



Nanosonics Limited

2023

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 2022 to 30 June 2023. It is the third consolidated Modern Slavery Statement covering our Australian and United Kingdom entities following our initial Modern Slavery Statement for the financial year 2020/21. 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 joint Modern Slavery Statement (**Statement**) has been prepared by Nanosonics Limited (**Nanosonics**) on behalf of itself pursuant to the Australian *Modern Slavery Act 2018*, and Nanosonics UK Limited, a wholly owned subsidiary of Nanosonics that operates in the UK, pursuant to the United Kingdom's *Modern Slavery Act 2015*.

This Statement sets out the approach and actions taken by Nanosonics and its subsidiaries to assess and address modern slavery risks in their operations and supply chains during the 12-month period ending 30 June 2023 (**FY23**).

This Statement has been approved by the Board of Directors of Nanosonics Limited on 14 December and the Board of Directors of Nanosonics UK Limited on 21 December 2023.



MICHAEL KAVANAGH

CEO and President

21 December 2023

About Nanosonics

Overview

Nanosonics Limited (ASX:NAN) is an emerging global leader in automated instrument reprocessing. Nanosonics is an Australian-born 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. Nanosonics AuditPro™ is our first discrete data, traceability and compliance management system. We have also made positive progress across development activities, clinical/regulatory planning and manufacturing preparation of our new endoscope instrument reprocessing platform, Nanosonics CORIS®.

Structure

Nanosonics Limited is the parent company for the Nanosonics Group globally (together, **the Group**). Nanosonics is listed on the Australian Securities Exchange (**ASX**) (ASX:NAN) and is an ASX 200 company.

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 respect to strategic investments. Details of Nanosonics' subsidiaries are listed on page 98 of our Annual Report.

Operations

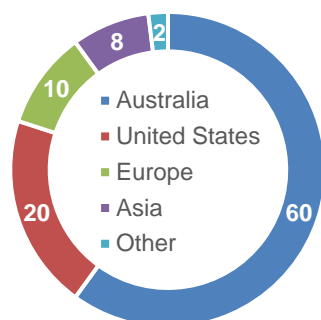
The Group's operations primarily include the development, manufacture, marketing of and support for our infection prevention products and services. Nanosonics' products are currently being sold in 31 markets.



Nanosonics engages with a range of third-party suppliers and contractors to deliver 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.

Our workforce continues to grow year-on-year, reaching 482 employees at the end of FY23.

Nanosonics Workforce



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 for trophon in Australia.

Nanosonics also develops and distributes 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 is also developing a new product designed to address an unmet need in the infection prevention sector – the difficulties of cleaning flexible endoscopes. This represents a new product and accordingly a distinct supply chain is being established to support the commercialisation of this new product, CORIS.

Other products, components and inputs are sourced globally. Finished units are distributed across the Group or to third-party distributors with which Nanosonics maintains an ongoing distribution relationship in the markets in which it operates.

Nanosonics' products are generally regulated healthcare products. This means they are approved or cleared by regulatory bodies in the relevant markets before they can be sold to customers. This aspect of Nanosonics' business also impacts Nanosonics' supply chain through Nanosonics requiring a high level of quality assurance from its suppliers, and ensuring where possible that components used in its products are sourced from reliable and known suppliers.

Nanosonics depends on a complex international supply chain to support its products and services (**direct suppliers**), as well as its day-to-day business operations and corporate functions (**indirect suppliers**). Nanosonics sources components and inputs from more than 100 Tier 1 Suppliers¹ (direct suppliers) in locations including Europe, the UK, North America, China and the Asia Pacific region.– Approximately 89% of our direct suppliers are single-source suppliers and 66% of which provide custom-made components for Nanosonics.

With regard to the Global Slavery Index, we note the following observations:

- Nanosonics does not engage any Tier 1 Suppliers in the countries determined by the Global Slavery Index to have a high prevalence and vulnerability for modern slavery.
- Out of more than 100 Tier 1 Suppliers, the minority (14) are located in China, Taiwan or India (with

¹ Tier 1 Suppliers are defined as suppliers who provide goods or services directly to Nanosonics for use in Nanosonics' products. These are suppliers that we have a direct trading relationship with.

the balance primarily being located in Australia, UK, US and Japan). These 14 suppliers have signed and agreed to comply with the Supplier Code of Conduct.


