



# SECURING A HEALTHIER SAFER FUTURE

2019 Global Reporting Index



# GRI INDEX

This report has been prepared in accordance with the GRI Standards at the Core level.

The data in this report relates to January 1, 2019 to December 31, 2019 unless otherwise stated.  
For a detailed explanation of the indicators, visit the [GRI website](#).

GRI Standard	GRI Disclosure	Location and notes
GRI 102: General standard disclosures		
<b>Organization profile</b>		
102-1	Name of the organization	Varex Imaging Corporation
102-2	Activities, brands, products, and services	<a href="#">Varex 2019 Annual Report</a> About Varex, p 4-5 <a href="#">Varex 2019 Annual Report, Form 10-K, Overview</a> , p 2-3
102-3	Location of headquarters	Salt Lake City, Utah
102-4	Location of operations	<a href="#">Varex 2019 Annual Report, Form 10-K</a> , p 32
102-5	Ownership and legal form	<a href="#">Varex 2019 Annual Report, Form 10-K, Overview</a> , p 2-3
102-6	Markets served	<a href="#">Varex 2019 Annual Report, Form 10-K, Overview</a> , p 2-3
102-7	Scale of the organization	At Varex Imaging we have 1,911 employees across 13 manufacturing sites, and 11 sales and engineering locations. About Varex, p 4-5 <a href="#">Varex 2019 Annual Report, Financial highlights</a> , p 1
102-8	Information on employees and other workers	<ol style="list-style-type: none"> <li>Varex employs a total of 2,000 employees: 1,966 full-time; 34 temporary employees. 1,418 are men and 464 are women. 118 are not identified in our Human Resources database due to ongoing Labor Council negotiations.</li> <li>Total number of employees by region: Americas: 1546; Asia Pacific: 300; Europe and Africa: 258.</li> <li>We do not have a breakdown on employees by employment type by gender. These are two separate indicators for data collection and they have not been combined. We are working to collect this information in the coming years.</li> <li>Janitorial, foods service, and print services are provided by employees of contracted companies. Approximately 50 FTE globally.</li> <li>There are no significant variations in the numbers reported in Disclosures 102-8-a, b, c.</li> <li>The data was compiled in the Human Resource Information System. The data was only available approx 1900 employees, due to Works Council restrictions.</li> </ol>

GRI Standard	GRI Disclosure	Location and notes
102-9	Supply chain	Creating Shared Value, p 7 Responsible supply chain, p 37-38 <a href="#">Varex 2019 Annual Report, Form 10-Kt</a> , p 5
102-10	Significant changes to the organization and its supply chain	Varex completed the acquisition of Direct Conversion in March of 2019. Direct Conversion provides innovative linear array digital detector products that are incorporated into imaging systems used globally by a broad range of medical and industrial customers. Varex also began the shutdown of their glass fabrication operation in Santa Clara California.
102-11	Precautionary Principle or approach	Although Varex does not explicitly apply the Precautionary Principle, we are developing several risk assessment and management strategies across our operational planning and have considered appropriate risks in our current environmental strategy.
102-12	External initiatives	We have developed our new sustainability strategy and report in alignment with the UN Sustainable Development Goals, and are reviewing our policies and processes against the UN Global Compact principles.
102-13	Membership of associations	We are a member of: AdvaMed (Advanced Medical Technology Association), National Association of Manufacturers, Utah Manufacturers Association, BioUtah, and Salt Lake City E2 Business. We are also an active member of the ChamberWest Chamber of Commerce at the Salt Lake facility.
<b>Strategy</b>		
102-14	Statement from senior decision-maker	Interview with Varex's CEO, Sunny Sanyal, p 3
102-15	Key impacts, risks, and opportunities	<a href="#">2019 Annual Report</a> , p 4 <a href="#">Form 10-K</a> , p 12-32
<b>Ethics and integrity</b>		
102-16	Values, principles, standards, and norms of behavior	About Varex, p 4-5 Creating Shared Value, p 6
102-17	Mechanisms for advice and concerns about ethics	Acting with integrity, p 35 Ethical business, p 36 <a href="#">Our Code of Conduct</a> provides guidelines for seeking advice. Information about our Ethical Hotline is available on our <a href="#">website</a>
<b>Governance</b>		
102-18	Governance structure	Governance, p 34 <a href="#">Corporate governance</a> <a href="#">Board of Directors</a> <a href="#">Committee Composition</a> <a href="#">2020 Proxy Statement</a> , p 10-23

GRI Standard	GRI Disclosure	Location and notes
102-20	Executive-level responsibility for economic, environmental, and social topics	Governance, p 34
102-21	Consulting stakeholders on economic, environmental, and social topics	Materiality, p 9 In our materiality assessment, we conducted interviews and surveys with employees, customers, and other stakeholders to identify material economic, environmental, and social topics.
102-22	Composition of the highest governance body and its committees	Governance, p 34 <a href="#">Corporate Governance Guidelines</a> <a href="#">Board of Directors</a> <a href="#">Governance hotline reporting</a>
102-23	Chair of the highest governance body	The roles of Chairman and CEO are separate, and the Chairman of the Board of Directors does not serve as an executive officer of the organization. Governance, p 34 <a href="#">Corporate Governance</a>
102-26	Role of highest governance body in setting purpose, values, and strategy	Governance, p 34 <a href="#">Board of Directors</a> <a href="#">2020 Proxy Statement</a> , p16-17 Our Board of Directors does not currently have any external representation on the Board.
102-32	Highest governance body's role in sustainability reporting	The Company's CEO, CFO, General Counsel, and other relevant members of the executive team, have formally reviewed and approved the 2019 sustainability report.
102-38	Annual total compensation ratio	Ratio of the annual total compensation of the organization's highest-paid individual in each country of significant operations to the median compensation of all employees. USA: 1008% Netherlands: 513% Germany: 457% China: 767% Philippines: 3420%
102-39	Percentage increase in annual total compensation ratio	Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country. USA: 107.14% Netherlands: 116.67% Germany: 0% China: 60% Philippines: 125%

GRI Standard	GRI Disclosure	Location and notes
<b>Stakeholder engagement</b>		
102-40	List of stakeholder groups	Internal – management and employees from sites around the globe and across all functions of the business. External community – Salt Lake City and other local and regional government agencies and representatives, local and regional industry groups, local Utilities, suppliers, investors, and many customers, among others.
102-41	Collective bargaining agreements	Percentage of total employees covered by collective bargaining agreements is 8.5%
102-42	Identifying and selecting stakeholders	Through various interactions like interviews, surveys, and meetings, we formulate engagement programs and a process to identify stakeholders with whom to engage and track progress. We look at stakeholders who have the most influence or impact on and by our business operations. As a public company, our investors are key stakeholders. Materiality, p 9
102-43	Approach to stakeholder engagement	We want to understand the Environmental, Social, and Governance (ESG) issues that matter most to our stakeholders and that will have the biggest impact on our business. That is why, we performed our second materiality assessment in 2020, to understand if changes to our business in the last three years have impacted our material issues Materiality, p 9
102-44	Key topics and concerns raised	Materiality, p 9 Caring for our customers: A partner for success p 18-19 Protecting the environment p 20-21 Being an employer of choice: Employee engagement p 28-29 Being a good neighbor: Engaging with communities p 32-33
<b>Reporting practice</b>		
102-45	Entities included in the consolidated financial statements	<a href="#">Annual Report on Form 10-K, Business</a> , p 2-3
102-46	Defining report content and topic Boundaries	About this report, p 2 Materiality, p 9
102-47	List of material topics	Materiality/Material issues, p9
102-48	Restatements of information	No changes in reporting.
102-49	Changes in reporting	No changes in reporting.
102-50	Reporting period	About this report, p 2
102-51	Date of most recent report	2019
102-52	Reporting cycle	About this report, p 2

GRI Standard	GRI Disclosure	Location and notes
102-53	Contact point for questions regarding the report	Get in touch, p 40 (back cover)
102-54	Claims of reporting in accordance with the GRI Standards	About this report, p 2
102-55	GRI content index	<a href="#">Varex Imaging GRI Index - Core Option</a>
102-56	External assurance	We conduct an external assurance process with DNVGL every other year. As our last year of assurance was 2018, we will conduct our next for the 2020 report.

