

A healthcare professional, likely a nurse or doctor, is shown from the chest up. She has dark, curly hair and is wearing a light blue surgical mask. She is dressed in light blue scrubs and has a blue stethoscope around her neck. She is holding a tablet computer in her left hand and gesturing with her right hand. The background is a blurred hospital corridor with warm lighting.

2021 SUSTAINABILITY REPORT.

NANOSONICS LIMITED

OUR 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 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 2020 to 30 June 2021. It is the second self-standing ESG 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:

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

CONTENTS.

Introduction	i	Stakeholder engagement	9	People and Culture	17
A message from the CEO & President, and the Chairman	1	Engagement with our stakeholders	9	Workplace	18
Preparing this year's report	2	Materiality assessment	12	Employee, patient and clinician safety	18
At a glance	3	Materiality assessment	12	Diversity and inclusion	19
Our Core Values	4	Governance	13	Communities	20
Company overview	5	Supply chain	13	Human Rights	20
Corporate governance and ESG	6	Risk Management	14	Contributions	21
The Board	6	Privacy and cyber security	14	Education	21
The Board's role in ESG	6	Environment	15	Appendix	22
Board committees	7	Climate change	15	GRI Content Index	22
Corporate governance framework	7	Waste management	16		
Composition of the Board	8	Water stewardship	16		
Remuneration and rewards	8				
Management and staff responsibility for ESG	8				

A MESSAGE FROM THE

CEO & PRESIDENT, AND THE CHAIRMAN.



MICHAEL KAVANAGH
CEO AND PRESIDENT

Financial Year 2021 was the first full year that the world has lived with the financial, operational and community impacts of the current pandemic.

It is an honour to be at the helm of an emerging leader in the infection control market at a time when the need for infection control practices has never been greater.

We acknowledge and thank all our customers on the front line, in particular the infection prevention community, for their tireless efforts in the management of the pandemic over the last 12 months. Our business continued to progress its mission to improve the safety of patients, clinics their staff and the environment. Every day our trophon® technology protects over 88,000 patients from the risk of cross-contamination. Ensuring the safety and well-being of our staff throughout the year was of paramount importance and I thank them for their relentless efforts as they continued to support all our customers and stakeholders.

In that context, I am pleased to introduce this year's Sustainability Report. This is the second year in which we have published an extensive, standalone report from the Annual Report detailing the Company's ESG performance. We take pride in our commitment to ESG 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 arranged this year's report into four key sections: governance, environment, people & culture, and communities. We believe that this structure allows us to best communicate our contributions to each aspect of ESG.

Our focus in this year's report has been to align with international reporting standards including the Task Force on Climate-Related Financial Disclosures (TCFD) and better quantifying our performance for year-on-year comparison and target-setting.

I am thrilled to see the Company continue to expand the way it reports on important ESG topics. Of course, this reporting is only possible when the Company also "walks the talk" in this area. FY21 is another year where the Company's growth in other business, product and commercial areas is matched by its evolution in ESG spheres. There are many examples that spring to mind. These include examples from the way that the Company engages with environmental issues, its social responsibilities (internal and external), and maintaining our high standards of corporate governance throughout the operation. The specific areas are illustrated throughout this report, and reflect our commitment to a wide variety of ESG activities throughout our business as we continue to execute on our important global mission: Infection Prevention. For Life.

MICHAEL KAVANAGH
Chief Executive Officer and President



“

The principles of ESG are connected to, and embedded in, all aspects of our business. Importantly, it manifests in the care delivered to patients, and the objectives of our R&D across our areas of interest in infection prevention. Fundamentally, it informs the way we care about the environment, people and embracing the true principles of governance. These continue to be the drivers of our success today, and into the future.

”

MAURIE STANG | CHAIRMAN

**INFECTION
PREVENTION.
FOR LIFE.**

PREPARING

THIS YEAR'S REPORT.



The format of this year's Sustainability Report has been refreshed with the aim of clearly presenting the Company's material issues and performance, as well as more closely aligning the reporting to the prevailing standards.

We have divided this report across the three major ESG themes – environment, social and governance. However, we have further divided the 'Social' thematic into 'People & Culture' and 'Communities'. These new sections address the internal and external aspects of the 'Social' thematic respectively. 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.

One of our key focuses for FY21 has been responding to climate change in a meaningful manner. We are in the process of developing a three-year strategy to address climate-related issues throughout the Company, including further expanding our governance structure to explicitly respond to sustainability and expanding our reporting metrics. The strategy will be developed taking into account the TCFD.

In a further effort to effectively communicate our strong ESG 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 FY21, with a particular emphasis on our supply chain.

In FY21, we introduced 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 ESG metrics, including climate change, safety and human rights. This is a multi-year initiative, which will expand over time to address more of our supply chain.

