



SECURING A HEALTHIER, SAFER FUTURE

2020 SUSTAINABILITY-ESG REPORT

WELCOME TO OUR 2020 SUSTAINABILITY-ESG REPORT

We innovate and develop cutting-edge X-ray imaging components for medical, industrial, and security purposes to help keep people healthy and safe.

The landscape of our industry and the world that we operate in are ever-evolving, and we must anticipate market changes to meet the needs of our customers. Our focus on environmental, social and governance (ESG) issues and our Sustainability Strategy play an important role in helping us mitigate risks and identify new opportunities.



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ABOUT THIS REPORT

We seek to drive improvement across our business through our Sustainability Strategy.

Our fourth Sustainability Report describes our Sustainability Strategy and targets, summarizing key achievements for the period January 1, 2020 to December 31, 2020 except where Fiscal Year 2020 is noted. Varex's Fiscal Year 2020 was September 28, 2019 to October 2, 2020. This report has been prepared with input from a wide range of Varex senior managers, our Board of Directors, and external experts, as well as using the results of our priority assessment (see [page 13](#)).

Reporting boundaries

All our business activities are in scope regardless of their function, unless stated otherwise.

You can read more about our overall governance and risk management approach in our [2020 Annual Report](#) on Form 10-K, as filed with the U.S. Securities and Exchange Commission.

Standards

This report has been produced in accordance with the [GRI Standards: Core option](#).

Assurance

DNV GL was engaged to provide assurance of the content of this report. See the DNV GL Limited Assurance Statement on [page 42](#).

FORWARD-LOOKING STATEMENTS

Certain statements in this report constitute "forward-looking statements." These statements are based on management's current opinions, expectations, beliefs, plans, objectives, assumptions, or projections regarding future events or future results – including, but not limited to, our ESG and diversity, equity, and inclusion strategies and initiatives; our business plans and strategy; our opportunities for growth; and our stakeholder engagement efforts. These forward-looking statements are only predictions, not historical fact, and involve certain risks and uncertainties, as well as assumptions. Actual results, levels of activity, performance, achievements, and events could differ materially from those stated, anticipated, or implied by such forward-looking statements. While Varex believes that its assumptions are reasonable, it is very difficult to predict the impact of known factors, and, of course, it is impossible to anticipate all factors that could affect actual results. There are many risks and uncertainties that could cause actual results to differ materially from forward-looking statements made herein – including, most prominently, the risks discussed under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended October 1, 2021 filed with the U.S. Securities and Exchange Commission ("SEC") on November 19, 2021, as well as other factors described from time to time in Varex's filings with the SEC. Such forward-looking statements are made only as of the date of this release. Varex undertakes no obligation to publicly update or revise any forward-looking statement because of new information, future events or otherwise, except as otherwise required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements.

A LETTER

FROM VAREX'S CEO,
SUNNY SANYAL

2020 was a year of surprises and rapid transformation, requiring us to respond quickly on multiple fronts. Our focus during the COVID-19 pandemic was twofold: 1) maintain the health and safety of our workforce, and 2) continue to support our customers with critical equipment.

The pandemic prompted rapid adaptations from our employees as we shifted to remote methods of communication. This saw us end the year with a renewed focus on the social aspect of ESG, resulting in new employee-centric goals for 2021.

COVID-19 restrictions indirectly impacted our environmental efforts as well. Throughout the ongoing crisis, our employees worked from home where possible, reducing our energy usage as well as our collective travel footprint. This reduction in travel also reduced our travel expenses, which positively impacted our financial results.

Despite challenges, I am proud that our focus on innovation continued to be a strength. In fact, we increased our focus on research and development (R&D) and continued to bring new products to market, demonstrating our organizational resilience and leadership.

While Varex is a global company, we want to operate locally and service our customers where they are, increasing efficiency across our facilities and operations while safeguarding the environment.

ESG and sustainability continue to be of significant importance to our stakeholders, which include our customers as well as our employees. Creating a sustainable organization with a focus on ESG is the right thing to do, and we aim to integrate these matters into our business decisions. Economic stability is part of this journey and, where possible, we seek to adopt more robust sustainability measures in a financially responsible way.

Our natural progression has been to globalize the things we have already done. We're continually reviewing our supply chain processes, looking for new ways to reduce packaging and move to more recyclable options.

Our focus over the next five years will be on our people and on continually raising the bar for employee experience. We are currently focusing

on supporting employees in their professional development and building a more diverse workforce. We have prioritized the development and refinement of our diversity strategies, including our mentoring program and our recruitment practices.

We plan to continue building on 10 years of sustainability work, providing support to our global locations as they contribute toward our ESG efforts. We began our sustainability journey by working on reducing our environmental impact and we are working to expand our focus to encompass people and governance.

As highlighted in Blackrock CEO Larry Fink's 2020 annual letter, sustainability and climate risks continue to spark interest in ESG investing. If we are to create lasting change, we must recognize the interconnectedness of environmental issues and social development.

“
Now, more than ever, Varex is focused on the continual enhancement of our sustainability program. Increasing the diversity of our workforce and component sourcing around the globe enables us to provide more thoughtful and responsible growth while focusing on reducing environmental footprint. Our commitment to cutting-edge innovation remains as steadfast as our mission to secure a healthier, safer future.

”



SUNNY SANYAL,
CEO.

ABOUT VAREX

For over 70 years, Varex has been a global leader in innovative X-ray imaging components. Our components are used in medical, industrial, and security imaging applications designed to detect, diagnose, and protect.

OUR VISION

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

OUR MISSION

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

WHAT WE DO

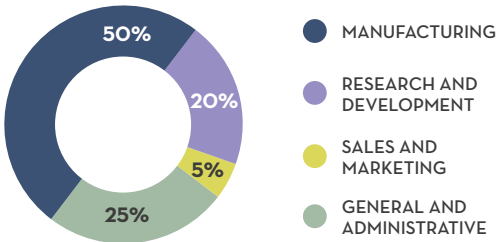
Varex is a leading independent supplier of X-ray imaging components: tubes, linear accelerators, digital detectors, high voltage connectors, accessory components, and software.

Our imaging solutions are designed to meet the needs of customers and are used in medical imaging systems for both people and animals; in industrial non-destructive testing and manufacturing inspection; and in security imaging applications such as cargo inspections for border protection, and carry-on and checked baggage screening at airports.

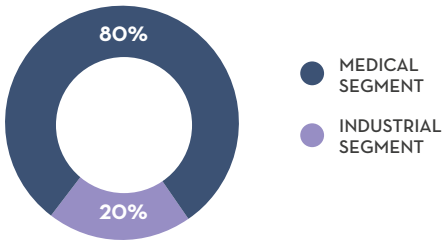
AT A GLANCE

OUR EMPLOYEES

As of October 2, 2020, we had approximately 2,000 employees worldwide. Our employees work across:



