



SECURING A HEALTHIER, SAFER FUTURE

2020 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, 2020 to December 31, 2020 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 2016 | | |
| Organization profile | | |
| 102-1 | Name of the organization | Varex Imaging Corporation |
| 102-2 | Activities, brands, products, and services | About Varex, p 6 Varex 2020 Annual Report, Form 10-K , p 3–6 |
| 102-3 | Location of headquarters | Salt Lake City, Utah, United States of America |
| 102-4 | Location of operations | Varex 2020 Annual Report, Form 10-K , p 38 |
| 102-5 | Ownership and legal form | Varex 2020 Annual Report, Form 10-K , p 3–6 |
| 102-6 | Markets served | Varex 2020 Annual Report, Form 10-K , p 3–6 |
| 102-7 | Scale of the organization | At Varex Imaging we have 1,747 employees across 13 manufacturing sites, and 19 sales and engineering locations. About Varex, p 6–7 Varex 2020 Annual Report, Form 10-K , p 3–6 |
| 102-8 | Information on employees and other workers | <ul style="list-style-type: none"> a. Varex employs a total of 1,823 full time employees. 409 are women and 1,242 are men, 172 unstated. This number does not include our Walluf and Bremen locations due to ongoing labor council discussions. b. Total number by region: Americas 1216, EMEA 336, APAC 271. c. We do not have a breakdown of 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. d. Janitorial, foods service, and print services are provided by employees of contracted companies. Approximately 50 FTE globally. e. There are no significant variations in the numbers reported in Disclosures 102-8-a, b, c. f. The data was compiled in the Human Resource Information System. The data was only available for approx. 1,800 employees, due to Works Council restrictions. |

| GRI Standard | GRI Disclosure | Location and notes |
|-----------------------------|---|--|
| 102-9 | Supply chain | Creating shared value, p 8–9 Responsible supply chain, p 40–41 Varex 2020 Annual Report, Form 10-K , p 3–6 |
| 102-10 | Significant changes to the organization and its supply chain | Varex completed the closure of its glass panel fabrication process in Santa Clara, California. Facility closure and environmental cleanup will be completed 4th quarter of 2021. |
| 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 City facility. |
| Strategy | | |
| 102-14 | Statement from senior decision-maker | Interview with CEO, p 4–5 |
| 102-15 | Key impacts, risks, and opportunities | Varex 2020 Annual Report, Form 10-K , p 14–37 |
| Ethics and integrity | | |
| 102-16 | Values, principles, standards, and norms of behavior | About Varex, p 6 Creating shared value, p 8–9 |
| 102-17 | Mechanisms for advice and concerns about ethics | Acting with integrity, p 37 Ethical business, p 38–39 Our Code of Conduct provides guidelines for seeking advice. Information about our Ethical Hotline at Lighthouse Services . |
| Governance | | |
| 102-18 | Governance structure | Governance, p 37 Corporate Governance Board of Directors Committee Composition 2021 Proxy Statement , p 57 |
| 102-20 | Executive-level responsibility for economic, environmental, and social topics | Governance, p 37 |

| GRI Standard | GRI Disclosure | Location and notes |
|------------------------|--|---|
| 102-21 | Consulting stakeholders on economic, environmental, and social topics | Materiality, p 13 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 37 Corporate Governance Board of Directors Governance hotline reporting |
| 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 37 Corporate Governance |
| 102-26 | Role of highest governance body in setting purpose, values, and strategy | Governance, p 37 Board of Directors 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 2020 Sustainability Report. |
| 102-38 | Annual total compensation ratio | See Appendix, Employee data, Table 2, p 35 |
| 102-39 | Percentage increase in annual total compensation ratio | See Appendix, Employee data, Table 3, p 35 |
| Stakeholder engagement | | |
| 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 13 |

| GRI Standard | GRI Disclosure | Location and notes |
|--------------------|--|---|
| 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. We interviewed senior management, sales representatives, production managers and engineers, customers, and vendors as part of the assessment. Materiality, p 13 |
| 102-44 | Key topics and concerns raised | We included internal and external stakeholders including executive level, senior management, engineering teams, sales representatives, customers, and vendors. Materiality, p 13 Caring for our customers: A partner for success, p 22–23 Protecting the environment, p 24–29 Being an employer of choice, p 32–33 Supporting our neighbors, p 34–35 |
| Reporting practice | | |
| 102-45 | Entities included in the consolidated financial statements | Varex 2020 Annual Report, Form 10-K , p 3 |
| 102-46 | Defining report content and topic boundaries | About this report, p 3 Materiality, p 13 |
| 102-47 | List of material topics | Materiality, p 13 |
| 102-48 | Restatements of information | No material restatements of information. |
| 102-49 | Changes in reporting | No changes in reporting. |
| 102-50 | Reporting period | About this report, p 3 |
| 102-51 | Date of most recent report | 2020 |
| 102-52 | Reporting cycle | About this report, p 3 |
| 102-53 | Contact point for questions regarding the report | For questions on this report, please contact Jordan Larson via email: jordan.larson@vareximaging.com |
| 102-54 | Claims of reporting in accordance with the GRI Standards | About this report, p 3 |
| 102-55 | GRI content index | https://www.vareximaging.com/esg-csr-report/ |
| 102-56 | External assurance | Assurance statement. p 42–43 About this report, p 3 |

