

Modern Slavery Statement

1. Introduction

Modern slavery is the illegal exploitation of people for personal or commercial gain. It takes various forms, such as slavery, servitude, forced and compulsory labour, debt bondage and human trafficking, often in horrendous conditions from which the victim cannot escape. All of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

Businesses have a key part to play in the effort to tackle this crime and protect vulnerable workers from exploitation. HistoSonics, Inc. have a zero-tolerance approach to modern slavery. We are committed to acting ethically and with integrity in all our business dealings and relationships, and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or our supply chains.

Section 54 of the UK Modern Slavery Act (2015) requires commercial organisations that operate in the UK and have an organisational annual turnover above £36m to produce a Slavery and Human Trafficking statement each year.

2. Statement

We do not have an annual turnover above £36m, so therefore are not required under this legislation to produce a yearly statement. However, we choose to voluntarily produce a statement.

The Modern Slavery Act specifically states that any statement must include 'the steps the organisation has taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains, and in any part of its own business'

We cannot guarantee that the entire supply chain is slavery free, and this is not a requirement, but we will demonstrate the steps we have taken to assess risk and mitigate those.

3. Organisational Information

HistoSonics, Inc. is a medical device company with a mission to advance the novel science of histotripsy and its powerful benefits, bringing meaningful and transformational change to physicians and their patients. Our passion is to deliver solutions to patients with some of the most significant diseases, without the use of knives or needles, and without the side effects of many of the common surgical and interventional procedures that exist today.

The Head office is in Minneapolis, USA and we conduct our business and sell our product Worldwide. We are a Small, Medium Enterprise, as defined by the UK Companies Act 2006.

4. Our Supply Chain and Procurement

We have over 260 suppliers on our approved supplier list. 92% of whom are based in the USA. The remaining suppliers are based in China, Belgium, The Netherlands, Canada, The Philippines, France, Germany, UK and Serbia.

Suppliers go through a thorough audit process as part of our quality management before being added to the approved supplier list.

Histosonics, Inc. are committed to ensuring transparency in our own business and our supply chains and expect the same due diligence and commitment from our suppliers, contractors and business partners.

When procuring goods or services we have processes in place to consider Modern Slavery risks. We ensure we carry out supplier due diligence.

This includes:

- Robust supplier selection and policies
- Mapping of the supply chain to identify areas of higher risk

We also avoid purchasing practices that can increase the risk of suppliers resorting to poor practices.

Such as:

- Aggressive pricing that doesn't consider sustainable production costs
- Short lead times and late high-volume orders
- Inaccurate forecasting
- Late or extended payments
- Withdrawing from contract at the last minute
- Enforcing unfair penalties for not meeting orders
- Making last minute changes to order specifications or volumes
- Providing inaccurate specifications

5. Areas of risk identified within the business and supply chain

We have conducted a risk assessment on our approved supplier list as detailed below.

Supplier risk assessment:

1. The risk level is determined using the scale according to the global slavery index. <https://www.globalslaveryindex.org>
2. This is cross referenced with the list of goods from the US department of Labour that have been identified to be at higher risk of being produced by child or forced labour. <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>
3. Then the sector is checked against the [ILO's Global Estimates of Modern Slavery](#)

Findings:

1. 1 supplier identified as medium risk
2. 4 suppliers supply electronics from China, an identified risk factor
3. 75 suppliers are in manufacturing, an identified risk factor

Assessment Criteria:

- 0 or 1 Risk factors – Low Risk
- 2 Risk factors – Medium Risk
- 3 Risk factors – High Risk

Tier 1

5 Suppliers have been classified as medium risk.
Therefore 98% of our suppliers are categorised as low risk.

This risk level will be reviewed yearly and reported on.

Tier 2

We have not currently mapped our supply chain further than Tier 1 and this is within our forward planning to action.

6. Policies and Processes relating to Modern Slavery

The following policies and procedures support this Modern Slavery Policy

- Employee Handbook
The outlines the commitment and expectation of all employees to lawful and ethical behaviour in all activities; both domestic and international
- QSM1000 – Quality Manual
- QSP1015 – Supplier Qualification and Management
- FRM1144 – Supplier Approval Worksheet

KPIs

We will use key performance indicators (KPIs) to measure how effective our actions are to identify and address modern slavery practices in any part of our operations and supply chains have been.

