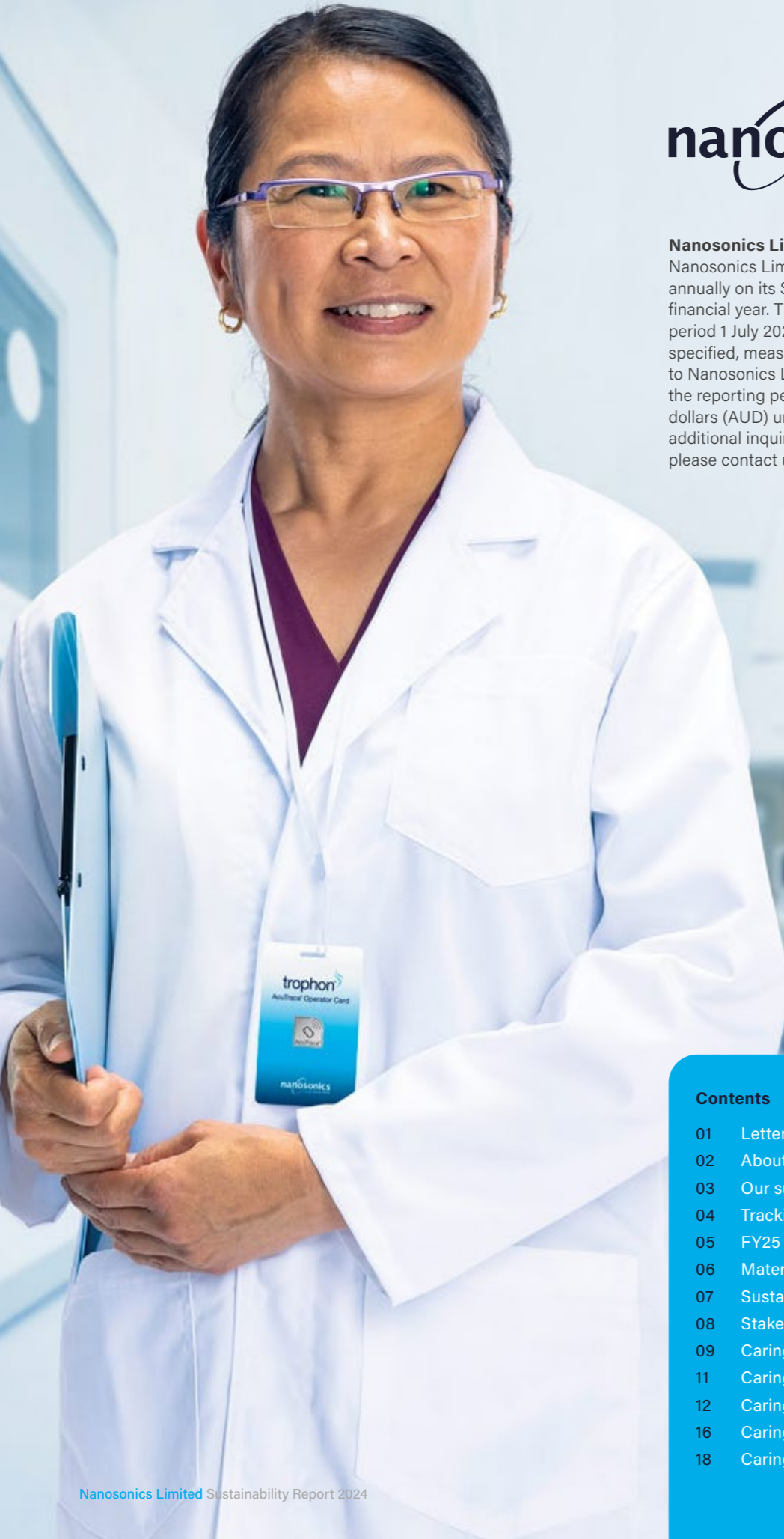


Infection Prevention. For Life.



Caring for our customers
and their patients, our partners,
our people, the planet and
the community



Nanosonics Limited

Nanosonics Limited (ABN 11 095 076 896) reports annually on its Sustainability performance for the financial year. This Sustainability report covers the period 1 July 2023 to 30 June 2024. Unless otherwise specified, measurements and data in this report pertain to Nanosonics Limited and its controlled entities during the reporting period. All dollar values refer to Australian dollars (AUD) unless otherwise specified. For any additional inquiries or feedback in relation to this report please contact us at www.nanosonics.com.au/contact

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Message from the CEO & President



Michael Kavanagh CEO & President

“Sustainability is a key consideration for our business, and one that is fully aligned with our Values and Mission. Our unique healthcare solutions are neatly aligned with sustainability principles which means we aspire to transform medical device reprocessing for improved patient safety and better healthcare outcomes whilst addressing our customers’ important infection control needs.”

Michael Kavanagh
CEO & President

Dear Stakeholders,

We are pleased to present Nanosonics’ FY24 Sustainability Report. We are proud to share the sustainability strategy which is focused on five core pillars: caring for our customers and their patients, partners, people, planet and community. Our dedication to responsible business practices has enabled us to develop a robust and meaningful sustainability strategy that aligns with our core values and enables us to work towards our vision of being a sustainable, responsible global business.

Our expanding sustainability agenda, detailed in this FY24 Sustainability Report, reflects our Mission which is outlined further in these pages:

- We contribute positively through our core business activities. This creates a positive impact for many of our stakeholders such as customers, patients and the community and generates financial returns for our investors.
- Our core product has strong environmental credentials. trophon technology produces only environmentally friendly oxygen and water as by-products, eliminating the need for toxic chemicals and large quantities of water.
- When we consider Nanosonics as a whole, it is not a company in the highest category of emitters when compared to many other larger and/or international businesses. Our consultants, Pangolin & Associates, confirm that Nanosonics’ emissions are relatively low compared to industry benchmarks.
- We have taken active steps to ‘play our part’ to measure and reduce emissions and help combat the effects of climate change for society. In this year’s Report we are pleased to set an ambition for emissions reductions for scopes 1 and 2 in the coming years. We have also indicated that we will continue to explore opportunities to reduce scope 3 emissions.

In this context, we are proud of our commitment to take responsibility for the emissions that we generate and do our part in what is a challenge for the communities in which we participate.