THE INDUSTRIES WE COVER



WHERE WE WORK

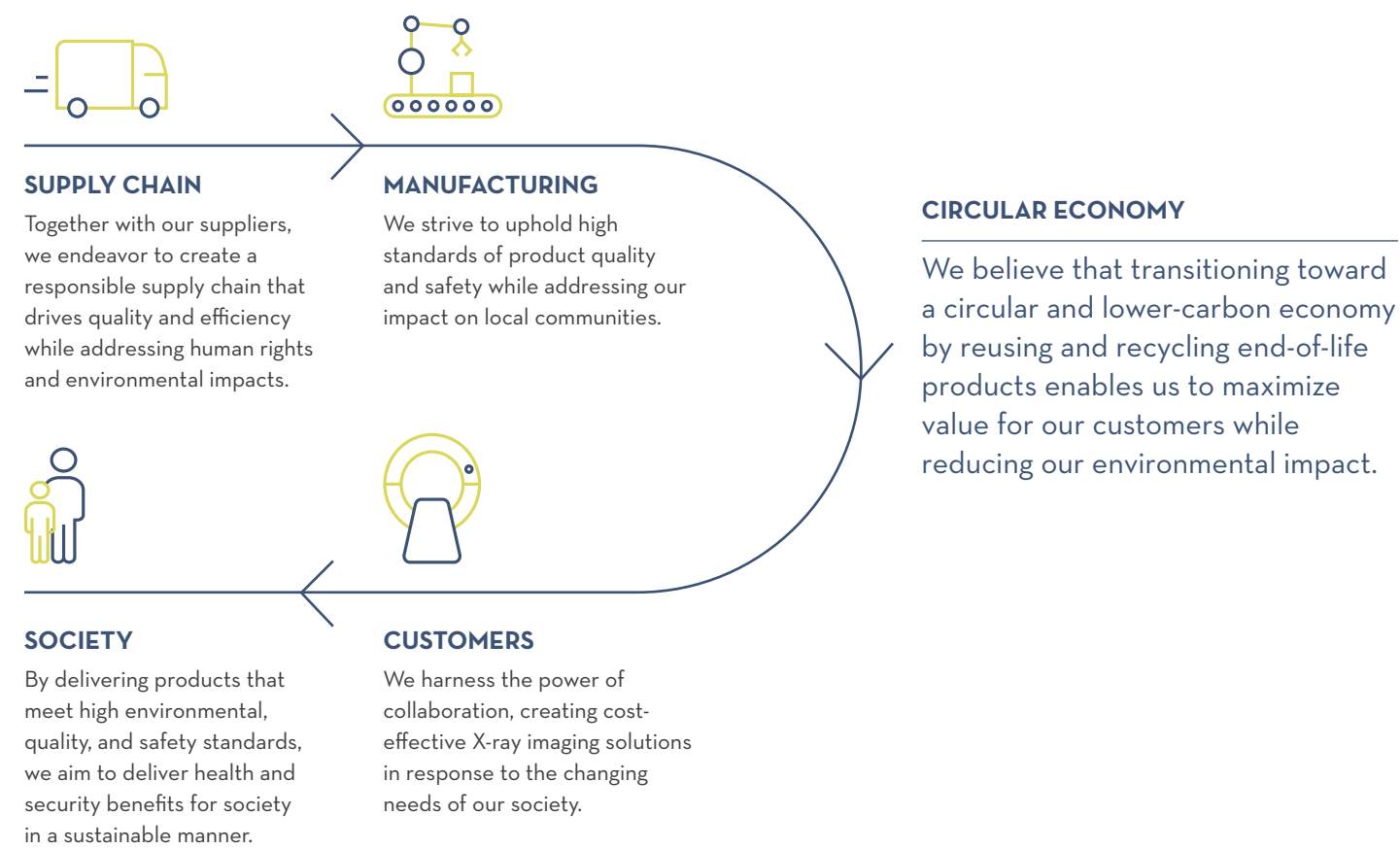
Our global headquarters are located in Salt Lake City, Utah, in the United States. As of October 2, 2020, approximately two-thirds of our revenue was generated from customers outside of the United States. We manufacture our products in five countries (the United States, Netherlands, Germany, Philippines, and China) and have sales and service operations in 13 countries.

CREATING SHARED VALUE

We believe that creating sustainable value for all our stakeholders is critical to our commercial success. We do this by producing high-performing X-ray components that can be used in a variety of applications. Through low-dose, high-resolution medical images, we produce components that help keep ports, borders, and airports safe through improved imaging technology. Our products also transition industrial, non-destructive testing and inspection to digital images, adding value for our customers through ongoing innovation.

HOW WE CREATE SHARED VALUE

We believe that our strong corporate governance structure, Code of Conduct, and Sustainability Strategy drive long-term value.



CAPITAL

We use a wide range of inputs to create our products:



NATURAL

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



MANUFACTURED

We use machine technology to develop our solutions.



TECHNICAL FACILITIES

Our manufacturing facilities are located around the world.



HUMAN

We seek to foster diversity to drive innovation and creativity.



FINANCIAL

Financial investments enable us to operate and grow sustainably.



SOCIAL

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



INTELLECTUAL

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

RESPONSIBLE AND RESPONSIVE

We are agile and responsive to market trends.

MEDICAL

A growing aging population is placing increased pressure on healthcare systems. In response, we are increasing innovation in image quality, cost, and speed while reducing X-ray dosage and promoting access to our components in emerging markets.

INDUSTRIAL

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

WINNING TOGETHER IN 2020

CUSTOMERS

40+
YEAR RELATIONSHIPS WITH
THREE OF OUR LARGEST
CUSTOMERS¹

ENVIRONMENT

5,442
X-RAY TUBES ACCEPTED FOR
RECYCLING IN 2020

SUPPLIERS

\$95 MILLION
IN GOODS AND SERVICES
PROCURED FROM SUPPLIERS
IN 2020

¹ These customer relationships were carried over from the separation with Varian.

2020 IN REVIEW

Throughout 2020, we continued to advance against our sustainability targets, and we are proud of our progress to date. 2020 was a challenging year for many due to the COVID-19 pandemic. As a manufacturer of essential X-ray products, we stayed open throughout the crisis and prioritized keeping our employees safe and healthy as they continued to work both on-site and remotely.

KEEPING OUR PEOPLE SAFE THROUGHOUT COVID-19

Throughout the COVID-19 pandemic, protecting our employees has been a top priority. We have adapted our workplaces and employee assistance mechanisms to help everyone feel supported during this crisis. While we set universal guidelines for our operations, we also encouraged leaders in each region to tailor recommendations based on evolving local situations.

Offering flexible working arrangements

One of our first steps when the pandemic began was to shift to a remote workplace where it was possible to do so. Across all facilities, colleagues who could or who were deemed “non-essential” were either required or strongly encouraged to work remotely. We also discouraged in-person meetings, using Zoom for remote discussions, and suspended business travel, large gatherings, and events.

In the Philippines, we acted quickly to implement measures designed to protect our employees and the local community. We housed operations staff in our facilities so they could continue working during strict quarantine rules. This included providing accommodation, supplying meals, and offering medical services, including regular COVID-19 checkups. During quarantine, 80% of employees volunteered for this, and received family support and bonuses in return.

To support our colleagues, we introduced a company-wide COVID-19 pay policy whereby colleagues with the virus, or those in quarantine, could continue to receive full pay.

Enhancing health and safety

During the pandemic, we quickly implemented a range of enhanced health and safety measures. This included increasing cleaning of common areas and frequently touched surfaces, enhanced hygiene protocols, and daily body temperature checks.

Social distancing was promoted by spreading out tables and removing self-service items, and personal protection equipment (PPE) was required in all communal spaces. Site leaders at each of our locations developed response plans, answered employee questions, and addressed safety concerns. A special page was added to our online employee portal to share important COVID-19 information with employees.

To keep the Varex network safe, we implemented a “Close Contact to COVID” return-to-work process. This was designed for colleagues who had been in close contact with someone diagnosed with COVID-19. To safely return to work, affected colleagues should have shown no fever or symptoms, all household members should have tested negative, and at least 10 days should have passed since they were exposed to the virus.

This has been an overwhelming time. So, as well as providing employees with information brochures, we have encouraged them to get in touch with us via phone if they needed further guidance.