| GRI Standard | GRI Disclosure | Location and notes |
|---|--|---|
| ECONOMIC | | |
| Economic performance | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Varex 2020 Annual Report, Form 10-K Governance, p 37 |
| 103-2 | The management approach and its components | Varex 2020 Annual Report, Form 10-K Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct |
| 103-3 | Evaluation of the management approach | Corporate Governance Guidelines: Role of the Board and Management 2021 Proxy Statement |
| GRI 201: Economic performance 2016 | | |
| 201-1 | Direct economic value generated and distributed | See Varex 2020 Annual Report a. i. Annual revenue: \$738 million ii. Operating expenses and more information on quarterly results About Varex, p 3 Creating shared value, p 8–9 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. |
| 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. |
| 201-4 | Financial assistance received from government | Varex receives \$3.6M in R&D tax credits from the U.S. Department of the Treasury. Regionally, we also receive \$151K from the Utah Department of Revenue EDTIF, \$9K from the Utah Department of Revenue R&D, \$194K from the California Franchise Tax Board R&D, and \$13K from the Illinois Department of Revenue R&D. Data for foreign governments (non-U.S.) is currently not available. We will look to disclose this data next year. |

| GRI Standard | GRI Disclosure | Location and notes |
|--|--|---|
| Market presence | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Varex 2020 Annual Report, Form 10-K About this Report, p 3 Materiality, p 13 Being an employer of choice, p 32–33 Supporting our neighbors, p 34–35 |
| 103-2 | The management approach and its components | Varex 2020 Annual Report, Form 10-K Being an employer of choice, p 32–33 Supporting our neighbors, p 34–35 Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct |
| 103-3 | Evaluation of the management approach | Varex is committed to creating workspaces where employees feel safe, valued and want to work. We strive to do this by providing growth opportunities at work and participating in our local communities. Corporate Governance Guidelines: Role of the Board and Management 2021 Proxy Statement |
| GRI 202: Market presence 2016 | | |
| 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage | We do not currently report living wage data by gender as the data is currently unavailable. |
| 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. |
| Indirect economic impacts | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Creating shared value, p 8–9 Materiality, p 13 Varex 2020 Annual Report, Form 10-K |

| GRI Standard | GRI Disclosure | Location and notes |
|--|--|---|
| 103-2 | The management approach and its components | Varex 2020 Annual Report, Form 10-K , p 6–16 |
| 103-3 | Evaluation of the management approach | 2021 Proxy Statement |
| GRI 203: Direct economic impacts 2016 | | |
| 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 Guidelines, allowing us to improve access to care. This enables more people to have access to medical diagnostics and security systems. A viable metric for this has not yet been established. |
| Procurement practices | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Creating shared value, p 8–9 Materiality, p 13 Responsible supply chain, p 40–41 |
| 103-2 | The management approach and its components | Governance, p 37 Ethical business, p 38–39 Responsible supply chain, p 40–41 Hotline reporting Code of Conduct |
| 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. Due to the COVID-19 impacts of 2020, a lot of the normal assessments did not take place but will be reimplemented in 2021. |
| GRI 204: Procurement practices 2016 | | |
| 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. Most of our materials are of a relatively specific nature and we have to use the suppliers that meet our stringent specifications. |

| GRI Standard | GRI Disclosure | Location and notes |
|--|--|--|
| Anti-corruption | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Ethical business, p 38–39 Code of Conduct |
| 103-2 | The management approach and its components | Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct |
| 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. |
| GRI 205: Anti-corruption 2016 | | |
| 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, 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. The 13 sites assessed are our production facilities which account for 40% of our locations but constitute the majority of our employees. We have an additional 20 sales and engineering offices globally. |
| 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 2020 and there were no public legal cases related to corruption in 2020. |
| Anti-competitive behavior | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Varex 2020 Annual Report, Form 10-K Materiality, p 13 |

| GRI Standard | GRI Disclosure | Location and notes |
|--|---|---|
| 103-2 | The management approach and its components | Varex 2020 Annual Report, Form 10-K Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct |
| 103-3 | Evaluation of the management approach | The company's Code of Conduct covers anti-competitive behavior. Relevant policies and appropriate training are 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 2020 in relation to anti-competitive behavior. |
| ENVIRONMENTAL | | |
| Materials | | |
| GRI 103: Management Approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Protecting the environment, p 24–25 Resource stewardship, p 26–27 |
| 103-2 | The management approach and its components | Protecting the environment, p 24–25 Resource stewardship, p 26–27 Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct |
| 103-3 | Evaluation of the management approach | Protecting the environment, p 24–25 Resource stewardship, p 26–27 Climate change, energy, and air quality, p 28–29 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. 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. |