Below are the key performance areas that we assess:

1. Governance & due diligence
2. Procurement & supply chain
3. HR practices, training & education

Against each of these focus areas we have developed KPIs that are used to assess the effectiveness of our actions. These include:

1. The number of modern slavery cases identified and remediated
Update of the Modern Slavery Statement and completion of the MSAT yearly
2. Number of medium or high-risk suppliers
3. Completion rates for modern slavery awareness training of UK employees

Over subsequent reporting periods, we will continue to review and enhance these KPIs and develop further metrics to assess the effectiveness of our actions, in line with continuous improvement. This will be captured and logged within our Management Reviews.

7. Training of employees around Modern Slavery

We do not currently have any UK based employees. We are committed to providing training on Modern Slavery to all UK employees as they join the organisation.

The training we have selected and is in place covers:

- The ILOs Forced labour indicators
- The training ensures that recipients understand
 - Indicators of modern slavery
 - How to report suspicions of modern slavery

- The modern slavery statement requirements
- How to consider modern slavery risks in procurement
- How to be better equipped to undertake modern slavery due diligence for the organisation

The training is mandatory and will be provided on induction and then every 12 months.

Every employee is required as a condition of continued employment to report any known or suspected violation of any applicable law, regulation, or Company policy, or raise an ethical concern or question to his or her immediate manager, Human Resources, the Compliance Officer or the Chief Financial Officer.

Failure to meet or comply with these expectations will result in discipline up to and including termination.

No employee will be subjected to retaliation, intimidation, or disciplinary action as a result of reporting a potential violation of the law, compliance program, or company policy, even if the report is found to be inaccurate.

If a case of Modern Slavery is suspected, then the following is advised.

A suspected victim of modern slavery is not to be confronted directly as this may endanger them.

If an immediate risk to life, then call local emergency (e.g. 911 in the US, 112 in Europe, 999 in the UK).

If there is no immediate risk to life, then contact the appropriate national helpline or report it online.

Sample Listing, Helpline and On-line Reporting

Country	Helpline	Phone	On-line
EU	Anti-trafficking hotline	See https://www.europeanfreedomnetwork.org/hotline/	
UK	Modern Slavery Helpline	08000 232 700	https://www.modernslaveryhelpline.org/report
US	National Human Trafficking Hotline	1-888-373-7888	https://humantraffickinghotline.org/en/report-trafficking

If there are concerns around modern slavery with any of our suppliers, we will first look to work with them to remedy the situation with an improvement action plan implemented and more rigorous auditing of the organization.

If the response from any of our suppliers, seems inadequate and appropriate measures are not put in place to address coercion, threat, abuse, and exploitation of workers, then we would look to give that company more support, guidance and incentives to tackle the issue. This could include working with at-risk suppliers to provide training, messages and business incentives or guidance to implement anti-slavery policies.

If modern slavery is identified or suspected abroad, and resolution is not possible with the supplier, then we will engage with local Non-Governmental Organisations, industry bodies, trade unions or other support organisations to attempt to remedy the situation. If warranted, we will contact local government and law enforcement bodies. Our approach will always consider the safest outcome for the potential victims while also remember the economic influence and control which the organisation holds over those who may be committing these crimes.

If, after receiving support, the supplier is not taking the issue seriously, and it remains unresolved, then we will reconsider our commercial relationship with that supplier. These actions would then be included in the next statement produced.

9. Breaches

Any employee who breaches this statement will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.

Any suppliers, individuals or organisations working with us, or on our behalf who breach this policy may have their relationship or contract with us terminated.

10. Responsibility

VP of Global Market Access
Compliance Officer
VP of Operations

11. Review and Communication

This statement will be reviewed by senior management, signed by a director or equivalent and then published on our website, and also uploaded to the following register:

- <https://modern-slavery-statement-registry.service.gov.uk>

Internally it will be sent to all employees and sent to our supply chain and other interested stakeholders.

12. Board / Senior Management Approval

SIGNED:



NAME:

JOSH KING

JOB TITLE:

VP GLOBAL MARKET ACCESS

DATE:

9/3/2024