Supporting mental wellbeing

We understand that COVID-19 has affected everyone. Through the pandemic, we have encouraged our colleagues to seek support if they are struggling, and we launched or expanded several wellbeing services for employees throughout 2020.

Through our healthcare provider, Health Advocate, we continued our Employee Assistance Plan (EAP), a free and confidential counseling service allowing employees access to three counseling sessions per issue per year. The plan also provides legal assistance through a 30-minute consultation with an attorney, and specialist financial assistance covering topics such as debt counseling and retirement planning. Through our online Learner Management System, we also established employee development and training programs during the pandemic. For our essential workers, we were able to continue in-person training, enabling professional development to continue.

OUR SUSTAINABILITY STRATEGY

SECURING A HEALTHIER, SAFER FUTURE

Sustainability plays a significant role in our business strategy. From innovating new products and services to building relationships with our customers and local communities, our Sustainability Strategy guides us in operating a responsible and resilient business. It addresses four key areas and includes ambitious goals for 2030.



Delivering the Sustainable Development Goals

Our strategy is informed by the UN Sustainable Development Goals for 2030.

OUR GOALS

INSPIRING INNOVATION

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

PROTECTING THE ENVIRONMENT

Strive to minimize our impact on the environment by working toward zero manufacturing waste and carbon neutrality.

Reduce the need for raw materials by designing our products for recycling and reuse.

EMPOWERING PEOPLE AND COMMUNITIES

Develop our strategy to invest a percentage of our profits in:

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

ACTING WITH INTEGRITY

Work with our suppliers to promote a responsible supply chain.

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

ESG ASSESSMENT

We want to understand the ESG issues that matter most to our stakeholders and that we believe may have the biggest impact on our business. In 2020, we refreshed our process to understand if changes to our business have impacted our ESG priorities. We used the results of this assessment to refine our Sustainability Strategy, helping us maximize our positive impact on the environment, society, and the economy. We plan to be able to share more about our progress in our 2021 Sustainability Report.

	INSPIRING INNOVATION	PROTECTING THE ENVIRONMENT	EMPOWERING PEOPLE AND COMMUNITIES	ACTING WITH INTEGRITY
PRIORITY ISSUES				
Better health	◆		◆	
Safer, more secure world	◆		◆	
Product safety and quality	◆		◆	◆
Customer care	◆			◆
Being an employer of choice			◆	◆
Being a good neighbor		◆	◆	◆
Sourcing responsibly		◆		
Climate change, energy, and air quality		◆		
Resource stewardship	◆			◆
Responsible growth				
Ethical business	◆			◆



INSPIRING INNOVATION



Innovation is at the heart of our aspiration to secure a healthier, safer future for all. The products we develop enable our customers to deliver high-quality services to those who need them most, from pioneering illness detection to powerful security screening. By producing increasingly innovative components, we support our vision of being the preferred global partner for X-ray imaging solutions.

30

NEW OR UPDATED PRODUCTS
LAUNCHED IN 2020

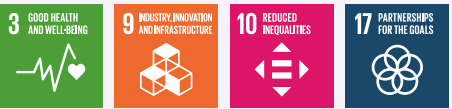
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CUSTOMER AGREEMENTS
RENEWED

OUR FOCUS AREAS

- Better health
- A safer, more secure world
- Product safety and quality
- Caring for our customers

UN SUSTAINABLE DEVELOPMENT GOALS



We drive innovation, continuously investing in our R&D processes so that we can offer our customers affordable, high-quality diagnostics and state-of-the-art imaging solutions. We want to be proactive in addressing our customers' requirements, not only in terms of efficiency but also with regard to environmental sustainability. That is why we are committed to maintaining close partnerships with our customers, working together to identify opportunities to meet the needs of the future.

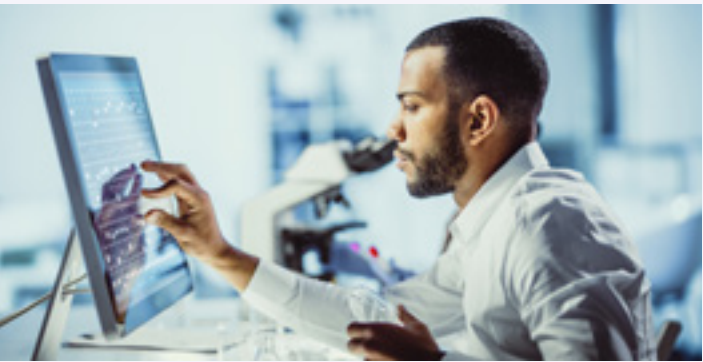
We have over 300 engineers dedicated to research and innovation. In 2020, they helped us bring 30 new or updated products to market, with another 53 in development for 2021.

SUSTAINABLE INNOVATION GUIDELINES

To guide our product development processes, we have established four Sustainable Innovation Guidelines. They are designed to embed sustainability in every product design decision.

The guidelines are:

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



OUR 2030 AMBITION

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

BETTER HEALTH

As a manufacturer of medical X-ray imaging components, driving better health is at the core of our purpose. Innovating for better health means developing the next generation of detection and diagnosis products and solutions for use in medical systems around the globe.

INNOVATING LIFESAVING SOLUTIONS

We are always on the lookout for ways we can work with our customers to develop more affordable X-ray imaging components that deliver better medical screening at a lower dosage. In 2020, we took the opportunity to improve the reliability of many of our existing products.

Enabling more efficient diagnoses

In November 2020, we introduced our first X-ray tubes that use Liquid Metal Bearing (LMB) technology to increase efficiency. By replacing traditional ball bearings in the tubes with a liquid version, we can reduce the delay between exposure and boost time. The Varex LMB technology can increase the lifespan of our tubes because while ball bearings are worn down by friction over time, LMB does not deteriorate with use. The reduced friction can also reduce noise and improve heat dissipation under high-power exposure conditions. The tubes will be available to lease—another first for Varex—allowing customers to better manage their costs.

Improving accessibility and affordability

Throughout the COVID-19 pandemic, high-performance scanning equipment has been more important than ever. We quickly accelerated production to respond to a significant increase in demand for CT technologies to enable more chest scans. Increased demand has been driven primarily by secondary hospital units. In China, more regions are investing in CT technologies to equip standalone screening clinics. This reduces the need to move patients with COVID-19 symptoms from one area to another and therefore reduces the risk of transmitting the virus.



We are also developing more cost-effective solutions for our customers, such as optimizing our panel portfolio and phasing out more complex models that are expensive to build. By streamlining our product offerings, we can provide our customers with more high-quality, advanced screening technologies.



CARING THROUGH COVID-19

As we’ve seen over the past year, health became an issue of daily global concern due to the COVID-19 pandemic. We were well equipped to care for our employees’ health and wellbeing, responding quickly by providing rapid on-site COVID-19 testing at our facilities. Our diligent approach saw us promptly adopt key safety measures, such as wearing masks and social distancing, and we worked with employees to adjust shifts to limit interactions.

We implemented contact tracing and daily check-ins regarding employee wellness and installed plexiglass guards in workstations to reinforce employee safety. Our on-site nurse was available to answer questions, provide advice, and administer COVID-19 tests as needed.

[More information on our COVID-19 employee safety strategy.](#)

MAMMOGRAPHY PORTFOLIO

We strive to enable better health. Huge developments have been made in screening for and detecting breast cancer through mammography screenings. At Varex, we recognize the next big push is tomosynthesis, an advanced form of mammography capable of producing 3D imagery using a low-dose X-ray.