| GRI Standard | GRI Disclosure | Location and notes |
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| GRI 301: materials 2016 | | |
| 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. 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, rubber, and wood.</p> |
| 301-2 | Recycled input materials used | Data is currently unavailable. The recycled content of input materials is not currently tracked. Efforts are ongoing 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 that are reloaded with new tubes. In 2020, 5,442 end-of-life X-ray tubes were returned and approximately 95% of the material from those tubes was recycled or reused.</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> |
| Energy | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | <p>Materiality, p 13</p> <p>Protecting the environment, p 24–25</p> <p>Climate change, energy, and air quality, p 28–29</p> |
| 103-2 | The management approach and its components | <p>Protecting the environment, p 24–25</p> <p>Climate change, energy, and air quality, p 28–29</p> <p>Governance, p 37</p> <p>Ethical business, p 38–39</p> <p>Hotline reporting</p> <p>Code of Conduct</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 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.</p> <p>Due to the challenges with COVID-19, there were no efficiency projects undertaken in 2020.</p> |

| GRI Standard | GRI Disclosure | Location and notes |
|----------------------|--|--|
| GRI 302: energy 2016 | | |
| 302-1 | Energy consumption within the organization | <p>Total fuel consumption within the organization from non-renewable resources, in joules:</p> <p>Natural gas: 69,542,884 MJ Electricity: 148,665,373 MJ Diesel: 915,310 MJ Gasoline: 530,070 MJ Liquefied propane: 199,862 MJ</p> <p>Total fuel consumption within the organization from renewable resources, in joules: 9,078,480 MJ</p> <ul style="list-style-type: none"> - Electricity consumption in watt hours: 41,295,937 kWh - Steam: 1,158 MMBtu <p>Total energy consumption within the organization in joules: 220,985,255 MJ</p> <p>Numbers were calculated by collecting all sites' utility information and converting to the appropriate unit of measure. Conversion factors were sourced from the website www.convertunits.com.</p> |
| 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. |
| 302-3 | Energy intensity | Energy intensity ratio for the organization: 0.30 MJ/\$ sales, calculated on the basis of 2020 sales of \$783.3M. In these calculations, we included electrical power, natural gas, diesel fuel, gasoline, and propane consumption within the organization. |
| 302-4 | Reduction of energy consumption | <p>As a result of efficiency initiatives and COVID-19 Flex schedules, we have reduced energy (electricity) consumption by 19,561,441 MJ in the reporting year.</p> <p>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 2020 and 2019 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 www.convertunits.com.</p> |
| 302-5 | Reductions in energy requirements of products and services | There were no known reductions in 2020 in the energy requirements of our products and services. |

| GRI Standard | GRI Disclosure | Location and notes |
|--|---|--|
| Water | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Protecting the environment, p 24–25 Resource stewardship, p 26–27 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.” |
| 103-2 | The management approach and its components | Protecting the environment, p 24–25 Resource stewardship, p 26–27 Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct 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 water use as well as conducting an annual review against goals, noting additional areas for improvement. New goals have been developed as a result of the water use baselining undertaken. Due to the challenges of COVID-19, there were no new projects in 2020. |
| GRI 303: Water 2016 | | |
| 303-1 | Water withdrawal by source | The total volume of water withdrawn in the reporting year was: 263,892 m ³ . 9,312.11 m ³ were from ground water and 254,580 m ³ were withdrawn from municipal water supplies. Water consumption is collected for production/manufacturing sites and estimated for sales offices. As our water usage and discharge are minimal the receiving body is not considered at risk. |
| 303-2 | Water sources significantly affected by withdrawal of water | |
| 303-3 | Water recycled and reused | |
| 303-5 | Water consumption | a. Total water use is 263,892 m ³ b. N/A c. Water storage is not material. d. Water use is collected for production locations and estimated for sales offices. |

| GRI Standard | GRI Disclosure | Location and notes |
|--|--|---|
| Emissions | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Protecting the environment, p 24–25 Climate change, energy, and air quality, p 28–29 |
| 103-2 | The management approach and its components | Protecting the environment, p 24–25 Climate change, energy, and air quality, p 28–29 Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct 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, noting additional areas for improvement when and where feasible. Most of the simple efficiency projects for our company have been undertaken. Due to the challenges of COVID-19, we did not pursue any additional efficiency projects. |
| GRI 305: Emissions 2016 | | |
| 305-1 | Direct (Scope 1) GHG emissions | There were 6,249 metric tons (direct) of CO ₂ equivalent emissions in 2020. All CO ₂ emissions are non-biogenic. This calculation included all gases—CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , and NF ₃ —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 ² . |
| 305-2 | Energy indirect (Scope 2) GHG emissions | - Gross location-based energy indirect (Scope 2) GHG emissions: 13,161 metric tons of CO ₂ equivalent - Gross market-based energy indirect (Scope 2) GHG emissions: 23,493 metric tons of indirect CO ₂ equivalent For these calculations, we included all gases (CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃) and 2017 will be our baseline year as it is our first reporting year. 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. 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 ² . |