Michael Kavanagh
CEO & President

About Nanosonics

Nanosonics Limited (ASX:NAN) is a publicly listed multinational infection prevention company, trading on the Australian Securities Exchange (ASX). Nanosonics is headquartered in Sydney, Australia, with offices in Europe, Ireland, Japan, the United Kingdom and the United States. Distributor and reseller partners distribute our products and services in a number of other markets. We continue to penetrate further into markets throughout the world, with Nanosonics' products currently being sold in 31 markets.

Our commitment to our Mission is demonstrated by the innovative products and services which we provide to the market. Our trophon technology remains the industry standard for high-level disinfection (HLD) and reprocessing of ultrasound probes. Patients around the world benefit from heightened safety from the use of trophon at medical facilities. Nanosonics has also announced that it is creating a new platform technology, Nanosonics CORIS, which is directed toward cleaning endoscopes which is an important unmet need in infection control. We continue to conduct research and development in a range of focus areas.

The Company's strategy is outlined in the following summary:

Our aspiration and strategy

Transform medical device reprocessing for improved patient safety and better healthcare outcomes



VALUE CREATION



By establishing new standards of care and category leadership

- Leading ultrasound reprocessing
- Transforming endoscope reprocessing
- R&D, strategic partnerships and M&A



Growing, optimising and protecting our customer base

- International expansion
- Customer value expansion
- Excellence in customer experience



Operational excellence will deliver value for all stakeholders

- R&D and bioscience innovation
- Medical and clinical affairs impact
- Asset allocation and operational efficiencies
- Manufacturing and supply chain scalability and continuity

ORGANISATIONAL FOUNDATIONS



Strong organisational foundations will underpin our achievements

- Excellent talent
- Digital and data transformation
- Quality
- Sustainability

Our sustainability approach



Tracking our FY24 goals

	Status	Comment
People & Culture		
Diversity, equity and inclusion objectives.	●	We have achieved the majority of the FY24 targets. See page 12 for details.
Climate action and environment		
Developing targets and setting a strategy to reduce greenhouse gas emissions.	●	See page 16.
Identifying and articulating any climate change risks and opportunities and associated mitigations.	●	See page 16. We have articulated some initial areas of potential climate change risk. These areas will continue to be explored.
Responsible sourcing		
Enhance strategy for identifying and combating modern slavery risks.	●	See page 11 of this FY24 Sustainability Report.
Implement supplier Code of Conduct.	●	See page 11 of this FY24 Sustainability Report.
Introducing ESG requirements into our supplier assessment process.	●	See page 11 of this FY24 Sustainability Report.
Review 20% of key raw materials against sustainable packaging solutions and material optimisation (to meet reporting requirements of APCO).	●	See page 17 of this FY24 Sustainability Report.
The elimination, where possible, of chemicals of concern, such as PVC.	●	See page 17 of this FY24 Sustainability Report.
Governance		
Seek to maintain 100% compliance on all training modules associated with the Code of Conduct & Ethics.	●	See page 11 of this FY24 Sustainability Report.
Maintain all relevant policies and procedures associated with ISO 27001 and mature cyber security resilience.	●	Achieved.
Community		
Develop and implement our first Reconciliation Action Plan and associated initiatives.	●	NAIDOC week celebrated with a range of initiatives.



FY25 targets

Caring for our customers and their patients



- Continue growth in the number of patients protected against the risk of cross-contamination through the use of our trophon technology
- Zero material adverse events/recalls
- Maintain all relevant regulatory approvals globally
- Receive QMS certification for 100% of Nanosonics' sites

Caring for our partners



- Conduct multiple on site modern slavery audits with tier 1 suppliers
- Conduct further remediation activities with key suppliers (note: no suppliers were classified as 'high risk')
- Investigate modern slavery risks associated with all new suppliers associated with CORIS
- Seek to maintain 100% compliance on all training modules associated with the Code of Conduct & Ethics

Caring for our people



- Achieve FY25 diversity, equity and inclusion objectives set out in this Report
- Maintain or exceed employee engagement at or above FY24 level of 71%
- Achieve below NSW Safe Work Industry target for safety incidents (LTIFR)

Caring for our planet



- Use 100% renewable energy source for Australian and US business operations by end of FY25 to significantly reduce both scope 1 and 2 emissions.
- Identify opportunities for reducing scope 3 emissions, in particular through our manufacturing and supply chain strategy
- Meet the APCO annual reporting requirements by increasing the review of our packaging from 20% to 40% against the Sustainable Packaging Guidelines

Caring for our communities



- Exceed 10% of total workforce training in Mental Health First Aid to maintain recognition of Skilled Mental Health First Aid Workplace
- Identify further opportunities to advance the commitments expressed in our RAP statement, in particular, employment or internship opportunities

Material issues



In sustainability terms, the most pressing issues affecting an organisation are known as material issues.

Nanosonics' materiality assessment is informed by engaging our stakeholders. The issues are shared annually with our Audit & Risk Committee.



Better patient outcomes

- Patient wellbeing
- Research and development



Product Quality & Safety

- Quality, safety and patient experience



Responsible sourcing

- Responsible sourcing to improve social and environmental outcomes and supply chain transparency and traceability



Climate action and the environment

- Emissions quantification and reduction
- Energy, water and resource use
- Waste



Good governance

- Governance, transparency, risk management, business ethics, diversity, independence and tax transparency



Caring for communities

- Delivering for the local and global community through R&D, partnerships, and charitable contributions



People and culture

- Culture and engagement
- Global workforce challenges
- Safety, mental and physical wellbeing
- Diversity and inclusion

Sustainability governance

Role of the Board and Board Committees

Key Sustainability Activities

Nanosonics Board

Oversees our ESG approach and monitors our ongoing sustainability performance.

- Considered the environmental and social impact of Nanosonics' activities, including current and future product lifecycles, manufacturing, usage and waste processes.
- Monitored safety, customer experience and infection prevention outcomes.
- Focused on our people and the organisational culture, and managed the strategic responses to workforce challenges.
- Approved updated governance policies (and oversaw the implementation of such policies) including:
 - Nanosonics' Code of Conduct and Ethics, which sets out the standards and expectations for the conduct of all Nanosonics staff and representatives, and
 - Diversity, Equity & Inclusion Policy, which outlines our approach to setting objectives for achieving and maintaining diversity.

Audit and Risk Committee

Oversees sustainability issues as they relate to financial matters (e.g. corporate financial reporting processes), Nanosonics' risk management program, and monitors material business risks.

