



2023
SUSTAINABILITY
REPORT

 VAREX
IMAGING



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A LETTER FROM VAREX'S CEO, SUNNY SANYAL

At Varex, we are driven by a strong social mission to help improve and save lives through innovative X-ray technology.

Trust has always been the bedrock of our business, as you'd expect from a global innovator of diagnostic equipment for medical, security, and industrial applications. It's the reason we have put ethical operations at the center of our value creation story since our foundation over 75 years ago.

Amid the geopolitical and economic uncertainty that marked 2023, we remained focused on collaborating with our customers to create products that have a positive impact on the lives of millions of people.

We take a pragmatic approach to sustainability, aligning our environmental, social and governance efforts with our business objectives and customer

expectations. Many of the long-standing programs embedded into our sustainability strategy focus on finding opportunities to reduce cost and optimize production while enhancing safety and quality.

By designing for reparability and recyclability, for example, we drive cost down across our product lines, which means we can make our high-quality diagnostics and imaging solutions more accessible across the globe. Of course, this approach also conserves precious resources and eliminates waste, helping us realize our environmental ambitions. In 2023, we were delighted by the number of customers who responded to our request to return products to us for reconditioning and recycling, supporting our cradle-to-cradle philosophy.

To better track and share our environmental efforts with our stakeholders, we refined our capture of environmental key performance indicators in 2023. For the second year, we are also disclosing our climate-related risks and opportunities in accordance with the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD), reflecting our long-term commitment to effectively managing the impacts of climate change and the transition to a low-carbon economy.

One of the ways we are mitigating risk, including exposure to climate impacts, is through our localization strategy, which lessens our reliance on international suppliers and vendors. In 2023, we continued to reduce the need for long-distance product distribution and to diversify our supply base for increased resilience. Where we do use international suppliers, we are progressively increasing the use of ocean shipping and using lighter, recycled plastic packaging to protect

shipments, thereby reducing associated emissions.

Supply chain transparency is a strategic priority for Varex. In addition to expanding our ethical compliance training in 2023 to reinforce high standards in our own workforce, we expanded our supply chain mapping and due diligence, which now reaches as far as Tier 4 suppliers of raw materials. I am pleased to report that we have found no evidence of child labor, conflict minerals or other human rights concerns in our value chain, but we will remain ever vigilant.

We care deeply about our people at Varex. While it was gratifying to see our safety incident rate go down in 2023 and our global employee net promoter score (eNPS) go up, we will never stop investing in the safety, wellbeing and development of our talent. Highlights of the year included the launch of our EPIC leadership program and the relaunch of the Women's Impact Network (WIN), our employee resource group that empowers, inspires and supports female employees by creating effective networking and professional development opportunities.

Through the talent of the Varex team and the vision of our customers, I am confident we will continue to help improve and save lives around the world by making the invisible visible.

Backed by a clear strategic plan based on solid economic foundations and underpinned by robust governance, we are committed to securing a healthier, safer future for all.

Sunny Sanyal
CEO

ABOUT VAREX

With a rich history spanning more than 75 years, Varex is a leading innovator of X-ray imaging components. Our components are used around the world, enhancing detection, diagnosis, and protection across a broad range of medical, industrial, and security imaging applications.

OUR VISION

To be the preferred global partner for innovative X-ray imaging solutions.

OUR MISSION

Through the talent of our people and the vision of our customers, we help improve and save lives around the world by making the invisible visible.

WHAT WE DO

Varex is a leading independent supplier of X-ray imaging components: tubes, linear accelerators, digital detectors, high voltage connectors, accessory components, and software. Our imaging solutions are designed to meet the needs of customers and are used in medical imaging systems for both people and animals; in industrial non-destructive testing and manufacturing inspection; and in security imaging applications such as cargo inspections for border protection and checked baggage screening at airports.



AT A GLANCE

WHERE WE OPERATE

Our global headquarters are in Salt Lake City, Utah. The majority of our revenue is generated from customers outside of the United States. We currently manufacture our products in five countries (United States, Netherlands, Germany, Philippines, and China) and have sales and service operations in 11 countries.

12 MANUFACTURING SITES

We currently manufacture our products at 12 sites in five countries

17 SERVICES

17 engineering/sales operations sites in 11 countries



OUR EMPLOYEES

As of December 31, 2023, we had

2,400

employees worldwide, working across:



Manufacturing



General and administrative



Research and development



Sales and marketing

OUR INDUSTRIES



Medical segment



Industrial segment

AT A GLANCE

Creating shared value

Creating sustainable value for our stakeholders is critical to Varex's success. By producing high performing components that deliver low-dose, high-resolution medical images, we make a positive impact, helping to keep people around the world safe and healthy. But our value extends beyond that. We also support the continued digital imaging transition across medical, industrial non-destructive testing and inspection processes.

HOW WE CREATE SHARED VALUE

A strong corporate governance structure helps drive our business forward. Alongside a detailed Code of Conduct and our Sustainability Strategy, we are equipped with the guidance to create long-term shared value.



SUPPLY CHAIN

Alongside our suppliers, we are working to create a responsible supply chain that drives quality and efficiency while addressing human rights and environmental impacts.



MANUFACTURING

We are proud of the high standards of our product quality and safety and strive to uphold this while minimizing our impact on local communities.



CUSTOMERS

Collaboration is key to our success, and we innovate to meet the changing needs of customers when creating cost-effective X-ray imaging solutions.



SOCIETY

Our products help to keep people safe and healthy and we strive to uphold high quality, safety, and environmental standards. In doing so, we aim to deliver benefits for end users—patients, consumers, and broader societies—in a sustainable manner.



CIRCULAR ECONOMY

By transitioning toward a circular, lower-carbon economy, we aim to maximize value for customers while reducing our environmental impact.

AT A GLANCE

Capital

Several inputs enable the creation of our products:



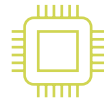
NATURAL

Natural resources such as energy, water, and virgin and recycled metals form our products.



MANUFACTURED

Machine technology is key to developing our solutions.



TECHNICAL FACILITIES

Global manufacturing facilities help us deliver solutions to customers around the world.



FINANCIAL

Financial investments enable us to operate and grow sustainably.



SOCIAL

We aim to build trusting relationships with employees, customers, business partners, suppliers, and communities.



INTELLECTUAL

Our trade secrets, patents, trademarks, other intellectual property, processes, and standards give us a competitive edge.



HUMAN

We seek to build a diverse, inclusive workforce of creative, innovative employees.

Responsible and responsive

The ability to adapt helps us deliver innovative products to meet changing market needs.



MEDICAL

Growing, aging populations put increased pressure on healthcare systems. We are advancing innovation to improve image quality and speed while reducing costs and X-ray dosage as well as promoting access to our components in emerging markets.



INDUSTRIAL

Technological developments continue to advance the scope of our solutions, from inline manufacturing inspections and nondestructive testing to inspection of complex machined parts, cargo scanning, and inspection of infrastructure such as oil and gas pipelines.

Our 2023 Highlights

Innovation across the business saw another year of progress for Varex in 2023. Improvements across waste reduction and energy use contributed to the successful delivery of increasingly sophisticated imaging solutions while enhancing our facilities for lower impact.

INSPIRING INNOVATION

Innovation remains a key driver as our business continues to evolve and adapt. There was progress across the business, from revenue growth to the enhancement of product repairability.

- Introduced fluoro panels into two of our products.
- Launched irradiation business, XR Pure.

PROTECTING THE ENVIRONMENT

To reduce our environmental impact, we are finding new ways to improve our operations for the benefit of our people, our communities and the world. 2023 was another year of good progress.

- Innovative packaging techniques helped us reduce raw material usage.
- Transferred almost all of our Philippines exports from air freight to ocean freight, reducing emissions significantly.
- Acquired a new business to bring recovery of key materials in-house, helping us enhance circularity in our manufacturing processes.

EMPOWERING PEOPLE AND COMMUNITIES

We continued to prioritize delivering a positive employee experience in 2023. We onboarded a new Chief Human Resources Officer, who rolled out a new HR strategy focused on fostering

a diverse and qualified talent pool across the business. This helped us establish a globally standardized approach to talent management, and we implemented changes on the back of last year's employee listening campaign. We were pleased to see a reduction in our employee turnover rate for the year, from 21% in 2022 to 15% in 2023.

- Relunched the Women's Interest Network, our first employee resource group.
- Improved diversity across candidate slates by ensuring each includes at least one female and one person of color.
- Launched our new HR strategy to cultivate a diverse and qualified talent pipeline.

ACTING WITH INTEGRITY

Varex is guided by robust governance and underpinned by a commitment to ethics and integrity. In 2023, we ensured these values were instilled across the business through additional training and an update to our Board committee charters.



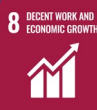





- 99% of all employees recertified that they had read and understood the Code of Conduct.
- Updated committee charters to facilitate coordination between committees on disclosure issues.
- Delivered additional ethics training to managers across the business.

OUR SUSTAINABILITY STRATEGY

Our mission is to help improve and save lives around the world. We strive to operate sustainably to ensure our operations also have a positive impact on the world. From innovating leading X-ray solutions to building relationships with our customers and local communities, our Sustainability Strategy guides our efforts to be a responsible, resilient business. And, by addressing four key areas—each with bold 2030 ambitions—our strategy helps us target progress in the areas that matter most for Varex.

DELIVERING ON THE SUSTAINABLE DEVELOPMENT GOALS

Our strategy is informed by the UN Sustainable Development Goals (SDG) for 2030. In 2023 we reviewed the Goals that we previously deemed relevant to the business, and elevated our approach to mapping out how we meet them by adding targets and indicators to each. We are now reporting on a number of indicators that signpost progress and contributions towards Goals 3, 5, 8, 10, 11, 12, 13 and 16.