We are supporting advances in digital mammography with a new tube that uses less radiation to show breast abnormalities with great clarity. The compact design enables radiologists to work more efficiently and allows for a quicker and more comfortable patient experience.

LOOKING AHEAD

TARGET	KPI	PROGRESS IN 2020
Partner with our customers to develop products that enable a more effective and efficient user experience	> Increase the number of scans that can be conducted per day/year of newly installed tubes/systems > Percentage of new products that meet our Sustainable Innovation Guidelines	Improved the lifespan of tubes by 1.5 times 100% of new products meet our Sustainable Innovation Guidelines
Invest 8-10% of annual revenue in product research, development, and innovation	> R&D expenditure > The number of new patents	\$78.9 million in R&D expenditures 53 new patents

OUR 2020 KEY HIGHLIGHTS

\$78.9 MILLION
INVESTED IN R&D

53
NEW PATENTS GRANTED

A SAFER, MORE SECURE WORLD

The security and industrial market is always evolving, presenting new challenges for governments and technologies. From tackling global terrorism threats to preempting pipeline issues in the energy sector, many customers are calling for increasingly sophisticated solutions that keep everyone safe. We are collaborating with customers to develop components that meet stringent security requirements.

INNOVATING FOR A SAFER WORLD

Our X-ray components are important in the industrial sector where they are used in non-destructive testing and manufacturing inspections. In addition, the security products we develop are used extensively at global border controls to scan for contraband and radioactive objects.

During the COVID-19 pandemic, we continued to focus on innovation in our industrial segment. An unexpected challenge of COVID-19 was switching to remote communications with our customers. With roadshows postponed and moved online, we had to adapt to virtual product demonstrations and engineering meetings where our teams had to remain interactive, innovative, and engaging. However, this also presented the opportunity to reduce our travel footprint as we transitioned to video conferencing.

[Read more about caring for our customers.](#)

Advancing detection technologies

Throughout 2020, we transitioned several of our products for the energy sector from analogue X-ray films to digital imaging processes. We focused on trading in films that have to be set and replaced after every scan for new detector technologies. These upgraded detectors can be incorporated into customers’ scanning equipment, enabling the automation of pipe scanning, from source to refinery.

To support casting processes in the automotive and aerospace markets, we are in the process of developing a high-performance emitter subsystem. The advanced tubes, which operate using cathode technology, will support more efficient and accurate detection and inspection of defects.

OUR 2020 KEY HIGHLIGHTS

1,567
X-RAY TUBES PRODUCED FOR USE IN BAGGAGE SCANNING SYSTEMS AROUND THE WORLD

LOOKING AHEAD

TARGET	KPI	PROGRESS IN 2020
Partner with our customers to innovate our products to enable more effective and efficient user experience and results	> Percentage of new products that meet our Sustainable Innovation Guidelines	100% of new products meet the Sustainable Innovation Guidelines
Consistently invest in product innovation	> R&D expenditure	\$78.9 million in R&D expenditures



PRODUCT SAFETY AND QUALITY

We are committed to protecting our customers and providing them with high-quality solutions that promote better health and a safer, more secure world. By designing for longevity, we are reducing our demand for raw materials, which supports our efforts to safeguard the environment.



MANAGING RADIATION

Many of the products we develop rely on X-ray energy to offer customers high-quality imaging technologies. We are subject to strict regulations regarding the manufacturing, handling, storage, transport, and disposal of radioactive substances. Additionally, any product we create for imaging humans or other biological subjects must comply with regulations set by the Food and Drug Administration (FDA).

We know our customers want to ensure their patients feel as safe and comfortable as possible during medical scans. To support this, we continue to work to develop solutions that deliver high imaging quality at a lower dose.



BUILDING NEXT-GEN DETECTORS

In 2018, we launched our first ever indium gallium zinc oxide (IGZO)-based digital detector, allowing customers to quickly create high-resolution images at a lower radiation dose. In 2020, we expanded our IGZO portfolio—known as the Z Platform—with the development of the first of our Generation 5 flat panel detectors.

Consistent with our ESG approach to product design, we introduced the 4343W at the European Congress of Radiology (ECR) 2020 Virtual Exhibition. The new wireless detector is designed for digital radiographic systems, built with a plastic housing making it lightweight yet robust. It is also the first panel on the market to receive an Ingress Protection rating of IP68, indicating that the 4343W is waterproof up to 1.5 meters deep for half an hour.

DESIGNING FOR QUALITY AND RELIABILITY

Quality, reliability, and durability are key considerations for each product we design, and we perform hundreds of tests to ensure that our products satisfy our standards. When customers return a faulty product, we carry out a full risk assessment to determine the issue. This information can then be used to prevent the same problem from occurring in the future.

Throughout 2020, we were proud that our dead on arrival (DOA) rate for products was less than 0.3%, meaning there were very few incidences of defective or broken products upon delivery. This achievement reflects our constant commitment to improving our products for quality and longevity. The rate of customers returning faulty products was similarly low.



OUR 2020 KEY HIGHLIGHTS

30
NEW OR UPDATED PRODUCTS LAUNCHED IN 2020

LOOKING AHEAD

TARGET	KPI	PROGRESS IN 2020
Unify global operations to a single quality management system	> Product acceptance rate	100%

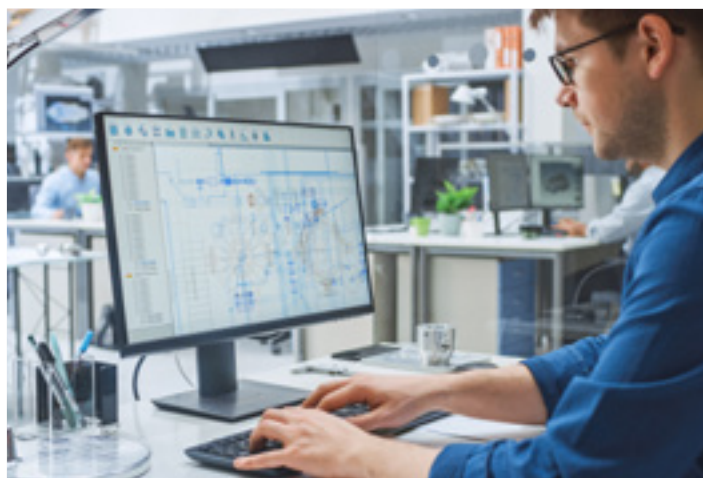
CARING FOR OUR CUSTOMERS: A PARTNER FOR SUCCESS

Our success relies on our customers being successful. That’s why we develop our products and services with customer needs in mind, and why we continually engage with them to understand how our components can best support their businesses. We have cultivated relationships, some for over 40 years, in order to work together to create shared value.

MAINTAINING CUSTOMER ENGAGEMENT, VIRTUALLY

The events of 2020 necessitated a change in how we connect with our customers. With in-person meetings and trade shows restricted, we acted quickly to bring many of our engagement activities online. We developed a virtual showroom to introduce new products to our customers, while online training sessions allow our sales teams to demonstrate how our technologies work. Remote installment calls were developed as a solution to walk customers through the process of setting up their new products when in-person visits were not feasible. However, this also presented the opportunity to reduce our travel footprint as we transitioned to video conferencing. We reached out to customers in new ways, increasing engagement across our social media platforms.

Beyond COVID-19, we plan to continue to identify ways in which these new ways of working can improve efficiencies in our interactions with all of our customers.