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



DEVELOPED SUSTAINABLE SUPPLY CHAIN INITIATIVE

TO MAP SUPPLY CHAIN
CHARACTERISTICS.



INTRODUCED EXECUTIVE RISK MANAGEMENT COMMITTEE,

OVERSEEING RISK AND
ESG ISSUES.



STRENGTHENED IT, PRIVACY AND CYBER SECURITY PROTECTIONS

IN ALIGNMENT WITH THE GDPR

ENVIRONMENT



EXPANDED SCOPE OF CLIMATE ASSESSMENT,

COVERING KEY AREAS OF OUR
GLOBAL OPERATIONS AS WE MOVE
TOWARDS TCFD COMPLIANCE



~80%

OF TOTAL WASTE DIVERTED
TO RECYCLING AND WATER SAVINGS
FROM APPROXIMATELY
22 MILLION TROPHON
CYCLES ANNUALLY ACROSS THE
GLOBAL INSTALLED BASE



AT LEAST
3.1 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
41%
OF THE GLOBAL
WORKFORCE, 38% OF
SENIOR MANAGEMENT AND
42% OF STEM-RELATED
POSITIONS



ACHIEVED
100%
OF FY21 DIVERSITY
AND INCLUSION
OBJECTIVES

COMMUNITIES



\$43,805
RAISED THROUGH VARIOUS
CHARITABLE INITIATIVES

14
STUDENTS

PARTICIPATED IN INTERSHIP
PROGRAMS ACROSS
SEVERAL DEPARTMENTS



CONTINUED TO
**STRENGTHEN
PATIENT HEALTH
AND SAFETY**
WITH THE INTRODUCTION
OF NANOSONICS AUDITPRO™

OUR CORE VALUES.

“

The work we do every day supports our core mission to improve the safety of patients, clinics, their staff and focuses on our positive environmental impact. 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.

”



COMPANY VALUES

Nanosonics' strong and positive culture continued to be a priority during FY21. 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.



COLLABORATION

We do things together because we value diversity of opinion, perspective and knowledge and are stronger when we work as a team.



INNOVATION

We innovate because we want to continuously make things better adding value to our customers, our operations and our business.



DISCIPLINE

We do the right thing because we are ethical, compliant and are clear about our responsibility and accountability for delivering on our commitments.



AGILITY

We are effective because we not only embrace but drive change, we are continuously learning and can adapt quickly.



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.

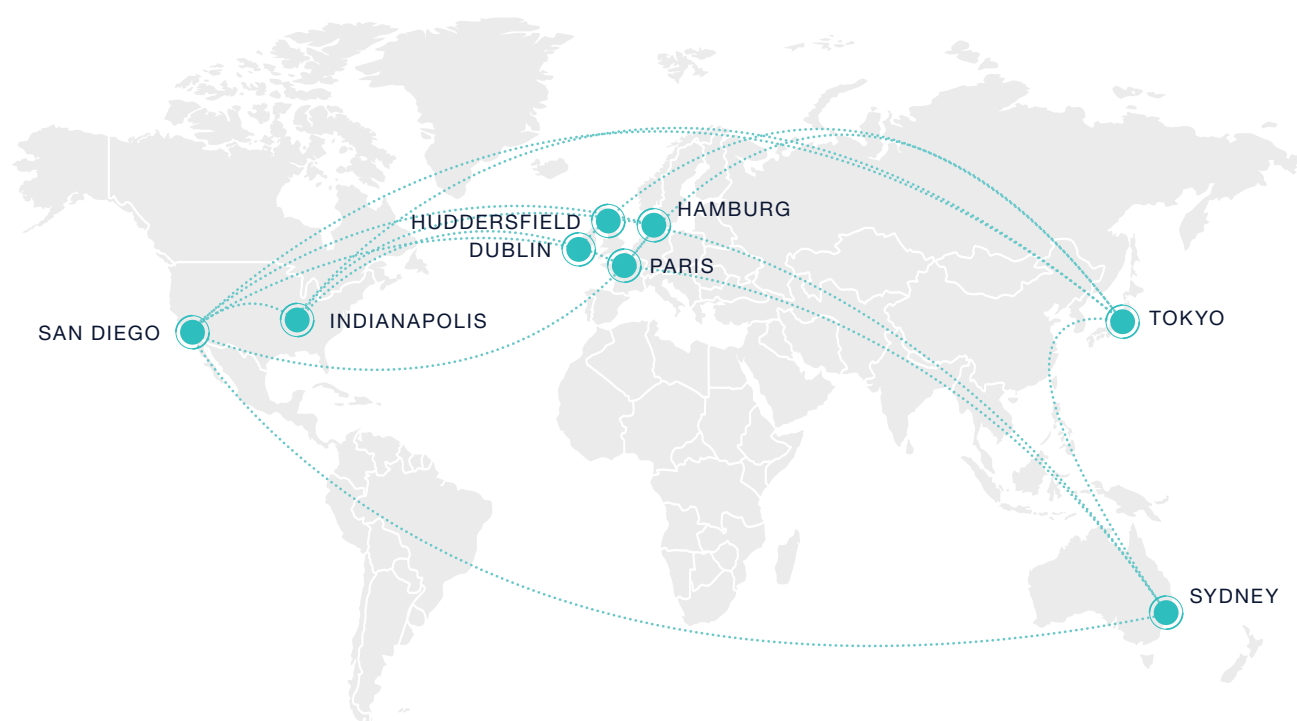
Our Code of Conduct & Ethics (Code), updated in FY20, codifies our Mission, Core Values and other critical policy frameworks throughout the Company. The Code, Mission and Values are periodically reviewed by senior management, with any update ratified by the Board. The Code has been an important tool 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.