- Reviewed our approach to sustainability reporting having regard to evolving requirements and market priorities, including consulting external subject matter experts.
- Considered any governance or sustainability-related risks (including social and environmental risks, climate change, and modern slavery) and frameworks.
- Oversaw the ongoing implementation of our global responsible sourcing framework and key issues.
- Received updates on progress on the emissions modelling project, and set Nanosonics' emissions targets.

Remuneration, People and Culture Committee

Oversees the people strategies, practices and culture to drive Nanosonics' business objectives.

- Focused on people, engagement and organisational culture.
- Supported the Board in overseeing strategic responses to workforce challenges and legislative changes.
- Monitored work, health and safety practices throughout the business.
- Endorsed for Board Approval the updated Diversity, Equity & Inclusion Policy.

Nomination Committee

Oversees Committee roles and responsibilities including as they relate to ESG matters, and reviews Board and Committee composition, structure and operation, and director skills and experience.

- Considered the Director skills and experience represented on the Board, including the ability to assess sustainability issues and the effectiveness of organisational policies.
- Monitored processes in place in relation to ongoing education regarding sustainability risks and standards, including considering the evolving sustainability reporting requirements.

Innovation and Development Committee

Oversees the strategy and implementation of Nanosonics' innovation and product development, including the sustainability aspects of the product development life cycle.

- Oversaw Nanosonics' technology strategy and product roadmap including taking into account sustainability and environmental considerations, including minimising environment impact of manufacturing, product usage and disposal processes.

Global Executive

Oversees the implementation of Nanosonics Cares globally and in each region, as well as the integration with strategy and Nanosonics' business priorities; advises the Board on any material sustainability risks and opportunities (including social, environmental and climate risks).

- Developed the Nanosonics Cares strategy, including an ongoing focus on emissions, people and culture, infection prevention outcomes and safety.
- Continued rollout of the Sustainable Supply Chain Initiative.
- Focused on data and digital transformation, and enhanced privacy and cybersecurity practices.
- CAPEX and OPEX to support key programs and initiatives (e.g. emissions modelling, ERP upgrade).

Global Sustainability Committee

Supports the Global Executive in delivering the Nanosonics Cares strategy.

- Identified and delivering on key emission activities such as carbon emissions modelling, and proposing company emission reduction targets.
- Worked with suppliers, partners and other stakeholders to deliver key initiatives.

Stakeholder engagement

The key stakeholders identified by Nanosonics to be impacted in some way by our products, services and operations are listed below, along with a snapshot of their issues of concern for how we engage with each group. Each stakeholder group has been identified and selected by Nanosonics through the preparation of previous sustainability reports. Throughout FY24, we continued to focus on fostering these key relationships, which have proven to be the most relevant stakeholders to our business and operations.

Key stakeholder	Key sustainability 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 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"> Product quality and safety Public health and infection prevention Price Ease of use 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 Ethical business practices 	Our procurement programs include a high level of engagement with key suppliers via meetings, business reviews and briefings. Our Sustainable Supply Chain Initiative requires our suppliers to actively engage in our third party supplier assessments.
Investors	<ul style="list-style-type: none"> Financial performance (revenue and profitability) R&D activities FDA and other regulatory approval 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) Flexible ways of working Gender equality Diversity and inclusion Training and education Rewarding workplace 	Our annual Employee Engagement Survey provides a mechanism for eliciting feedback from employees. Our management-facilitated feedback period, following the Employee Engagement Survey, encourages suggestions, ideas and other input from staff. We also hold a range of meetings including in-person and virtual town hall-style meetings, CEO updates and team meetings. Internal communication channels include intranet and newsletters.
Government and regulatory authorities	<ul style="list-style-type: none"> Product safety and quality Regulatory compliance Ethical marketing 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 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.

Caring for our customers and their patients



Delivering for our customers in healthcare

Our customers that play a key role in enhancing community healthcare by improving diagnosis, treatment, management and monitoring of health conditions, lead to better health outcomes and quality of life for their patients.

However, these benefits are potentially put at risk when medical intervention and medical devices cause infections to be transmitted either from one patient to another, or to medical professionals administering or managing these interventions.

Preventing the transmission of infections is critically important in our healthcare systems to safeguard the health and wellbeing of our customers' healthcare workers, their patients and the broader community. Infections acquired in healthcare settings, known as healthcare-associated infections (HAIs), can lead to severe complications, prolonged hospital stays, increased medical costs, and higher mortality rates. Effective infection prevention measures are essential to maintaining a resilient healthcare system capable of providing safe and high-quality care to all patients.

Nanosonics' products, which enable a high level of disinfection for our customers' medical devices, and prevention of infection transmission among their patients, contributes to the economic benefits by reducing healthcare costs and boosting productivity.

Deadly for organisms but safer for our customers

Tropon uses a hydrogen peroxide in a proprietary protective container which delivers high-level disinfection by generating a sonically activated mist that envelopes the ultrasound probe in a secure chamber. The disinfection cycle occurs in a fully enclosed system that keeps the operator safe. Unlike many chemistries, the hydrogen peroxide has a very low odour profile that makes it suitable for continuous use directly in our customers' patient treatment rooms and facilities.

Safe for the environment, clinicians and patients

Hydrogen peroxide is considered environmentally safe due to its ability to naturally and rapidly decompose into water and oxygen. This biodegradability that hydrogen peroxide does not leave harmful residues or persist in the environment, unlike synthetic chemicals that may accumulate in the environment and living organisms, potentially causing long-term ecological damage.

Once the probe is locked into the chamber, the trophon technology dispenses less than 2 ml of hydrogen peroxide for each cycle. Towards the end of the cycle, any residual vapour is drawn through a catalytic chamber to accelerate the natural process of decomposition into oxygen and water. At the completion of the cycle, the chamber is unlocked, and the probe is left safe, dry and gently warm for the next patient.

Our Promise to Prioritise Sustainable Products

Nanosonics prioritises sustainability throughout the product lifecycle. From research, development and product design stages, to operational usage and end-of-life waste management.



INNOVATION

Use of non-hazardous, eco-friendly materials and chemicals.

Make recyclability, reusability and minimisation of landfill requirements of the design and development cycle.

Elimination of toxic chemical usage and exposure.



MANUFACTURING

50% of total waste in Australia diverted to recycling.