| GRI Standard | GRI Disclosure | Location and notes |
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| 305-3 | Other indirect (Scope 3) GHG emissions | Please see the 2017 report for baseline numbers. For 2020, only employee business travel was tracked for Scope 3 emissions, totaling 238 metric tons of CO ₂ 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"> - Location-based: 24.81 grams CO₂e/\$ sales - Market-based: 38.41 grams CO₂e/\$ sales <p>As the denominator, we used the 2020 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. For this calculation, we included all gases: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃.</p> |
| 305-5 | Reduction of GHG emissions | <p>We achieved a reduction of 7.6 metric tons of CO₂e from energy efficiency projects in 2019, compared to 2017 emissions, which is our first reporting year. In these calculations, we have included all gases: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃.</p> <p>Emissions reductions took place in Scope 1, 1,897 metric tons of CO₂e savings and Scope 2 reduced 3,496 metric tons.</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 m².</p> |
| 305-6 | Emissions of ozone-depleting substances (ODS) | Varex Imaging did not produce any emissions of ozone-depleting substances in 2020. |
| 305-7 | Nitrogen oxides (NO _x), sulfur oxides (SO _x), 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"> - NO_x: 0.53 metric tons - SO_x: 0.08 metric tons - No persistent organic pollutants (POP) - VOCs: 10.88 metric tons <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> |
| Effluents and waste | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | <p>Materiality, p 13</p> <p>Protecting the environment, p 24–25</p> <p>Resource stewardship, p 26–27</p> |

| GRI Standard | GRI Disclosure | Location and notes |
|--|---|--|
| 103-2 | The management approach and its components | Protecting the environment, p 24–25 Resource stewardship, p 26–27 Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct 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 effluents and waste regularly, noting additional areas for improvement. Most of the simple efficiency projects for our company have been undertaken. Due to the challenges of COVID-19, we did not pursue any additional efficiency projects. |
| GRI 306: Effluents and waste 2016 | | |
| 306-1 | Water discharge by quality and destination | Total volume of planned and unplanned water discharges: - 9,629 m ³ of water treated and discharged to the sanitary sewer. The discharged water was treated to meet permit requirements, undergoing neutralization and clarification. None of the water we discharged was reused by another organization. |
| 306-2 | Waste by type and disposal method | Total weight of hazardous waste in 2020 was 48.37 tons. We diverted 19 tons, and 29.76 tons were incinerated. Total weight of non-hazardous waste was 1,659 tons. We recycled 1,150 tons. We did not track how much of our waste was reused in 2020. For 2020, 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 2020. |
| 306-4 | Transport of hazardous waste | Total weight of hazardous waste in 2020 was 48.37 tons. We diverted 19 tons, and 29.76 tons were incinerated. Total weight of non-hazardous waste was 1,659 tons. We recycled 1,150 tons. We did not track how much of our waste was reused in 2020. For 2020, we are able to report on waste for all of our manufacturing locations (excludes sales and engineering offices). |
| 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. |
| GRI 306: Waste 2020 | | |
| 306-1 | Waste generation and significant waste-related impacts | i The majority of waste is generated on-site at the production facilities. ii Varex Imaging’s products require specific raw materials that are easily recycled and repurposed. Varex makes great effort to be a cradle to grave manufacturer. iii Varex makes great effort to be a cradle to grave manufacturer. We request our products be returned at the end of life so that we can recycle or repurpose as much as possible. |

| GRI Standard | GRI Disclosure | Location and notes |
|--------------|---|--|
| 306-2 | Management of significant waste-related impacts | <p>a X-ray tubes and associated products have a finite life span. As such, we provide our customers a credit as they return the “dead” X-ray tube. This allows us to recycle or repurpose as much material as we can. We believe that transitioning toward a circular and lower-carbon economy by reusing and recycling end-of-life products enables us to maximize value for our customers while reducing our environmental impact.</p> <p>b At Varex we manage our own waste/recycle streams. We utilize locally licensed and permitted waste contractors to ensure proper disposal of waste.</p> <p>c All returned products have a serial number that identifies the product and allows us to track our returned materials. All site waste is tracked on an annual basis through collecting manifests that provide the number of dumpster pulls and weight totals as available.</p> |
| 306-3 | Waste generated | <p>a Varex production facilities generated 2,109 tons of waste. We do not track by composition at this time but will consider doing so in the future. Most facilities have landfill and recycle services and the totals are taken from those service providers.</p> <p>b Varex has 13 production facilities with significant waste generation. The numbers are collected from local facility and operation managers on an annual basis.</p> |
| 306-4 | Waste diverted from disposal | <p>a. 1,150 metric tons</p> <p>b. We do not have significant hazardous waste and do not track this on a global level.</p> <p>c. 1,659 metric tons</p> <p>d. All disposal operation, both hazardous and non-hazardous waste, is off-site.</p> <p>e. Varex has 13 production facilities with significant waste generation. The numbers are collected from local facility managers on an annual basis.</p> |
| 306-5 | Waste directed to disposal | <p>a. 1,659 metric tons</p> <p>b. This information is not collected by Varex.</p> <p>c. 509 metric tons were directed to landfill and 1,150 metric tons to recycling providers. Disposal method is not collected by Varex.</p> <p>d. All waste is disposed of off-site.</p> <p>e. Varex has 13 production facilities with significant waste generation. The numbers are collected from local facility managers on an annual basis.</p> |