GRI Standard	GRI Disclosure	Location and notes
<b>ECONOMIC</b>		
<b>Economic performance</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	<a href="#">Varex 2019 Annual Report</a> Materiality, p 9
103-2	The management approach and its components	<a href="#">Varex 2019 Annual Report</a> , p 3-4 Governance, p 34 Ethical business, p 34 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>
103-3	Evaluation of the management approach	<a href="#">Corporate Governance Guidelines: Role of the Board and Management 2020 Proxy Statement</a> , p 10-22
<b>GRI 201: Economic performance 2016</b>		
201-1	Direct economic value generated and distributed	See <a href="#">Varex 2019 Annual Report</a> a. i. Annual revenue: \$781 million, p 5 Revenues by region, p 5 ii. <a href="#">Operating expenses and more information on Quarterly Results</a> <a href="#">About Varex</a> , p 4-5 <a href="#">Creating Shared Value</a> , p 6-7  We do not currently report direct economic value generated and distributed by country, region, or at market level. Significant is defined as a site with engineering or production facilities. As this is our global report, market or facility level data is not available and we do not intend to report it in future years.
201-2	Financial implications and other risks and opportunities due to climate change	Varex has undertaken business continuity plans to identify risks and opportunities posed by climate change. Several of our sites have physical risks, including cyclones in Charleston and the Philippines, and earthquakes in California, and we are in the process of developing a strategy to quantify the financial implications. Data is currently unavailable.  <a href="#">Varex 2019 Annual Report, Form 10-K</a> , p 10, 30
201-3	Defined benefit plan obligations and other retirement plans	Outside the U.S. we have a defined benefit plan. Depending on the country, a separate fund exists to pay the plan's pension liabilities. There is currently an ongoing plan in process, which will allow us to make more specific estimations.  Currently in the U.S., Varex matches the first 6% of employee contributions to their 401k plan. 92% of employees in the U.S. participate in the 401k retirement plan.  For further information, please see <a href="#">Employee Benefits Plan, Form 10K</a>

GRI Standard	GRI Disclosure	Location and notes
201-4	Financial assistance received from government	Varex receives \$2.0M in R&D tax credits from the U.S. Department of the Treasury, and \$1.9M in Section 199 – Domestic Production Activities Deduction. Regionally, we also receive \$128K from the Utah Department of Revenue R&D, and \$173K from the California Franchise Tax Board R&D.  Data for foreign governments (non-U.S.) is currently not available. We will look to disclose this data next year.
<b>Market presence</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	<a href="#">Varex 2019 Annual Report Form 10-K</a> , p 3 About this Report: p 2 Materiality: p 9 Being an employer of choice, p 28-29 Being a good neighbor, p 32-33
103-2	The management approach and its components	<a href="#">Varex 2019 Annual Report Form 10-K</a> Being an employer of choice, p 28-29 Being a good neighbor, p 32-33 Governance, p 34 Ethical business, p 36 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>
103-3	Evaluation of the management approach	<a href="#">Corporate Governance Guidelines: Role of the Board and Management 2020 Proxy Statement</a> , p 10-22
<b>GRI 202: Market presence 2016</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	See Appendix, “Living Wage” table 1. We do not currently report living wage data by gender as the data is currently unavailable. We will look to provide the breakdown by gender next year.
202-2	Proportion of senior management hired from the local community	We do not have a specific standard for local hiring of senior management. Senior management is generally understood as Director level and up. Significant locations of operation would be defined as a production or engineering/production location. We do not have a geographical definition for “local.” Data is currently unavailable; however, we will look to report next year.
<b>Indirect economic impacts</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Creating Shared Value, p 6-7 Materiality, p 9 <a href="#">Varex 2019 Annual Report Form 10-K</a> , p 4-5



GRI Standard	GRI Disclosure	Location and notes
103-2	The management approach and its components	Creating Shared Value, p 6-7 Governance, p 34 Ethical business, p 36 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a> <a href="#">Varex 2019 Annual Report</a> , p 5, 9
103-3	Evaluation of the management approach	<a href="#">2020 Proxy Statement</a> , p 18
<b>GRI 203: Direct economic impacts 2016</b>		
203-1	Infrastructure investments and services supported	Glass fabrication in Santa Clara, CA, finished its shutdown procedures. We added engineering offices through acquisition of Direct Conversion in the UK, Finland, and Sweden. We have not yet done an assessment for the impacts of these investments and acquisitions. These investments and consolidations were commercial in nature. Data on the impact on communities and the local economy is not currently available.
203-2	Significant indirect economic impacts	As we continue to establish ourselves as a new global company, Varex looks to identify and track the positive and negative impacts. We innovate our products using our sustainability innovation criteria, allowing us to improve access to care. This enables more people to have access to medical diagnostics and security systems. As a newer company, we have not yet calculated the impacts of these efforts and therefore the data is currently unavailable.  For other examples of positive impacts, see: Taking safety inspections to the skies, p15
<b>Procurement practices</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Creating Shared Value, p 6-7 Materiality, p 9 Responsible supply chain, p 37-38
103-2	The management approach and its components	Governance p 34 Ethical business, p 36 Responsible supply chain, p 37-38 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>
103-3	Evaluation of the management approach	The Supply Chain and Procurement teams work with the Supplier Quality program and with the Legal team to review procurement activities, including terms and conditions of master service agreements and purchase orders. See p38 for goals, KPIs, and targets that have resulted from reviews throughout 2019.

GRI Standard	GRI Disclosure	Location and notes
<b>GRI 204: Procurement practices 2016</b>		
204-1	Proportion of spending on local suppliers	The procedure and definitions are still being developed and determined; therefore, the data is currently not available. We are looking to report this in the future as our business matures.
<b>Anti-corruption</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Materiality, p 9 Ethical business, p 36 <a href="#">Code of Conduct</a>
103-2	The management approach and its components	Governance p 34 Ethical business, p 36 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>
103-3	Evaluation of the management approach	Anti-Corruption Policy and training are evaluated annually under the Direction of the General Counsel. Alterations to the training are made based on this evaluation.
<b>GRI 205: Anti-corruption 2016</b>		
205-1	Operations assessed for risks related to corruption	We have assessed operations at 13 sites for risks related to corruption. We also consider our sales teams to be one operation as they span globally, and have assessed the risks of corruption at our sites as well as for our sales teams. While we have not identified any significant risks related to corruption, typically activities involving sales, distribution, and interaction with government officials carry. We provide in-person and web-based training to our sales teams every year, as well as in person-training to our representatives and distributors every other year. We encourage a culture of integrity, and have an Ethical Hotline where anyone can report a possible ethical concern.
205-2	Communication and training about anti-corruption policies and procedures	The company's anti-corruption policies and procedures have been communicated to all seven of seven Board members. In addition, all of the company's employees globally are informed of the company's Code of Conduct, which includes guidance on anti-corruption policies and assigned anti-corruption training. Approx. 99% of total employees globally have certified to the Code of Conduct. 100% of incoming employees at all global operations are trained on the Code of Conduct, excluding any contracted workers.  The company requires all distributors and contract representatives to agree to comply with our Code of Conduct and anti-corruption policies. In addition, the company includes in its standard terms and conditions for service providers and suppliers a requirement to become aware of and comply with the company's Code of Conduct and anti-corruption policies, though we do not specifically track or audit this requirement. Non-compliance will subject the business partner to termination. Our Code of Conduct is available on our website, intranet, and upon request.
205-3	Confirmed incidents of corruption and actions taken	We are not aware of any incidents of corruption in 2019 and there were no public legal cases related to corruption in 2019.