Maintain ~4.1 ML of water consumed globally, despite growth in operations

Joined APCO and aligned to 2025 targets.



IN-USE

Continue to drive water savings by ongoing growth in trophon adoption.

Maintain low energy consumption at <2 Wh per day per device.

Zero chemical waste disposal; by-products are air and water.



END-OF-LIFE

~66% of parts responsibly recycled.

Consumables primary packaging made from food-grade-HDPE2 design to be recycled at end-of-life.

NEW GLOBAL HEADQUARTERS

With a National Australian Built Environment Rating System (NABERS) sustainability rating of 5.5 (between 'Excellent' and 'Market Leading')



trophon

Purging disinfectant

Caring for our customers and their patients continued



Product quality and reliability

Our commitment to delivering on product quality and reliability is driven by the understanding that the medical devices we design and manufacture play a critical role in the healthcare industry, impacting user and patient outcomes and safety.

Central to ensuring our product quality and reliability is our Quality Management System (QMS). Our QMS provides the processes and procedures for ensuring the safety and reliability of our products and complying with international standards and stringent regulations throughout the entire product lifecycle, from ideation to post-market surveillance. Our QMS also enables us to design, manufacture and distribute our products to meet our customer and regulatory requirements on a consistent basis.

Nanosonics continues to monitor the performance of our products in the market throughout their lifetime through our Post Market Surveillance process. Our QMS is regularly audited and reviewed to maintain compliance to the applicable standards and regulations for the countries where we market our products.

Our product quality and reliability are essential for the safety of patients, and the clinicians using our products.

Supporting our customers with knowledge, education and service

Nanosonics has a long-standing legacy installing the trophon brand in key global markets. We are grateful for the trust that thousands of hospitals and thousands of clinicians place in us every day. Our customers collectively operate over 34,000 units globally, protecting approximately 27 million patients from the risk of ultrasound probe cross contamination every year.

Nanosonics is dedicated to ensuring success for our customers by providing a robust customer experience. With an extension service network, we ensure that our services are provided in a timely

manner at all times. Furthermore, the clinical applications and training support provided to our customers' healthcare professionals assists them to utilise our products effectively, including through our product servicing, repair offerings and comprehensive accessories portfolio which are tailored to meet diverse clinical needs. Additionally, Nanosonics leverages deep knowledge of global and national guidelines to assist customers in maintaining compliance and implementing best practices in relation to high-level disinfection of ultrasound probes. This holistic approach underscores Nanosonics' commitment to fostering long-term success and trust among our customers, and helping drive an uplift of infection prevention practices wherever we operate, thereby improving patient safety outcomes.

Research and advancing the science of infection prevention

Despite significant advances in the science of infection prevention, gaps remain in the knowledge and application of infection prevention including the understanding of pathogen behaviour, transmission dynamics, and the impact of various preventive measures in diverse settings. The rise of antibiotic-resistant bacteria, novel viruses, and global health threats, such as pandemics, further complicates our understanding and our customers' ability to overcome such healthcare challenges.

Nanosonics is actively engaged in researching and understanding the science of infection prevention, through its involvement in and sponsorship of research studies, such as the recent study¹ (comparison of two endoscope channel cleaning approaches to remove cyclic build-up biofilm) demonstrating that CORIS technology outperforms the existing standard of manual cleaning in biofilm removal in endoscopes.

1. Journal of Hospital Infection, Volume 150, August 2024, Pages 91-95, Article entitled: 'Comparison of two endoscope channel cleaning approaches to remove cyclic build-up biofilm'. Website: <https://www.sciencedirect.com/science/article/pii/S0195670124001993>

Caring for our customers and their patients scorecard

Patient indicator	Metric	FY24	FY23	FY22	FY21	FY20	FY19
Patient benefits							
Patients protected	Number of cycles	27M	26M	25M	22M	20M	—
Water savings	Estimated total water savings from using trophon compared to traditional decontamination methods (megalitres) ²	180.91	168.74	155.22	139.10	123.34	108.84
Quality and regulatory							
Jurisdictions where trophon has regulatory approval	Regulatory approvals	41 ³	—	—	—	—	—
Complaints requiring regulatory reporting	Number of adverse events	0	0	0	0	0	0
Product recalls	Number of product recalls	0	0	0	0	0	0
QMS audit non-conformance	Number of enforcement actions taken in response to non-conformance	0	0	0	0	0	0
Ethical marketing	Total amount of monetary losses associated with false marketing claims	0	0	0	0	0	0

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

3. Whilst trophon was approved in a number of jurisdictions in previous years, this is the first year the Company has reported on this particular metric. For that reasons we have included a "—" in previous years.

Caring for our partners



Caring for our suppliers

Nanosonics depends on a complex international supply chain to support its products and services (direct suppliers), as well as day-to-day business operations and corporate functions (indirect suppliers). To support our manufacturing, Nanosonics has approximately 98 direct suppliers – 89% of which are single-source suppliers and about 66% of which provide custom-made components for Nanosonics. As a proud Australian head-quartered business, during the reporting period, Nanosonics spent approximately \$13.8 million supporting 68 local, direct Australian suppliers. The Company also spent \$18.8 million supporting 392 local and indirect Australian suppliers. The combined amount represents a 56.7% increase on FY23 local spend.

During the year, we were also pleased to roll out key supply chain initiatives. These included the implementation of the Supplier Code of Conduct which included a range of areas where suppliers committed to adhere to principles relevant to sustainability. Further, the Company's supplier assessment process was updated to include additional questions relating to sustainability for all new suppliers.

Combating modern slavery

During the reporting period, Nanosonics implemented planned activities after the initial roll-out of its Sustainable Supply Chain Initiative. The Company engaged in a risk assessment of its direct suppliers who were deemed to have a higher 'inherent risk' of modern slavery based on industry risk and geographical location of their business.

In FY25, we will conduct activities with key suppliers with a view to reducing modern slavery risks in our supply chain. In addition, whilst conducting quality audits onsite at supplier sites during FY25, we will also simultaneously conduct a modern slavery audit.

Further, in light of the supply chain being put in place to support the Company's new product, CORIS, we will investigate modern slavery risks associated with all new suppliers engaged to supply components for that new product. As a proactive measure, Nanosonics has also updated its Supplier Agreement template which makes the Supplier Code of Conduct, including obligations on the supplier to reduce and mitigate modern slavery risks in their business, contractually binding on the supplier.