| SUSTAINABLE DEVELOPMENT GOAL | RELEVANT SDG TARGET/INDICATOR* | VAREX DISCLOSURE |
|---|--|--|
|  <p>3 GOOD HEALTH AND WELL-BEING</p> | <p>Goal 3: Ensure healthy lives and promote well-being for all at all ages</p> | <p>Target 3.d: Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks</p> <p>Varex sells products across the globe, including in several developing countries, and continues to grow its business and physical footprint in India</p> |
|  <p>5 GENDER EQUALITY</p> | <p>Goal 5: Achieve gender equality and empower all women and girls</p> | <p>Indicators 5.1.1: Whether or not legal frameworks are in place to promote, enforce and monitor equality and non-discrimination on the basis of sex & 5.5.2: Proportion of women in managerial positions</p> <p>The Varex Code of Conduct is applicable to all employees and explicitly states that discrimination based on a protected class (including sex) will not be tolerated. Globally, 17.2% of Varex's leadership identified as female.</p> |
|  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> | <p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> | <p>Indicator 8.5.1: Average hourly earnings of female and male employees, buy occupation, age and persons with disabilities</p> <p>Refer to GRI Index, page 9</p> |
|  <p>10 REDUCED INEQUALITIES</p> | <p>Goal 10: Reduce inequality within and among countries</p> | <p>Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p>The Varex Code of Conduct is applicable to all employees and explicitly states that the workplace should be free from harassment, discrimination, intimidation, bullying, and retaliation. Discrimination based on a protected class will not be tolerated and Varex encourages an appreciation and respect for the unique backgrounds, experiences, thoughts and talents of our employees and business partners.</p> |
|  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> | <p>Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable</p> | <p>Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p>In 2023, we produced 1,315 tons of waste and diverted 59% of it from landfill – a significant reduction from 2019 (1,815 tons of waste, 63% diverted from landfill)</p> |
|  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> | <p>Goal 12: Ensure sustainable consumption and production patterns</p> | <p>Indicators 12.4.2: (a) Hazardous waste generated per capita; and (b) proportion of hazardous waste treated, by type of treatment, & 12.5.1: National recycling rate, tons of material recycled</p> <p>In 2023 Varex eliminated an entire hazardous waste stream, reducing total hazardous waste generated, and products are designed to enable easier recovery of hazardous materials. Total hazardous waste generation is not significant. Varex targets a 100% takeback rate, and in 2023 5,617 retired products were returned to us, an increase of 3% over 2022</p> |
|  <p>13 CLIMATE ACTION</p> | <p>Goal 13: Take urgent action to combat climate change and its impacts</p> | <p>Indicator 13.2.2: Total greenhouse gas emissions per year</p> <p>Please refer to page 28 of this report, Carbon Footprint 2023</p> |
|  <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> | <p>Goal 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> | <p>Target 16.5: Substantially reduce corruption and bribery in all their forms</p> <p>The Varex Code of Conduct is applicable to all employees and explicitly states Varex's full commitment to the principles and practices of anti-bribery and anti-corruption laws</p> |

*In instances where SDG's are explicitly national, the scope of this disclosure is narrowed to solely include Varex

OUR 2030 AMBITIONS

INSPIRING INNOVATION

Collaborate with our customers to create products that have a positive impact on the lives of millions of people, guided by our Sustainable Innovation Guidelines.

PROTECTING THE ENVIRONMENT

Strive to minimize our impact on the environment by working toward zero manufacturing waste and carbon neutrality. Reduce the need for raw materials by designing our products for recycling and repurposing.

EMPOWERING PEOPLE AND COMMUNITIES

Develop our strategy to invest in:

- Helping people to develop their potential.
- Empowering youth, women, and minorities to expand the skills they need to excel.
- Supporting health in communities where we operate.

ACTING WITH INTEGRITY

Work with our suppliers to promote a responsible supply chain. We align with the UN Global Compact (UNGC) and other international players to help protect and respect human rights across our value chain—from sourcing to customer.

ESG GOVERNANCE

Responsibility for ESG matters at Varex begins at the top with our Board and its three standing committees, with the Nominating Corporate Governance Committee having formal oversight of ESG. Management oversight is provided by the Executive Compliance and ESG Committee, which works closely with our Sustainability Leadership Group, comprised of our CEO, CFO, Chief Legal Officer, Sustainability Manager and Director of Facilities and Equipment. For more details, see Acting with Integrity on page 34.

OUR PRIORITIES



**Business ethics &
Code of Conduct**



**Product quality
& safety**



**Environmental
impact of products
& services**



**Employee recruitment,
development & training**



**Employee engagement,
wellbeing & retention**



**Supply chain
management**



Ethical marketing



**Diversity, equity,
& inclusion**



Risk management

Evolving expectations of the business and its stakeholders must be a key consideration of our sustainability strategy. To ensure we gather a well-rounded view on the focus of our ESG efforts, in 2023 we once again sought feedback from inside and outside Varex.

Through our ongoing relationship with an independent specialist consultant and our engagement with stakeholders, we continued to garner a broader picture of what matters most to our key stakeholders. Implementing suggestions from our external consultant, we honed our focus on adhering to best practices, seeking ways to improve our already robust program. To gather internal feedback we surveyed and interviewed many key leaders. External engagement involved a survey of select investors and customers. These results were then mapped against:

- An analysis of ESG ratings and investor insights.
- An analysis of key and common metrics reported by industry peers.
- A review of emerging regulatory requirements, voluntary standards including the Sustainability Accounting Standards Board (SASB), and frameworks such as TCFD.

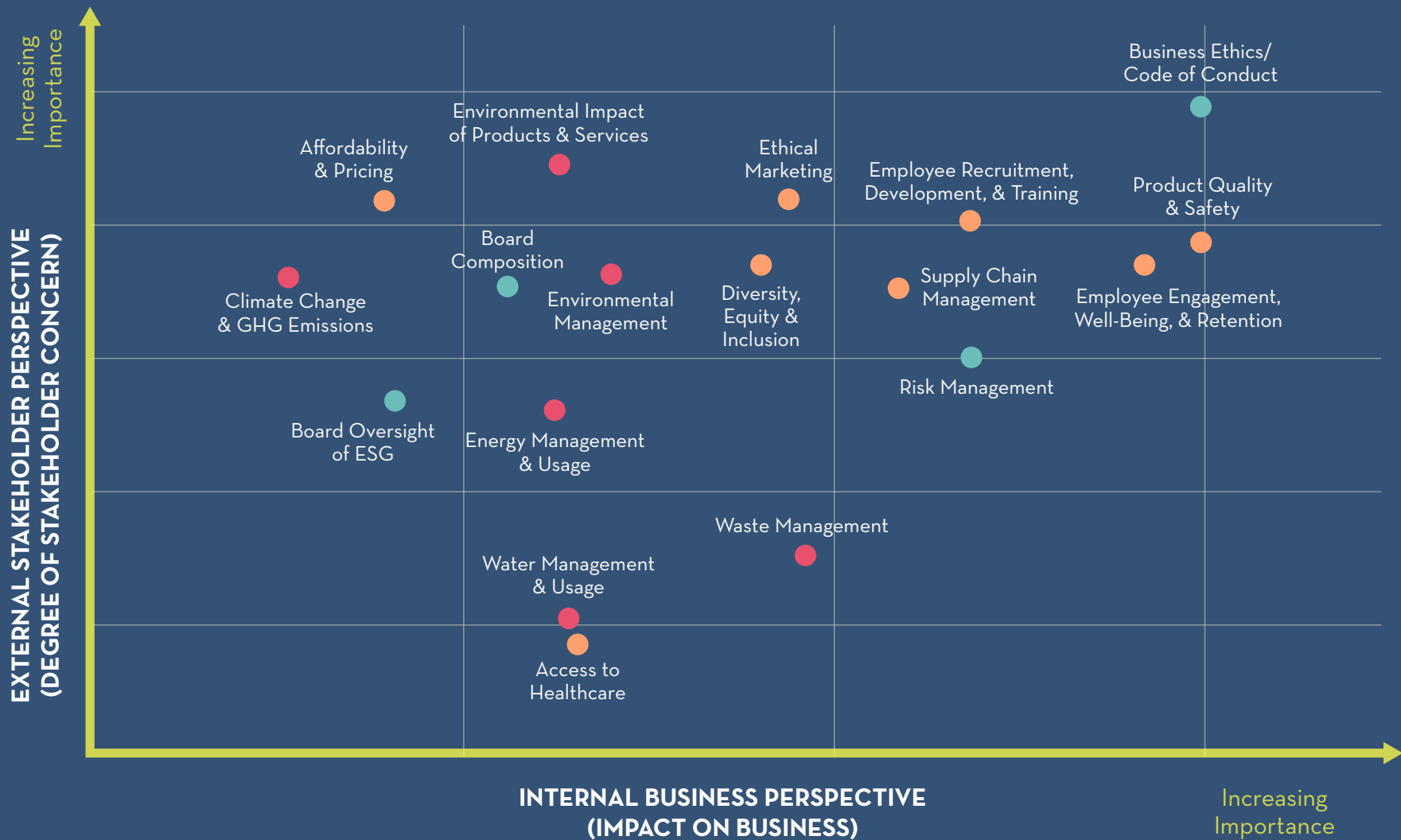
From this assessment, we identified our priority ESG topics as shown in the materiality matrix on page 13.

As our strategy continues to evolve, we will use the results of this assessment to shape our ongoing approach and maximize our positive impact on the environment, society, and the economy. We will review our material topics throughout the year to sustain our focus on the issues that matter most to our business and our people.

Our materiality matrix was developed in 2022, and remains relevant and appropriate to the business today. We will review our material topics periodically to ensure we stay focused on the issues that matter most.

MATERIALITY MATRIX

● ENVIRONMENTAL ● SOCIAL ● GOVERNANCE



INSPIRING INNOVATION

KEY HIGHLIGHTS FROM 2023



Expansion of XR Pure irradiation business.



Launch of new cardiovascular intervention product using anode end grounded tube.

2023 was a strong year for innovation at Varex. We continued to focus on applying breakthrough technology to enable a healthier and safer future, and reached significant milestones in making world-class diagnostics and imaging technologies more accessible for those who need them most.

Our research and innovation efforts are informed by our four Sustainable Innovation Guidelines:

- Better user experience (faster and more reliable scanning, improved patient comfort, and improved portability).
- Improved dose efficiency.
- Clearer images and improved differentiation.
- Reduced environmental impact through reduced power and raw materials consumption.

The guidelines aim to embed sustainability into every product design decision. They have been in place for seven years and by applying them, we have been able to:

- Enhance the serviceability of our products.
- Provide customers with greater visibility into potential issues with a product, enabling them to diagnose problems themselves.
- Enable easier recovery of hazardous materials, such as beryllium, from our products.

During 2023, we made significant progress in identifying new applications and growth markets for our cutting-edge imaging solutions.

EXPANDING OUR INSPECTION AND SAFETY PORTFOLIO

The ongoing global transition to electric vehicles (EVs) is a key driver of rapid growth in our inspection and safety portfolio. As manufacturing of EVs ramps up, demand is increasing for products to enable more efficient EV battery safety inspection via higher sensitivity and greater throughput.

We have developed products that specifically cater to the needs of this market, enabling precision inspection within EV batteries, a critical safety factor. By deploying cutting edge photon counting technology, we have greatly increased the number of batteries that can be inspected at any given time.

Another application for our technology that has seen an uptick in demand is cargo security screening at ports and borders. The systems for cargo screening include Varex's high energy linear accelerators, which can generate enough energy to penetrate completely loaded containers to sense different materials, making them extremely valuable in security applications.

In 2023, we launched a new irradiation system, XR Pure, that uses X-ray irradiation to decontaminate products. By using XR Pure, contaminated products can be remediated and salvaged for sale, rather than disposed of and wasted. We have already identified several promising applications for this new system, including food safety and retail and medical cannabis.

ENABLING THE RECOVERY AND RECYCLING OF RARE EARTH MINERALS

Demand for rare earth minerals is growing exponentially due to their role in the transition to a lower-carbon economy. This has opened up a market for devices that can non-destructively detect and identify valuable materials within metal scrap. Although this is not a new technology, we are working closely with customers to identify potential use cases and adapt our products to integrate them into their systems and expect this to be a significant growth opportunity for the business in the future.