GRI Standard	GRI Disclosure	Location and notes
<b>Anti-competitive behavior</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and its Boundaries	<a href="#">Varex 2019 Annual Report Form 10-K</a> , p 9-10 Materiality, p 9
103-2	The management approach and its components	<a href="#">Varex 2019 Annual Report Form 10-K</a> , p 10 Governance, p 34 Ethical business, p 36 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>
103-3	Evaluation of the management approach	The company's <a href="#">Code of Conduct</a> covers anti-competitive behavior. Relevant policies and appropriate training is overseen by the General Counsel.
GRI 206: Anti-competitive behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no pending legal actions in 2019 in relation to anti-competitive behavior.
<b>ENVIRONMENTAL</b>		
<b>Materials</b>		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundaries	Materiality, p9 Protecting the environment, p 20-21 Resource stewardship, p 22-23
103-2	The management approach and its components	Protecting the environment, p 20-21 Resource stewardship, p 22-23 Governance, p 34 Ethical business, p 36 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>

GRI Standard	GRI Disclosure	Location and notes
103-3	Evaluation of the management approach	<p>Protecting the environment, p 20-21 Resource stewardship, p 22-23 Climate change, energy, and air quality, p 24-25</p> <p>The Environmental Health and Safety Policy outlines our expectations on resource stewardship, clearly stating that we will minimize the company's environmental impact by incorporating pollution prevention and resource conservation principles in the design, manufacture, marketing, distribution, packaging, use, service, and disposal of our products.</p> <p>Our Environmental Health and Safety team is continually evaluating and reviewing our processes and procedures to confirm sound resource utilization and safe operational procedures. This effort is ongoing.</p>
<b>GRI 301: materials 2016</b>		
301-1	Materials used by weight or volume	<p>Data is currently unavailable. We do not currently report the weight or volume of materials used, although we will consider doing so in the next several years. We have a large and complicated supply chain that makes measuring mass and volume of materials difficult. Varex's global operations place great emphasis on working with suppliers who follow good manufacturing practice and have an established quality system in place. We are working on developing full disclosure on all materials incorporated in our products. We anticipate this exercise will enable us to report on this in the future.</p> <p>Non-renewable materials: We use the following to produce and package our products: metals, graphite, plastics, glass, dielectric oil, foam, natural gas, diesel, gasoline, ceramic.</p> <p>Renewable materials: We use the following renewable materials: water, paper, glycol, and rubber, wood.</p>
301-2	Recycled input materials used	Data is currently unavailable. The recycled content of input materials is not currently tracked. Efforts are underway to quantify and track these materials, especially the metals including steel, aluminum, tungsten, and gold.
301-3	Reclaimed products and their packaging materials	<p>X-ray customers are given a credit for housings which are reloaded with new tubes. In 2019, 9,437 end-of-life X-ray tubes were returned and approximately 95% of the material from those tubes was recycled or reused. 1,800 flat panel detectors were returned for repair and/or upgrades to extend useful life or recycled.</p> <p>Waste material is tracked by quantity of refurbished units divided by total units used. Efforts are underway to track the quantity of reclaimed products.</p>
<b>Energy</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	<p>Materiality, p 9 Protecting the environment, p 20-21 Climate Change, Energy, and Air quality, p 24-25</p>

GRI Standard	GRI Disclosure	Location and notes
103-2	The management approach and its components	Protecting the environment, p 20-21 Climate Change, Energy, and Air quality, p 24-25 Governance, p 34 Ethical business, p 36 <u>Hotline reporting</u> <u>Code of Conduct</u>  The Environmental Health and Safety Policy states the goal to: "Minimize the company's environmental impact by incorporating pollution prevention and resource conservation principles in the design, manufacture, marketing, distribution, packaging, use, service, and disposal of our products."
103-3	Evaluation of the management approach	The Facilities and Sustainability teams routinely evaluate energy use and opportunities for efficiency improvements. A full inventory of energy use is conducted and practices are reviewed annually. New climate change and energy goals have been set as a result. Climate change, energy, and air quality, p 24-25
<b>GRI 302: energy 2016</b>		
302-1	Energy consumption within the organization	Total fuel consumption within the organization from non-renewable resources, in joules: Natural gas: 82,372,496 MJ Electricity: 155,655,407 MJ Diesel: 672,527 MJ Gasoline: 536,035 MJ Liquefied propane: 88,476 MJ  Total fuel consumption within the organization from renewable resources, in joules: 8,931,600 MJ - Electricity consumption in watt hours: 43,237,613 kWh - Steam: 1,158 MMBtu  Total energy consumption within the organization in joules: 240,546,696 MJ  For standards, methodologies, assumptions, and/or calculation tools used and the source of the conversion factors, see our basis for reporting. Numbers were calculated by collecting all sites' utility information and converting to the appropriate unit of measure. Conversion factors were sourced from the website <a href="http://www.convertunits.com">www.convertunits.com</a> .
302-2	Energy consumption outside of the organization	This information is not available as we currently do not track energy use outside our organization. As we mature as an organization and progress our sustainability strategy further across our operations, we aim to grow our understanding of energy consumption outside of Varex in the next few years and gather this information.
303-3	Energy intensity	Energy intensity ratio for the organization: 0.30 MJ/\$ sales, calculated on the basis of 2019 sales of \$780.6M. In these calculations, we included electrical power, natural gas, diesel fuel, gasoline, and propane consumption within the organization.

GRI Standard	GRI Disclosure	Location and notes
302-4	Reduction of energy consumption	<p>As a result of efficiency initiatives, we have reduced energy (electricity) consumption by 18,837,206.5 MJ in the reporting year. Power usage reduction occurred in Santa Clara due to our closure of the glass fabrication processes and LED lighting retrofits and upgrades continue throughout various facilities.</p> <p>These reductions were calculated from verified utility provider incentive reports and the saving were calculated by the electrical utility provider based on individual project details. Calculations were based on the difference between 2019 and 2018 calculations. Numbers were calculated by collecting all sites' utility information and converting to the appropriate unit of measure. Conversion factors were sourced from the website <a href="http://www.convertunits.com">www.convertunits.com</a>.</p>
302-5	Reductions in energy requirements of products and services	There were no known reductions in 2018 in the energy requirements of our products and services.
<b>Water</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	<p>Materiality, p 9 Protecting the environment, p 20-21 Resource stewardship, p 22-23</p> <p>The Environmental Health and Safety Policy states the goal to: "Minimize the company's environmental impact by incorporating pollution prevention and resource conservation principles in the design, manufacture, marketing, distribution, packaging, use, service, and disposal of our products."</p>
103-2	The management approach and its components	<p>Protecting the environment, p 20-21 Resource stewardship, p 22-23 Governance, p 34 Ethical business, p 36 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a></p> <p>The Environmental Health and Safety Policy states the goal to: "Minimize the company's environmental impact by incorporating pollution prevention and resource conservation principles in the design, manufacture, marketing, distribution, packaging, use, service, and disposal of our products."</p>
103-3	Evaluation of the management approach	The Sustainability and Environmental teams monitor water use as well as conducting an annual review against the goals on p 23, noting additional areas for improvement. New goals have been developed as a result of the water use baselining undertaken.
<b>GRI 303: water 2016</b>		
303-1	Water withdrawal by source	The total volume of water withdrawn in the reporting year was: 3,898,232 m <sup>3</sup> . 15,597 m <sup>3</sup> were from ground water and 211,053 m <sup>3</sup> were withdrawn from municipal water supplies.