DEVELOPING OUR PRODUCTS AND SERVICES

We want to put our years of knowledge and experience to good use, creating products and services that help our customers become leaders in their respective industries. In 2019, we completed the launch of our Solutions in Sight™ program to support this endeavor. Through this program, we harness customer feedback to inform and develop more personalized services, tailoring our product developments to meet unique customer needs.

SERVING CUSTOMERS THROUGH LOCALIZED MANUFACTURING

In 2019, we began to make changes to our manufacturing operations in order to offer a more localized service. Throughout 2020, we accelerated these efforts to bring more of our manufacturing in-country and reduce international shipping of components and materials.

In Wuxi, China, we have made great strides in developing our capabilities to locally build detectors for Chinese customers. The number of panels from the Wuxi facility continues to increase. We have also brought our materials sourcing closer to the facility.

By moving to local-for-local manufacturing, we are enabling a more efficient customer experience.



LOOKING AHEAD

TARGET	KPI	PROGRESS IN 2020
Keep our Net Promoter Score (NPS) at 50 or above	> NPS	No NPS was performed in 2020. Will be completed in 2021.
Improve our customer survey response rate	> Customer survey response rate	No NPS was performed in 2020. Will be completed in 2021.

PROTECTING THE ENVIRONMENT



With the impacts of climate change increasingly apparent, we recognize that reducing our carbon footprint and promoting a more circular economy is not only good for the environment but also good for business. We are taking a collaborative approach throughout our value chain to address these challenges.

24%

REDUCTION IN GHG EMISSIONS FROM 2019 TO 2020²

1,150

TONS OF WASTE RECYCLED

5,442

TUBES RETURNED FOR RECYCLING

² These numbers may reflect the effects of the COVID-19 pandemic on our business.

MAKING THE MILK RUN: OPTIMIZING TRANSPORT EFFICIENCY

We create highly specialized components with very specific raw material requirements. As such, we rely on a wide network of suppliers to ensure we have what we need to build our tubes, panels, and detectors.

For our Salt Lake City operations, several of our vendors are based on the East Coast. To minimize the environmental impact of weekly deliveries from New York, New Jersey, and Connecticut, as well as from Colorado, we have implemented a “milk run” delivery process. Instead of each vendor sending a truck with their materials, we work with a transport logistics company that transports our supplies to Salt Lake City in one trip instead of several.

OUR FOCUS AREAS

Resource stewardship

Climate change, energy, and air quality

UN SUSTAINABLE DEVELOPMENT GOALS



We strive to embed sustainable thinking across our operations—not only because it is the right thing to do, but also because it makes good business sense.

We continue to research novel ways to reduce our greenhouse gas (GHG) emissions and use resources more responsibly to mitigate climate change impacts. We also work with our customers and suppliers to identify ways to reduce their own environmental footprint, partnering to achieve shared goals.

OUR 2030 AMBITION

Strive to minimize our impact on the environment by working toward zero manufacturing waste and carbon neutrality.

Reduce the need for raw materials by designing our products for recycling and reuse.

RESOURCE STEWARDSHIP

Raw materials are critical in the production of our components, so we seek out creative ways to reuse what we can. We work to increase our operational efficiency by identifying areas where we can divert materials from landfill at their end-of-life and designing our products with recyclability in mind.

PROMOTING A CIRCULAR ECONOMY

Collaboration is key to closing the loop on resource use. Throughout 2020, we collaborated with a supplier to give the cesium iodide used in our X-ray panels a second life. Instead of simply disposing of this compound, we are now returning it to the vendor who then processes it for reuse, helping to reduce our raw material usage of cesium iodide by nearly 40%.

Developing more efficient waste management

Alongside aiming to reduce overall waste, we are identifying ways to more efficiently manage the waste we produce. In Salt Lake City, we have made significant progress in managing used oil: by consolidating it in drums, it is easier to recycle. During 2020, we sent approximately 14,000 gallons of used oil back to our supplier for recycling.

Water is a precious finite resource, which is why we want to promote responsible use. In Salt Lake City, we performed monthly water tests to inform our wastewater treatment processes. As a result of this process and consistent good performance, we have been able to move to quarterly testing for contaminants.

GIVING OLD PACKAGING NEW LIFE

Just because a material is used, it doesn't mean it has reached the end of its life. This is the thinking behind our recently developed R3 recycling initiative.

Every week, we distribute approximately 120 mammography tubes to customers. To protect them in transit, the tubes are packaged in polyethylene or polyurethane foam and cardboard. If faulty tubes are returned, we request that customers also send back the foam. We then return it to our vendor, who reuses it for the next batch of tubes.

This initiative reduces our raw material usage and chips away at waste production. Since 2014, the R3 initiative has resulted in over \$1.2 million in savings and equivalent reductions in the use of foam packaging, supporting our customers' sustainability targets as well as our own circular economy goals.

INNOVATION DESIGN FOR:



INNOVATING SUSTAINABLY

Whenever we design new products, we consider the environmental impact as captured in our Sustainable Innovation Guidelines. The Sustainable Innovation Guidelines promote efforts to develop resource-efficient products by encouraging the consideration of reduced environmental impact through reduced power and raw materials consumption during product design.

LOOKING AHEAD

TARGET	KPI	PROGRESS IN 2020
Zero waste: work toward the circular economy	> Tons of waste recycled > Tons of waste to landfill > Waste diversion rate > Number of tubes/panels taken back each year	1,150 tons of waste recycled 509 tons of waste to landfill 0.69 waste diversion rate 5,442 tubes taken back
Continue to reduce our water use across our global manufacturing operations	> Water use (m ³)	263,892 m ³
Innovate with respect to our products in partnership with customers, guided by our Sustainable Innovation Guidelines	> Percentage of new products that meet our Sustainable Innovation Guidelines	100% of new products meet the Sustainable Innovation Guidelines

OUR 2020 KEY HIGHLIGHTS

1,150
TONS OF
WASTE RECYCLED

263,892 m³
OF WATER USED IN 2020
(2019: 3,898,232 m³)

CLIMATE CHANGE, ENERGY, AND AIR QUALITY

We believe that climate change impacts everyone around the world, with more extreme weather conditions and increasing resource scarcity. We can all limit our contribution to climate change. At Varex, we invest in solutions to improve the sustainability of our operations and supply chain.

REDUCING GHG EMISSIONS

We produce emissions at every stage of our operations—from our supply chain, to manufacturing, to product distribution. This gives us many opportunities to reduce our impact by identifying areas for improvement and implementing action plans.

We are tackling our emissions by addressing how goods are transported from one location to another, and moving more of our distribution from air transport to ocean freight. Currently, we have a container that makes a monthly trip to our Wuxi facility in China to deliver components. Once a quarter, a cargo service runs from Wuxi to Salt Lake City to recover materials and engineering samples and return products. Since transitioning from air freighting to shipping we have reduced our GHG emissions.

DEVELOPING MORE SUSTAINABLE BUILDINGS

With over 30 facilities worldwide, we are well positioned to reduce our environmental impact through building upgrades. We want our facilities to use energy at optimal efficiency and are investigating innovative solutions to achieve this.

In the Philippines, we are conducting a study to understand the feasibility of upgrading facilities to solar power. This is the first step in evaluating the potential environmental and cost benefits of harnessing solar energy to power operations.

BUILDING WITH THE PLANET IN MIND

In early 2019, we began construction of a new facility in Doetinchem in the Netherlands. The building, completed in 2020, was built to be consistent with BREEAM standards, with sustainability factored into many decisions.