- During FY24, Nanosonics will engage with these 14 suppliers located in areas deemed to have a higher risk of modern slavery to better understand and remediate Nanosonics' exposure to modern slavery risks (described further below).

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

Nanosonics has identified potential modern slavery risk areas or factors relating to the Group's operations which are expressed below:

| Increasing risk profile | Relative risk level | Role/Scenario | Risk description |
|--|---------------------|---|---|
|  | Low | Professional workers in the Corporate hub, Office, Research & Development | The overwhelming majority of Nanosonics' workforce is employed directly by the Group. This lowers modern slavery risks within our direct workforce. |
| | Low | Manufacturing, production and assembly line workers | The overwhelming majority of Nanosonics' workforce is employed directly by the Group. This lowers modern slavery risks within our direct workforce. Nanosonics does not outsource any manufacturing. |
| | Medium | Third-party labour providers (i.e. non employees) | 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, this is generally in Australia where labour is sourced through reputable third-party providers, and appropriate contracts are put in place (the Case Study below demonstrates this in greater detail). However, the business may naturally have less direct visibility and control over these workers and their employment terms. All third parties undergo the appropriate checks in accordance with the Company's procurement policy. |

Supply chain

The Group is aware of managing risks in the supply chain, particularly its dependence on critical suppliers for the supply of key materials which can carry modern slavery risks. 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).

Since FY22, Nanosonics has engaged with our largest Tier 1 suppliers whom collectively represent around ~80% of our total supplier spend.

These reviews focused on identifying our largest suppliers by spend 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 based in various countries such as China and Taiwan and supply a range of products, components and inputs including electronics components for Nanosonics' products and consumables.

As a result of these reviews, we have an improved work understanding of supply chain risks and a better gauge on identifying which of our suppliers may potentially be exposed to modern slavery risks as a result or combination of certain factors, including geographical location, categories of products supplied to Nanosonics, role and skill level required and/or the industry. From this learning, we seek to shape and evolve our current supplier screening and risk review processes such that it is more expansive and in-depth, in the appropriate focus areas.

In FY23, Nanosonics has undertaken an exercise to consider its Tier 1 Suppliers against the Modern Slavery Index. Set out below is an image which shows the location of Nanosonics' suppliers relative against that Index. As can be seen, it indicates that the majority of Nanosonics' Tier 1 Suppliers for the current (trophon) business are situated in low risk countries such as Australia and New Zealand. A minority of suppliers are situated in China, Taiwan or India. Of those several suppliers situated in those regions:

- a number are large, international businesses that can be understood to have mature operations and compliance frameworks.
- Nanosonics' senior management engages with other ASX listed companies in its sector who also engage with those same suppliers to obtain additional insights regarding those suppliers and therefore comfort in their compliance arrangements.
- the actions taken to assess and address modern slavery risks described later in this Statement apply to those China (including Hong Kong) or Taiwan based suppliers.
- where Nanosonics is conducting a site visit on a China based supplier, Nanosonics will undertake an assessment of factors that are relevant to modern slavery risks.
- in addition, during FY24, Nanosonics will engage further with these China or Taiwan based suppliers to consult them on modern slavery related issues, and provide tailored, sustainability related questionnaires which will assist in identifying any modern slavery risks.

It is recognised that certain minerals and inputs into our products and services may be generally understood to 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). This issue is recognised and will continue to be a subject of investigation with our supply chain in particular where there is an increased risk of 3TG being used. It is also recognised that certain materials are available from sole suppliers and regulatory requirements may at times make substitution complex and time consuming, and for this reason Nanosonics' preference is likely to be err on the side of working with its suppliers on risks and issues identified to remediate in a mutually satisfactory way.

Actions taken to assess and address modern slavery risks

Nanosonics implemented planned activities under the initial roll-out of its Sustainable Supply Chain Initiative. Our Sustainable Supply Chain Initiative is an ongoing, multi-year initiative which seeks collaboration from 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.

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.