GRI Standard	GRI Disclosure	Location and notes
303-2	Water sources significantly affected by withdrawal of water	No water sources were significantly affected by our withdrawal of water. In Salt Lake City, we have a closed-loop water system. Varex has not undertaken any water impact assessment, as foreign water use is negligible.
303-3	Water recycled and reused	Varex uses closed-loop cooling systems in Salt Lake City, Utah. The amount of water is not tracked as it cycles through the loops.
<b>Emissions</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Materiality, p 9 Protecting the environment, p 20-21 Climate Change, Energy, and Air quality, p 24-25
103-2	The management approach and its components	Protecting the environment, p 20-21 Climate Change, Energy, and Air quality, p 24-25 Governance, p 34 Ethical business, p 36 <u>Hotline reporting</u> <u>Code of Conduct</u> The Environmental Health and Safety Policy states the goal to: "Minimize the company's environmental impact by incorporating pollution prevention and resource conservation principles in the design, manufacture, marketing, distribution, packaging, use, service, and disposal of our products."
103-3	Evaluation of the management approach	The Sustainability and Environmental teams monitor emissions as well as conducting an annual review against the goals on p 24, noting additional areas for improvement when and where feasible. Several opportunities for improvement were identified in 2018 and in 2019 we implemented some of these changes such as LED lighting retrofits and upgrades, as well as the closure of the glass fabrication process at our Santa Clara facility which has resulted in power and water usage reductions.
<b>GRI 305: emissions 2016</b>		
305-1	Direct (Scope 1) GHG emissions	There were 8099.33 metric tons (direct) of CO <sub>2</sub> equivalent emissions in 2019. All CO <sub>2</sub> emissions are non-biogenic. This calculation included all gases - CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , and NF <sub>3</sub> - and factors provided by the U.S. EPA were used for the calculation. The consolidation approach for emissions is operational control. Standards, methodologies, assumptions: the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard was used in conjunction with the EPA Climate Leadership reporting and the EPA GHG Calculator Tool. Estimates of energy use at sites of less than 631 m <sup>2</sup> .

GRI Standard	GRI Disclosure	Location and notes
305-2	Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> <li>- Gross location-based energy indirect (Scope 2) GHG emissions: 13,957 metric tons of CO<sub>2</sub> equivalent</li> <li>- Gross market-based energy indirect (Scope 2) GHG emissions: 24,386 metric tons of indirect CO<sub>2</sub> equivalent</li> </ul> <p>For these calculations, we included all gases (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>) and 2017 will be our baseline year as it is our first reporting year.</p> <p>Market-based factors for Salt Lake City, UT, were provided by Rocky Mountain Power. Santa Clara, CA, factors were provided by Silicon Valley Power. All remaining U.S. factors are from U.S. EPA electric grid for location-based, and state specific for market-based emissions. Any action-based factors outside the U.S. were taken from the International Energy Agency 2018 report, and from the Association of Issuing Bodies for European Residual Mixes for market-based factors. We used an operational control consolidation approach for emissions.</p> <p>Standards, methodologies, assumptions, and/or calculations tools used: the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard was used in conjunction with the EPA Climate Leadership reporting tool, and the EPA GHG calculator. Estimates of energy use at sites of less than 631 m<sup>2</sup>.</p>
305-3	Other indirect (Scope 3) GHG emissions	Please see the 2017 report for baseline numbers. For 2019, only employee business travel was tracked for Scope 3 emissions, totaling 1433.45 metric tons of CO <sub>2</sub> e. We are continuing to develop methods to better monitor other Scope 3 emissions.
305-4	GHG emissions intensity	<p>GHG emissions intensity ratio for the organization:</p> <ul style="list-style-type: none"> <li>- Location based – 30.3 grams CO<sub>2</sub>e/\$ sales</li> <li>- Market based – 43.67 grams CO<sub>2</sub>e/\$ sales</li> </ul> <p>As the denominator, we used the 2019 sales of \$780.6M.</p> <p>For calculating the intensity ratio, we included Scope 1, 2 (direct and indirect), and 3 GHG emissions. Scope 3 was included based on an estimate from previous year, with an 8% increase. For this calculation, we included all gases: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, and NF<sub>3</sub>.</p>
305-5	Reduction of GHG emissions	<p>We achieved a reduction of 7.6 metric tons of CO<sub>2</sub>e from energy efficiency projects in 2019, compared to 2017 emissions, which is our first reporting year. In these calculations, we have included all gases: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, and NF<sub>3</sub>.</p> <p>Emissions reductions took place in Scope 1, 10,112 metric tons of CO<sub>2</sub>e savings and Scope 2 reduced 9,552 metric tons from electric car charging stations, and Scope 3 by employee commute.</p> <p>Standards, methodologies, assumptions, and/or calculation tools used: the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard was used in conjunction with the EPA Climate Leadership reporting tool. Estimates of energy use at sites of less than 631 m<sup>2</sup>.</p>
305-6	Emissions of ozone-depleting substances (ODS)	Varex Imaging did not produce any emissions of ozone-depleting substances in 2019.



GRI Standard	GRI Disclosure	Location and notes
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	<p>Significant air emissions, in metric tons or multiples, for each of the following:</p> <ul style="list-style-type: none"> <li>- NO<sub>x</sub>: 0.39 metric tons</li> <li>- SO<sub>x</sub>: 0.09 metric tons</li> <li>- No persistent organic pollutants (POP)</li> <li>- VOCs: 0.11 metric tons, 4,535.2 MMBtu of VOCs oxidized</li> </ul> <p>None or no significant emissions of hazardous air pollutants (HAP), particulate matter (PM), or other standard categories of air emissions identified in relevant regulations.</p> <p>For these calculations, we used U.S. EPA emission factors and U.S. EPA standards.</p>
<b>Effluents and waste</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	<p>Materiality, p 9</p> <p>Protecting the environment, p 20-21</p> <p>Resource stewardship, p 22-23</p>
103-2	The management approach and its components	<p>Protecting the environment, p 20-21</p> <p>Resource stewardship, p 22-23</p> <p>Governance, p 34</p> <p>Ethical business, p 36</p> <p><a href="#">Hotline reporting</a></p> <p><a href="#">Code of Conduct</a></p> <p>The Environmental Health and Safety Policy states the goal to: "Minimize the company's environmental impact by incorporating pollution prevention and resource conservation principles in the design, manufacture, marketing, distribution, packaging, use, service, and disposal of our products."</p>
103-3	Evaluation of the management approach	<p>The Sustainability and Environmental teams monitor effluents and waste as well as conducting an annual review against the goals on p 23, noting additional areas for improvement.</p> <p>Several opportunities for improvement were identified in 2018 and in 2019 we implemented some of these changes such as LED lighting retrofits and upgrades which continue across various facilities.</p>
<b>GRI 306: Effluents and waste 2016</b>		
306-1	Water discharge by quality and destination	<p>Total volume of planned and unplanned water discharges:</p> <ul style="list-style-type: none"> <li>- 6,427 m<sup>3</sup> of water treated and discharged to the sanitary sewer.</li> </ul> <p>The discharged water was treated to meet permit requirements, undergoing neutralization and clarification. None of the water we discharged was reused by another organization.</p>

GRI Standard	GRI Disclosure	Location and notes
306-2	Waste by type and disposal method	Total weight of hazardous waste in 2019 was 21.70 tons. We diverted 13.45 tons, and 8.25 tons were incinerated. Total weight of non-hazardous waste was 1,815 tons. We recycled 1,144 tons. We did not track how much of our waste was reused in 2019. For 2019, we are able to report on waste for all of our manufacturing locations (excludes sales and engineering offices).
306-3	Significant spills	We did not have any significant spills globally in 2019.
306-4	Transport of hazardous waste	There was a total of 21.70 tons of hazardous waste transported by recycling/disposal vendors to recycling/disposal site. This is for Salt Lake City operations only as we could not get confirmation on satellite offices. We are in the process of gathering this information for the coming years.
306-5	Water bodies affected by water discharges and/or runoff	All water discharges are to sanitary or municipal storm sewers and there are no significant impacts to water bodies or habitats as a result.