The Board and senior management continue to work collaboratively to prepare and revisit our Mission, Core Values, and environmental considerations.

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 339 employees at the end of FY21. We continue to expand into new markets throughout the world, with the Netherlands, Qatar, Italy, and the United Arab Emirates added in FY21 and bringing the total number of markets to 30.

GLOBAL OFFICES AND LOCATIONS



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. AuditPro has received strong support from customers since its launch, demonstrating the unmet market need for adequate digital workflow compliance management systems.

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.

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

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 ongoing ESG topics like climate change 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.

CORPORATE GOVERNANCE AND ESG. **CONTINUED.**

BOARD COMMITTEES

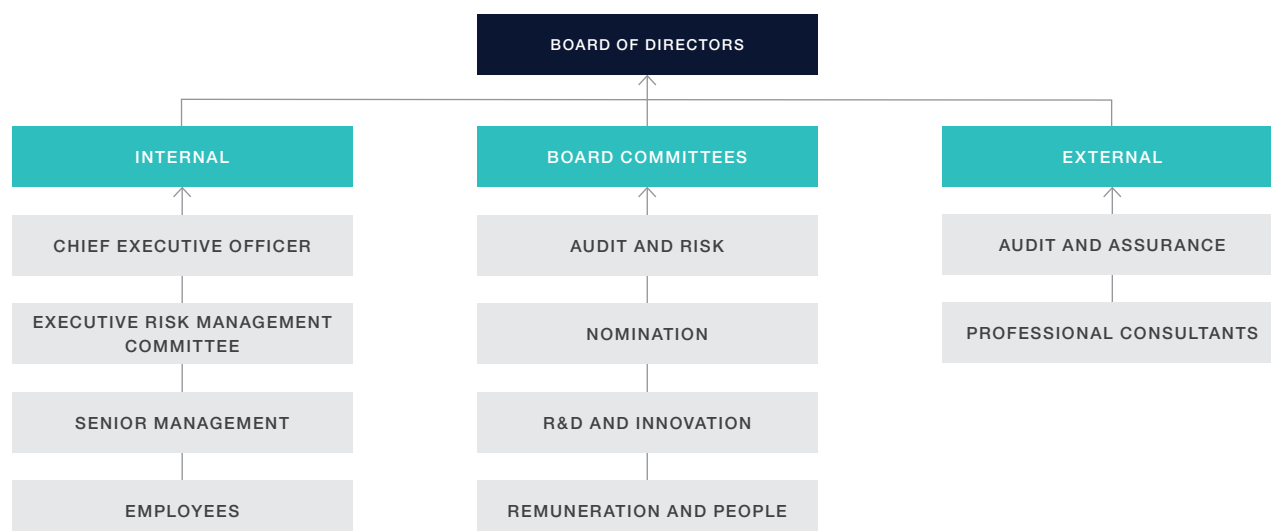
The Board has established four Committees, each with its own Charter and carrying responsibilities for different aspects of ESG:

COMMITTEES OF THE BOARD	RESPONSIBILITIES RELEVANT TO ESG
Audit and Risk Committee (generally meets quarterly)	<ul style="list-style-type: none"> — Corporate reporting processes; — Risk management and internal control; — Ensure the Company has an appropriated 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)	<ul style="list-style-type: none"> — 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 and Innovation Committee (generally meets quarterly)	<ul style="list-style-type: none"> — 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)	<ul style="list-style-type: none"> — 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 the Chairman, 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 Lead Independent Director / Deputy Chairman. Mr Stang is required to not be present or vote at the meeting.

CORPORATE GOVERNANCE FRAMEWORK

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



CORPORATE GOVERNANCE AND ESG. CONTINUED.