The Group has key Corporate Governance policies, codes and procedures which are publicly available on the Nanosonics website to help provide a framework for modern slavery risk management. The table below outlines existing framework documents and sets out their relevance in addressing modern slavery, both internally and/or with suppliers:

| Policy/Resource | Description | FY23 Implementation and Actions | Future Steps |
|---|---|---|--|
| Code of Conduct & Ethics (Code) | The Code codifies the Nanosonics Mission, Core Values and other critical policy frameworks throughout the Group. The Code has been an important tool for guiding the Company's decision-making, particularly with respect to sustainability and modern-slavery 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. It also serves as an important mechanism to ensure that all internal and external stakeholders are aligned on Nanosonics' guiding principles. | <p>The Code is periodically reviewed by senior management, with any update ratified by the Board.</p> <p>All Nanosonics staff (including senior leaders and executives) were trained on the Code, with the Company achieving its objective of 100% compliance.</p> <p>The Code is also published online so any contractors and third parties that conduct business with Nanosonics can easily access it and understand Nanosonics' approach to sound corporate governance practices including adherence to all applicable local and international laws, regulations and relevant standards.</p> | In FY24, we will seek to maintain 100% compliance on all training modules associated with the Code. |
| Supplier Code of Conduct (SCOC) | <p>The SCOC formalises the standards we expect of all our suppliers and contractors to adhere to.</p> <p>These standards relate to labour practices, environment and sustainability, business integrity, and audit and assurance processes.</p> | <p>The SCOC was launched in FY23 and the roll-out to Tier 1 Suppliers is currently underway.</p> <p>Our onboarding process for all new suppliers requires review, acceptance and confirmation of</p> | <p>In FY24 we will continue to maintain the awareness of and expectation to adhere with the SCOC through systematic communications with our current suppliers.</p> <p>The compliance with the SCOC will also be contractually enforced</p> |

| | | | |
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| | | compliance with our SCOC. | in the next iteration of Nanosonics' supply agreement template. |
| Speak Up Policy | The Speak Up Policy provides a process by which Nanosonics representatives and suppliers may express serious concerns including reporting instances of modern slavery. | The Speak Up Policy is periodically reviewed by senior management, with any update ratified by the Board. | An official communication will be sent out to external suppliers to promote and increase awareness of the Speak Up Policy and Speak Up Portal as a trusted and accessible grievance mechanism. |
| Procurement Policy | The Procurement Policy is an internal document which sets out Nanosonics' approach to procuring goods and services on behalf of Nanosonics. | As part of strengthening our policy framework, in FY23, the Procurement Policy was launched and mandatory training on the policy was rolled out for all staff to complete. | Engagement with all suppliers will be conducted in accordance with the Procurement Policy. |

In support of the existing framework policies which aide modern slavery risk management, there are a number activities that Nanosonics have conducted to promote human rights due diligence in this important space:

| Activity/Initiative | FY23 Implementation and Activities | Future Steps |
|---------------------|---|---|
| Training | <p>Internal training on Nanosonics' Code of Conduct & Ethics (Code) is mandatory for all employees. The Code covers Nanosonics' Mission, Core Values and critical policy frameworks, and sets the standard for business conduct, including modern slavery, for all staff.</p> <p>A refresher mandatory training of the Code of Conduct & Ethics policy was rolled out in H1 FY23 to the whole global organisation, including senior leadership.</p> <p>This training included a section dedicated to modern slavery to raise awareness of this global issue and how Nanosonics has a role in combatting modern slavery risks. This included a summary of the 2022 Global Estimates of Modern Slavery² and a reiteration that the Company has a legal obligation to report on risks of modern slavery practices in its supply chain and publishes a Modern Slavery Statement annually to outline its progress in assessing and managing such modern slavery risks.</p> | Nanosonics will continue to raise awareness of the Supplier Code of Conduct and modern slavery risks by engaging with key suppliers. This in turn will help build suppliers' capacity to manage modern slavery risks. |
| Education | Nanosonics' Procurement team was trained and accredited in the CIPS Advanced Procurement Certificate in Ethical Procurement and Supply. | Nanosonics intends to renew the certification for each Procurement personnel annually. |
| Sustainable Supply | The SSCI is an ongoing, multi-year initiative which seeks | In FY24, we intend |

² *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage* International Labour Organization (ILO), Walk Free, and International Organization for Migration (IOM), Geneva, 2022.