IMPROVING ACCURACY AND HEALTH OUTCOMES

By working closely with our customers, we have been able to identify new ways to improve our products. For example, we can now offer customers more flexibility through our onboard memory capabilities.

We have also made progress in bringing our photon counting technology to market. This technology uses a dual energy source that enables contrast and non-contrast imaging simultaneously. The result is a better quality image and a color X-ray, enabling clinicians to distinguish between tissue types – a significant leap forward in imaging accuracy.

In a similar vein, we are also working to develop novel anode end grounded tube products to reduce the dose delivered to patients and expect prototypes to be available in 2024. If this technology is broadly adopted, we expect it will be influential in medical imaging.

During 2023, we released our first major cardiovascular intervention product using an anode end grounded tube. The product delivers high image resolution and enabled Varex to compete against a higher tier of products in the space.



PRODUCT SAFETY AND QUALITY

Our products are designed to help improve the health and the safety of patients and the general public. They must be effective, safe, and built with long-term quality in mind.

DESIGNING FOR QUALITY AND RELIABILITY

Each one of our products must meet our standards of quality, reliability, and durability. To ensure these standards are met, we perform extensive testing on our products.

Our quality management system is certified to the globally recognized ISO 9001 standard, which helps ensure our customers get consistent, good-quality products and services. We are also ISO 13485 accredited, recognizing our ability to provide medical devices and related services that consistently meet customers' and applicable regulatory requirements. Our regulatory registrations and certifications are listed on our [website](#).

In the event a customer returns a faulty product, we perform a root cause analysis. This information learned from this analysis can be used to prevent similar problems from occurring in the future.

The rate of Varex products that do not meet specifications is less than 1%. This is the 7th year that we have maintained this rate, a repeat achievement that reflects our commitment to improving our products for quality and longevity. The rate of customers returning faulty products was similarly very low.

LIFECYCLE MANAGEMENT

Where possible, we want to minimize the impact our products have on the environment. Through continuous innovation we are reducing our use of raw materials across our products, instead designing them with recyclability in mind.

In 2023 we continued to encourage our customers to return their retired products to us for recycling through a credit reward system. Our goal is to create a 100% takeback rate, and this year we were pleased to see another positive response from our customers to this initiative. 5,617 retired tubes were returned to us this year, an increase of 3% on the 5,546 tubes recycled in 2022.

MANAGING RADIATION

Many of the products we develop rely on X-ray energy to deliver high-quality images. We are subject to strict regulations regarding the manufacturing, handling, storage, transport, and disposal of radioactive substances. We know our customers want to help their patients feel as safe and comfortable as possible during medical scans. To support this, we continue to develop solutions that deliver superior imaging quality at a lower radiation dose.

As a global business operating across a number of regions, we are subject to a variety of local safety standards. We work to ensure our products comply

with those standards where we sell our products. To drive consistency in our approach, we test our products against the International Electrotechnical Commission's (IEC) globally recognized safety standards. Additionally, any product we create for imaging humans or other biological subjects must comply with regulations set by the U.S. Food and Drug Administration (FDA).

As well as reducing dosages for patients, we work to keep our employees safe when they work around sources of radiation too. Each of our manufacturing sites has a designated safety responsibility person who ensures compliance with protocols regarding working with radiation. Additionally, those who work around active radiation sources are trained on relevant safety measures.

ENSURING PRODUCT QUALITY AND SAFETY IN THE SUPPLY CHAIN

We want to ensure that our social and environmental values are shared by our material supply chain partners. Our selection process for all business partners relies on this alignment of values. See page 39 for more on our third-party Code of Conduct.

We conduct periodic audits that address conformity with legal and regulatory requirements, the content of our Code of Conduct, and customer contractual requirements related to social and environmental responsibility.



PROTECTING THE ENVIRONMENT

In 2023, we continued to improve the way we capture and report on environmental metrics, delivering more accurate data that can inform our planning. We have taken steps to reduce our environmental impact, removing a hazardous waste stream from our operations entirely and acquiring a new business that enables us to bring recovery of key materials in-house. Across our operations we sought innovative ways to continue transforming the business for the benefit of our people, our communities, and the wider world.

KEY HIGHLIGHTS FROM 2023



Shipped 95% of our products from the Philippines by ocean - approximately 65% of our total products.



Eliminated an entire hazardous waste stream by recycling dental test films.



Invested in a new industrial scale enabling us to weigh our own waste and improve waste monitoring.

ENVIRONMENTAL MANAGEMENT

We are pleased to be in a position where we can assess and refine our approach to environmental impact, having made significant strides in recent years. In 2023 we again worked in partnership with a third-party consultant to review our ESG program and find ways to strengthen our approach.

This year, we focused on improving our GHG emissions calculations methodology. We worked with our third-party consultant to improve the ways we collect data, calculate metrics and monitor trends using an end-to-end data management and sustainability reporting platform.

We also took steps to reduce our real estate footprint in 2023, closing our Pensacola office in Florida. Doing so also reduced employee commute emissions.

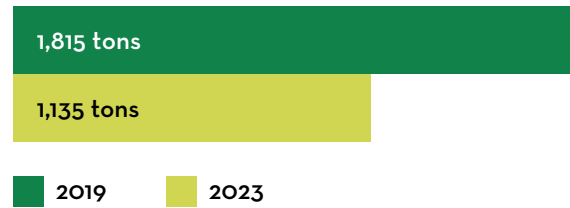
ENERGY

Our work can be energy intensive, so it's important for us to be smart when we use it. Now that we have transferred all lighting to LED at our manufacturing facilities, we are continuing to pursue other energy efficiencies wherever viable. For example, we are exploring the viability of implementing a solar energy system at our Las Vegas site, following in the footsteps of our site in the Netherlands which already uses solar arrays to generate energy. The viability of solar power in the Philippines is still being assessed. We are also communicating with local utilities in Salt Lake City to explore ways that we can increase our renewable energy usage there.

WASTE

Reduction of waste has been an ongoing priority for Varex, and we've made significant progress since our baseline year in 2019. Now that we have established programs in place, we are continuing to make incremental improvements in the elimination of waste; we produced 1,135 tons of waste in 2023 compared to 1,815 tons in 2019. We also diverted 59% of our waste from landfill in 2023, similar to the 63% that was diverted in 2019.

Waste Produced 2019 vs 2023



This progress can in part be attributed to the total elimination of one of our hazardous waste streams. Instead of disposing of dental test films, they are now entirely recycled, contributing to a reduction in the volume of hazardous waste we're sending to landfill.

To improve the accuracy of our waste tracking, we have also introduced a new, industrial scale in Salt Lake City that can measure the amount of waste we are disposing of. This will help us to better understand our waste footprint and identify further opportunities to reuse materials and by-products from our production processes.

We continue to encourage our customers to return retired products to us through a credit reward system. Whenever possible, we will harvest returned products for parts before recycling them, disposing of any hazardous waste in the process. In 2023, 5,617 tubes were returned for recycling - an increase of 3% on the 5,446 tubes recycled in 2022.

| Focus Area | Unit | 2020 | 2021 | 2022 | 2023 |
|-------------------|------|-------|-------|-------|-------|
| Recycling | Tons | 1,150 | 730 | 851 | 775 |
| Landfill | Tons | 509 | 273 | 351 | 540 |
| Total Tons | | 1,659 | 1,003 | 1,202 | 1,315 |
| Diversion Rate | % | 69.32 | 72.78 | 70.80 | 58.94 |

WATER

Even though we are not high users of water, we are careful about how we use it. In some of our site locations - namely Salt Lake City and Pune, India - water can be particularly scarce, so we aim to conserve it wherever possible. These efforts are environmentally conscious, and in Salt Lake City our approach also make good business sense since water is an expensive resource in this region.

To help monitor and track our water usage, we have installed flow meters across our Salt Lake City site. These will provide a more accurate picture of the water we use and inform the ways that we can further reduce usage.

By 2024, we will have completed the updating and upgrading of our internal process cooling water systems in our Salt Lake City headquarters. This will improve energy efficiency and should help us reduce downtime.

126,808m³
Total Volume of Water Withdrawn

15,142m³
From Ground Water

111,666m³
From Municipal Water Sources

PACKAGING

Our packaging is designed to be compact and recyclable. We regularly explore new and innovative ways to package our products. Reducing waste will result in lower waste volumes going to landfill, while reduced weight will improve transport efficiency and help to lower emissions.

Rather than shipping our panels individually, we now ship them in a ten-pack, promoting more high-volume purchases and exports. X-ray tube inserts are also shipped to China in reusable eight-packs, which is part of our efforts to eliminate the use of polyethylene in the foam used in packaging our products. Meanwhile our new generation panels now use a plastic composite rather than metal housings, reducing weight and allowing us to package them in recycled materials.

LOGISTICS OPTIMIZATION

At Varex, we want to utilize efficient and sustainable processes along the supply chain, helping us to create more affordable and attractive costs for customers while reducing the emissions associated with our operations. The disruptions to supply chains caused by a range of global issues from 2020 to 2022 resulted in us moving much of our shipping to air freight. We have now reduced our reliance on air freight and are progressively replacing it with ocean shipments, which produces far less carbon emissions. In 2023 for example, we exported 95% of our products from the Philippines by ocean shipping, having previously exported from this location almost entirely by air freight.

CASE STUDY: MATERIAL RECOVERY

In 2023, we acquired the assets of one of our vendors that previously provided material recovery services to us. This acquisition is a great example of our ambition to bring as many aspects of our operations as practicable under control in-house and oversee a reduction in our environmental impact.

The recovery of reusable materials from our products helps us to reduce the cost of purchasing raw materials. Bringing this process into our internal operations has afforded us greater visibility into our material stock, with metrics indicating the availability of reusable materials. We are also now better equipped to meet customer demands for recycled products, since some of our customers require a certain proportion of their materials to be made from recycled content. Previously, external vendors weren't always able to supply us with the necessary recycled materials to meet these demands. However, this acquisition allows us to control the material recovery process ourselves. We don't need to rely on third-party vendors, facilitating a circular economy within our business and making our operations more resilient.



CLIMATE CHANGE

Climate change is a global issue that impacts all of us in one way or another. Extreme weather events are increasing in number and scale, while the world economy is transitioning to a low-carbon state. At Varex we recognize the importance of understanding climate change, how it can impact our people and our business, and the role we can play in mitigating it across our operations. As such, we have aligned this section of the report with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

In doing so, we have evaluated our climate-related risks and opportunities over the short-, medium-, and long-term time horizons against two future scenarios and socioeconomic pathways published by the Intergovernmental Panel on Climate Change (IPCC). We will incorporate the outputs of this evaluation into our ongoing risk monitoring and management processes, and they will help to inform our future climate strategy.

Climate-related risks and opportunities

TRANSITION RISKS

In a world that moves towards Scenario 2, the Green Road, our business could face **policy and legal risks** in adapting to meet changing regulatory requirements across all time horizons. For example, the EU's new CSRD Directive was adopted in November 2022, and this has its own climate disclosure requirements. As such, we have received and can expect to receive more customer requests for information on climate impact, and these requests may grow increasingly in scope alongside climate awareness and expectations.