The Board pictured above (from left to right) Maurie Stang, Steven Sargent, Michael Kavanagh, Marie McDonald, Lisa McIntyre, David Fisher, Geoff Wilson.

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, the Non-executive Deputy Chairman/Lead Independent Director, four 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.

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 Chief Financial Officer and Company Secretary has overall responsibility for Nanosonics' ESG strategy and activities, including reporting. The Sustainability Report is reviewed and approved by the Board.

The Executive Risk Management Committee is responsible for managing ESG-related issues throughout the Company. The 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
- Malus and 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 practises includes adherence to all applicable local and international laws, regulations and relevant standards.

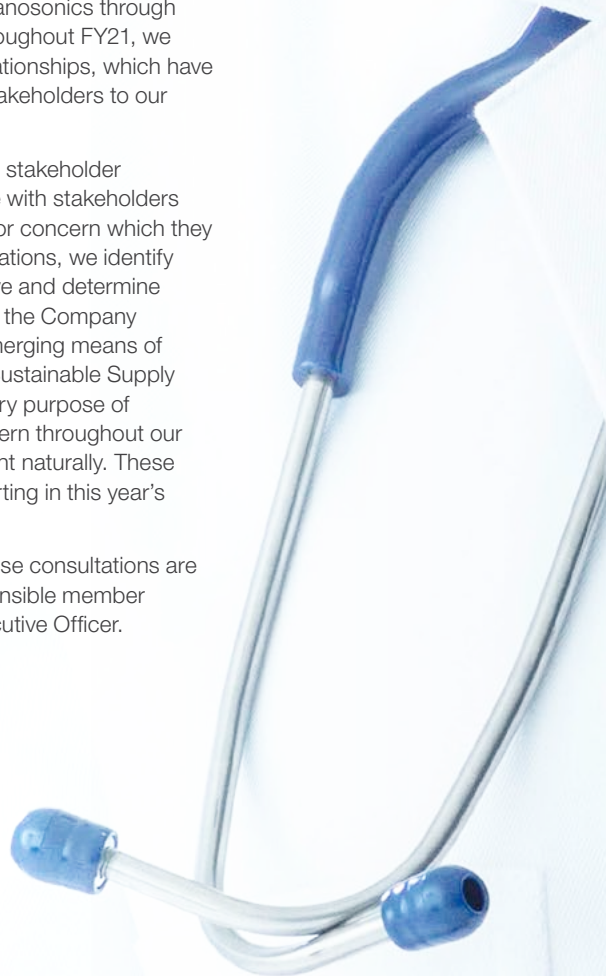
STAKEHOLDER ENGAGEMENT.

ENGAGEMENT WITH OUR STAKEHOLDERS

The key stakeholders identified by Nanosonics to be impacted in some way by our products, services and operations are listed in the table on page 10, along with a snapshot of their issues of concern and how we engage with each group. Each stakeholder group had been identified and selected by Nanosonics through the preparation of previous ESG reports. Throughout FY21, we continued to focus on fostering these key relationships, which have proven to continue 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 have come to light naturally. These insights formed the basis for part of our reporting in this year's Sustainability Report.

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.



STAKEHOLDER ENGAGEMENT. CONTINUED.

KEY STAKEHOLDERS	KEY ESG AREAS OF INTEREST	PROCESSES FOR CONSULTATION
Healthcare professionals (HCPs) and patients in hospitals and medical centres	<ul style="list-style-type: none"> — 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	<ul style="list-style-type: none"> — 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	<ul style="list-style-type: none"> — Nanosonics' financial performance and viability; — Legal compliance; and — Ethical business practices. 	<p>Nanosonics is in regular discussion with our suppliers through the procurement process and beyond.</p> <p>In 2021 we commenced the Sustainable Supply Chain Initiative canvassing feedback on ESG-related issues.</p>
Investors	<ul style="list-style-type: none"> — 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	<ul style="list-style-type: none"> — A safe workplace (including with respect to COVID-19); — Gender equality; — Diversity; — Training and education; and — Rewarding workplace. 	<p>Our annual Employee Engagement Survey provides a mechanism for eliciting feedback from employees.</p> <p>Our management facilitated feedback period, following the Employee Engagement Survey, encourages suggestions, ideas, and other input from staff.</p>
Government and regulatory authorities	<ul style="list-style-type: none"> — 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)	<ul style="list-style-type: none"> — 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.

STAKEHOLDER ENGAGEMENT. **CONTINUED.**

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 STAKEHOLDER	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 and developed a roadmap toward TCFD-aligned reporting over the coming years.
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 of AuditPro and the ongoing development of CORIS.



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) standards¹.