| | | |
|--------------------------------|--|--|
| <p>Chain Initiative (SSCI)</p> | <p>collaboration from valued suppliers to better understand the scope and impact of our supply chain on various sustainability metrics including climate change, safety and human rights.</p> <p>Nanosonics has implemented planned activities under the initial roll-out of this SSCI, including an engagement survey to our most significant Tier 1 Suppliers.</p> <p>The Tier 1 Supplier Engagement Survey (Survey) gathers information on issues including:</p> <ul style="list-style-type: none"> • 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. <p>The Survey was sent to Nanosonics’ most significant Tier 1 Suppliers (whom collectively represent around 80% of our total supplier spend in FY21) with the following insights produced:</p> <ul style="list-style-type: none"> • All respondents stated that they: <ul style="list-style-type: none"> ○ Did not source any conflict minerals for use in the production of goods being supplied to Nanosonics; ○ 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% respondents stated that they have a system in place to monitor workplace health and safety, and address any issues and prevent recurrences; and • 94% respondents stated that they have a Code of Conduct & Ethics or equivalent policy. <p>Following this Survey, no respondent suppliers required remediation action plans.</p> | <p>to review and engage with other suppliers including those based in China and Taiwan, as part of our Sustainable Supply Chain Initiative such as those that represent modern slavery risks due to the sector/industry, product/service risks or geographic location of their business.</p> |
| <p>Supply contracts</p> | <p>Nanosonics’ standard Supply Agreements contain additional contractual obligations of Suppliers specifically related to ethical sourcing of raw materials and components, on top of the Supplier’s obligation to comply with applicable laws, regulations, standards and guidelines including those related to environmental sustainability, working conditions, human rights, child labour, modern slavery and conflict minerals.</p> <p>Under Nanosonics’ standard Supply Agreement, Suppliers are contractually obligated to source raw materials and components from legitimate and reputable sources where traceability is assured, and provide Nanosonics with sourcing certifications or statements where required, for example to support the Supplier’s conflict minerals compliance</p> | <p>The next iteration of the Nanosonics Supply Agreement template currently being finalised makes the Supplier Code of Conduct contractually binding on the Supplier.</p> |

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|--------------------|--|---|
| | statements for Tantalum, Tin and Tungsten (3TG). | |
| Supplier screening | The Group maintained its supplier due diligence processes by continuing to implement the digital supplier onboarding platform where new suppliers receive a questionnaire about whether they comply with relevant modern slavery standards on top of other questions to screen for major governance and environmental risks. | The Group will continue to implement the screening process which includes a number of questions directed to identifying modern slavery risks when onboarding new suppliers in tandem with an updated Supply Agreement that embeds the Supplier Code of Conduct. |

Assessing the effectiveness of our actions

We are committed to improving our modern slavery program and understand the importance of assessing the effectiveness of the actions we are taking to identify and address modern slavery risks.

We define effectiveness in modern slavery due diligence as an approach that enables us to identify actual or potential instances of modern slavery within our operations and supply chain, implement appropriate remedial measures, and proactively address the underlying causes.

The key activities that enable Nanosonics to assess the implementation of its modern slavery program include:

| Workstream | Activity | Measurement |
|-----------------------------|---|---|
| Governance | <ul style="list-style-type: none"> Code of Conduct training (including training on modern slavery) Contracts with modern slavery provisions Supplier Code of Conduct Board education and monitoring Policy reviews | <ul style="list-style-type: none"> 100% Nanosonics staff trained. % of contracts with modern slavery compliance commitments % of contracts with Tier 1 Suppliers that incorporate the Supplier Code of Conduct No notifications from suppliers regarding a breach or potential breach of the Supplier Code of Conduct Managements reports to the Audit and Risk Committee any identified instances or updates associated with compliance, including modern slavery. Relevant policies are reviewed annually in accordance with the company secretarial calendar |
| Risk Management | <ul style="list-style-type: none"> Due diligence and sustainability-related questionnaire provided to potential suppliers Modern slavery and labour law compliance statement Site visits and risk assessments Remediation | <ul style="list-style-type: none"> % of questionnaires completed and returned % of compliance statements signed % of site visits and risk assessments completed Where a modern slavery instance is identified, timely remediation of non-conformances |
| Grievance Mechanisms | <ul style="list-style-type: none"> Channels and mechanisms for grievances to be raised, including to a Speak Up Investigation Officer or via the anonymous Nanosonics Speak Up portal | <ul style="list-style-type: none"> Awareness by staff and suppliers of channels and mechanisms for grievances to be raised Zero cases reported |

Case Study: Actions taken to assess and address modern slavery risks of a third-party labour provider

Identify: Cleaning and maintenance services was identified as a high risk sector for modern slavery. One such Tier 1 supplier of Nanosonics was identified as a relevant third-party labour provider in this sector.