As part of our continuing educational activities, in H1 FY24, the Company conducted mandatory refresher training of the Code of Conduct & Ethics policy which covered the topic of modern slavery for all staff, including senior leadership. Nanosonics' procurement personnel also renewed their accreditation in the CIPS Advanced Procurement Certificate in Ethical Procurement and Supply.

Key Opinion Leaders

Nanosonics has relationships with a range of senior healthcare key opinion leaders (KOLs) in areas relevant to our Aspiration. We draw on those relationships to identify unmet needs within the field of infection prevention, and discuss pathways to addressing those needs for our customers and society.

Caring for our partners scorecard

Customers	Metric	FY24	FY23	FY22	FY21	FY20	FY19
Customer							
Total units placed	Number of trophon units placed	3,850	4,410	4,100	3,460	2,790	3,190
Procurement							
Supply chain							
Modern slavery compliance (direct suppliers)	% of direct suppliers assessed as compliant to Modern Slavery standards	100%	27% ¹	—	—	—	—
Total number of direct suppliers	Total number of direct suppliers	98	88	87	75	—	—

1. Only 27% of suppliers were assessed being the top 27%.

Caring for our people



Our people are our strength

The safety, satisfaction, wellbeing and inclusion of our people are essential to delivering high-quality patient outcomes and experiences. That is why our people are at the heart of delivering Nanosonics' Mission and Values. We invest in our people and want them to have fulfilling careers, with opportunities for learning and advancement throughout their working life. We make safety a top priority and integrate safety and risk management into our daily operations. We reward and recognise our people for their important contribution to our success through initiatives such as our employee share program for eligible permanent employees in Australia. We are proud to employ many of the brightest, most dedicated people in healthcare.

Safety

The health and safety of our employees and visitors to our workplaces are taken seriously across Nanosonics. Our sites require a robust and innovative safety management system to ensure the safe working environment of our people. We are focused on having a strong reporting culture and our dedication to safety, including psychosocial safety is articulated in our Work Health and Safety Policy.

Our lost time injury frequency rate (LTIFR) and total recordable injury frequency rate (TRIFR) for the reporting period in Australia were 9.45 and 24.58 respectively per million hours worked. This compares to a manufacturing industry benchmark LTIFR of 11.3, as prepared by SafeWork Australia. The increase in LTIFR was driven by non-work related and pre-existing conditions where staff had to leave the office. The increase in TRIFR was driven by repetitive strain injuries from manual cleaning of endoscopes during a specific phase of validation and verification activities. Corrective and preventative actions have been implemented.

Achievement of FY24 diversity, equity and inclusion objectives is summarised below:

Objective	Performance	
Gender		
Continue to work towards increasing the level of women at Board level to 40% by maintaining or exceeding the 33% of women represented at Board level.	Achieved , the percentage of women represented at Board increased to 37.5% from 33%. It is expected to increase to 43% of women representation at Board level following planned retirement(s) at the 2024 AGM.	✓
Continue to work towards increasing the level of women represented at the Executive Team level to 18% by 2025.	Maintained 10% ¹ of women being represented at executive level and ensured gender representation was a key hiring principle for the CFO and CTO opportunity in alignment with the Diversity & Inclusion Policy. In the case of the CFO, for example, women comprised a majority of the shortlist.	–
Continue to maintain or increase the number of women represented at the senior leader level towards 40% by end of FY24.	Achieved , with 44% ² of women represented at the senior leader level (FY23: 40%). The focus during FY25 is to increase the number of women represented in the top two pay quartiles globally.	✓
Retention rate of 85% of the nominated emerging female leader during FY24.	Not achieved , with an overall retention rate of 76%.	–
Identify internal successors with a focus on gender equity for each of the Executive Team members.	Not achieved with succession-planning for each Executive Team member continuing to be a priority during FY25.	–
Continue to build a pipeline of diverse talent for next level roles in Operations, R&PD and IT.	Achieved , with Operations team reporting 16.7% of women represented (FY23: 14.2%), R&PD team reporting 20% of women represented (FY23: 16%) and IT team reporting 20% of women represented (FY23: 20%).	✓
Enhanced inclusive hiring processes in both new and replacement sales roles in both North America and EMEA.	Achieved , with 47% women represented in sales roles in North America (FY23: 40%) and 38% women represented in EMEA (FY23: 25%).	✓

1. This is at 30 June 2024 and includes CEO&P and direct reports and is excluding the vacant CTO position.
 2. This is defined as direct reports into an Executive or an intact regional leadership team reporting into an Executive and are in roles that are responsible for strategic delivery or execution of the Company's strategy. This definition was refined in FY24 from FY23 to reflect the organisational structure. If applying the FY24 definition to FY23 the like for like outcome would be that there were 44% of women represented in FY24 and 43% of women represented in FY23.

Caring for our people continued



Objective	Performance	
Flexibility		
Evolve the Flexible Work Guiding Principles into a Company Flexible Work Policy with a teams-based approach, business impact and benchmarked for best practice. The policy was to include flexible work options adapted from the Families and Work Institute model for all employees to access during their tenure at Nanosonics.	Achieved , the Flexibility and Flexible Ways of Working Policy was launched on 15 April 2024. Some of our employees have benefited from accessing all of the new leave benefits since the launch of the new policy.	✓
Senior leader change leadership workshops developed and launched in February 2024.	Achieved , all Australian-based senior leaders attended at least two of the three change leadership workshops, with 94.2% of the respondents reporting a very high/high-level of comfort in leading the change after the workshops in comparison to 47.1% feeling a very high/high level of comfort in the leading the change prior to the workshops.	✓
Inclusion		
Nanosonics will demonstrate support and inclusion for mental health.	Achieved , continued recognition as an accredited Mental Health First Aid Workplace in Australia, with additional MHFA trained to meet the minimum 10% of workforce requirement. In addition, there is now 75% of the Executive Team in Australia trained as a MHFA which demonstrates leadership support.	✓
To continue the unconscious bias training during FY24 with completion rates aligned with FY23 outcomes (95%) to support education and awareness in relation to an inclusive workplace.	Achieved , with a completion rate of 97% for all employees in Australia and North America.	✓
To introduce a pilot learning experience on Allyship & Inclusive Leadership for Executive/Senior Leaders which will build on the unconscious bias awareness training and continue to create an inclusive culture by strengthening leadership inclusive behaviours.	Not yet achieved , because this was re-prioritised to focus on training in support of the legislative changes as a result of Respect@Work Report.	–
To continue to develop and embed policies and processes to support a safe, inclusive, and respectful workplace aligned with the Respect@Work legislative changes.	Achieved , 95% completion of the mandatory Appropriate Workplace Behaviour training modules for all Australian employees. Training of 19 WHS committee members and MHFA in Australia on the pilot Managing Psychosocial Hazard Awareness Training. Development of the new policy 'Bullying and Unlawful Behaviour in the Workplace'.	✓
To continue to support cultural diversity during FY24 with a focus on NAIDOC Week, Harmony Day, R U OK?Day, and International Women's Day.	Achieved , with events/programs implemented across the Company with high participation and attendance at each event.	✓
To extend our preferred DES recruitment partners to attract diverse candidates from underrepresented groups.	Achieved , in FY24 Nanosonics Australia now has six DES preferred recruitment partners who represent candidates with physical disability (Ability Options, Breakthru), neuro-diverse candidates (CoAct, Xceptional) and women and refugees either entering or returning to the workplace (MEGT, AimBig). A total of 60% of our external opportunities during FY24 were advertised with our preferred DES partners.	✓
To establish an appropriate FY24 Diversity & Inclusion target for North America considering the current working demographics which will be pursued in FY25.	Not yet achieved , this will be re-prioritised for FY25.	–