During the reporting period, management reviewed the material issues identified in our previous [ESG 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:

GOVERNANCE

- Consultation with infection control peak bodies;
- Business ethics and ethical marketing;
- Business strategy, including strategic partnerships/relationships;
- Compliance with laws, including modern slavery and conflict minerals;
- 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;
- Climate change; and
- Responsible product stewardship.

PEOPLE & CULTURE

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

COMMUNITIES

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

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.

1. In November 2020, SASB and the International Integrated Reporting Council (IIRC) announced their intention to merge into the Value Reporting Foundation. This came into effect in June 2021.



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 ensures 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.

SUPPLY CHAIN

Due to the nature of our products and the various regulations which govern them, Nanosonics relies upon a complex international supply chain. Approximately 75 direct suppliers support our trophon® and Nanosonics AuditPro™ products, 89% of which are sourced from a single supplier. 65% of sourced materials are custom made for Nanosonics. As a proud, successful Australian business, we appreciate the importance of supporting local suppliers in our supply chain where possible. Throughout the reporting period, Nanosonics spent \$3.67 million dollars with 188 regional suppliers throughout New South Wales. These suppliers span direct and indirect goods and service providers.

The introduction of Nanosonics AuditPro during the reporting period expanded our product line for the first time, with similar changes occurring throughout our supply chain to support the product and service offering. 11 new suppliers have been secured over the reporting period to support Nanosonics AuditPro across hardware, software, and services.

During the reporting period, Nanosonics has developed its Sustainable Supply Chain Initiative. The purpose of this initiative is to further engage with our supply chain to better understand the various ESG opportunities and risks which exist beyond our immediate operations. Our intention is that the initiative is an ongoing, multi-year process which will incrementally expand its scope and coverage of our supply chain over time.

Through this process, we will share a survey with Tier 1 Suppliers² for them to report on issues including:

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

For the initial rollout of the Sustainable Supply Chain Initiative, we will focus upon engaging with our most significant suppliers. In so doing, we identified a number of suppliers to engage with on the basis of our FY20 supplier spend. This group of suppliers will produce data and insights which span 81% of our total supplier spend for FY20.

We intend for specific insights gained from the initiative to be aggregated and included in our FY22 report.

Where an at-risk supplier is identified throughout this process, we will engage further with them to develop a remediation plan to mitigate the risk of ESG-related harm caused. Where after further engagement we are unable to satisfactorily mitigate adverse ESG consequences from an at-risk supplier and where the opportunity exists to utilise alternative suppliers, we will assess the benefit of our relationship with that at-risk supplier, if at all practicable, we will seek an alternative supplier for that good or service.

For our FY23 implementation of the Sustainable Supply Chain Initiative we intend to further expand the number of suppliers we engage with, based upon broader criteria including sourcing location and industry. We intend to also conduct a supply chain risk assessment, with a particular focus upon identifying modern slavery risks. We will continue to seek to identify at-risk suppliers and work with them to take remedial action to address potential ESG risks.

Nanosonics conducts annual on-site inspections and audits of key suppliers' facilities around the world. No suppliers were identified as or potential at-risk from an ESG perspective following these inspections. Unfortunately, the ongoing COVID-19 pandemic has impacted our ability to conduct in-person inspections given restrictions on international travel and social distancing requirements.

2. 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

Protecting the privacy of patients and clinicians is of upmost importance across all our devices. To that end, Nanosonics took steps throughout FY21 to further strengthen its internal and external privacy protections. This is particularly important with the launch of our latest product AuditPro, which leverages cloud computing to provide real-time traceability for healthcare facilities around the world.

In March 2021, we completed a major update to our Privacy Policy. The changes made were with the view to globalise the application of the policy, considering the various privacy-related obligations in Australia, Europe, the United Kingdom and the United States.

The updated Privacy Policy provides a firm expression of Nanosonics' commitment to the preservation of user privacy and sets out the manner in which user data is collected, processed and stored.

With the release of AuditPro, the business has also conducted a comprehensive review of GDPR compliance across our organisation. This included an external review, conducted by contracted privacy experts, to ensure that Nanosonics and its international subsidiaries are sufficiently protecting the rights of data subjects in the European Union and the United Kingdom.

Nanosonics has not identified any substantiated claims concerning potential breaches of customer privacy, or leaks, thefts or losses of customer data during the reporting period.



ENVIRONMENT.

At Nanosonics, 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, without causing 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.

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

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. We have focused particularly upon our Australian operations, which constitute the single largest part of our business in terms of headcount, operations, and manufacturing. This includes our headquarters in Lane Cove and development facility in Thornleigh, New South Wales. Throughout the reporting period, these sites consumed approximately 1,643,991 kWh of energy. Solar power forms 17% and 25% of the energy mix at each site respectively, totalling 286,376 kWh of energy consumption for the reporting period.