### Environmental compliance

#### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its Boundaries	Materiality, p 9 Ethical business, p 36
103-2	The management approach and its components	Ethical business, p 36 Governance, p 34 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a> The Environmental Health and Safety Policy outlines our expectations on resource stewardship and environmental compliance.
103-3	Evaluation of the management approach	The Audit Committee assists the board in oversight and monitoring of, among others, their compliance with legal and regulatory requirements.

#### GRI 307: Environmental compliance 2016

307-1	Non-compliance with environmental laws and regulations	There were no fines or non-monetary sections for non-compliance with environmental laws across all operations.
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### Supplier environmental assessment

#### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its Boundaries	Materiality, p 9 Responsible supply chain, p 37-38
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GRI Standard	GRI Disclosure	Location and notes
103-2	The management approach and its components	Governance, p 34 Ethical business, p 36 Responsible supply chain, p 37-38 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>
103-3	Evaluation of the management approach	We are adding environmental criteria into our Supplier Quality program to identify where the negative impacts lie in order to address them going forward. We will be reviewing our new Supplier Quality program once a year in order to evaluate its effectiveness going forward. The program will help us to achieve our responsible supply chain goals, p 38. Our Conflict Mineral Policy was developed and published in 2018. This is still an ongoing process.

#### GRI 308: Supplier environmental assessment 2016

308-1	New suppliers that were screened using environmental criteria	Our Master Services Agreements and purchase order terms and conditions include environmental criteria including REACH, WEE, and other relevant criteria. Suppliers will be screened every four years. These policies were established in 2018 and we have not set up any new suppliers this year.
308-2	Negative environmental impacts in the supply chain and actions taken	Our Master Services Agreements and purchase order terms and conditions include environmental criteria including REACH, WEEE, and other relevant criteria. These policies were established in 2018 and we have not set up any new suppliers this year. We have not identified any suppliers with potential negative environmental impacts.

## SOCIAL

### Employment

#### GRI 103: Management approach 2016

103-1	Explanation of the material topic and its Boundaries	Materiality, p 9 Being an employer of choice, p 28-29
103-2	The management approach and its components	Being an employer of choice, p 28-29 Governance, p 34 Ethical business, p 36 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>
103-3	Evaluation of the management approach	The Human Resources Department is responsible for the periodic review of employment practices.

#### GRI 401: Employment approach 2016

401-1	New employee hires and employee turnover	Appendix: Employee Data, Table 6
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GRI Standard	GRI Disclosure	Location and notes
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	We provide life insurance, healthcare, disability, and short-term disability insurance, and we have provided maternity leave since 2017. We provide a matching of up to 100% of 6% in the U.S. for retirement. We have an employee stock option purchasing program. We do not distinguish between full- and part-time employees. See <a href="#">Varex 2019 Annual Report</a> for more information Our <a href="#">Conflict Minerals Policy</a> was developed and published in 2018. This is still an ongoing process. Significant locations are defined as any sites that have engineering or production facilities.
401-3	Parental leave	In 2018, we implemented paternity leave, in addition to maternity leave. 100% of employees returned to a role at an equivalent grade when they returned from leave: three women and 36 men.
<b>Labor/management relations</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and its Boundaries	Materiality, p 9 Being an employer of choice, p 28-29
103-2	The management approach and its components	Being an employer of choice, p 28-29 Governance, p 34 Ethical business, p 36 Appendix: Employee data, Table 6 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>
103-3	Evaluation of the management approach	The Human Resources Department is responsible for reviewing labor/management relation policies and addresses any issues as they arise.
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	The minimum number of weeks' notice typically provided to employees and their representatives varies - from three months to six months - depending on location. This notice period includes employees or organizations with collective bargaining agreements.
<b>Occupational health and safety</b>		
GRI 103: Management approach 2016		
103-1	Explanation of the material topic and its Boundaries	Materiality, p 9 Empowering people and communities, p 27 Being an employer of choice, p 28-29

GRI Standard	GRI Disclosure	Location and notes
103-2	The management approach and its components	Empowering people and communities, p 27 Being an employer of choice, p 28-29 Governance, p 34 Ethical business, p 36 <u>Hotline reporting</u> <u>Code of Conduct</u> Our Employee Health and Safety Policy states: "It is Varex's policy to provide employees with a safe and healthy work environment and to prevent injuries by implementing effective accident prevention programs."
103-3	Evaluation of the management approach	Health and safety is a joint responsibility shared by management and employees. The Environmental Health and Safety Executive Council conducts an annual review of the performance and management of the organization. Local representatives at each site assess and evaluate the performance at each site.
<b>GRI 403: Occupational health and safety 2016</b>		
403-1	Workers representation in formal joint management-worker health and safety committees	Formal joint management worker health and safety committees typically operate at the site level. [16%] of Varex workers are represented by formal joint management-worker health and safety committees.
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Types of injury, injury rate (IR), occupational disease rate (ODR), lost day rate (LDR), absentee rate (AR), and work-related fatalities for all employees: - By region: U.S.: 1.38 OSHA rate, 0.65 Dart rate; Europe had no reported injuries. Safety data was not collected outside the U.S. - By gender: U.S.: 32% female, 68% male. Gender data was not tracked in other regions in 2019. Injuries include accidents, slips and falls, repetitive motion, lifting, and cuts. In recording and reporting accident statistics, we followed country-specific rules at each location.
403-3	Workers with high incidence or high risk of diseases related to their occupation	Muscular skeletal risks are the key occupational related health risk identified at Varex. Due to this reason, we train and perform ergonomic risk assessments, and provide employees with the resources to minimize this risk. Workers are monitored for noise, lead, and radiation exposure, with no incidents in 2019.
403-4	Health and safety topics covered in formal agreements with trade unions	Health and safety agreements with Works Councils cover employees in Germany and the Netherlands. We do not disclose which health and safety topics are covered by these agreements.
<b>Training and education</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Materiality, p 9 Empowering people and communities, p 27 Being an employer of choice, p 28-29

GRI Standard	GRI Disclosure	Location and notes
103-2	The management approach and its components	Empowering people and communities, p 27 Being an employer of choice, p 28-29 Governance, p 34 Ethical business, p 36 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>
103-3	Evaluation of the management approach	When an employee is hired, promoted, or transferred, the manager or supervisor assigns necessary training based on the employee's education, background, experience, and assigned responsibilities. The employee is responsible for completing any assigned training on time and must provide his or her manager with documentation of any required training that is not tracked in the learning management system.
<b>GRI 404: Training and education 2016</b>		
404-1	Average hours of training per year per employee	Our current training system does not have an accurate way to calculate and verify an average for training hours. We can, however, confirm our employees completed approximately 48,000 training courses in 2019.
404-2	Programs for upgrading employee skills and transition assistance programs	In the U.S., we provide a tuition reimbursement program for U.S. employee college courses. In 2019 we invested \$246,660 and 74 employees benefited from the program. We do not have a program for employee termination or retirement training; however, we will look into developing this as needed. In 2019 we formed Varex University, a development program which offers leadership skills classes. This year, 1,700 employees have benefited from it with more than 48,000 trainings. Being an employer of choice, p 28-29
404-3	Percentage of employees receiving regular performance and career development reviews	All employees (100%) received a regular annual performance review.
<b>Diversity and equal opportunity</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Materiality, p 9 Empowering people and communities, p 27 Being an employer of choice, p 28-29
103-2	The management approach and its components	Empowering people and communities, p 26-27 Being an employer of choice, p 28-29 Governance, p 33 Ethical business, p 34-35 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>