Caring for our people continued



Below we set out the Company's FY25 Diversity, Equity and Inclusion Objectives:

Gender equity:

To continue to improve gender equity at Nanosonics by increasing the level of women represented at all levels within the organisation by:

- a) Improving the level of women represented on the Executive Team¹ over time to be more closely aligned with the 40:40 vision by 2030.
- b) Continuing to invest in the development and retention of women at the global senior leader level.²
- c) Increasing the level of women in the workforce overall.
- d) Continuing to commit to closing the gender pay gap in Australia.³
- e) Continuing to commit to increasing the level of women represented at the top two upper pay quartiles in Australia.⁴

Driving inclusion:

To create a safe, respectful, and inclusive culture where everyone feels a sense of belonging by embracing diversity in relation to:

- Age
- Caring responsibilities
- Family or marital status
- Sexual orientation, LGBTQI+
- Gender identity
- Disability & accessibility
- Ethnicity
- Religious beliefs
- Cultural background
- Aboriginal & Torres Strait Islander People
- Mental health
- Socioeconomic background

1. This is at 30 June 2024 and includes CEO&P and direct reports and is excluding the vacant CTO position.
 2. This is defined as direct reports into an Executive or an intact regional leadership team reporting into an Executive and are in roles that are responsible for strategic delivery or execution of the Company's strategy. This definition was refined in FY24 from FY23 to reflect the organisational structure. If applying the FY24 definition to FY23 the like for like outcome would be that there were 44% of women represented in FY24 and 43% of women represented in FY23.
 3. As reported by the Workplace Gender Equality Agency (WGEA). Gender Pay Gap is not the same as equal pay and the Gender Pay Gap measures the difference between the average earnings of women and men.
 4. As reported by the Workplace Gender Equality Agency (WGEA).

Caring for our people continued



Caring for our people scorecard

People & Culture: Diversity & Inclusion	FY24	FY23	FY22	FY21	FY20	FY19
Workplace						
Headcount¹	466	482	425	339		
Employee retention						
Employees returning from parental leave (%)	100	100	100	100	—	—
Employees still employed 12 months after returning from parental leave (%)	80					
Safety						
Lost Time Injury Frequency Rate (LTIFR)	9.45	2.17	2.16	6.94	—	—
Total Recordable Injury Frequency Rate (TRIFR)	24.58 ²	10.83	4.32	6.94	—	—
Whistleblower reports	2	2	0	0	0	—
Diversity and inclusion						
Women as a percentage of the total workforce (%)	44	45	42	41	41	36
Women in STEM roles (%)	38	41	39	42	39.8	—
Women in Senior Leadership (%)	44 ³	40	41	38	32	30
Women in Executive Team (%)	10 ⁴	9	11	22		
Women in Board roles (%)	37.5	33	29	29	29	17

1. Total headcount includes all permanent, MTC and casual employees.
 2. Our lost time injury frequency rate (LTIFR) and total recordable injury frequency rate (TRIFR) for the reporting period in Australia were 9.45 and 24.58 respectively per million hours worked. This compares to a manufacturing industry benchmark LTIFR of 11.3, as prepared by SafeWork Australia. The increase in LTIFR was driven by non-work related and pre-existing conditions where staff had to leave the office. The increase in TRIFR was driven by specific injuries which were experienced during a specific phase of validation and verification activities which are now finished. Corrective and preventative actions have been implemented.
 3. This is defined as direct reports into an Executive or an intact regional leadership team reporting into an Executive and are in roles that are responsible for strategic delivery or execution of the Company's strategy. This definition was refined in FY24 from FY23 to reflect the organisational structure. If applying the FY24 definition to FY23 the like for like outcome would be that there were 44% of women represented in FY24 and 43% of women represented in FY23.
 4. This is at 30 June 2024 and includes CEO&P and direct reports and is excluding the vacant CTO position.

Caring for our planet



CLIMATE CHANGE

Our journey so far

Nanosonics acknowledges the need for action to address the impacts of climate change. We have worked over recent years to progress our plans to address the greenhouse gas emissions associated with our business activities. Carbon and sustainability specialists, Pangolin Associates, were engaged to undertake a comprehensive greenhouse gas (GHG) assessment for FY23 that covered scope 1, 2 and 3 emissions across our global operations and through the value chain.

FY24 emissions

Nanosonics global GHG emissions for FY24 (scopes 1, 2 and 3) are 18,464 tonnes of carbon dioxide equivalent (tCO₂-e), a reduction of 5.2% on FY23.¹ The lower emissions total is a result of reduced manufacturing, business travel and international freight.

The results of the FY24 assessment equate to an emissions intensity of 42.6t CO₂e per employee for all scopes, comparing favourably against the Pangolin Associates benchmark of 45.5t CO₂e, which includes Australia and New Zealand-based manufacturing companies.

This second greenhouse gas assessment has further clarified those scope 3 activities making the greatest contribution to operational emissions – electricity from the use of sold products accounted for 34.4% and manufacturing inputs (supplier components/raw materials and electrical components) comprised 21.9% of total emissions. Business travel and sea freight (both Nanosonics' products (downstream) and our suppliers' products (upstream) were the next largest emissions contributors.