Environmental compliance

GRI 103: Management approach 2016

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| 103-1 | Explanation of the material topic and its Boundaries | <p>Materiality, p 13</p> <p>Ethical business, p 38–39</p> |
| 103-2 | The management approach and its components | <p>Ethical business, p 38–39</p> <p>Governance, p 37</p> <p>Hotline reporting</p> <p>Code of Conduct</p> <p>The Environmental Health and Safety Policy outlines our expectations on resource stewardship and environmental compliance.</p> |

| GRI Standard | GRI Disclosure | Location and notes |
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| 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. |
| Supplier environmental assessment | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Responsible supply chain, p 40–41 |
| 103-2 | The management approach and its components | Governance, p 37 Ethical business, p 38–39 Responsible supply chain, p 40–41 Hotline reporting Code of Conduct |
| 103-3 | Evaluation of the management approach | We have added 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 41. Our Conflict Minerals 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 such as REACH, WEEE, and other relevant criteria. Suppliers will be screened every four years. All new suppliers are screened. These policies were established in 2018. |
| 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 such as REACH, WEEE, and other relevant criteria. These policies were established in 2018. 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 13 Being an employer of choice, p 32–33 |

| GRI Standard | GRI Disclosure | Location and notes |
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| 103-2 | The management approach and its components | Being an employer of choice, p 32–33 Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct |
| 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 | See Appendix, Employee data, Table 5, p 36 |
| 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. Our Conflict Minerals Policy 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: eight women and 29 men. |
| Labor/management relations | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Being an employer of choice, p 32–33 |
| 103-2 | The management approach and its components | Being an employer of choice, p 32–33 Governance, p 37 Ethical business, p 38–39 See Appendix, Employee data, Table 5, p 36 Hotline reporting Code of Conduct |
| 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 Standard | GRI Disclosure | Location and notes |
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| 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. |
| Occupational health and safety | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Empowering people and communities, p 30–31 Being an employer of choice, p 32–33 |
| 103-2 | The management approach and its components | Empowering people and communities, p 30–31 Being an employer of choice, p 32–33 Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct 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. |
| GRI 403: Occupational health and safety 2018 | | |
| 403-1 | Occupational health and safety management system | Empowering people and communities, p 30–31 Being an employer of choice, p 32–33 Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct 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.” Health and safety is managed globally with more specific regulations based on local requirements. All full-time, non-contract employees are covered by the health and safety policies. Our health and safety program covers all production workers, engineers, office staff, and all contract labor associated with our office and production operations. Work includes engineering and office support, machine shop, electrical, plumbing, product manufacturing, product cleaning, and assembly. |

| GRI Standard | GRI Disclosure | Location and notes |
|--------------|---|--|
| 403-2 | Hazard identification, risk assessment, and incident investigation | <ul style="list-style-type: none"> a <ul style="list-style-type: none"> i Varex has a health and safety program in place that meets or exceeds the local governmental safety requirements at each location. Each site has a safety coordinator. ii In the U.S., all OSHA standards are met or exceeded. b Our Hotline Reporting is available here and our Code of Conduct is available here. c It is expected that employees will not work in an unsafe environment. Varex expects employees to recognize and report safety issues and ask questions when needed. If the employee is concerned about reprisal they can work directly with our Environmental Health and Safety Manager. This is expressed in the annual safety trainings with employees. d All work-related incidents are investigated by our Environmental Health and Safety Manager. All processes are evaluated for any possible safety issues prior to implementation. If improvement opportunities arise, the changes are considered and implemented if possible. |
| 403-3 | Occupational health services | <ul style="list-style-type: none"> a All contract employees are held to the same safety standards as full-time employees. |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | <ul style="list-style-type: none"> a Contract employees working conditions are managed by their associated managers. The managers work directly, when necessary, with the Varex team to address health and safety issues. b There are no formal joint management operations at Varex. |
| 403-5 | Worker training on occupational health and safety | <ul style="list-style-type: none"> a Annual training is performed for electrical safety, fire safety, energy control (LOTO), radiation safety, hazardous waste, hazard communication, building evacuation, machine guarding, fall protection, personal protective equipment, and ergonomics training. |
| 403-6 | Promotion of worker health | <ul style="list-style-type: none"> a Varex provides on-site healthcare in some locations. Varex also offers health insurance for non-occupational medical and healthcare services depending upon the country requirements. b Varex provides a “non-smoker” benefit as well as physical fitness incentives. |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | <ul style="list-style-type: none"> a Health and safety trainings are provided on an “as needed” basis depending upon the employee role and job requirements. Trainings are conducted annually. |
| 403-8 | Workers covered by an occupational health and safety management system | <p>All full-time employees and contractors are expected to follow the health and safety system. All health and safety data is recorded and tracked utilizing internal systems to manage employee incidents, near misses, and health issues. All health and safety protocols within the United States meet OSHA standards while foreign facilities and offices comply with the regulations of the local countries.</p> <ul style="list-style-type: none"> a <ul style="list-style-type: none"> i 100%, all employees and contractors are managed by the Varex safety and health guidelines. ii 100%, all production facilities meet all OSHA and local safety regulations depending on country of operation. All policies and procedures are consistently reviewed. iii This data is not collected at this time. b All employees and contractors are included in this program. c N/A |