GRI Standard	GRI Disclosure	Location and notes
103-3	Evaluation of the management approach	<p>Varex will administer its Human Resources policies and conduct its employment practices in a manner that treats each employee and applicant for employment on the basis of merit, experience, and other work-related criteria without regard to race, color, religion, sex, (including pregnancy, childbirth, or related medical condition), national origin, ancestry, sexual orientation, age, marital status, disability (mental or physical), veteran status, or any other protected class under relevant state and federal laws.</p> <p>Each Varex site in the U.S. has an Affirmative Action Plan and has an assigned Equal Employment Opportunity Official who has the responsibility to develop the plan as well as to monitor overall program effectiveness. However, management personnel at every level must share in the responsibility for promoting affirmative action and equal employment opportunity for compliance purposes.</p>
<b>GRI 405: Diversity and equal opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	<p>Percentage of individuals within the organization's various bodies in each of the following diversity categories:</p> <p>Board of Directors:</p> <ul style="list-style-type: none"> <li>- Male: 72%, female: 28%.</li> <li>- Under 30 years old: 0; 30-50 years old: 0; over 50 years old: 100%</li> </ul> <p>All employees</p> <ul style="list-style-type: none"> <li>- 23.4% of total employees are female. 18.2% of employees in leadership roles are female.</li> <li>- Under 30 years old: 23.4%; 30-50 years old: 46.2%; over 50 years old: 30.4%</li> </ul> <p>During this reporting year, we did not track the percentage of individuals in certain minority or vulnerable group categories.</p> <p>While we do not have a formal diversity policy, our Board and Nominating Committee are committed to actively seeking highly qualified women and individuals from minority groups to include in the pool from which new candidates are selected.</p>
405-2	Ratio of basic salary and remuneration of women to men	The gender pay ratio is .92 globally. See Employee Data table in Appendix for more information. Definition of significant location is any location with engineering or production facilities.
<b>Non-discrimination</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	<p>Materiality, p 9</p> <p>Empowering people and communities, p 27</p> <p>Being an employer of choice, p 28-29</p>
103-2	The management approach and its components	<p>Empowering people and communities, p 27</p> <p>Being an employer of choice, p 28-29</p> <p>Governance, p 34</p> <p>Ethical business, p 36</p> <p><a href="#">Hotline reporting</a></p> <p><a href="#">Code of Conduct</a></p> <p>Our Employment Policy and Equal Employment Opportunity Policy outline our expectations on a workplace free from discrimination and harassment.</p>

GRI Standard	GRI Disclosure	Location and notes
103-3	Evaluation of the management approach	Each Varex site in the U.S. has an Affirmative Action Plan and has an assigned Equal Employment Opportunity Official who has the responsibility to develop the plan as well as to monitor overall program effectiveness. However, management personnel at every level must share in the responsibility for promoting affirmative action and equal employment opportunity for compliance purposes.
<b>GRI 406: Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	There were no findings of discrimination in 2019.
<b>Freedom of association and collective bargaining</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Materiality, p 9 Acting with integrity, p 35 Ethical business, p 36
103-2	The management approach and its components	Acting with integrity, p 35 Ethical business, p 36 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a> Freedom of association and collective bargaining is addressed in our Employment Policy. We also comply with the local laws in the locations where we operate.
103-3	Evaluation of the management approach	Legal and HR teams conduct periodic reviews to assess compliance to laws and regulations in locations where we operate. Changes are made as needed.
<b>GRI 407: Freedom of association and collective bargaining 2016</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	We continue to assess our key sustainability-related risks in our supply chain, and will look to report on this in future reporting years.
<b>Child labor</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Materiality, p 9 Acting with integrity, p 35 Ethical business, p 36 Responsible supply chain, p 37-38



GRI Standard	GRI Disclosure	Location and notes
103-2	The management approach and its components	Acting with integrity, p 35 Ethical business, p 36 Responsible supply chain, p 37-8 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a> Child labor is addressed in our employment policies as well as in our Conflict Minerals Policy.
103-3	Evaluation of the management approach	We are adding human rights criteria (including prevention of child labor) into our Supplier Quality program to identify where the negative impacts lie in order to address them going forward. We will be reviewing our new Supplier Quality program once a year in order to evaluate its effectiveness going forward. The program will help us to achieve our responsible supply chain goals, see p 38.
<b>GRI 408: Child labor 2016</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	Varex Imaging has an international supply chain and is assessing risks of child labor or young workers exposed to hazardous work. Work is underway to include assessments regarding human rights into our Supplier Quality program.
<b>Forced or compulsory labor</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Materiality, p 9 Acting with integrity, p 35 Ethical business, p 36 Responsible supply chain, p 37-38
103-2	The management approach and its components	Acting with integrity, p 35 Ethical business, p 36 Responsible supply chain, p 37-38 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a> Forced labor is addressed in our employment policies, as well as in our Conflict Minerals Policy.
103-3	Evaluation of the management approach	We are adding human rights criteria (including prevention of forced or compulsory labor) into our Supplier Quality program to identify where the negative impacts lie in order to address them going forward. We will be reviewing our new Supplier Quality program once a year in order to evaluate its effectiveness going forward. The program will help us to achieve our responsible supply chain goals, p 38.
<b>GRI 409: Forced or compulsory labor 2016</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Varex Imaging has an international supply chain and is assessing risks of forced or compulsory labor. Work is underway to include assessments regarding forced or compulsory labor in our Supplier Quality program.

GRI Standard	GRI Disclosure	Location and notes
<b>Human rights assessment</b>		
<b>GRI 103: Management Approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Materiality, p 9 Acting with integrity, p 35 Ethical business, p 36 Responsible supply chain, p 37-38
103-2	The management approach and its components	Acting with integrity, p 35 Ethical business, p 36 Responsible supply chain, p 37-8 <u>Hotline reporting</u> <u>Code of Conduct</u> Forced labor is addressed in our employment policies, as well as in our Conflict Minerals Policy.
103-3	Evaluation of the management approach	We are adding human rights criteria into our Supplier Quality program to identify where the negative impacts lie in order to address them going forward. We will be reviewing our new Supplier Quality program once a year in order to evaluate its effectiveness going forward. The program will help us to achieve our responsible supply chain goals, p 38
<b>GRI 412: Human rights assessment 2016</b>		
412-1	Operations that have been subject to human rights reviews or impact assessments	None of our operations were subject to human rights review or impact assessments in 2019.
412-2	Employee training on human rights policies or procedures	No human rights training was conducted in 2019.
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	There were no investment agreements and contracts that include human rights clauses or that underwent human rights screening.
<b>Local communities</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Material issues, p 9 Being a good neighbor, p 32-33

GRI Standard	GRI Disclosure	Location and notes
103-2	The management approach and its components	Being a good neighbor, p 32-33 Governance, p 34 Ethical business, p 36 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>
103-3	Evaluation of the management approach	Varex aspires to contribute to the communities where we operate; p 33 outlines our goals and KPIs that we judge our performance against. The Board of Directors Nominating and Corporate Governance Committee conducts an annual review of our corporate giving and other societal responsibilities. These programs were established based on the first annual review and will be evaluated going forward on a yearly basis.
<b>GRI 413: Local communities 2016</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	Being a good neighbor, p 32-33
413-2	Operations with significant actual and potential negative impacts on local communities	With our current operations, we do not have any significant impacts on local communities, but as we develop a clearer global strategy on Being a Good Neighbor, we will track this information when applicable.
<b>Supplier social assessment</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Material issues, p 9 Acting with integrity, p 35 Ethical business, p 36 Responsible supply chain, p 37-38
103-2	The management approach and its components	Acting with integrity, p 35 Ethical Business, p 36 Responsible supply chain, p37-38 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>
103-3	Evaluation of the management approach	We are currently establishing our management approach by developing our Supplier Quality program and incorporating social and environmental criteria into it. Once our Supplier Quality program is up and running, we will review the outcomes of our supplier audits to see where the most material negative impacts are to help us develop a targeted approach to managing and evaluating these impacts going forward.