Activities falling into these categories will be the focus of attention in pursuing future scope 3 reduction targets.

“A key component of our carbon reduction strategy is to source 100% renewable energy use for our Australian and US business operations by end of FY25. use for our Australian and US business operations by end of FY25.”

Beyond FY24

Two years of completed greenhouse gas assessments and a boundary encompassing the full value chain equips Nanosonics to pursue a well-informed and committed pathway to carbon-reduced operations. The Company's future emissions have been modelled to 2050 incorporating financial and operational assumptions into scopes 1, 2 and 3 projections.

A key component of our carbon reduction strategy is to source 100% renewable energy for our Australian and US operations by end of FY25. Given that electricity usage is the primary driver of our scope 2 emissions, we expect this will allow us to significantly reduce our scope 2 emissions. Further, we anticipate it will also see us materially reduce our scope 1 emissions.

In addition, we will pursue opportunities to reduce scope 3 emissions across the value chain, particularly the largest contributors as revealed in our FY24 assessment. With limited control of activities beyond the organisation, delivering material scope 3 emissions reductions will be challenging. However, we will continue to pursue opportunities to reduce this footprint.

There are obvious challenges in reducing scope 3 emissions associated with sea freight and end-use electricity consumption, however we will continue to explore opportunities, such as the strategic relocation of relevant operations closer to our North American customer base.

Climate change risks

Nanosonics is working to understand and assess the impacts of climate change on our operations. The FY24 risk identification process included consideration of natural disasters, climate change, and supply chain disruption as risks for which Nanosonics must be prepared. Our organisational due diligence and enterprise risk management process involves monitoring our obligations under emerging environmental regulations. We acknowledge the importance of having a dedicated process that identifies and addresses climate-related risks and opportunities, and we will undertake this exercise in FY25. We expect to report on the outcomes of our climate risk and opportunity assessment in the subsequent Sustainability Report.

OUR OPERATIONS

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

Raw materials supply

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

Caring for our Planet continued



Manufacturing

Waste prevention

The waste management hierarchy prioritises waste prevention, followed by recovery operations that divert waste from being sent to disposal, such as preparation for reuse, recycling, and other recovery operations. Nanosonics takes a proactive approach to managing the responsible disposal of components, materials, chemicals and other general waste accumulated throughout our operations. Waste is primarily generated across the business through the product manufacturing and servicing activities, with lesser sources from general office activities. In addition, all our hardware products are compliant with the European Union Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electronic and electronic equipment (RoHS 2). To prevent unnecessary waste entering landfill, the Company employs several measures to prevent waste generation. Throughout our offices, warehouses and manufacturing facilities, are cardboard, paper, plastic and metal container and compost waste bins for employees to utilise. We place a particular emphasis on our manufacturing activities, where we seek to continuously improve our processes and initiatives to identify and implement waste minimisation activities.

As a result, approximately 50% of total waste is diverted to recycling, globally. Nanosonics also has waste management arrangements with local providers, who provide records of waste removal. Across our global operations, 174 tonnes of waste was generated during the reporting period, of which 86.5 tonnes was recycled.¹ In addition, 4,000 kg of hazardous waste was generated from R&D activities and responsibly managed through a hazardous waste management contractor.

Water consumption

Whilst our water consumption and usage has not been identified as a material issue for the Company, we nevertheless believe in the importance of long-term water stewardship and take responsibility to mitigate any unnecessary consumption. Nanosonics consumed 4.1 ML across our global operations throughout the reporting period. This is based upon reported water withdrawal from our utility providers for our international offices. The overwhelming majority of our consumption comes from our Australian operations, where all manufacturing and R&D activities are performed.

Packaging

In FY24, Nanosonics met the annual reporting requirements of APCO (Australian Packaging Covenant Organisation) and remain on track to align with APCO's 2025 target as much as possible. This involves continuing to increase recyclability of our primary and secondary packaging. For example, primary packaging of our new consumables is designed to be recycled at its end-of-life and easy-to-recycle food-grade HDPE (high density polyethylene) is used as the main material. Achievements in FY24 included introducing ESG requirements into the new supplier assessment process, reviewing 27%² of key raw materials against sustainable packaging solutions and material optimisation, ongoing compliance with ROHS standards, and confirmation that products do not have any chemicals listed in the WHO 10 Chemicals of Public Health Concern.

Caring for our planet scorecard

Environment	FY24	FY23	FY22	FY21	FY20	FY19
Climate change						
Energy consumption (kWh)	1,016,163	754,832	771,439	1,773,176	625,440	—
Renewable energy usage (kWh)	0	0	356,144	297,780	74,197	—
Scope 1 emissions (tCO ₂ e)	77.1	40	0	0	—	—
Scope 2 emissions (tCO ₂ e)	609.8	471	659	1,282	—	—
Scope 3 emissions (tCO ₂ e)	17,117	18,464	—	—	—	—
Recycling & waste						
Recyclable e-waste diverted from landfill (kg)	4,034	1,915	1,741	3,141	1,411	—
Responsibly disposed chemical and clinical waste (kg)	4,000	800	2,250	865	2,335	—
Water						
Consumption (ML)	4.1	3.7	6.9	6.3	—	—

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

2. The most relevant 27% of Nanosonics' suppliers were assessed. The others were not assessed in this year.

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

Caring for our community



Our community

Nanosonics recognises that our success as a business depends upon cultivating and enriching 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.

This year, we reinforced our focus upon the three central tenets to our community engagement: first, to strengthen our efforts to engage with our broader supply chain to address the risk of modern slavery and other human rights concerns; second, to maintain our longstanding charitable commitments which give back to various community groups; and finally, to bolster the educational opportunities for future generations, with a particular focus upon women.