Designed with energy conservation in mind, the building incorporates wall, roof, and window insulation. An internal heat recovery system supplies the facility with fresh air while preventing unnecessary heat loss. More than 1,050 photovoltaic panels have been installed on the roof, providing the electricity needed to light, heat, and cool the space. The layout of the building has been strategically designed to make the most of natural light, with supplementary LED lighting.

Moving our Dutch operations to this area has reduced commute time for employees. As a result, we have seen an increase in the number of people cycling into work, as well as increased train commuting. These changes, in turn, reduced our emissions.



LOOKING AHEAD

TARGET	KPI	PROGRESS IN 2020
Reduce direct energy use across our global operations	> Direct energy use (MJ) > Energy intensity by revenue in (\$M/MJ)	Total energy use of 220,990,668 MJ (a reduction of 19,561,441 MJ in the reporting year) Energy intensity: \$0.30/MJ
Improve indirect energy use across our global operations	> Indirect energy use (MJ)	Indirect energy use 149,887,128 MJ
Reduce Scope 1 and 2 GHG emissions across our global operations	> Metric tons CO ₂ e broken down by Scope	Scope 1: 6,248 Scope 2: 13,161
Decrease emissions across our global operations	> Metric tons NO _x , SO _x , VOCs	NO _x : 0.53 metric tons SO _x : 0.08 metric tons No persistent organic pollutants (POP) VOCs: 10.88 metric tons

OUR 2020 KEY HIGHLIGHTS

24%

REDUCTION IN SCOPE 1 AND 2 EMISSIONS vs. 2019



EMPOWERING PEOPLE AND COMMUNITIES



People are at the heart of every Varex success. We are committed to creating workspaces where everyone feels supported to bring their best selves to work. However, we know that to be an employer of choice, we must also focus on being the best neighbor possible by uplifting our local communities.

30%
OF THE COMPANY'S BOARD
MEMBERS ARE WOMEN

OUR FOCUS AREAS

Being an employer of choice

Supporting our neighbors

UN SUSTAINABLE DEVELOPMENT GOALS



Supporting not only our employees but also our communities has been more important than ever as the world continues to navigate the impacts of the COVID-19 pandemic.

We work closely with the communities in which we operate, offering volunteering time and resources to benefit the health of the local population. At the same time, we are advocating for employees' wellbeing through our global wellness program and working to build a more diverse and inclusive workforce.



OUR 2030 AMBITIONS

Support development programs in the communities where we operate—with a focus on youth, minorities, and women—including by helping them acquire the skills they need to advance their careers.

Support health research in communities where we operate.

BEING AN EMPLOYER OF CHOICE

We are committed to creating a culture of inclusion where diverse minds and ideas are valued. To attract, retain, and develop the finest talent in the industry, everyone at Varex must feel safe, healthy, and supported.

PROMOTING DIVERSITY AND INCLUSION

A strategic focus for us this year was to improve internal processes to increase diversity at Varex, including calling on team leaders to focus on developing a more diverse talent pipeline. This includes acting to improve gender diversity in higher levels of the organization.

Our Women’s Interest Network (WIN), established five years ago, actively supports female employees with career guidance and networking opportunities. During 2020, plans to expand WIN were postponed due to COVID-19. Going forward, we aim to reinvest resources in advancing support for female employees.

We are currently in the process of establishing an official company-wide diversity strategy. Parity Pledge™ remains our public commitment to broaden our search for diverse candidates for all VP and board-level positions. In addition, to increase company awareness of our diversity and inclusion efforts, we are developing a robust strategy and communications plan.

ENGAGING OUR EMPLOYEES

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.

ENSURING EMPLOYEE HEALTH, SAFETY, AND WELLBEING

We want to create workspaces where our employees feel safe and supported, and where championing health and wellbeing is a collective effort. In 2020, we reported a Total Recordable Incident Rate (TRIR) of 1.16 and a Days Away, Restricted, or Transferred (DART) rate of 0.70.

Our dedicated Executive Response Team established guidelines from the onset of the COVID-19 pandemic. The Response Team met weekly during the early stages to stay informed regarding rising concerns around the world and to act accordingly, outlining COVID-19 protocols for the business. These protocols were conveyed to each region and location, where managers made adjustments in order to comply with local rules.

To support access to COVID-19 testing and treatment facilities, we updated our employee benefits to cover the cost of these services across the whole company. Harnessing the skills of our engineering teams, 3D facemasks were printed for employees who could not access them. We also created a “return to the office” protocol that clearly details the requirements that must be met in order for “non-essential” workers to safely return to offices.



IMPROVING COMMUNICATION TO BUILD COMPANY CONNECTION

During the COVID-19 pandemic, the need for effective company-wide communication was more important than ever. This was reflected in our ENPS survey results and was the impetus for partnering with the assessment company TruScore to perform 360-degree surveys with our executives.

Designed to identify blind spots in employee engagement, the assessments gathered insights from executives, team members, and peers. They covered topics including clarity of communication, conflict management, and strategic abilities.

Where areas for improvement were identified, executives designed development plans, committing to continuous personal growth to boost company morale and employee satisfaction.



OUR 2020 KEY HIGHLIGHTS

0 WORK-RELATED FATALITIES IN 2020

³ Exclusion of MeVis employees.

LOOKING AHEAD

TARGET	KPI	PROGRESS IN 2020
Train and develop our employees	> 97% employees trained ³	100% of employees received training
Reduce our recordable incident rate	> Recordable accident rate 1.16	1.16 recordable incident rate
Establish a baseline for global safety	> DART target rate of 0.5 (as of 2018) 0.7	0.7 DART rate
Zero work-related fatalities	> Number of fatalities of direct employees 0	0 fatalities
	> Number of fatalities of contractors	0 fatalities
Invest in developing talent by supporting the continuous learning of our employees through the Education Stipend program	> Continue to invest in the Education Stipend program	Program was put on hold in 2020 due to COVID-19
Create a better workplace for parents by establishing a maternity and paternity leave policy	> Percent of women return and stay after maternity leave	Maternity and paternity policy in place

SUPPORTING OUR NEIGHBORS

Through working with our local communities, we are helping to build a healthier and safer future. We also view being a good corporate citizen as key to our ability to attract and retain talent.

GIVING BACK TO THE COMMUNITY

We focus our philanthropic efforts in three areas—health and health research; STEM (science, technology, education, and math) education; and diversity and inclusion—to support the local communities of our global facilities. Lifting up our neighbors supports our communities and strengthens the longevity of our business.

In 2020, Varex continued to support several local organizations. At the same time, our employees participated in various activities to raise money for the causes that matter most to them.

Helping our neighbors through hardships

In the Philippines, we have partnered with a local orphanage for over a decade, funding an annual Christmas party for the children. Throughout 2020 and amid COVID-19 restrictions, our employees worked hard to continue supporting the orphanage through fundraising and donations of food, presents, and personal protective equipment (PPE). Once travel restrictions were eased, we managed to organize transport for some of our employees to visit the orphanage, spend time with the children, and hand out gifts.

In January 2020, the Philippines was also impacted by the eruption of Taal Volcano in Batangas. Our employees acted quickly to support evacuees, including members of our own team who needed to relocate. We coordinated with local governmental officials to provide canned food and other essential food items, as well as cash donations, to those who were most impacted by the eruption.



MeVIS SUPPORTS THE VENUS CHARITY RUN 2020

In September, MeVis Medical Solutions AG, a Varex subsidiary based in Germany, took part in the Venus charity run to raise funds for sports activities for cancer patients. As a company that contributes to the early detection of cancer worldwide, the MeVis team is passionate about this cause.