Any risks we might encounter are expected to have a low financial impact on the business, since we are already practiced in innovating and adapting our production processes to accommodate changing regulations, technology, and client needs. We are well prepared for additional reporting requirements, as we have produced ESG reports for many years and regularly provide climate-related information to our customers as part of the request for proposal (RFP) process.

Separately, we may also encounter material restrictions. This would relate to the use and

availability of lead, certain chemicals, and rare earth minerals. These restrictions could have a medium impact on the business over the long term, as sourcing alternatives to some materials could prove difficult. Again, we are confident that our ability to adapt and innovate our production processes will help us to address this risk should it arise.

In terms of **technological** advances, the business may be impacted if smelting and molding techniques need to change in a decarbonized future. We are a high user of energy, so increasing energy costs could have a financial impact on the business. However, we are not heavily reliant on fossil fuels so a transition to renewable energy does not present a risk to our operations. Similarly, we do not operate an extensive fleet of vehicles, so a transition away from internal combustion engines to electric vehicles would not significantly impact our business. We may also need to meet specific requirements on the percentage of recyclable items we are using in our production processes. However, we are already lowering our usage of raw materials by sourcing recyclable products from sub-suppliers, so currently do not believe that this risk presents any substantial long-term threat to our business.

We do not anticipate that our business would be impacted financially or reputationally by climate-related matters. We are proud of our good reputation among our customers, which has been maintained through the often decade-long, strong relationships we have built. We will continue to work closely with our customers, investors, and other stakeholders to respond promptly and comprehensively to requests for climate-related

information. In addition, we will work to maintain high ESG performance to protect our reputation.

PHYSICAL RISKS

Under Scenario 1, the Highway, our business could be impacted by a number of physical risks in the long term. These include **acute risks**, such as severe weather events impacting our ability to deliver products to customers and disrupting our supply chain. In addition, our office in Houston, TX and our manufacturing facility in Calamba, Philippines could be impacted by flooding events and hurricanes. We believe the impact of these risks would be low. We currently have a localization strategy in place to reduce exposure to overseas vendors and suppliers and mitigate the risk of future disruption. All our sites have comprehensive business continuity plans in place to minimize disruption in the event of severe weather impacts. These plans are reviewed and updated regularly to ensure they address new and emerging risks to our business.

Chronic physical risks include the risk of rising sea levels. This would primarily impact our manufacturing facility in Doetinchem, Netherlands over the long term. However, the site is located near the border with Germany and is not expected to be impacted by flooding unless sea levels rise to the extreme level of current models. Similarly, our sites in San Jose, CA and Houston, TX, present low flooding risks, but are being monitored as a precautionary measure. On the other end of the spectrum, another chronic physical risk for our operational sites is water scarcity.



While our corporate headquarters in Salt Lake City, UT, and our site in Las Vegas, NV, are located in semi-arid desert climates, our operations there are not water intensive. Similarly, while our operations grew this year in Pune, India, another water-stressed region, the low water intensity of our operations means the risk here is minimal. We therefore expect water scarcity will have a low impact on our business over the long term.

OPPORTUNITIES

We recognize the importance of preparing for both of these climate scenarios, and as such have identified a range of ways for Varex to ensure the business remains equally resilient and innovative.

We are continuing to develop our products and packaging in a more sustainable manner, having significantly increased the recyclability rates of our X-ray tubes and our packaging. In doing so, we are also reducing our use of raw materials and water. This proactive approach will enable us to adapt to the demands of a 'Green Road' future, where recyclability becomes a necessary alternative to raw material usage.

Although we are not currently planning to invest in onsite energy generation, we are investigating the viability of alternative energy sources at several of our sites, including the possibility of installing solar arrays. This could smooth our transition to a Lower-Carbon future.

The electrification of transport is a growing market, and we have spent several years developing products to support electric vehicle (EV) battery technology. With demand increasing and new markets emerging, we are excited about the opportunities for this application.

In the case of Scenario 1, where the world does not move significantly away from fossil fuels, our technology - which enables the inspection of oil and gas pipelines - would remain in demand. Even in this scenario it remains unlikely that new pipes will be installed and so there will be a reliance on existing pipelines. As such, customers will turn to our products to provide more robustness to the existing infrastructure. This use of our products will help to reduce spillage from the pipes, cutting waste and generating fewer emissions.

We do not expect either of the two scenarios to negatively impact demand for our medical products. In the case of climate change impacting human health, we may even see an increase in demand.

Our products enable the electrification of infrastructure and support the waste management industry to prevent battery fires - and we expect demand for the industrial applications of our products to grow. Therefore, we believe our business strategy remains resilient under the scenarios we considered.

■ Impacts under scenario 1 ■ Impacts under scenario 2

| RISK TYPE | RISK | DESCRIPTION | TIME HORIZON | IMPACTS* |
|---------------|---------------------------------|--|--------------------|----------|
| Transition | Policy & Legal | Changes to local regulations | Medium- Long-term | ■ ■ |
| | | Increased reporting obligations | Short-term | |
| | | Additional recyclability requirements | Short- Medium-term | |
| | | Restrictions on the use of raw materials | Medium- Long-term | |
| | Technology | Manufacturing adapts to lower emissions | Medium- Long-term | |
| | | Transition away from fossil fuels | Medium- Long-term | |
| | | Mandated transition to EVs | Medium- Long-term | |
| | | Higher energy, fuel and transportation costs | Medium- Long-term | |
| Markets | Drop in demand for our services | Medium- Long-term | | |
| Reputation | Reputational damage | Medium- Long-term | | |
| Physical | Acute | Distribution disruption | Long-term | ■ ■ |
| | | Flooding of our facilities and sites | Long-term | |
| | | Supply chain disruption | Long-term | |
| | | Disruption to operations | Long-term | |
| | Chronic | Rising sea levels impacting operations | Long-term | |
| | | Increasing water scarcity | Long-term | |
| Opportunities | Resource Efficiency | Reducing the use of raw materials | Short- Medium-term | ■ ■ |
| | Energy Sources | Demand for recyclability | Short- Medium-term | |
| | Products | Energy generation onsite | Short- Medium-term | |
| | Markets | Electrification of transport | Medium- Long-term | |
| | Resilience | New demand for our technology | Short- Medium-term | |
| | | Pipeline inspections | Short- Medium-term | |

*See full impact description on page 44.

Governance

BOARD OVERSIGHT

Our Board of Directors oversees risks and opportunities at Varex. It receives quarterly updates from its committees and management on a range of related topics. The Nominating and Corporate Governance Committee provides oversight to our ESG program. The Audit Committee is responsible for overseeing overall risk monitoring and management, cybersecurity risks, and legal and regulatory risks. The Compensation and Human Capital Management Committee is responsible for the oversight of human capital matters.

While ultimate responsibility for risks and opportunities lies with the Board, ESG oversight at the management level is also critical to our collective efforts. As such, our Executive Compliance and ESG Committee comprises management team members who oversee ESG and other compliance matters at the management level. We also have a dedicated Sustainability Manager who is responsible for implementing our ESG and climate strategy, including our efforts towards mitigating our greenhouse gas (GHG) emissions and reducing our carbon footprint.

STRATEGY

For a second year in a row, we sought valuable external perspectives and engaged Nasdaq ESG Advisory to advise on some elements of our ESG program and disclosure. It helped to facilitate a series of internal workshops on our climate-related risks and opportunities, time horizons and potential future financial impacts that climate change might have on Varex. These workshops steered the exploration of our climate-related risks and opportunities. They were attended by leaders from across the business to ensure all functions and locations were represented.



SCENARIO ANALYSIS

Like last year, the goal of the workshop was to identify and analyze possible future impacts of our business. As such, we again assessed risks and opportunities under two future scenarios with radically different outcomes. These scenarios were based on Shared Socioeconomic Pathways (SSPs), the latest climate change modeling used by the IPCC in its Sixth Assessment Report, published 2021-2023. In addition, we included key drivers specific to the medical equipment and supplies market.

CLIMATE SCENARIO 1 (TAKING THE HIGHWAY)

Assumes the world doubles down on competitive markets, innovation and participatory societies to produce rapid technological progress and development. However, alongside economic growth and social progress comes a dramatic increase in global average temperatures and climate change impacts. Development is fuelled by the exploitation of fossil fuel resources and the widespread adoption of resource-intensive lifestyles. All of these factors lead to the rapid growth of the global economy.

| SCENARIO 1 (TAKING THE HIGHWAY) | |
|---------------------------------|--|
| Climate scenario | SSP5-RCP8.5 |
| Temperature assumptions | ~4.4°C by 2100 |
| Key assumptions | <ul style="list-style-type: none"> • Energy-intensive lifestyles with heavy reliance on fossil fuels • No universal price on carbon • Internal combustion engine (ICE) vehicles still dominate the market • Increase in severity and frequency of extreme weather events such as windstorms, tropical cyclones, extreme precipitation, hailstorms, heatwaves, and droughts • Sea-level rise exacerbates extreme flooding in coastal and low-lying areas • Costs incurred to transition to lower emissions technology • New safety equipment and construction technology become necessary to protect workers and assets • Increased cost of raw materials |

CLIMATE SCENARIO 2 (TAKING THE GREEN ROAD)

Assumes the world shifts towards a more sustainable path, emphasizing inclusive development that respects environmental boundaries. Fossil fuels are phased out and there is widespread adoption of low-carbon energy sources coupled with energy efficiency regulation and carbon pricing.

| SCENARIO 2 (TAKING THE GREEN ROAD) | |
|------------------------------------|--|
| Climate scenario | SSP1-RCP2.6 |
| Temperature assumptions | ~1.8°C by 2100 |
| Key assumptions | <ul style="list-style-type: none"> • Increases in global energy demand coupled with phase-out of fossil fuels and widespread adoption of renewable and low-carbon energy sources • Gradual phase-out of ICE vehicles and increased use of EVs • State and federal investment in alternative energy and energy efficiency projects and technologies • Price on carbon emissions increases commodity costs • Extreme weather events such as tropical cyclones, extreme precipitation, etc. occur, but intensity and frequency are moderated • Moderate sea level rise • Cost to transition to lower emission technology • Overall increased cost for commodities |

We wanted to gain as broad a view as possible about the impacts and opportunities, across a range of time horizons. The three horizons were selected after considering our product development lifecycle and business planning cycle. We also believe the medium- and long-term horizons give appropriate scope to make reasonable assumptions and predictions for the two scenarios.

| | |
|-------------|------------|
| Short term | 1-3 years |
| Medium term | 3-10 years |
| Long term | 10+ years |

Risk management

IDENTIFYING AND MANAGING CLIMATE-RELATED RISKS

Given that many of the climate-related risks that could impact our business center around our supply chain, we have implemented a number of processes to identify supply chain risks. Supplier information is stored in our SAP system, which gives us visibility into the different tiers within our supply chain and allows us to analyze supplier data quickly and easily to test for vulnerabilities and exposure to specific risks.

We are now able to use this data to help us understand the potential impact of climate-related risks on our supply chain and develop strategies for mitigating these risks. For example, the localization of our operations reduces our exposure to the broader challenges faced by international suppliers

and vendors should they arise. We also diversify and engage multiple suppliers where possible to reduce key supplier risk.