GRI Standard	GRI Disclosure	Location and notes
<b>GRI 414: Supplier social assessment 2016</b>		
414-1	New suppliers that were screened using social criteria	Work is underway to include social assessment as a criteria in our Supplier Quality program.
414-2	Negative social impacts in the supply chain and actions taken	We did not conduct any assessments in 2019 and are in the process of developing a more robust system to implement and report on this issues. This plan is still in an early phase and we will aim to have more information on this system in future reporting years.
<b>Public policy</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Material issues, p 9 Acting with integrity, p 35 Ethical business, p 36
103-2	The management approach and its components	Acting with integrity, p 35 Ethical Business, p 36 Responsible supply chain, p37-38 <u>Hotline reporting</u> <u>Code of Conduct</u> Our Code of Conduct and Anti-Corruption Policy provide guidance on political contributions and other public policy issues.
103-3	Evaluation of the management approach	Acting with integrity, p 35 Ethical business, p 36 Any request for reimbursement of political contribution is monitored as part of the expense and accounting processes.
<b>GRI 415: Public policy 2016</b>		
415-1	Political contributions	We do not give political donations globally.
<b>Customer health and safety</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Material issues, p 9 Product safety and quality, p 16-17 Caring for our customers: A partner for success, p 18-19
103-2	The management approach and its components	Product safety and quality, p 16-17 Caring for our customers: A partner for success, p 18-19 Ethical business, p 36 <u>Hotline reporting</u> <u>Code of Conduct</u>

GRI Standard	GRI Disclosure	Location and notes
103-3	Evaluation of the management approach	<p>Product safety and quality, p 16-17</p> <p>The Regulatory Affairs department, led by the VP of Regulatory Affairs, oversees ongoing compliance with industry-specific regulation regarding customer health and safety. This includes, but is not limited to, regulations defined by: U.S. FDA, Health Canada, European MDD, Chinese GMP, and relevant radiation safety regulatory agencies in the U.S. as well as in other countries worldwide. We also ensure we align with the relevant standards such as ISO 13485 and IEC 60601-1.</p> <p>As a result of our ongoing compliance review, we are harmonizing our processes and practices globally in order to facilitate compliance activities.</p>
<b>GRI 416: Customer health and safety 2016</b>		
416-1	Assessment of the health and safety impacts of product and service categories	Varex operates in heavily regulated industries that require the assessment of certain products and services for health and safety impacts. All of our products are continuously assessed for improvements regarding health and safety impacts.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<p>Product safety and quality, p 16-17</p> <p>Varex operates in heavily regulated industries and incidents of non-compliance concerning the health and safety impacts of our products and services would be reported as appropriate.</p>
<b>Marketing and labeling</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	<p>Material issues, p 9</p> <p>Caring for our customers: A partner for success, p 18-19</p> <p>Ethical business, p 36</p>
103-2	The management approach and its components	<p>Product safety and quality, p 16-17</p> <p>Caring for our customers: A partner for success, p 18-19</p> <p>Ethical business, p 36</p> <p><a href="#">Hotline reporting</a></p> <p><a href="#">Code of Conduct</a></p>
103-3	Evaluation of the management approach	We operate in heavily regulated industries and evaluate our marketing and labeling against the standards set forth by the regulating bodies. Issues are tracked and processes are adjusted to remediate any deficiencies. The Regulatory Affairs department, led by the VP of Regulatory Affairs, oversees this ongoing process.
<b>GRI 417: Marketing and labeling 2016</b>		
417-1	Requirements for product and service information and labeling	<p>In our product information and labeling, we require providing the sourcing of components of the product, the content - particularly with regard to substances that might produce an environmental or social impact - safe use of the product or services, and disposal of the product and environmental or social impacts.</p> <p>100% of our products are covered by and assessed for compliance with such procedures.</p>

GRI Standard	GRI Disclosure	Location and notes
417-2	Incidents of non-compliance concerning product and service information and labeling	There were no incidents of non-compliance concerning products and service information and labeling.
417-3	Incidents of non-compliance concerning marketing communications	There were no incidents of non-compliance concerning marketing communications.
<b>Customer privacy</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Material issues, p 9 Caring for our customers: A partner for success, p 18-19 Ethical business, p 36 <a href="#">2019 Annual Report</a> , p 28-29
103-2	The management approach and its components	Caring for our customers: A partner for success, p 18-19 Ethical business, p 36 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a> Our Customer Data Privacy Policy outlines privacy principles, customer data privacy requirements, enforcement, and compliance.
103-3	Evaluation of the management approach	Caring for our customers: A partner for success, Protecting our customers' data, p 19 <a href="#">2020 Proxy Statement</a> , p 20 The Data Privacy Officer is responsible for the periodic review of the policy and changes to customer privacy requirements and regulations.
<b>GRI 418: Customer privacy 2016</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no substantiated complaints received concerning breaches of customer privacy in the reporting year.
<b>Socioeconomic compliance</b>		
<b>GRI 103: Management approach 2016</b>		
103-1	Explanation of the material topic and its Boundaries	Material issues, p 9 Acting with integrity, p 35 Ethical business, p 36

GRI Standard	GRI Disclosure	Location and notes
103-2	The management approach and its components	Acting with integrity, p 35 Ethical business, p 36 <a href="#">Hotline reporting</a> <a href="#">Code of Conduct</a>
103-3	Evaluation of the management approach	Effectiveness is evaluated against goals and KPIs in Ethical business p 36 and Responsible supply chain p 38. <a href="#">2020 Proxy Statement</a> , p 20
<b>GRI 419: Socioeconomic compliance 2016</b>		
419-1	Non-compliance with laws and regulations in the social and economic area	There were no such incidents in the reporting year.