Organized by the Bremen Cancer Society, the State Sports Federation, and Bremen self-help groups, the event took place in person with COVID-19 safety measures such as social distancing. An impressive 104 colleagues took part, raising 50 cents for every kilometer. The team covered an incredible 2,941km, an increase of 46% compared to the 2019 run. This outstanding achievement highlights our colleagues' dedication to supporting cancer patients through hardship, helping them to improve health after treatment.

To support the local communities of our global facilities, we focus our philanthropic efforts in three areas—health and health research, STEM education, and diversity and inclusion.

LOOKING AHEAD

TARGET	KPI	PROGRESS IN 2020
Build on our global Community Giving Strategy year-over-year, with a focus on investing in improving lives through better health and community impact	> Investment in organizations in communities where we operate	Strategy was put on hold in 2020 due to COVID-19
Partner with local high schools to support and invest in the development and education of young women	> Investment in the development and education of students through scholarships and other programs	Program was put on hold in 2020 due to COVID-19



ACTING WITH INTEGRITY



We want to be a company that customers and other stakeholders trust. That starts with acting responsibly and putting integrity, fairness, and accountability at the forefront of every decision.

100%
OF REPORTS TO THE
ETHICS HOTLINE
INVESTIGATED

96%
OF EMPLOYEES TRAINED ON
THE CODE OF CONDUCT⁴

⁴ Exclusion of MeVis employees.

OUR FOCUS AREAS

Governance

Ethical business

Responsible supply chain

UN SUSTAINABLE DEVELOPMENT GOALS



To develop a more sustainable business, we must address risks and opportunities throughout our value chain. Our supply chain is one key area where both environmental and social challenges could occur, and we work hard to address these quickly and effectively. This means partnering closely with suppliers to address any human rights-related issues. It also means addressing risks related to minerals sourcing and prohibiting animal testing in our research, design, and manufacturing processes.

OUR CODE OF CONDUCT

We want our employees to understand, and actively engage with, our ethical responsibilities. They should feel comfortable raising concerns without fear of retaliation, and our [Code of Conduct](#) provides guidance on where questions could arise. The Code is available on our website in multiple languages and applies to all our employees, who are required to complete annual training on it.

The Code of Conduct is split into four focus areas:

- > Marketplace
- > How we treat each other
- > Community and environment
- > Company assets and information

GOVERNANCE

Our governance structure is designed to uphold the highest levels of business ethics and transparency. This approach also helps us develop our ESG mindset and focus our efforts.

The Varex Board of Directors represents the interests of our investors in the long-term health and success of the business. It is responsible for approving annual operating budgets and

executive compensation, as well as providing general oversight of our corporate strategy and performance. In accordance with our certificate of incorporation, commencing with our 2020 annual meeting of stockholders, we began to declassify our Board of Directors. From our 2022 annual meeting of stockholders, and at each annual meeting thereafter, all directors will stand for election for a one-year term.

The Board is supported by three committees: the Audit Committee, the Compensation and Management Development Committee, and the Nominating and Corporate Governance Committee. Additionally, a Chief Executive Officer-led management team supports the Board in executing our strategy and in day-to-day business management.

Our Nominating and Corporate Governance Committee oversees our ESG efforts. Our Sustainability Leadership Group reports to the Nominating and Corporate Governance Committee on an annual basis with respect to the overall program, and more frequently on select topics such as talent development and ethical compliance. This Group is made up of the Chief Executive Officer, Chief Financial Officer, General Counsel, Sustainability Manager, and Director of Facilities and Equipment. In addition, our Compensation and Management Development Committee oversees our human capital efforts, including our diversity, equity, and inclusion initiatives; and our Audit Committee oversees our information security program and overall risk assessment. Non-Committee members of our Board of Directors regularly attend and provide input on matters discussed at Committee meetings.

[Further information on our corporate governance is available on our website.](#)

OUR 2030 AMBITION

Work with our suppliers to promote a responsible supply chain.

Support the aims of the UNGC by working to protect and respect human rights across our value chain.

ETHICAL BUSINESS

Building a responsible business requires a collective effort; key to that is having employees who are passionate about what they do. By creating a culture of shared responsibility, we are developing an organization we can all be proud of.



As a global company, Varex, and our employees, are subject to laws in many different countries. Non-compliance could result in civil and criminal liability, as well as damage to our assets and reputation. We work with our suppliers and third-party representatives to operate in an ethical and transparent manner, in line with all local regulations.



CREATING A CULTURE OF COMPLIANCE

Building a culture of compliance starts with establishing a process designed to ensure that our employees understand our Code of Conduct. We therefore perform annual ethics training that all employees are required to complete. In addition, practical training for managers and Human Resources business partners equips them with the knowledge to answer questions from employees, customers, or agents.

Throughout 2020, we developed a new ethical compliance training program and practical Q&A session to support managers and Human Resources business partners in connecting with team members on important topics. We began introducing the training in late 2020 and plan to continue to bring it to more employees.

We require all our facilities globally to be audited through the Medical Device Single Audit Program (MDSAP). This ensures our practices satisfy the requirements of several regulatory jurisdictions.

ENGAGING WITH LOCAL GOVERNMENTS

Throughout 2020, we engaged with local government representatives, particularly in Utah and Colorado, on COVID-19 policies and procedures. By maintaining a discourse with government officials, we were able to demonstrate the essential nature of our business. It also provided an opportunity to strengthen long-term relationships with elected officials in order to articulate key business opportunities and concerns for Varex.

RESPECTING CUSTOMER PRIVACY

We have a responsibility to protect the privacy of our customers and are committed to complying with all relevant data protection laws where we operate. Varex adheres to ISO 27000 principles to improve information security and encourage shared responsibility among our employees. We provide employees with regular data protection training that is designed to ensure that they are aware of evolving rules. To protect customer privacy, our systems and products do not store any customer data.



Throughout 2020, we developed a new ethical compliance training program and practical Q&A session to support managers and Human Resources business partners in connecting with team members on important topics.

LOOKING AHEAD

TARGET	KPI	PROGRESS IN 2020
Train 100% of employees on our Code of Conduct	> Percent of employees trained on our Code of Conduct	96% of employees trained on Code of Conduct ⁵
Promote the Ethics Hotline and foster a culture of openness and integrity	> Percent of Ethics Hotline reports investigated	100% of Ethics Hotline reports investigated

⁵ Exclusion of MeVis employees.

RESPONSIBLE SUPPLY CHAIN

Being an ethical business does not stop with our direct operations. We work closely with our suppliers to identify areas for improvement and develop responsible, sustainable solutions together.



SUPPLY CHAIN COMPLIANCE

Third parties representing Varex, including our new and existing suppliers, are required to comply with our Code of Conduct (or a substantially similar code of conduct). Our Supply Chain/Procurement Team works with new partners to review these terms and conditions, and suppliers are audited regularly. In 2020, audits were put on hold due to COVID-19.

In addition to considering the technical abilities and quality standards of potential suppliers, we vet potential suppliers with respect to their ESG performance. This includes providing surveys that they are required to complete and outlining ESG expectations in contracts. The standards that our suppliers and subcontractors are expected to meet are publicly available online.

Conflict materials

On a regular basis, we collect from relevant suppliers data regarding their use of conflict minerals, including tin, gold, tungsten, and tantalum. We collect this data using the Conflict Minerals Reporting Template (CMRT). In 2020, we requested a CMRT from our suppliers. We are now engaging with these suppliers to encourage them to end contracts with partners that report these smelters in their supply chains.

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



On a regular basis, we collect from relevant suppliers data regarding their use of conflict minerals, including tin, gold, tungsten, and tantalum. We collect this data using the Conflict Minerals Reporting Template (CMRT) and aim for a feedback rate of 85%.