Our critical materials policy supports this work and helps us to identify and manage risks around the availability of the raw materials on which our operations rely. The critical materials list is reviewed regularly by the Procurement team and updated (if required) to adapt for emerging risks. Several of our sites face acute and chronic physical risks that we have noted as part of the scenario analysis, including hurricanes in Calamba, Philippines, and flooding in Houston, TX, the Philippines, and Doetinchem, Netherlands. We have business continuity plans for all our sites and these plans are reviewed and tested for adequacy periodically.

Energy use is key to our operations. We know that high energy costs could impact our business, as could changing requirements about smelting and molding technology. To mitigate the impact of these risks, we look for ways to minimize energy use and find more efficient production methods. In addition, we are continuing to explore opportunities to shift away from air freight to rail, road and/or ocean transport in the distribution of our products. These changes to our logistics should reduce our exposure to higher fuel prices and potential carbon taxes in the future.

INTEGRATION INTO OVERALL RISK MANAGEMENT

The outputs of the scenario analysis workshop will be incorporated into our ongoing risk monitoring and management processes and used to test the resilience

of the business and current strategy. In 2023 we conducted a climate risk assessment for the second year in a row and intend to continue with this practice going forward. Each year we will regularly review our climate risk and opportunity assessment to ensure they are prioritized correctly. When necessary, we will repeat the scenario analysis process to identify new and emerging climate-related risks.

On an ongoing basis, the Executive Compliance and ESG Committee and the Sustainability Manager will monitor and assess climate-related risk and report to the Company's Board of Directors and/or responsible committees as appropriate.

Metrics and targets

We have monitored our GHG emissions since 2019 and reported our Scope 1 and 2 emissions along with our emissions intensity ratio. We have also reported direct and indirect energy use and measured our emissions of NOx, SOx and VOCs. Reducing our emissions remains a priority focus of our ESG strategy and we plan to pursue the following:

- Reduce direct energy use across our global operations.
- Improve indirect emissions use across our global operations.
- Reduce Scope 1 and 2 GHG emissions across our global operations.

GREENHOUSE GAS INVENTORY

Varex Imaging has used Nasdaq Metrio, a Sustainability Data Management Platform, to independently calculate GHG emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Actual activity data has been collected from all entities within the organizational boundary on a monthly basis by Varex Imaging. If actual activity data was not available, estimates based on square footage of those sites were made. The activity data is multiplied by an appropriate emission factor and global warming potential (GWP-100 AR6) to calculate Scope 1 and 2 emissions for Varex Imaging.

The GHG emissions have been calculated using emissions conversion factors published by the following sources:

- Environmental Protection Agency (EPA) from April 2023, including EPA activity emissions factors where applicable for Scope 1 and Emissions & Generation Resource Integrated.
- Database (eGRID) factors for location-based approach Scope 2 for sites within the US.
- International Energy Agency (IEA) from September 2022 for Scope 1 and location-based approach Scope 2 for all other sites outside of the US.

CARBON FOOTPRINT 2023

| CATEGORY | 2023 tCO ₂ e | 2023 GJ |
|---------------------------------------|-------------------------|----------------|
| Scope 1 | | |
| Diesel Fuel | 200 | 2,363 |
| Gasoline | 435 | 2,428 |
| Liquid Propane | 109 | 1,986 |
| Natural Gas | 3,223 | 464,935 |
| Refrigerants | 201 | N/A |
| Purchased Gases | 688 | N/A |
| Total Scope 1 | 4,856 | 471,712 |
| Scope 2 | | |
| Electricity Location-Based | 11,725 | 122,466 |
| Steam Location-Based | 0 | 1,222 |
| Total Scope 2 (Location-Based) | 11,725 | 123,688 |
| Scope 1 & 2 | | |
| Scope 1 & 2 (Location-Based) | 16,581 | N/A |

ERM CVS performed limited assurance on Varex's Scope 1 and Scope 2 GHG emissions for the fiscal year ending September 29, 2023. For more information on assurance, see ERM CVS' assurance statement as an [appendix](#) to the report.

EMPOWERING PEOPLE AND COMMUNITIES

KEY HIGHLIGHTS FROM 2023



Organized a leadership summit with the mayor of Salt Lake City, bringing together 40+ business leaders.



Relaunched the Women's Interest Network (WIN).

At Varex, we put people first. It is at the core of our business and our mission is to improve and save lives by making the invisible visible. To do so, we are compelled to drive innovation and continue improving our products.

Our success depends on empowering our people. By making sure everyone at Varex feels valued and can belong, with their safety prioritized, we will remain an employer of choice. This people-led approach extends to the communities we are a part of. Wherever possible, we strive to make things better for the people around us.

HUMAN CAPITAL MANAGEMENT

We've launched a new HR strategy so we can continue to select, develop, engage, and retain talent. The strategy was rolled out in 2023, and will help us to establish a standardized approach to talent management across the organization and align us with best practices globally.

The strategy includes a scorecard to track progress and inform our decision-making. The metrics against which we will measure progress have been determined based on our commitment to offering opportunities to a more diverse range of candidates. The results will be presented on a quarterly basis to the Compensation and Human Capital Management Committee of our Board of Directors.

In addition, we consistently monitor local and global markets and conduct benchmarking analyses to ensure our salaries remain competitive. We also monitor and review internal pay equity efforts, tracking our gender pay ratio with a comparison of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. These results are reported in our [GRI Index](#).

IMPROVING EMPLOYER BRAND AND EMPLOYEE EXPERIENCE

We want to remain an attractive employer to prospective candidates, so we remain focused on improving our employer value proposition and have taken steps to improve our offer to employees.

In 2023 we worked with an external communications and marketing company to redevelop the employee

proposition section of our website. The updated site now better captures who we are as a business, and the benefits of working at Varex.

In 2022 we launched our ongoing "We're listening" campaign, which captures employee suggestions through internal focus groups. By offering a less formal setting, feedback can be better understood through active listening, open communication, and team problem-solving. In light of received feedback, we made positive changes to the employee experience in 2023.

We also introduced HR Connect for our employees in the United States. This system serves as an extension of our internal HR team, giving employees easy access during regular business hours to professionals who can advise them on topics like benefits, health and wellness, 401(k) plan information, and stock assistance. Opening new avenues of internal communication has contributed to a 16-point increase in our U.S. eNPS score, from -5.4 in 2022 to 10.99 in 2023. This positive response will in turn drive further efforts to focus on employee listening. In 2024, our annual employee engagement survey will be rolled out at the same time across all of our offices as we take steps towards a more globally aligned approach.

RECRUITING AND RETAINING TALENT

We want our people to feel valued and rewarded. Ensuring we offer a competitive compensation and benefits package is an important part of that, helping us to recruit and retain the best talent. For example, our United States-based employees are offered:

- A match on employees' contributions to the Varex Imaging 401(k) plan of up to 4%, beginning immediately after hire.
- An opportunity to purchase Varex Imaging stock at a 15% discount through our employee stock purchase plan.
- A wide variety of choices for health, optical, dental, and insurance coverage.
- 15 days of paid time off - upgraded from 10 days following employee feedback.
- Reimbursement of tuition fees for U.S.-based employees pursuing post-high school education.

In 2023, our employee turnover rate dropped to 15% from 21% the previous year, equating to a reduction of 600 basis points. While this can in part be attributed to the labor market settling down after a volatile post-Covid period, we have also implemented new policies to improve the employee experience and, in particular, address first-year turnover challenges. For example, a new global onboarding program has been rolled out across our Company, with a framework that provides a more robust and consistent orientation process for new employees at all levels of the organization. To demonstrate our commitment to the new program, all executives across the business will be hosting employee orientation sessions starting in 2024.

At Varex, people are at the heart of everything we do and the revised version demonstrates this more effectively.

DEVELOPING OUR PEOPLE

At Varex, we want talented people to join, stay, and develop with us, building fulfilling long-term careers. Another way we aim to hold onto talent for the long haul is by investing in our Learning & Development program.

In December 2023 we appointed a new Learning & Development Manager, who is spearheading the planning of our development programs. 2023 saw a significant focus on leadership development. Following a successful pilot in 2022, our EPIC Leadership training has now been rolled out for all managers across the United States. These managers have now completed a standardized curriculum on what their role means at Varex, with content centered around our EPIC values: Execution, People, Integrity, Collaboration. Across a multi-day course, managers undertook eight modules tied to listening, communicating, and problem-solving. Our next step will be to strengthen our regional leaders by introducing the EPIC Leadership training globally.

TRAINING METRICS



PERCENTAGE OF EMPLOYEES WHO COMPLETED TRAINING

8,446

Total hours of training

1,888

Total hours of ethics training

688

Total hours of professional development training

DIVERSITY, EQUITY & INCLUSION

Bringing together people of diverse backgrounds, personalities, and perspectives makes Varex a place where innovation can thrive. Our global team is made up of colleagues in 13 countries, and as our Diversity, Equity & Inclusion (DEI) strategy continues to mature we are finding new ways to attract and retain a diverse range of talent worldwide.

DEI is a core pillar of our updated HR strategy, which aims to cultivate a diverse and qualified talent pipeline. At Varex, we remain committed to offering opportunities to a more diverse range of candidates. Our culture is one in which everyone can participate and thrive, and we want prospective hires to feel they can belong here. Through the metrics of our new global onboarding program, we are monitoring the diversity of our recruitment process and ensuring that we are making progress through our HR efforts.

We were proud to relaunch WIN in 2023, with our Chief Human Resources Officer and Chief Legal Officer as executive sponsors. Originally launched in 2015 but put on hold in light of the global pandemic, WIN will once again actively empower and support women in Varex by fostering community engagement, advancing STEM education, and promoting continuous professional development. At the date of publication, WIN has already convened several training sessions for the first quarter of 2024, and is planning further events throughout the year.

ENSURING EMPLOYEE HEALTH, SAFETY, AND WELLBEING

Putting people first means health and safety are always a priority at Varex. We are pleased to report that our total recordable incident rate (TRIR) was 0.4 in 2023, which is once again below the national average of 1.5.

Each Varex employee receives mandatory health and safety training on an annual basis, with completion rates recorded to ensure global compliance. This training also delivered as part of our onboarding program.

While we strive to establish consistency across our global business, we will also continue to drive compliance with applicable laws and regulations in all jurisdictions.

In the United States, employees use Workday to report safety incidents and near misses. We implemented new safety training on our learning management system in 2023 and consequently saw an increase in near misses reported in 2023, indicating an improvement in employee awareness surrounding the reporting process. A robust tracking system remains in place to help analyze the root cause of safety incidents, and employees for whom this is relevant have been trained in this software.

0.4

Total recordable incident rate

2,089,111

Total hours worked

10

Injuries

SUPPORTING COMMUNITIES

Putting people first goes beyond our own employees. We also want to help elevate the communities where they live and work. Fostering a culture that values people is crucial to our proposition as an employer of choice. It ensures we remain attractive to prospective employees, and are recognized as a responsible company to do business with. By supporting these wider communities, we are demonstrating that our EPIC values aren't just for the workplace, but for the wider world, too. We also encourage our employees to utilize internal support networks to make a positive impact, whatever position they hold at Varex.