Collaborate: As such, in September 2022, we engaged an external consultant for professional advisory services to provide an overview of the modern slavery regulatory landscape and advice on mitigating and addressing modern slavery risks in this high risk sector.

Mitigate: Nanosonics made a key condition of its request for proposal, and included as a contractual clause of the services contract, that the Tier 1 supplier must execute and comply with a modern slavery and labour law statement of compliance prepared by our external consultant, and must also procure any and all of their subcontractors providing services to Nanosonics (i.e. Tier 2 suppliers of Nanosonics) to sign and comply with such statement.

To gain some indicative data of relevant Tier 2 suppliers, we requested to know further detail about the subcontractors and personnel who would be providing cleaning services to Nanosonics to ensure that these staff would not be subject to modern slavery risks. It was determined that the Tier 1 supplier engages only one Tier 2 supplier to provide cleaning services to Nanosonics, and such Tier 2 supplier has signed the modern slavery and labour law compliance statement.

Communicate and continual obligation: We also requested and contractually required that the Tier 1 supplier notify us if there are any changes to the subcontractors (i.e. Tier 2 suppliers) providing services to Nanosonics, in order for us to reassess the risk extent and take any precautionary actions, such as requesting the modern slavery compliance statement to be filled out by the new Tier 2 suppliers.

Remediation: As a result of this case study, no further remediation was required. In the event that risks of modern slavery were identified (such as evidence of child labour, or force labour), further investigation would be conducted into the suppliers activities and if the risks were considered material, then it is foreseeable that the arrangements with the supplier would have been brought to an end and an alternative supplier identified.

This case study demonstrates the collaborative efforts between Nanosonics and Tier 1 Suppliers to identify and mitigate potential modern slavery risks in a high risk sector.

Remediation

The Group is committed to providing for or cooperating in remediation if it has been identified that it has caused or contributed to modern slavery-related impacts. Drawing upon Principle 31 of the United Nations Guiding Principles on Business and Human Rights (**UNGPs**), we have assessed the effectiveness of our grievance mechanisms, in particular the Nanosonics' Speak Up Policy. The Speak Up Policy sets out the main channel for any Nanosonics Staff or Third Party Representative, e.g. a third-party supplier, to submit a grievance via the Speak Up Portal which is a simple voluntarily anonymised Reportable Conduct form.

In the event that risks of modern slavery are identified, further investigation would be conducted into the reported instance and if the risks are considered material, then it is foreseeable that the arrangements with the supplier would have been brought to an end and an alternative supplier identified. As Nanosonics operates in a regulated industry, our suppliers need to be validated. As such, we would prefer to work with them to investigate and remediate rather than terminate

In alignment with the UNGP Principle 31, we identify that a grievance mechanism should be a source of continuous learning. Correspondingly, we have set a target for FY24 to send out a communication to raise awareness of our Speak Up Policy and grievance mechanism to our suppliers and all other relevant supply chain stakeholders. By providing a clear and transparent refresher on the Speak Up

procedure, we hope to build the confidence of our suppliers to feel adequately equipped on how to access our grievance mechanisms.

Nanosonics' Supplier Code of Conduct includes another reporting channel for Supplier's to contact the relevant Nanosonics Procurement Staff or General Counsel via a direct phone line provided in this Code. Suppliers must notify Nanosonics if they do not meet the requirements of this Code or upon becoming aware of any breach of this Code, including in relation to labour and human rights and supplier due diligence to comply with all labour rights, safety and ethical trading requirements described in this Code.

Consultation throughout the Group

This Statement has been prepared by Nanosonics in consultation with representatives of 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 representatives from Procurement and Legal across the Group).

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