| GRI Standard | GRI Disclosure | Location and notes |
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| 403-9 | Work-related injuries | <ul style="list-style-type: none"> a <ul style="list-style-type: none"> i Zero ii Zero iii USA = 15 for CY2020. Please also see p 33 in our Sustainability Report. iv Slip and Fall, Hand Injuries v USA = 2,583,232 for CY2020 b i-ii-iii-iv Included in the numbers above. c Electrical exposure, chemical exposure, radiation exposure, powered industrial trucks <ul style="list-style-type: none"> i Internal and third-party safety audits ii None iii Controls and safety measures are in place d Audit and inspect previous controls to maintain their efficiency. e Based on the total number of employee hours worked for the calendar year. f Zero g In the U.S., we adhere to OSHA standards. |
| 403-10 | Work-related ill health | <p>All USA offices utilize OSHA requirements, foreign locations utilize their local health and safety associations reporting options.</p> <ul style="list-style-type: none"> a <ul style="list-style-type: none"> i Zero ii USA = 0 CY2020 iii None b <ul style="list-style-type: none"> i Zero ii-iii Included in numbers above c <ul style="list-style-type: none"> i Internal and third-party safety audits ii None iii Audit and inspect previous controls to maintain their efficiency. d None e None |
| Training and education | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | <p>Materiality, p 13</p> <p>Empowering people and communities, p 30–31</p> <p>Being an employer of choice, p 32–33</p> |

| GRI Standard | GRI Disclosure | Location and notes |
|---|--|---|
| 103-2 | The management approach and its components | <p>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.</p> <p>Empowering people and communities, p 30–31 Being an employer of choice, p 32–33 Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct</p> |
| 103-3 | Evaluation of the management approach | <p>In 2020, we introduced an internal global Employee Net Promoter Score (ENPS) to better understand whether our employees would recommend Varex as a place to work, using these results and follow on surveys to continue developing our employee experience. We know our employees value career progression opportunities and we want to support them to flourish. Managers work with their employees to set annual individual development goals and engage with them throughout the year to track progress. Our people have access to a range of training opportunities to support them in achieving their personal objectives.</p> |
| GRI 404: Training and education 2016 | | |
| 404-1 | Average hours of training per year per employee | <p>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 53,408 training courses in 2020.</p> |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | <p>In the U.S., we provide a tuition reimbursement program for U.S. employee college courses. However, during 2020 this program was put on hold due to COVID-19.</p> <p>We do not have a program for employee termination or retirement training; however, we will look into developing this as needed.</p> <p>In 2019, we formed Varex University, a development program that offers leadership skills classes. In 2020, Varex University was put on hold due to adjusted work schedules associated with COVID-19.</p> <p>Being an employer of choice, p 32–33</p> |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | <p>All employees (100%) received a regular annual performance review.</p> |
| Diversity and equal opportunity | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | <p>Materiality, p 13 Empowering people and communities, p 30–31 Being an employer of choice, p 32–33</p> |

| GRI Standard | GRI Disclosure | Location and notes |
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| 103-2 | The management approach and its components | Empowering people and communities, p 30–31 Being an employer of choice, p 32–33 Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct |
| 103-3 | Evaluation of the management approach | 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. 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. |
| GRI 405: Diversity and equal opportunity 2016 | | |
| 405-1 | Diversity of governance bodies and employees | Percentage of individuals within the organization’s various bodies in each of the following diversity categories: Board of Directors: - Male: 72%, female: 28%. - Under 30 years old: 0; 30–50 years old: 0; over 50 years old: 100%. For additional data on all of our employees, please see our Employee Data Sheet in the Appendix. During this reporting year, we did not track the percentage of individuals in certain minority or vulnerable group categories. While we do not have a formal diversity policy, our Board and Nominating and Corporate Governance 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. In 2020, we began working on a diversity and inclusion program. See Appendix, Employee data for more information, p 33–38. |
| 405-2 | Ratio of basic salary and remuneration of women to men | See Appendix, Employee data for more information, Tables 6, 7, and 8, p 37–38 Definition of significant location is any location with engineering or production facilities. |
| Non-discrimination | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Empowering people and communities, p 30–31 Being an employer of choice, p 32–33 |