Our philanthropic efforts include:

STEM EDUCATION

We have a strong track record of supporting young people to gain invaluable access to education and career opportunities in science, technology, engineering, and math. In 2023, we ran a number of events to support our efforts in inspiring the next generation.

In April, for example, we ran an event at our Walluf site in Germany to celebrate 'Girl's Day', a nationwide activity day for girls to explore interests in fields that are often male-dominated. The day included a tour of the manufacturing area, educational sessions about the various components we use, and activities that demonstrated the capabilities of our products.

SUPPORTING THE UNDERPRIVILEGED

Building on our people-first ethos, we are proud to deliver a number of programs that support underprivileged communities across the countries in which we operate.

In May, the Regulatory Affairs and Quality Assurance (RAQA) team united departments

across HR, Operations, Finance, Engineering and Maintenance to build and deliver bicycles to underprivileged children. This perfectly demonstrated the team spirit that drives innovation at Varex, with cross-functional support both in building the bicycles and in funding the initiative. Also in the United States, annual initiatives included 52 donations to the Toys for Tots program, and 200 pounds of food donated to a Utah food bank.

In the Netherlands, employees can make donations to support a local orphanage. The business also participates in 'Kanjers voor Kanjers', a program that strives to reduce barriers to sports for young people with disabilities. In 2023, a team of employees participated in a run to raise money for the charity.

Meanwhile, in the Philippines, we launched a donation campaign to support the opening of a special education center in Calamba, with 20 employees participating in the project. We also hosted a Christmas fundraising party in December to support Ang Bahay Parola (ABP), a non-profit focused on the welfare of underprivileged Filipino children.

CASE STUDY: RELAUNCH OF WIN

2023 saw the relaunch of our first employee resource group, the Women's Impact Network (WIN). The group offers support to female employees across the business with a range of funded networking opportunities and career guidance. This year, WIN was at the heart of two flagship Varex events: a leadership summit headed by the mayor of Salt Lake City, and our own inclusion and diversity event led by our female members of our Board of Directors and executive team. These events brought the benefits of WIN to life, making the group much more visible across the business.

Looking forward, we expect WIN to evolve and continue forging benefits for women across the business. As the group's impact grows, we will continue to monitor its progress and it will inform how we seek out opportunities for the creation of other employee resource groups.

ACTING WITH INTEGRITY

At Varex, we make equipment that helps improve and save lives. With such significant responsibility to our people, clients, suppliers, and end users, we must act in a way that instills and maintains trust.

Our robust governance structure ensures our values remain central to all operations, while helping to optimize growth and facilitate commercial success.

KEY HIGHLIGHTS FROM 2023



Delivered live ethics and compliance training in Pune, India with a 100% participation rate.



Oversaw a 99% completion rate for annual certification of our Code of Conduct.



Updated committee charters to encourage greater coordination between committees on ESG related topics.



Provided additional ethical compliance training to managers across the United States, with plans to expand this training globally in 2024.

ESG OVERSIGHT

Our Board of Directors has ultimate oversight over ESG matters at Varex. The Board's role is to guide the business towards a more sustainable, more profitable future and as part of that, it undertakes regular reviews of our ESG program.

The Board receives an annual presentation dedicated to ESG, including sustainability-related risks and opportunities. In addition, it engages throughout the year with its three standing committees on various ESG-related matters.

Our Nominating and Corporate Governance Committee has formal oversight of ESG, meeting four times a year and conducting an annual review of our ESG program. It receives updates on select topics and a full report on the overall program from members of our Sustainability Leadership Group.

Our Audit Committee meets quarterly and provides oversight on financial matters and our risk management program, including cybersecurity and a variety of compliance risks.

Our Compensation and Human Capital Management Committee meets quarterly and provides oversight on the Company's practices, policies, and strategies relating to human capital management, including our diversity and succession planning initiatives.

We updated the charters for all three Board committees in August 2023 to facilitate more cooperation between the committees on ESG matters.

In addition to the committees of our Board of Directors, we have an Executive Compliance and ESG Committee, comprised of management team members who review and advise on ESG and other compliance matters at the Company. The committee receives dashboard data at each quarterly meeting, and annual presentations on ethical compliance, data privacy, trade compliance, regulatory compliance and quality assurance, and ESG.

Both the Sustainability Leadership Group and Executive Compliance and ESG Committee play a leading role in identifying, assessing, and managing climate-related risks and opportunities.

BOARD COMPOSITION

A breadth of experience and knowledge is crucial to the effectiveness of our Board of Directors. Each member of our Board brings a wealth of expertise to Varex, and collectively their knowledge spans the healthcare, technology, and manufacturing industries.

In 2023 our Board Chair retired and was replaced with another existing Director who previously chaired our Compensation and Human Capital Management Committee. In turn, the Chair of the Compensation and Human Capital Management Committee was replaced by another

existing director with deep experience overseeing compensation and management development matters.

The Nominating and Corporate Governance Committee works with the Board to review director nominees on an annual basis. It takes into account the independence, skills and characteristics of individual Board members and the skills and characteristics of the Board as a whole in making its recommendations for nominees. This helps us maintain the optimal mix of representation, expertise, and perspectives for effective stewardship. At the end of 2023, four of our seven Board members were women or ethnically diverse.

All of our directors are independent, apart from the CEO who is not a member of any of the standing Board committees. The roles of Board Chair and CEO are separate, and we encourage frank discussions on sensitive topics by holding regular executive sessions.

As of 2023, the average director tenure is 5.1 years. Additionally, we have a majority voting and director resignation policy for directors in uncontested elections, whereby any incumbent director who does not receive at least 50% of the votes cast must submit an offer of resignation to the Board. This offer will be considered by the Nominating and Corporate Governance Committee, which then makes a recommendation to the Board on whether to accept or reject this offer.

The Board and its committees are assessed annually, and regular attention is paid to director succession.

Other features of our corporate governance structure include:

- Stock ownership guidelines for our directors and executive officers.
- Annual review of our business strategy and enterprise risk.
- No multi-class or non-voting stock.

ETHICAL BUSINESS

We are committed to upholding high ethical standards at Varex, and this responsibility is shared across every employee of the business. Collectively, we instill a culture of integrity and accountability, and everyone is made aware of the role they play in maintaining this culture.

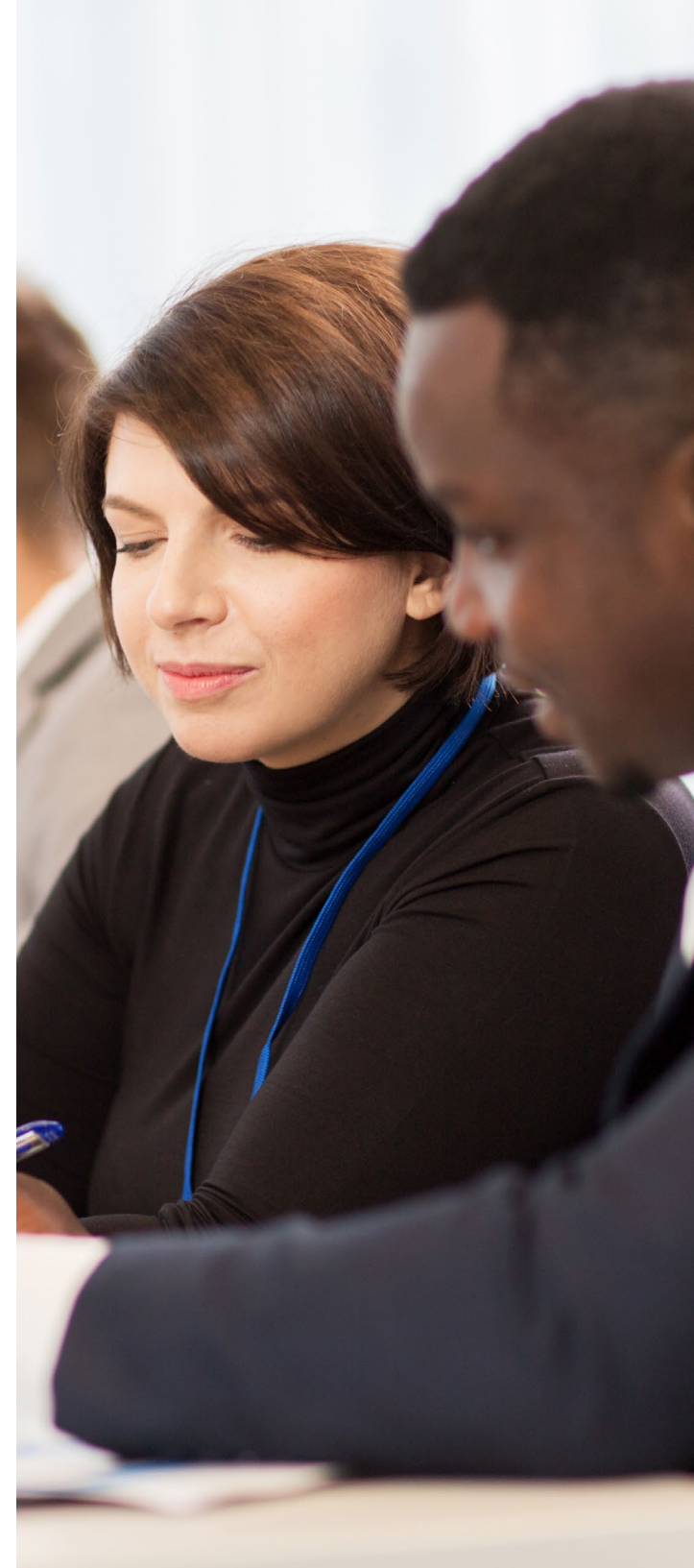
Our clear compliance framework starts at the top with our Board of Directors and its three standing committees, which have ultimate oversight over the ethical compliance risks associated with our business. Our Executive Compliance and ESG Committee has oversight at a management level and provides a bridge between the Board and our dedicated ethical compliance function. This committee implements policies and procedures, tracks compliance, and gets reports on investigation trends and training, making sure all employees understand what is expected of them.

These expectations are laid out in our [Code of Conduct](#), which provides clear guidance on the ethical standards and professional behavior we ask of all Varex employees. This applies in the marketplace, the workplace and community, as well as when handling company assets and information.

Our Code of Conduct is available on our website in 10 languages. It clearly states that the workplace at Varex should be free from harassment, discrimination, intimidation, bullying, and retaliation. It provides guidance on a number of other important issues, including but not limited to:

- Human Rights (see Responsible Supply Chain).
- Conflict of Interests.
- Related Party Transactions.
- Anti-Bribery and Anti-Corruption.
- Interactions with Healthcare Professionals (see Ethical Marketing).
- Social Media (see Ethical Marketing).

Upholding our high standards is a collective effort across the business, so we want to ensure that our people are fully engaged with our company ethics. Ethical compliance training and review of our Code of Conduct are assigned globally to all new hires, and our employees certify as to their understanding of the Code of Conduct annually.