In North America, our businesses utilise both natural gas and electricity for energy generation. Throughout the reporting period, 5,202 CCF or 1,525 kWh of energy was consumed from natural gas, with our remaining 112,655 kWh of energy consumption sourced from electricity. In the United Kingdom, of operations consumed approximately 15,005 kWh of energy throughout the reporting period. Our local energy provider in the United Kingdom produces zero CO₂ emissions/kWh as of March 2020³. As a result, our energy mix in the United Kingdom is driven from 76% renewables, with the remaining from nuclear energy. Collectively, our energy consumption across Australian, North American and the United Kingdom operations totalled 1,773,176 kWh, with 297,780 kWh directly attributable to renewable resources.

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 1,282 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.

To support our efforts in mitigating our carbon footprint, Nanosonics has prepared a three-year plan for climate change. The plan seeks to align the Company with the TCFD building incrementally each year.

The plan spans the four pillars governing the TCFD framework, being (i) governance, (ii) strategy, (iii) risk management and (iv) metrics and targets. This process will align the Company with the recommendations made by the [Governance Institute of Australia](#) 'Climate change risk disclosure' guide to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

3. The most recent information available as at the date of this report.

ENVIRONMENT. CONTINUED.

WASTE MANAGEMENT

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 and co-mingle 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 80% of total waste is diverted to recycling.

Nanosonics also has waste management arrangements with local providers, who provide records of waste removal. Across our Australian operations 255 tonnes of waste was generated during the reporting period, of which 207 tonnes was recycled⁴. In addition, 865kg of hazardous waste was generated from R&D activities and responsibly managed, 399kg of which was through a hazardous waste management contractor via incineration with energy recovery. The remaining hazardous waste was processed and filtered by a waste management contractor before entering landfill.

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. In the United States alone, approximately 2.8 tonnes of end-of-life units and replaced service parts were responsibly recycled by a third-party contractor. In Europe, 341 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.

WATER STEWARDSHIP

Nanosonics recognises the important contributions which its products make toward water stewardship. The trophon family of products effectively reduce water consumption throughout the reprocessing cycle as compared to alternative disinfection processes. Indeed, trophon produces water and oxygen as environmentally friendly by-products from the hydrogen peroxide disinfectant solution used.

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 6.3 ML across our Australian, North American and the United Kingdom 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.

ENVIRONMENT	FY21	FY20
Climate change		
Electricity consumption (kWh)	1,773,176	625,440 - 1,170,815 ⁵
Renewable energy usage (kWh)	297,780	74,197 ⁵
Scope 1 emissions (tCO ₂ e) ⁶	0 ⁷	–
Scope 2 emissions (tCO ₂ e) ⁸	1,282	–
Recycling & waste		
Recyclable e-waste diverted from landfill (kg)	3,141	1,411
Responsibly disposed chemical and clinical waste (kg)	865 ⁹	2,335
Water		
Consumption (ML)	6.3	–

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

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 reporting 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. 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.

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, the experience of our workforce, ensuring that their needs and interests are sufficiently addressed. Second, the safety of our employees, patients and clinicians is critical, especially as we continue to endure through the COVID-19 pandemic.

Third, we wish to continue our progress from previous reports on diversity and inclusion throughout the workplace, from the Board downward.

In our 2020 ESG Report, we were proud to share the progress that we had made towards our diversity objectives. Below we set out the Company's FY21 Diversity Objectives and the outcomes against those objectives:

ACHIEVEMENT OF FY21 DIVERSITY OBJECTIVES:

OBJECTIVE	PERFORMANCE	
GENDER		
Continue to increase the gender diversity at Senior Management level above 30% for female representation (2020: 32%) to align with the overall current gender representation at Nanosonics of 41% female, and to maintain or exceed the current 29% female representation at Board level.	Gender diversity at Senior Management reached 38%. Female representation at Board level was maintained at 29%.	✓
FLEXIBILITY		
Provide a fair, inclusive, flexible, safe and highly engaged workforce by developing a flexible way of working for all employees (irrespective of gender, personal responsibilities, age, health, etc.).	Expanded flexible working conditions, particularly due to the ongoing COVID-19 pandemic, including remote working (where possible), flexible work hours, and paid leave to receive a COVID-19 vaccine.	✓
INCLUSION		
Further embed the Diversity and Inclusion principles into Nanosonics' culture, through employee awareness and building capability of all people managers on all aspects of diversity, inclusion and unconscious bias through an effective education and training program. It is intended that this will result in:		
— Maintaining the diverse coverage of our workforce where there are currently 29 nationalities represented;	Diversity of nationalities represented across our workforce (around 29 different countries represented)	✓
— Supporting and celebrating diversity of all kinds across the workforce (including gender, ethnicities, backgrounds, age and sexual orientation);	Introduced a diversity and inclusion calendar, with corresponding events including International Women's Day and NAIDOC Week.	✓
— Maintaining the broad generational coverage of our workforce; and	Generational coverage across the Company remains comparable to FY20.	✓
— Increasing female representation towards 40% in Senior Management roles and to increase female representation towards 50% of overall hires.	Female representation in Senior Management approaching 40% (38% in FY21). Approaching 50:50 gender representation of new hires.	✓

PEOPLE AND CULTURE. CONTINUED.