| GRI Standard | GRI Disclosure | Location and notes |
|---|--|---|
| 103-2 | The management approach and its components | Empowering people and communities, p 30–31 Being an employer of choice, p 32–33 Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct Our Employment Policy and Equal Employment Opportunity Policy outline our expectations on a workplace free from discrimination and harassment. |
| 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. |
| GRI 406: Non-discrimination 2016 | | |
| 406-1 | Incidents of discrimination and corrective actions taken | There were no findings of discrimination in 2020. |
| Freedom of association and collective bargaining | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Acting with integrity, p 36–37 Ethical business, p 38–39 |
| 103-2 | The management approach and its components | Acting with integrity, p 36–37 Ethical business, p 38–39 Hotline reporting Code of Conduct 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. |
| GRI 407: Freedom of association and collective bargaining 2016 | | |
| 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. |

| GRI Standard | GRI Disclosure | Location and notes |
|--|---|--|
| Child labor | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Acting with integrity, p 36–37 Ethical business, p 38–39 Responsible supply chain, p 40–41 |
| 103-2 | The management approach and its components | Acting with integrity, p 36–37 Ethical business, p 38–39 Responsible supply chain, p 40–41 Hotline reporting Code of Conduct 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 41. |
| GRI 408: Child labor 2016 | | |
| 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. |
| Forced or compulsory labor | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Acting with integrity, p 36–37 Ethical business, p 38–39 Responsible supply chain, p 40–41 |
| 103-2 | The management approach and its components | Acting with integrity, p 36–37 Ethical business, p 38–39 Responsible supply chain, p 40–41 Hotline reporting Code of Conduct Forced labor is addressed in our employment policies, as well as in our Conflict Minerals Policy. |

| GRI Standard | GRI Disclosure | Location and notes |
|---|--|---|
| 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 41. |
| GRI 409: Forced or compulsory labor 2016 | | |
| 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. |
| Human rights assessment | | |
| GRI 103: Management Approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Acting with integrity, p 36–37 Ethical business, p 38–39 Responsible supply chain, p 40–41 |
| 103-2 | The management approach and its components | Acting with integrity, p 36–37 Ethical business, p 38–39 Responsible supply chain, p 40–41 Hotline reporting Code of Conduct 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 41. |
| GRI 412: Human rights assessment 2016 | | |
| 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 2020. |
| 412-2 | Employee training on human rights policies or procedures | No human rights training was conducted in 2020. |
| 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. |

| GRI Standard | GRI Disclosure | Location and notes |
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| Local communities | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Material issues, p 13 Supporting our neighbors, p 34–35 |
| 103-2 | The management approach and its components | Supporting our neighbors, p 34–35 Governance, p 37 Ethical business, p 38–39 Hotline reporting Code of Conduct |
| 103-3 | Evaluation of the management approach | Varex aspires to contribute to the communities where we operate; p 34 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. |
| GRI 413: Local communities 2016 | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | Supporting our neighbors, p 34–35 |
| 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 Supporting our neighbors, we will track this information when applicable. |
| Supplier social assessment | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Acting with integrity, p 36–37 Ethical business, p 38–39 Responsible supply chain, p 40–41 |
| 103-2 | The management approach and its components | Acting with integrity, p 36–37 Ethical business, p 38–39 Responsible supply chain, p 40–41 Hotline reporting Code of Conduct |

| GRI Standard | GRI Disclosure | Location and notes |
|---|---|--|
| 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 414: Supplier social assessment 2016 | | |
| 414-1 | New suppliers that were screened using social criteria | Work is ongoing 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 2020 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. |
| Public policy | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Acting with integrity, p 36–37 Ethical business, p 38–39 |
| 103-2 | The management approach and its components | Acting with integrity, p 36–37 Ethical business, p 38–39 Responsible supply chain, p 40–41 Hotline reporting Code of Conduct 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 36–37 Ethical business, p 38–39 Any request for reimbursement of political contribution is monitored as part of the expense and accounting processes. |
| GRI 415: Public policy 2016 | | |
| 415-1 | Political contributions | We do not give political donations globally. |
| Customer health and safety | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Product safety and quality, p 20–21 Caring for our customers: A partner for success, p 22–23 |