# APPENDIX

## Our material issues

Material issue definitions and boundaries (where the impacts of our material issue lie across our value chain)

Material issues	Definitions	Supply chain	Logistics	Varex Imaging (manufacturing, R&D, design, services)	Customer use	Product end of life
<b>Better health</b>	Developing advanced medical diagnostics and treatments to improve health and save lives.			◆	◆	
<b>Safer, more secure world</b>	Innovating our industrial products to create a safer world.			◆	◆	
<b>Product safety and quality</b>	Ensuring that safety and quality are at the heart of product design and development.	◆	◆	◆	◆	
<b>Customer care</b>	Providing a high-quality service at all stages of the relationship with customers.	◆	◆	◆	◆	◆
<b>Climate change, energy, and air quality</b>	Reduce the amount of energy used in the company's manufacturing and operational processes. Reduce air pollution and increase renewable electricity use.	◆	◆	◆	◆	
<b>Resource stewardship</b>	Prevent waste at source and use resources such as water and raw materials efficiently. Design products to improve recyclability.	◆	◆	◆	◆	◆
<b>Being an employer of choice</b>	Offering existing and potential employees a fair, safe, and rewarding work environment where diversity and equal opportunity are core values. Upholding and respecting human rights including labor rights such as freedom of association and collective bargaining.			◆		
<b>Being a good neighbor</b>	Involvement and engagement with local communities to create positive social impacts.			◆		
<b>Responsible growth</b>	Running the business with the aim of ensuring sustainable, profitable growth to create value over the long term.	◆		◆	◆	
<b>Ethical business</b>	Compliance with codes of conduct and legal obligations governing all aspects of business, as well as ensuring transparent disclosure on performance and strategy. Ensuring human rights are respected throughout operations and supply chains in line with expectations and local law.	◆	◆	◆	◆	◆
<b>Sourcing responsibly</b>	Sourcing beyond economic considerations alone, by taking environmental, social and ethical factors into consideration.	◆	◆			



Table 1

Living wage	Low	Standard entry level wage	Living wage 2x2	Living wage 1	Minimum	Ratio to minimum
Salt Lake City	\$25,337.00	\$31,402.00	\$35,032.60	\$26,007.40	\$15,805.00	1.9868
Las Vegas	\$35,360.00	\$37,724.00	\$17,985.00	\$24,546.80	\$17,985.00	2.0975
Santa Clara & San Jose	\$27,217.92	\$52,437.00	\$52,974.00	\$44,864.40	\$13,980.00	3.7509
Franklin Park	\$37,912.99	\$39,957.00	\$54,129.40	\$29,517.20	\$17,985.00	2.2217
North Charleston	\$33,609.71	\$36,213.00	\$56,876.20	\$25,179.00	\$15,805.00	2.2912
Wuxi China	\$5,217.43	\$9,978.00		\$7,532.64	\$3,845.62	2.5946
Calamba, Philippines	\$549.77	\$2,150.00	\$6,098.67		\$2,725.05	0.7890
The Netherlands	\$22,571.24	\$36,863.00	€15,480.00	€17,069.40	€33,336.00	1.1058
Germany	\$32,982.18	\$42,578.00	€17,880.00	€19,800.00	€17,976.00	2.3686

Table 2

Totals (**excludes Walluf and Bremen)	
Total salaries 2019	\$133,334,970.89
Total # of employees 2019	2,000
Total # of women employed	464
Percent & # of women in leadership roles	18.2% and 43 count
Percentage of total employees covered by collective bargaining agreements	None in U.S.

## Indicators

### Table 3

Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.

	Highest	Median	Ratio (N:1)
		(excluding highest)	
<b>U.S.</b>	\$637,360.00	\$63,200.72	1008%
<b>Netherlands</b>	\$254,370.66	\$49,569.04	513%
<b>Germany</b>	\$267,936.11	\$58,619.55	457%
<b>China</b>	\$260,280.93	\$33,925.49	767%
<b>Philippines</b>	\$87,542.88	\$2,559.45	3420%

### Table 4

Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.

	% increase	Median	Ratio
	highest	(excluding highest)	
<b>U.S.</b>	2.80%	3.00%	107.14%
<b>Netherlands</b>	3.00%	3.50%	116.67%
<b>Germany</b>	0.00%	4.92%	0.00%
<b>China</b>	5.00%	3.00%	60.00%
<b>Philippines</b>	4.00%	5.00%	125.00%

### Table 5

% of management local to country of operation	Managers	Local managers	Ratio
<b>U.S.</b>	160	156	97.50%
<b>Netherlands</b>	17	17	100.00%
<b>Germany</b>	28	19	67.86%
<b>China</b>	10	9	90.00%
<b>Philippines</b>	17	16	94.12%

**Table 6**

a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.

b. Total number and rate of employee turnover during the reporting period, by age group, gender and region

Male	Under 30			30-50			Over 50		
	Total	New	Turnover	Total	New	Turnover	Total	New	Turnover
Americas	200	55	43	517	68	64	404	22	35
APAC	38	5	5	99	5	11	10	1	1
Europe	21	4	1	127	15	6	55	6	2

Female	Under 30			30-50			Over 50		
	Total	New	Turnover	Total	New	Turnover	Total	New	Turnover
Americas	91	36	22	182	35	30	152	10	9
APAC	8	6	0	25	3	5	3	1	1
Europe	2	1	1	21	1	2	16	2	1

Undeclared	Under 30			30-50			Over 50		
	Total	New	Turnover	Total	New	Turnover	Total	New	Turnover
Americas									
APAC	117	73	24	0	0	0	0	0	0
Europe	16	13	0	0	0	0	0	0	0

**Table 7**

Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.

Americas	Men	Women	Ratio
SVP	\$343,889.73	\$347,802.00	n/a
VP	\$269,326.91	0.00	n/a
Sr Dir	\$207,499.38	\$190,000.00	0.92
Dir	\$184,104.46	\$184,860.00	1.00
Sr Mgr	\$152,099.96	\$150,689.79	0.99
Mgmt 3	\$121,523.51	\$128,885.04	1.06
Mgmt 2	\$112,196.38	\$96,290.30	0.86
Mgmt 1	\$64,508.69	\$67,925.00	1.05
Prof 6	\$224,597.48	0.00	n/a
Prof 5	\$147,906.29	\$137,814.90	0.93
Prof 4	\$126,326.14	\$110,135.43	0.87
Prof 3	\$102,026.23	\$88,379.46	0.87
Prof 2	\$78,505.54	\$67,955.68	0.87
Prof 1	\$68,563.87	\$60,236.89	0.88
Supp 5	\$83,487.79	\$65,698.82	0.79
Supp 4	\$66,507.15	\$56,574.46	0.85
Supp 3	\$51,332.76	\$46,678.60	0.91
Supp 2	\$41,470.68	\$37,443.08	0.90
Supp 1	\$35,027.52	\$32,261.89	0.92
<b>Average</b>			<b>0.92</b>

**Table 8**

Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.

Europe	Men	Women	Ratio
Dir	\$167,827.27	0.00	-
Sr Mgr	\$124,007.68	0.00	-
Mgmt 3	\$80,857.29	\$105,181.53	1.30
Mgmt 2	\$86,195.58	0.00	-
Mgmt 1	\$49,896.04	0.00	-
Prof 4	\$85,833.39	0.00	-
Prof 3	\$69,467.17	0.00	-
Prof 2	\$63,095.24	\$59,977.68	0.95
Prof 1	\$52,884.37	\$43,524.29	0.82
Supp 5	\$53,636.42	0.00	-
Supp 4	\$55,276.38	\$55,457.03	1.00
Supp 3	\$46,370.66	\$50,519.74	1.09
Supp 2	\$41,050.52	\$35,334.50	0.86
Supp 1	\$30,201.25	\$40,350.34	1.34

## Table 9

Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation.

APAC	Men	Women	Ratio
VP	\$260,280.93	0.00	-
Sr Mgr	\$95,151.26	0.00	-
Mgmt 3	\$92,581.47	\$22,286.18	0.24
Mgmt 2	\$48,263.70	\$26,848.08	0.56
Mgmt 1	\$16,908.13	\$22,580.89	1.34
Prof 5	\$85,570.20	0.00	-
Prof 3	\$28,363.27	\$18,094.32	0.64
Prof 2	\$14,676.11	\$8,876.28	0.60
Prof 1	\$6,576.12	\$4,462.54	0.68
Supp 4	\$5,278.50	\$26,013.34	4.93
Supp 3	\$6,143.46	\$15,772.41	2.57
Supp 2	\$4,852.03	\$8,393.40	1.73
Supp 1	\$2,430.80	\$3,192.88	1.31