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 2021, our total employee headcount has reached 339 globally. This modest 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 40% of our global workforce made up with female-identifying employees. More specifically, there were 139 female-identifying employees across the Company, with 123 contracted on a permanent basis. This compares to 180 permanent and 20 temporary male-identifying employees. Further, we have 135 full-time female-identifying employees and four working part-time. This compares to 199 full-time and one part-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, 231 employees located at our Australian offices, with 36 being temporary staff. Across the rest of the world, our workforce is employed entirely on a permanent basis. 73 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 12, 17 and six 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, Senior Management 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 97% participation in the Employee Engagement Survey. Management also engaged in a "listening tour" exercise, calling for contributions from staff to address aspects of the people experience at Nanosonics. The results of this exercise have informed initiatives that have been rolled out, as well as future engagement with Nanosonics people. The CEO 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.

EMPLOYEE, PATIENT AND CLINICIAN SAFETY

The safety of patients and our employees are 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 FY21, 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 6.94 per million hours worked¹⁰. This compares to an industry benchmark LTIFR of 8.8, 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.

During the reporting period, one incidence of non-compliance with the European Union Regulation (EC) No 1272/2008 was identified, which concerns the classification, labelling and packaging of chemical substances.

This incidence related to our NanoNebulant consumable which is used with our trophon products. Since discovering this incidence of non-compliance, we have conducted a thorough and extensive review of our approach to chemical safety labelling requirements in all our markets throughout the world. Corrective action is ongoing and expected to be complete during FY22.

10. Lost time injury frequency rate (LTIFR) is the rate of lost time injuries per 1,000,000 hours worked over the reporting period. Nanosonics defines a lost time injury as lost time from work of at least one day or shift, requiring medical treatment beyond first aid. Total recordable injury frequency rate (TRIFR) expands upon LTIFR by also including medical treatment events and fatalities.

PEOPLE AND CULTURE. CONTINUED.

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.

The Company intends to continue its strong performance on diversity and inclusion in FY22, setting the following objectives for the next reporting period:

FY22 DIVERSITY OBJECTIVES:

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;
- Retention rate of greater than 85% of the emerging female talent; and
- FY21 identified emerging female leaders and identified female talent for the “next level leadership”.

FLEXIBILITY

- Return to work from parental leave rate to be at least 90%;
- Increase in FY21 flexible work outcomes, with a particular emphasis on part-time employees; and
- Development and implementation of the Flexible Work Options policy.

INCLUSION

- Implement an Inclusion Employee Experience Survey throughout the Company to establish a benchmark measure of inclusion;
- All people managers being offered an unconscious bias education session by the Diversity Council;
- Increasing overall workforce participation in unconscious bias training to at least 50%;
- Maintaining the current gender diversity statistics of FY21;
- Recruit a Senior Talent Acquisition Specialist, to assist with diversity and inclusion;
- Review and improve benefits offering throughout the Company; and
- Attendance at Global Diversity and Inclusion events.

PEOPLE AND CULTURE	FY21	FY20	FY19
Workplace			
Total employees (No.)	339	311	286
Employees returning from parental leave (%)	100	–	–
Safety			
Lost Time Injury Frequency Rate (LTIFR)	6.94	–	–
Total Recordable Injury Frequency Rate (TRIFR)	6.94	–	–
Whistleblower reports	0	0	–
Diversity and inclusion			
Women as a percentage of the total workforce (%)	41	41	36
Women in STEM roles (%)	42	39.8	–
Women in Senior Management ¹¹ (%)	38	32	30
Women in Board roles (%)	29	29	17

11. 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.

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 on many 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.



COMMUNITIES. CONTINUED.**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. Throughout the reporting period, Nanosonics has raised \$43,805 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.

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 14 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 which have been promoted to full-time positions.

COMMUNITIES	FY21	FY20	FY19
Human Rights			
At-risk suppliers identified	–	–	–
Contributions			
Charitable donations (\$AUD)	43,805	–	–
Education			
University internships	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 2020 to 30 June 2021 has been prepared with reference to the GRI Standards cited in this content index.