In 2023, 99% of our employees certified to our Code of Conduct. We are currently working on revamping our ethical compliance training to improve engagement and better demonstrate the range of ethical concerns that employees may face.

To further strengthen our culture of compliance, we delivered additional ethics training to our managers in 2023 on the sensitive handling of ethical concerns raised by employees. Since the training, our internal ethics reporting has increased, indicating greater awareness, and managers are now better equipped to deal with a broad range of ethical issues.

We maintain our high ethical standards globally. However, we also recognize the need to ensure we address ethical differences across our locations worldwide. In August 2023 we delivered a live training session on aligning international laws with local ethical compliance rules for our India-based employees. The session ran for eight hours and covered local, European, and U.S. laws to reflect our global reach. This training program had a 100% participation rate.

HUMAN RIGHTS

Our products are made to help improve and save lives; we are a company driven by people. This starts with the way each of our employees, suppliers, and business partners are treated. Respect for human rights is therefore a fundamental part of our core values, and this is demonstrated through our dedicated Human Rights Policy.

This policy is aligned with the objectives of the United Nations Guiding Principles on Business and Human Rights, a global framework that draws on existing international human rights instruments such as those in the UN Declaration of Human Rights and the International Labour Organization's Core Convention.

The policy clearly states that Varex prohibits forced, bonded or child labor, human trafficking or using force, coercion, abduction, or fraud for labor or services.

All work must be voluntary, and workers are free to leave work at any time or terminate their employment in accordance with the provisions in their employment arrangement. In addition, they have the right to:

- Privacy.
- Fair and timely wages.
- Reasonable working hours.
- Freedom from workplace violence, harassment, bullying and unlawful discrimination.

Our [Human Rights Policy](#) also includes an overview of our standalone Conflict Minerals Policy.

Human rights risks, if they arise, are reported to our Board of Directors. Varex regularly conducts due diligence on suppliers to verify that business is being conducted in compliance with our standards with respect to labor, privacy, ethics, and minerals sourcing.

WHISTLEBLOWER PROCEDURE AND NON-RETALIATION POLICY

Should any of our stakeholders have any concerns about violations of law or ethical standards by a Varex employee or representative, we encourage them to reach out to us.

Confidential reports can be made to our online and telephone reporting [hotline](#) operated by an independent provider. This hotline is accessible 24/7 for raising questions or reporting concerns.

Reports are treated fairly and objectively and kept in confidence to the extent it is reasonably possible to do so, given our need to thoroughly investigate and adhere to applicable laws.

In certain countries where we operate, the hotline allows the reporting of accounting or auditing concerns only, due to local law, so employees there are encouraged to report workplace concerns to the local HR, legal, or compliance officer.



Varex will not permit retaliation against any person who reports, in good faith, violations of law, regulations, the Code of Conduct, or Company policies.

Any actions that are illegal or in violation of the Code of Conduct may be grounds for disciplinary action up to and including termination of employment.

LOCAL AND GLOBAL COMPLIANCE

We have instilled a culture of compliance at Varex. Key to this is a universal understanding of the Varex Code of Conduct among employees.

As a global business we are taking steps to localize our services, including our compliance standards. We are engaging with local industry organizations and interacting with regulators across the United States, India, and other countries so that we can contribute to setting compliance standards within the areas we operate. We are also continuing to invest in country-specific and cultural training to ensure ethical considerations and local regulations are met.

POLITICAL CONTRIBUTIONS AND LOBBYING

Varex does not have a dedicated government relations or lobbying function and, as part of our conflict-of-interest policy, Varex does not give political donations globally.

However, through our membership in various trade associations and industry bodies with lobbying arms, we indirectly make our voices heard and gain valuable intelligence on the evolving regulatory landscape.

Due to our direct and indirect contracts with the United States government, we conduct annual live training with our sales team on how to interact with government officials. There are strict rules around these interactions and employees are encouraged to consult the legal department for support.

Only a limited number of individuals are authorized to engage in efforts to discuss legislation or government policy with political officials or to contact a government official on behalf of Varex for political purposes.

Varex employees who personally participate in the political process may only do so using their own money, time, and resources.

RISK MANAGEMENT

Senior management at Varex is responsible for the day-to-day management of the risks we face as a business.

While the Board provides ultimate risk oversight, it administers this role in part through its committees.

The Audit Committee assists the Board in the oversight and monitoring of principal risk exposures related to financial statements, legal and ethical compliance, information security, data privacy, regulatory, and other matters, as well as related mitigation efforts.

The Compensation and Human Capital Management Committee assesses the risks associated with our compensation policies while the Nominating Committee assists the Board in oversight of risks relating to compliance with corporate governance standards.

Through reports from members of senior management, as well as internal audit and external advisors, the full Board and its committees gain a thorough understanding of our risk exposures, and the steps management has taken to monitor and mitigate them.

CYBERSECURITY AND DATA PRIVACY

The challenges faced in cybersecurity and data privacy are not static, and the threats we face are becoming more sophisticated. We understand that our long-term credibility as a business relies on us keeping customer and employee data safe in the face of these challenges. We are continuing to invest in our information security management system and protocols, which are based on the ISO 27000 series, a leading family of standards.

Malware, spoofing and other forms of cyberattack target people at all levels of an organization, and we communicate the role our people play in preventing and stopping them through mandatory onboarding and annual refresher training. This is combined with regular phishing simulation tests to maintain vigilance.

Respectful of our customers' privacy, we are committed to complying with relevant data protection laws in the areas where we operate, backed up by regular employee data protection training. Our Privacy Policy sets out how we collect and process data in accordance with legal and regulatory standards. To further protect privacy, the majority of our products do not store customer data. Any computer systems returned to us that do contain customer data are dealt with using stringent data management procedures. We also monitor our products to identify and address any privacy risks that arise after they are in the market.

Management alerts the Audit Committee of significant cybersecurity threats or incidents. It also provides general updates at least twice a year.

In the event of a cyberattack or other security breach, Varex has a program in place designed to protect the confidentiality and continued availability of information. It includes a cyber incident response plan that provides procedures for timely reporting and the maintenance of insurance coverage to defray any associated costs. In 2023, we engaged Mandiant to conduct a thorough analysis of our cyber program, and are currently working on the implementation of the firm's recommendations.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Our responsibility as an ethical business goes beyond our own direct operations, and we take steps to ensure our suppliers also operate ethically.

By instilling a sense of collective responsibility between us and our suppliers, we are embedding ethical considerations throughout our supply chain. These efforts are ongoing, with a focus on continuous improvement.

It's important for our team to understand the role of each supplier in the wider ecosystem of our operations. In 2023 we updated our supplier management procedures globally to ensure each supplier understands the role they play in our supply chain. We then delivered additional training to ensure these updates were understood by relevant employees.

We are also working to expand the traceability of our materials by reviewing the second and third tiers of our supply chain.

SUPPLY CHAIN COMPLIANCE

We work with approximately 4,500 suppliers across our global operations. In 2021, we introduced our third-party Responsible Business Code of Conduct Policy to make it easier for our partners to identify and understand how our compliance policies are relevant to them.

The third-party Responsible Business Code of Conduct Policy outlines our standards with respect to labor rights, health and safety, environmental matters, conflict minerals, ethical behavior, and related management systems.

TRAINING

Third-party intermediaries are strictly vetted and must undergo training on anti-corruption and anti-bribery laws, with contract renewal dependent on completion. While much of our training is virtual, we are continuing to deliver training in-person when possible and viable.

INCREASING TRANSPARENCY

We are continuing to increase our supply chain visibility so that we are better equipped to identify potential reputational risks, such as human rights abuses, or issues that could threaten product availability.

On-site audits of Tier 1 material suppliers are conducted regularly by our procurement, engineering and quality leads. We are aiming to automate some of these processes to improve efficiency.

For critical materials such as precious metals and some other materials, we have begun working with our Tier 2, Tier 3 and Tier 4 suppliers to better understand risk and criticality of our parts. This process is ongoing, but so far we have discovered no key concerns.





CONFLICT MATERIALS

Varex supports efforts to eliminate the use of conflict minerals that benefit armed groups in the Democratic Republic of the Congo or adjoining countries.

We maintain a separate [Conflict Minerals Policy](#) that our primary vendors are expected to adhere to.

On an annual basis, we collect data from relevant suppliers on their use of conflict minerals—tin, gold, tungsten, and tantalum. We collect this data using the Conflict Minerals Reporting Template (CMRT), a resource prepared by the Responsible Minerals Initiative to standardize data collection.

To ensure we are transparent about the use of conflict minerals in our supply chains, we make our data findings publicly available in our [Conflict Minerals Report](#).

We review underperforming suppliers on a monthly basis, using a scorecard system that ranks them in terms of quality, reliability, price, and ease of relationship.

Going forward, we will consider expanding this rating to include ESG metrics, including environmental impact.

ETHICAL MARKETING

At Varex, we know the quality and value of our products, and the benefits they can offer to the community. The high standards we hold for our

products translates to the way we market them, and we are committed to promoting them accurately and honestly.

In 2023, we had zero monetary losses as a result of legal proceedings associated with false marketing claims.

Our Code of Conduct emphasizes the importance of developing honest and law-abiding relationships with the healthcare professionals we interact with regarding Varex products. These interactions should focus on engaging them to provide bona fide services at approved fair market value rates, informing them about Varex products, and providing scientific and educational information, supported by research.

Through the Code of Conduct, we also stress the importance of providing clear and accurate information to the media, financial analysts, investors and the public. This helps us maintain integrity in our relationships with our business partners and other investors, which in turn strengthens our corporate reputation.

Only employees officially designated by Varex are permitted to communicate or participate in media interviews, events, or forums on the company's behalf. We require employees who mention Varex on business or personal social media accounts to post only accurate, non-confidential information and to not make claims about our products unless they have been approved by management.

CONCLUSION

We have made significant progress towards our ESG ambitions this year, delivering cost savings while making our business more resilient for the future. We will remain innovative and adaptable as the demands of our business and our customers change, and we will continue to seek new ways to improve the sustainability of our business. This will also help ensure our business remains resilient to whatever the future brings. To demonstrate our commitment, we will remain transparent in our reporting as we continue to improve our measuring and monitoring of progress.

FORWARD LOOKING STATEMENTS

Certain statements in this report constitute “forward-looking statements.” These statements are based on management’s current opinions, expectations, beliefs, plans, objectives, assumptions, or projections regarding future events or future results – including, but not limited to, our ESG and diversity, equity, and inclusion strategies and initiatives, including time horizons for implementation and completion, and their potential impact; our business plans and strategy; our opportunities for growth; and our stakeholder engagement efforts. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions.

Actual results, levels of activity, performance, achievements, and events could differ materially from those stated, anticipated, or implied by such forward-looking statements. While Varex believes that its assumptions are reasonable, it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect actual results. There are many risks and uncertainties that could cause actual results to differ materially from forward-looking statements made herein – including, most prominently, the risks discussed under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended September 29, 2023, filed with the U.S. Securities and Exchange Commission (“SEC”) on November 16, 2023 and our Quarterly Report on Form 10-Q for the period ended March 29, 2024, filed with the SEC on May 2, 2024, as well as other factors described from time to time in Varex’s filings with the SEC.

