an Executive KMP including:

- a material misstatement or omission in the consolidated financial statements of the Group;
- the misconduct of any Executive KMP; or
- any other circumstance that the Board determines in good faith to have resulted in an unfair or inappropriate benefit to the Executive KMP,

the Board may, at its absolute discretion, reduce or clawback awards made under the Company's Employee Share Schemes.

3.2 How the Policy may be applied

The reduction or clawback of Executive KMP remuneration may include the following actions:

- cancelling or requiring the forfeiture of some or all of the Executive KMP's unvested or deferred STI or LTI awards;
- adjusting the Executive KMP's future performance based remuneration;
- requiring reimbursement of cash incentive compensation previously paid;
- requiring payment of any gain or benefit (whether realised or not) arising from the vesting, exercise, settlement, sale, transfer or other disposition of any Employee Share Scheme awards or of securities deriving from those awards;
- off-setting any other compensation otherwise owed by the Company to the Executive KMP;
- initiating legal action against the Executive KMP; and/or
- any other action the Board considers appropriate.

The Board has absolute discretion in relation to determining what constitutes an "unfair or inappropriate benefit" and how to apply the clawback, subject to compliance with the law and the conditions set out in this Policy. This discretion can be applied at any time.

In the event an Executive KMP terminates their employment with the Company:

If the Nanosonics Board exercises its discretion to allow a participant to retain equity under any of the Employee Share Schemes following termination of employment (recognition of “good leaver status”), then this Policy allows the Board to rescind such discretion at any time prior to vesting of such equity, and continues to apply to any shares after exercise.

The Board is not required to show loss to the Company in order to determine that an unfair benefit should be subject to clawback. The Board will act reasonably in determining how a clawback should be applied.

4. COMPLIANCE

A copy of this Policy is provided to all Executive KMP and is also available on the Company's website.

The Board is responsible for monitoring compliance with this Policy.

The Board may in its absolute discretion amend this policy at any time.