GRI STANDARD	DISCLOSURE	LOCATION
Universal Standards		
GRI 102: General Disclosures 2016	102-1: Name of the organisation	Page i
	102-2: Activities, brands, products, and services	Page 5
	102-3: Location of headquarters	Page 5
	102-4: Location of operations	Page 5
	102-5: Ownership and legal form	Page 5
	102-6: Markets served	Page 5
	102-7: Scale of the organisation	Pages 5, 18 Annual Report
	102-8: Information on employees and other workers	Page 18
	102-9: Supply chain	Page 13
	102-10: Signification changes to the organisation and its supply chain	Page 13
	102-11: Precautionary Principle or approach	Page 8
	102-12: External initiatives	Page 13
	102-13: Membership of associations	Page 13
	102-14: Statement from senior decision-maker	Page 1
	102-16: Values, principles, standards and norms of behaviour	Page 4
	102-18: Governance structure	Pages 6-8
	102-19: Delegating authority	Page 13
	102-20: Executive-level responsibility for economic, environmental and social topics	Page 8
	102-21: Consulting stakeholders on economic, environmental, and social topics	Pages 9-11
	102-22: Composition of the highest governance body and its committees	Page 8 Corporate Governance Statement
	102-23: Chair of the highest governance body	Page 8 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
Universal Standards		
GRI 102: General Disclosures 2016	102-26: Role of highest governance body in setting purpose, values, and strategy	Pages 2, 4
	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 2
	102-32: Highest governance body's role in sustainability reporting	Page 22
	102-35: Remuneration policies	Annual Report
	102-40: List of stakeholder groups	Page 10
	102-41: Collective bargaining agreements	Page 18
	102-42: Identifying and selecting stakeholders	Page 9
	102-43: Approach to stakeholder engagement	Page 9
	102-44: Key topics and concerns raised	Page 11
	102-45: Entities included in the consolidated financial reports	Annual Report
	102-46: Defining report content and topic boundaries	Page 2
	102-47: List of material topics	Page 12
	102-48: Restatement of information	N/A
	102-49: Changes in reporting	Page 2
	102-50: Reporting period	Page i
	102-51: Date of most recent report	Page i
	102-52: Reporting cycle	Page i
	102-53: Contact point for questions regarding the report	Page i
	102-54: Claims of reporting in accordance with the GRI Standards	Pages 2, 22
	102-55: GRI content index	Pages 22-24
	102-56: External assurance	Corporate Governance Statement
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 13
GRI 205: Anti-corruption 2016	205-3: Confirmed incidents of corruption and actions taken	Page 14
GRI 206: Anti-competitive Behaviour 2016	206-1: Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Page 14
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

APPENDIX. CONTINUED.

GRI STANDARD	DISCLOSURE	LOCATION
GRI 300: Environmental		
GRI 302: Energy 2016	302-1: Energy consumption within the organisation	Page 15
GRI 303: Water and Effluents 2018	303-5: Water consumption	Page 16
GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	Page 15
	305-2: Energy indirect (Scope 2) GHG emissions	Page 15
	305-6: Emissions of ozone-depleting substances (ODS)	Page 15
	305-7: Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	Page 15
GRI 306: Waste 2020	306-1: Waste generation and significant waste-related impacts	Page 16
	306-2: Management of significant waste-related impacts	Page 16
	306-3: Waste generated	Page 16
	306-4: Waste diverted from disposal	Page 16
	306-5: Waste directed to disposal	Page 16
GRI 307: Environmental Compliance 2016	307-1: Non-compliance with environmental laws and regulations	Page 15
GRI 308: Supplier Environmental Assessment 2016	308-2: Negative environmental impacts in the supply chain and actions taken	Page 20
GRI 400: Social		
GRI 401: Employment 2016	401-3: Parental leave	Page 18
GRI 403: Occupational Health and Safety 2018	403-9: Work-related injuries	Page 18
	403-10: Work-related ill health	Page 18
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 20
GRI 409: Forced or Compulsory Labour 2016	409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labour	Page 20
GRI 414: Supplier Social Assessment 2016	414-1: New suppliers that were screened with social criteria	Page 13
	414-2: Negative social impacts in the supply chain and actions taken	Page 13
GRI 415: Public Policy 2016	415-1: Political contributions	Page 21
GRI 417: Marketing and Labelling 2016	417-1: Requirements for product and service information and labelling	Page 18
	417-2: Incidents of non-compliance concerning product and service information and labelling	Page 18
	417-3: Incidents of non-compliance concerning marketing communications	Page 14
GRI 418: Customer Privacy 2016	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 14



Nanosonics Limited
14 Mars Road, Lane Cove
NSW 2066 Australia

T +61 2 8063 1600

E info@nanosonics.com

www.nanosonics.com

ABN 11 095 076 896