LOOKING AHEAD

TARGET	KPI	PROGRESS IN 2020
Develop a supplier engagement program with Tier 1 suppliers to improve sustainability performance	> Percent of Tier 1 suppliers involved in program	Program was put on hold in 2020 due to COVID-19





ASSURANCE STATEMENT

INDEPENDENT ASSURANCE STATEMENT



Varex Imaging Corporation (“Varex”) commissioned DNV Business Assurance Services UK Limited (“DNV”, “we”, or “us”) to undertake independent assurance of the 2020 Sustainability-ESG Report (the “Report”) for the year ended 31st December 2020.

OUR OPINION:

- > On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Varex’s adherence to the Principles of stakeholder inclusiveness, materiality, sustainability context and completeness.
- > In terms of quality of the Performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate.

Our observations and areas for improvement will be raised in a separate report to Varex’s Management. Selected observations are provided below. These observations do not affect our conclusion set out here.

STAKEHOLDER INCLUSIVENESS

The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

Varex commissioned a new stakeholder engagement exercise to compliment their ESG assessment matrix in 2020. There is very limited information or context about this published externally, which limits the understanding of the value and breadth of the work externally. We recommend that Varex includes further information about the stakeholder engagement conducted either in the Report or on their website with a link. The further information should include whether the stakeholders engaged were internal or external and their geographic locations to provide more context to readers of the Report.

MATERIALITY

The process for determining the issues that are most relevant to an organisation and its stakeholders.

We found that the management approach for priority issues in 2020 was better embedded within the business for environmental topics than for social and governance topics. We understand social and governance topics were a priority area for Varex over 2021 and into 2022. As the focus on these areas increases, we recommend that the governance and management procedures are aligned to those already put in place for environmental topics.

SUSTAINABILITY CONTEXT

The presentation of the organisation’s performance in the wider context of sustainability.

As we found previously, the Report includes a progress update against each of Varex’s targets for 2020. To provide further context to the reader on Varex’s performance, we recommend including the performance for previous years so that the direction of progress can be easily gauged. To further improve the robustness of the targets we also recommend they are reviewed to ensure they are Specific, Measurable, Achievable, Realistic and Time bound (SMART).

In addition, we found that the Report references the UN’s Sustainable Development Goal’s, but progress and impact against each is not defined. Varex may wish to consider further developing its use of the SDG framework to align with its material topics.

COMPLETENESS

How much of all the information that has been identified as material to the organisation and its stakeholders is reported.

As stated previously, we found that Varex collates data from across the company on a wide range of topics. The most comprehensive data set is the environmental data which is collected from all manufacturing sites in the company. For other data points such as Health & Safety and Human Resources related topics, the data in the Report is for their Salt Lake City or United States based sites only. We recommend Varex considers rolling out the existing data collection processes for these data points to all sites, so that the Report provides a more comprehensive representation of the company.

As a result of the ongoing pandemic, data received from Varex was delayed and the 2021 Assurance process was concluded in 2022.

QUALITY

The accuracy and comparability of information presented in the Report, as well as the quality of underlying data management systems.

Varex reports performance against products that meet their Sustainable Innovation Guidelines. We found that the Guidelines are a set of principles and ambitions rather than a tangible documented set of guidelines used by the design teams. It is assumed that all new products meet these principles, rather than documented and managed. For meaningful performance reporting against this KPI, we recommend Varex identifies a way to actively measure performance against the Guidelines.

We found there is no documented definition of the Performance Data which increases the risk of inconsistent data being reported between years. We recommend that the definitions and methodology for all Performance Data included in the Report are documented as a point of reference for the data owners.

During the assurance process, we noted challenges in finding the source of selected claims in the Report. The governance and accountability of information that feeds into the Report could be improved. For example, as information is collated for the Report, the source evidence of that information could be collated and stored for easy reference.

Varex increased the frequency of the environmental Performance Data collection from annually in 2018 to quarterly for 2020. The data owner verifies data from the site and requests and checks the source documents which decreases the risk of material errors being reported.

SCOPE AND APPROACH

We performed our work using DNV’s assurance methodology VeriSustainTM, which is based on our professional experience, international assurance best practice including the International Standard on Assurance Engagements 3000 (“ISAE 3000”), and the Global Reporting Initiative (“GRI”) Sustainability Reporting Guidelines. We evaluated the Report for adherence to the GRI Principles for defining report content of stakeholder inclusiveness, materiality, sustainability context and completeness (the “Principles”).

We understand that the reported financial data and information are based on data from Varex’s Annual Report and Accounts, which are subject to a separate independent audit process. The review of financial data taken from the Annual Report and Accounts is not within the scope of our work.

PERFORMANCE DATA

The scope of our work covers the following 2020 disclosures (“Performance data”) from the Report:

ACTING WITH INTEGRITY

- > Employees trained on our code of conduct (%)

PROTECTING THE ENVIRONMENT

- > Direct energy use (MJ)
- > Greenhouse gas emissions – Scope 1 and 2 (tons CO₂e)
- > Water use (m³)
- > Waste recycled (short tons)

INSPIRING INNOVATION

- > New products that met Varex’s Sustainable Innovation Guidelines (%)

EMPOWERING PEOPLE AND COMMUNITIES

- > Employees trained (%)
- > OSHA Recordable accidents at U.S. sites (rate)
- > Days away restricted or transferred (DART) at U.S. sites (rate)
- > Employee gender (% female / % male)

GRI STANDARDS

- > Preparation of the Report in accordance with the ‘Core’ option of the Global Reporting Initiative (GRI) Standards 2016

We evaluated the Performance data using the GRI Reporting Principles for defining report quality (accuracy, balance, clarity, comparability, reliability and timeliness).

The review of any data from prior years is not within the scope of our work (this includes any data in scope in previous years that has been re-stated).

BASIS OF OUR OPINION

A multi-disciplinary team of sustainability and assurance specialists performed work remotely. We undertook the following activities:

- > Review of the current sustainability issues that could affect Varex and are of interest to stakeholders;
- > Review of Varex’s approach to stakeholder engagement and recent outputs;
- > Review of information provided to us by Varex on its reporting and management processes relating to the Principles;
- > Interviews with selected Directors and Senior Managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. We were free to choose interviewees and functions covered;
- > Remote site visits to the headquarters at Salt Lake City, UT and a manufacturing site in Franklin Park, IL to review processes and systems for preparing site level sustainability data and implementation of the sustainability strategy;
- > Review of supporting evidence for key claims in the Report. Our checking processes were prioritised according to materiality and we based our prioritisation on the materiality of issues at a consolidated Group level; and
- > Review of the processes for gathering and consolidating the selected Performance Data and, for a sample, checking the data consolidation.

For and on behalf of DNV Business Assurance Services UK Limited, London, UK

16 February 2022



RESPONSIBILITIES OF THE DIRECTORS OF VAREX AND OF THE ASSURANCE PROVIDERS

The Directors of Varex have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of Varex; however, our statement represents our independent opinion and is intended to inform all stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Independent Assurance Statement.

DNV’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

LEVEL OF ASSURANCE

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our Assurance Opinion. We are providing a ‘limited level’ of assurance. A ‘reasonable level’ of assurance would have required additional work at Group and site level to gain further evidence to support the basis of our Assurance Opinion.

INDEPENDENCE

DNV’s established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. We have no other contract with Varex.

DNV BUSINESS ASSURANCE

DNV Business Assurance Services UK Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.

www.dnv.co.uk/BetterAssurance