| GRI Standard | GRI Disclosure | Location and notes |
|---|---|---|
| 103-2 | The management approach and its components | Product safety and quality, p 20–21 Caring for our customers: A partner for success, p 22–23 Ethical business, p 38–39 Hotline reporting Code of Conduct |
| 103-3 | Evaluation of the management approach | Product safety and quality, p 20–21 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. As a result of our ongoing compliance review, we are harmonizing our processes and practices globally in order to facilitate compliance activities. |
| GRI 416: Customer health and safety 2016 | | |
| 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. 100% 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 | Product safety and quality, p 20–21 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. There have been no issues of non-compliance reported in 2020. |
| Marketing and labeling | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | All Varex products must meet FDA requirements, which includes extensive labeling. Material issues, p 13 Caring for our customers: A partner for success, p 22–23 Ethical business, p 38–39 |
| 103-2 | The management approach and its components | Product safety and quality, p 20–21 Caring for our customers: A partner for success, p 22–23 Ethical business, p 38–39 Hotline reporting Code of Conduct |

| GRI Standard | GRI Disclosure | Location and notes |
|---|---|---|
| 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. |
| GRI 417: Marketing and labeling 2016 | | |
| 417-1 | Requirements for product and service information and labeling | 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. 100% of our products are covered by and assessed for compliance with such procedures. |
| 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. |
| Customer privacy | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | All Varex products must meet FDA requirements, which includes extensive labeling requirements. Material issues, p 13 Caring for our customers: A partner for success, p 22–23 Ethical business, p 38–39 |
| 103-2 | The management approach and its components | Caring for our customers: A partner for success, p 22–23 Ethical business, p 38–39 Hotline reporting Code of Conduct 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, p 22–23 2021 Proxy Statement The Data Privacy Officer is responsible for the periodic review of the policy and changes to customer privacy requirements and regulations. |

| GRI Standard | GRI Disclosure | Location and notes |
|---|--|---|
| GRI 418: Customer privacy 2016 | | |
| 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. |
| Socioeconomic compliance | | |
| GRI 103: Management approach 2016 | | |
| 103-1 | Explanation of the material topic and its Boundaries | Materiality, p 13 Acting with integrity, p 36–37 Ethical business, p 38–39 |
| 103-2 | The management approach and its components | Acting with integrity, p 36–37 Ethical business, p 38–39 Hotline reporting Code of Conduct |
| 103-3 | Evaluation of the management approach | Effectiveness is evaluated against goals and KPIs in Ethical business p 38–39 and Responsible supply chain p 40–41. 2021 Proxy Statement |
| GRI 419: Socioeconomic compliance 2016 | | |
| 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 |
|--|--|--------------|-----------|--|--------------|---------------------|
| Better health | Developing advanced medical diagnostics and treatments to improve health and save lives. | | | ◆ | ◆ | |
| Safer, more secure world | Innovating our industrial products to create a safer world. | | | ◆ | ◆ | |
| Product safety and quality | Ensuring that safety and quality are at the heart of product design and development. | ◆ | ◆ | ◆ | ◆ | |
| Customer care | Providing a high-quality service at all stages of the relationship with customers. | ◆ | ◆ | ◆ | ◆ | ◆ |
| Climate change, energy, and air quality | Reduce the amount of energy used in the company's manufacturing and operational processes. Reduce air pollution and increase renewable electricity use. | ◆ | ◆ | ◆ | ◆ | |
| Resource stewardship | Prevent waste at source and use resources such as water and raw materials efficiently. Design products to improve recyclability. | ◆ | ◆ | ◆ | ◆ | ◆ |
| Being an employer of choice | 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. | | | ◆ | | |
| Being a good neighbor | Involvement and engagement with local communities to create positive social impacts. | | | ◆ | | |
| Responsible growth | Running the business with the aim of ensuring sustainable, profitable growth to create value over the long term | ◆ | | ◆ | ◆ | |
| Ethical business | 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. | ◆ | ◆ | ◆ | ◆ | ◆ |
| Sourcing responsibly | Sourcing beyond economic considerations alone, by taking environmental, social and ethical factors into consideration. | ◆ | ◆ | | | |

Table 1

| Totals (**excludes Walluf and Bremen) | |
|---|--------------------|
| Total salaries 2020 | \$133,334,970.89 |
| Total # of employees 2020 | 1,911 |
| Total # of women employed | 436 |
| 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 2

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) | |
| U.S. | \$637,360.00 | \$63,200.72 | 1,008% |
| Netherlands | \$254,370.66 | \$49,569.04 | 513% |
| Germany | \$267,936.11 | \$58,619.55 | 457% |
| China | \$260,280.93 | \$33,925.49 | 767% |
| Philippines | \$87,542.88 | \$2,559.45 | 3,420% |

Table 3

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 highest | Median | Ratio |
|-------------|--------------------|---------------------|---------|
| | | (excluding highest) | |
| U.S. | 2.80% | 3.00% | 107.14% |
| Netherlands | 3.00% | 3.50% | 116.67% |
| Germany | 0.00% | 4.92% | 0.00% |
| China | 5.00% | 3.00% | 60.00% |
| Philippines | 4.00% | 5.00% | 125.00% |

Table 4

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

Table 5

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 6

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 |
| Average | | | 0.92 |

Table 7

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 8

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 |