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

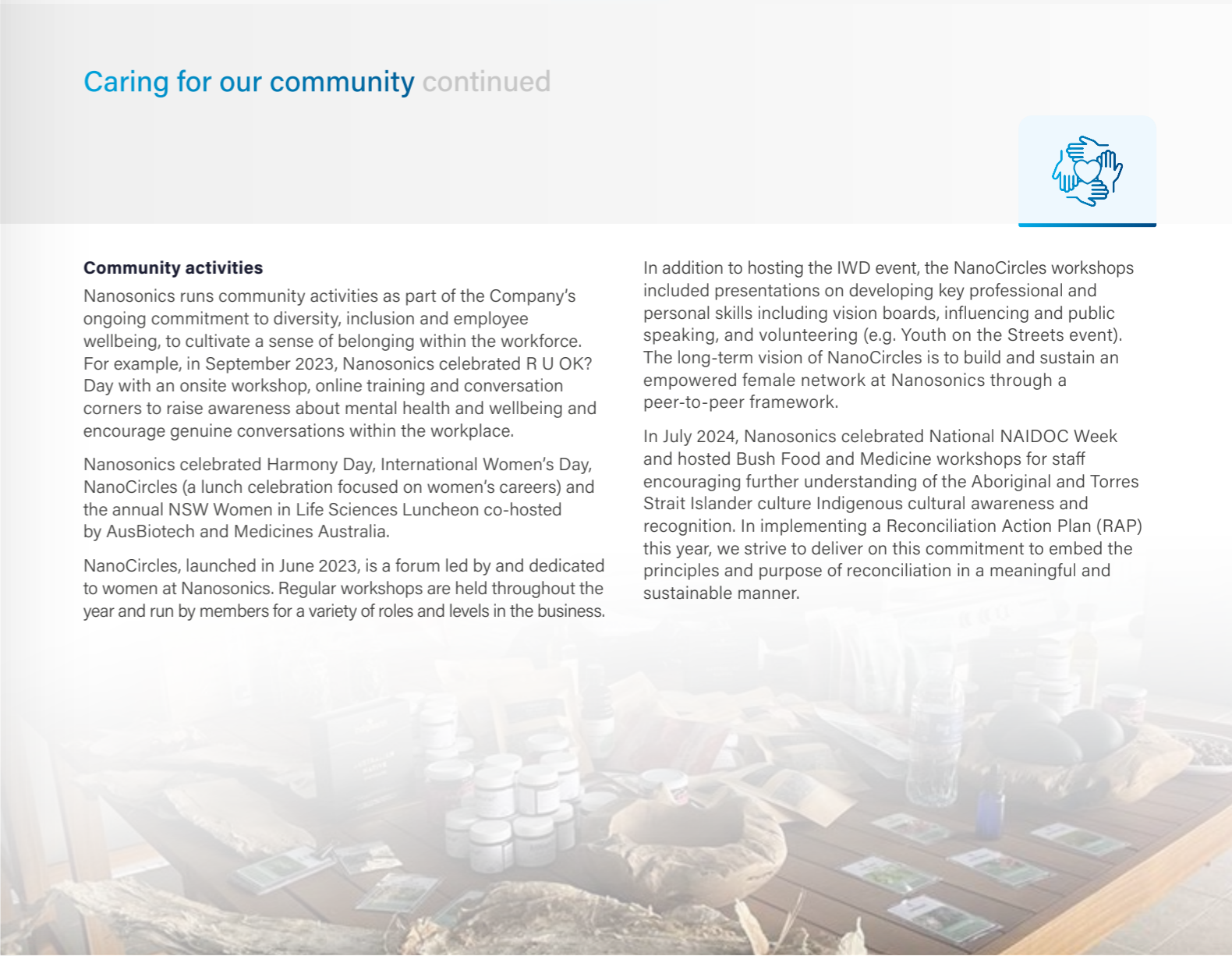
Contributions

Contributing to the communities in which we operate is an important focus for Nanosonics. Nanosonics has maintained its longstanding commitment to the St Vincent de Paul Society through participating in the CEO Sleepout.

At this year's CEO Sleepout, the Nanosonics community raised over \$25,000, which will contribute towards 80 individual support programs, 211 beds and 847 meals. Throughout the reporting period, Nanosonics has raised \$37,822.35 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.

Caring for our community continued



Community activities

Nanosonics runs community activities as part of the Company's ongoing commitment to diversity, inclusion and employee wellbeing, to cultivate a sense of belonging within the workforce. For example, in September 2023, Nanosonics celebrated R U OK? Day with an onsite workshop, online training and conversation corners to raise awareness about mental health and wellbeing and encourage genuine conversations within the workplace.

Nanosonics celebrated Harmony Day, International Women's Day, NanoCircles (a lunch celebration focused on women's careers) and the annual NSW Women in Life Sciences Luncheon co-hosted by AusBiotech and Medicines Australia.

NanoCircles, launched in June 2023, is a forum led by and dedicated to women at Nanosonics. Regular workshops are held throughout the year and run by members for a variety of roles and levels in the business.

In addition to hosting the IWD event, the NanoCircles workshops included presentations on developing key professional and personal skills including vision boards, influencing and public speaking, and volunteering (e.g. Youth on the Streets event). The long-term vision of NanoCircles is to build and sustain an empowered female network at Nanosonics through a peer-to-peer framework.

In July 2024, Nanosonics celebrated National NAIDOC Week and hosted Bush Food and Medicine workshops for staff encouraging further understanding of the Aboriginal and Torres Strait Islander culture Indigenous cultural awareness and recognition. In implementing a Reconciliation Action Plan (RAP) this year, we strive to deliver on this commitment to embed the principles and purpose of reconciliation in a meaningful and sustainable manner.

Caring for our community scorecard

Communities	Metric	FY24	FY23	FY22	FY21	FY20	FY19
Human rights							
Potentially at-risk suppliers engaged	# of suppliers identified as having a potentially high risk of human rights non-compliance	19 ¹	—	—	—	—	—
Suppliers assessed as high risk	# of suppliers reviewed and assessed as a high risk of non-compliance	0	—	—	—	—	—
Contributions							
Charitable donations (\$AUD)		22,970	20,000	38,420	32,090	—	—
Education							
University internships		12	12	16	14	—	—
Privacy & compliance							
Non-compliance							
Reportable non-compliance incidents		0	—	—	—	—	—
Privacy							
Breaches reported to the Office of the Commissioner		0	—	—	—	—	—

1. The suppliers considered to be potentially high risk were identified based on geographical location, industry and nature of the business. Certain geographic locations and types of industries have a higher inherent risk of modern slavery as a result of known labour rights issues and vulnerable populations in those areas. Once further investigations were conducted with the potentially at-risk suppliers, it was determined that none were in fact "high risk", as these suppliers have implemented risk controls and/or have risk mitigation measures in place.

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