Such forward-looking statements are made only as of the date of this release. Any forward-looking statements made by us in this report speaks only as of the date on which it was made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or revise forward-looking statements in this report because of new information, future events or otherwise, except as expressly required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements

■ Impacts under scenario 1 ■ Impacts under scenario 2

| RISK TYPE | RISK | DESCRIPTION | TIME HORIZON | IMPACTS | IMPACT DESCRIPTION ¹ |
|------------|----------------|--|--------------------|---------|--|
| Transition | Policy & Legal | Changes to local regulations | Medium- Long-term | ■ | Local regulations from regions with high climate risk might place additional requirements around carbon intensity [of products]. This could impact the cost of production or require product redesign to meet new requirements. We are experienced in evolving our product design to adapt to different client requirements, so we have assessed this risk as having a low impact on our business. |
| | | Increased reporting obligations | Short-term | ■ | Increasing reporting obligations will require additional resources. The EU's Corporate Sustainability Reporting Directive (CSRD) will impose additional demand on current resources, and we will receive more customer enquiries on this as a result. However, we anticipate that we will be well prepared for this. We regularly provide climate-related information to clients as part of RFPs. |
| | | Additional recyclability requirements | Short- Medium-term | ■ | Mandates on existing products can impact us through customers' requests to satisfy recyclability requirements for packaging. However, we have refined and evolved our packaging in recent years to minimize waste and resources, so we are confident in our ability to adapt to new requirements with minimal impact on the business. |
| | | Restrictions on the use of raw materials | Medium- Long-term | ■ | If the use of certain raw materials - such as lead, chemicals, and rare earth minerals - were to be restricted, our business could be impacted. There are some parts of our production process that depend on specific raw materials that do not have a readily available substitute, so we have assessed that this risk could have a medium impact on operations. We have a critical materials policy in place and constantly seek to innovate our production processes to reduce our reliance on specific materials. |

■ Impacts under scenario 1 ■ Impacts under scenario 2

| RISK TYPE | RISK | DESCRIPTION | TIME HORIZON | IMPACTS | IMPACT DESCRIPTION ¹ |
|------------|---------------------|--|-------------------|--|---|
| Transition | Technology | Manufacturing adapts to lower emissions | Medium- Long-term | ■ | Smelters and molding technologies that are used in our manufacturing could be impacted by the need to transition to lower-emission processes, with customers requesting that we transition away from non-compliant technology. We have a long track record of adapting and innovating to improve our processes, but if significant changes were needed this could have a medium impact on our operations. |
| | | Transition away from fossil fuels | Medium- Long-term | ■ | We are not heavily reliant on fossil fuels and are able to procure renewable energy to power our facilities and operations. Transitioning away from fossil fuels is not a risk to our operations. |
| | | Mandated transition to EVs | Medium- Long-term | ■ | We do not own or operate an extensive fleet of vehicles, therefore being required to transition to EVs would not pose a substantial risk to our operations. |
| | | Higher energy, fuel and transportation costs | Medium- Long-term | ■ | We might be indirectly impacted by higher energy, fuel, or transportation costs in the future if these resources were to become more expensive. However, we already have a supply chain localization strategy in place that will help to mitigate any eventual impacts of this risk. |
| | Markets | Drop in demand for our services | Medium- Long-term | ■ | We are a healthcare B2B company, and demand for our products is linked to population and demand for healthcare services. Therefore, we do not anticipate that demand for our products and services will decrease due to climate-related matters. |
| Reputation | Reputational damage | Medium- Long-term | ■ | We have a very good reputation with our customers and keep our relationships strong by helping them meet their climate-related informational needs. We also respond to investor requests and maintain high ESG scores to protect our reputation. | |

■ Impacts under scenario 1 ■ Impacts under scenario 2

| RISK TYPE | RISK | DESCRIPTION | TIME HORIZON | IMPACTS | IMPACT DESCRIPTION ¹ |
|-----------|---------|--|--------------|---------|---|
| Physical | Acute | Distribution disruption | Long-term | ■ | Severe weather events might impact our ability to deliver products to customers. Our supply chain localization policy will help to mitigate the impact of this risk. |
| | | Flooding of our facilities and sites | Long-term | ■ | Our Houston office and manufacturing facility in the Philippines could be impacted by flooding and hurricanes, however, we have business continuity plans in place for all our sites which are reviewed and updated regularly to ensure they remain adequate. |
| | | Supply chain disruption | Long-term | ■ | Severe weather events could interrupt our supply chain and impact our operations. However, our supply chain localization strategy is helping to reduce our exposure to international suppliers and vendors. |
| | | Disruption to operations | Long-term | ■ | Wildfires, hurricanes, freezes or heatwaves generally have not impacted our operations, so we have assessed this to be a low-impact risk. |
| | Chronic | Rising sea levels impacting operations | Long-term | ■ | Our site in the Netherlands might be impacted by rising sea levels, however, it is located near the border with Germany in a region that is only expected to be impacted by the most severe sea level rises based on current models. |
| | | Increasing water scarcity | Long-term | ■ | Our operations are not water intensive, so we do not expect water scarcity or lack of snowpack near our headquarters in Salt Lake City to impact our operations significantly. Similarly, we do not expect water scarcity to impact our expanded operations in India since operations there are also not water intensive. |

■ Impacts under scenario 1 ■ Impacts under scenario 2

| RISK TYPE | RISK | DESCRIPTION | TIME HORIZON | IMPACTS | | IMPACT DESCRIPTION ¹ |
|---------------|---------------------|-----------------------------------|--------------------|---------|---|--|
| Opportunities | Resource efficiency | Reducing the use of raw materials | Short- Medium-term | ■ | ■ | We innovate to use lower amounts of raw materials in our products and look for ways to recycle where possible, therefore we believe we will be well placed to adapt to changing client expectations and reduced availability of raw materials. We have also started packaging items together in higher volume. |
| | | Demand for recyclability | Short- Medium-term | ■ | ■ | We design our packaging to be compact and recyclable. We are also transitioning away from raw material usage by sourcing more recyclable products from sub-suppliers for both tubes and packaging. |
| | Energy sources | Energy generation onsite | Short- Medium-term | ■ | ■ | We are not planning on investing in onsite generation and do not expect this to be an opportunity for our business. However, we are investigating the viability of installing solar power at many of our facilities. |
| | Products | Electrification of transport | Medium- Long-term | ■ | ■ | Our technology supports the electrification of transport, and we are optimistic about the opportunity relative to EV battery technology. |
| | Markets | New demand for our technology | Short- Medium-term | ■ | ■ | We are continuing to explore ways to expand the industrial applications of our products to access new markets. Our applications support the waste management industry and infrastructure in general by providing technologies that support industrial inspections to divert various battery types from landfill, preventing fires and pollution. |
| | Resilience | Pipeline inspections | Short- Medium-term | ■ | ■ | Our technology enables the inspection of oil and gas pipelines. In time, these pipes will age and corrode. Since they likely will be maintained rather than replaced, demand for our services should grow. |

1. We define a negative low impact as one we could absorb with minimal impact on the business. A negative medium impact would have a substantial financial, operational, or strategic impact on the business. For example, a drop in revenue, profit, productivity, reputation, or employees' health and well-being, but from which we could recover with appropriate mitigation measures. A negative high impact is one that could affect the viability of the business.

Independent Limited Assurance Report to Varex Imaging Corporation

ERM Certification & Verification Services Incorporated (“ERM CVS”) was engaged by Varex Imaging Corporation (“Varex Imaging”) to provide limited assurance in relation to the selected information set out below and presented in the Varex Imaging 2023 ESG Report (the “Report”).

| Engagement summary | |
|---|---|
| Scope of our assurance engagement | <p>Whether the 2023 selected data for Scope 1 and 2 GHG emissions fairly presented in the Report, in all material respects, in accordance with the reporting criteria.</p> <ul style="list-style-type: none"> Total Scope 1 GHG emissions [metric tonnes CO₂e] Total Scope 2 GHG emissions (location-based) [metric tonnes CO₂e] <p>Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in the Report.</p> |
| Reporting period | October 1, 2022 to September 29, 2023 |
| Reporting criteria | <ul style="list-style-type: none"> Varex Imaging’s Basis of Reporting The GHG Protocol Corporate Accounting and Reporting Standard (WBCSD/WRI Revised Edition 2015) for Scope 1 and Scope 2 GHG emissions |
| Assurance standard and level of assurance | <p>We performed a limited assurance engagement, in accordance with the International Standard on Assurance Engagements ISAE 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ issued by the International Auditing and Assurance Standards Board.</p> <p>The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.</p> |
| Respective responsibilities | <p>Varex Imaging is responsible for preparing the Report and for the collection and presentation of the information within it, and for the designing, implementing and maintaining of internal controls relevant to the preparation and presentation of the Selected Information.</p> <p>ERM CVS’ responsibility is to provide a conclusion to Varex Imaging on the agreed scope based on our engagement terms with Varex Imaging, the assurance activities performed and exercising our professional judgement.</p> |

Our conclusion

Based on our activities, as described overleaf, nothing has come to our attention to indicate that the 2023 data and information for the disclosures listed under ‘Scope’ above are not fairly presented in the Report, in all material respects, in accordance with the reporting criteria.

Our assurance activities

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information a multi-disciplinary team of sustainability and assurance specialists performed a range of procedures that included, but was not restricted to, the following:

- Conducting an in-person visit to Varex Imaging’s Headquarters in Salt Lake City, USA to interview relevant staff to understand and evaluate the management systems and processes (including internal review and control processes) used for collecting and reporting the selected disclosures;
- Reviewing of a sample of qualitative and quantitative evidence supporting the reported information at a corporate level;
- Performing an analytical review of the year-end data submitted by all locations included in the consolidated 2023 group data for the selected disclosures which included testing the completeness and mathematical accuracy of calculations, and consolidation in line with the stated reporting boundary;
- Conducting virtual visits to two Varex Imaging facilities/production sites in USA and Philippines to review source data and local reporting systems and controls;
- Evaluating the conversion and emission factors and assumptions used; and
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. Our work was undertaken at Varex Imaging’s head office in Salt Lake City, Utah. We did not undertake source data verification at any operated facilities.

Our independence, integrity and quality control

ERM CVS is an independent certification and verification body accredited by UKAS to ISO 17021:2015. Accordingly we maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements. Our quality management system is at least as demanding as the relevant sections of ISQM-1 and ISQM-2 (2022).

ERM CVS applies a Code of Conduct and related policies to ensure that its employees maintain integrity, objectivity, professional competence and high ethical standards in their work. Our processes are designed and implemented to ensure that the work we undertake is objective, impartial and free from bias and conflict of interest. Our certified management system covers independence and ethical requirements that are at least as demanding as the relevant sections of the IESBA Code relating to assurance engagements.

ERM CVS has extensive experience in conducting assurance on environmental, social, ethical and health and safety information, systems and processes, and provides no consultancy related services to Varex Imaging in any respect.



13 September 2024
London, UK

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