

# ESG REPORT 2022

Priority. Progress. Novanta.



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## About ESG and This Report

At Novanta Inc. (“Novanta”, the “Company”, “we” or “our”), we deliver innovations that matter. From life-saving surgical technologies to advanced industrial technology solutions for electric vehicle production, Novanta products enhance people’s lives, increase safety, and improve productivity of our customers and end-users. As our world changes and our business grows, we are working hard to advance our Environmental, Social, and Governance (ESG) initiatives. This is Novanta’s third annual ESG Report, covering the period from January 1, 2022 to December 31, 2022.

Novanta’s 2022 ESG Report discloses our ESG progress and priorities, aligned with leading reporting frameworks, including the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD).

Novanta’s strategic priorities revolve around both organic growth and inorganic growth, through investments in both existing businesses and complimentary business acquisitions. Future acquisitions are expected to have a significant impact on our reported Greenhouse Gas (GHG) emissions and other ESG goals, as well as our progress towards the short-, medium- and long-term goals that we set for ourselves. We plan to adopt the following reporting approach that will help enhance both the transparency and the usefulness of our ESG reports.

- For the year during which a business acquisition is consummated, we will exclude the new acquisition from our ESG reporting scope. We will begin to include the newly acquired business in our scope starting with the first full fiscal year following the acquisition date.
- For the first full fiscal year following the acquisition date, we will present our GHG inventory both on an “Organic” basis, i.e., excluding the emissions from the acquired business, and on a “Reported” basis, i.e., including the emissions from the prior year acquisition for the full year.
- In addition, we will reset our base year for both our GHG inventory reporting and our GHG emissions reduction goals based on the Reported GHG emissions for this first full fiscal year following the acquisition date.

This report contains certain forward-looking statements based on Novanta management’s current assumptions and expectations, including statements regarding our sustainability targets, goals, commitments, programs, acquisitions and their impact on our sustainability goals and targets, and other business plans, initiatives, and objectives. These statements are typically accompanied by the words “will,” “could,” “would,” “should,” “intend,” “hope,” “believe,” “expect,” “estimate,” “plan,” “aspire,” “aim,” “goal,” “pledge,” “potential,” or similar words and expressions. The Company makes such forward-looking statements under the provision of the “Safe Harbor” section of the Private Securities Litigation Reform Act of 1995. Actual future results, including the achievement of our targets, goals, or commitments, may vary materially from those projected, anticipated, or indicated in any forward-looking statements as a result of changes in circumstances, assumptions not being realized, or other risks, uncertainties and factors. Such risks, uncertainties and factors include the risk factors discussed in Item 1A of our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC), as well as, with respect to our sustainability targets, goals and commitments outlined in this report or elsewhere, the challenges and assumptions, risks, uncertainties, and factors identified in this report. You should consider the forward-looking statements in this report in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2022, and our subsequent Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K filed with the SEC. Novanta urges you to consider all of the risks, uncertainties, and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this report. Novanta cannot assure you that the results reflected or implied by any forward-looking statement will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects. The forward-looking statements in this report are made as of the date of this report, unless otherwise indicated, and we undertake no obligation to update these forward-looking statements to reflect subsequent events or circumstances, except as required under applicable law.

# 1 A Message from Our CEO

Novanta's mission is to deliver innovations that matter. As a global organization with a wide-reaching customer and supplier base, our products touch lives up and down our value chain. We believe that being a responsible organization benefits all of our stakeholders—our customers, suppliers, business partners, employees, shareholders, and the communities of which we are a part. ESG is important to us because we have the opportunity, and the responsibility, to not only deliver mission critical innovations but to do so in a way that positively impacts people, communities, and the planet.

Our ESG program, therefore, must balance several priorities concurrently: being the trusted technology partner to our customers, developing and deploying safe medical and advanced industrial technologies while limiting the harm to the planet, and uplifting the wellbeing of our employees and neighbors. We believe this balancing act starts from the inside out. This is what our Novanta Way culture stands for—a high performing culture consisting of employees who feel empowered to contribute to cohesive teams that are engaged and aligned around our vision and strategy, and who live our values and drive performance, utilizing a common set of tools and techniques. It is who we are, and what we expect from our leaders and our employees. In 2022, we saw the results of this approach in revenue growth, new product development, customer and employee satisfaction, and community engagement.

We began integrating ESG into our operations several years ago, but this started to get real traction in 2022. Across our organization, we have committed to making ESG a priority—a Novanta with a unified culture and spirit, regardless of geography or business unit.

Our focus on Diversity, Equity, and Inclusion (DEI) was central to developing this commitment. An inclusive and attractive workplace, with a diverse and engaged workforce and equitable growth opportunities, is essential in driving sustainable performance and innovation. Launched in 2021, our DEI efforts made significant strides in 2022 with diverse interview slates, enhanced Employee Resource Groups, new company-wide voluntary training on inclusive leadership and unconscious bias, and deeper engagement with our local communities. This was spearheaded by our DEI Committee and our Culture Councils, both of which I met with regularly to review progress towards our DEI objectives.

Our environmental sustainability work also matured further this year. We are making progress toward our goal of sourcing renewable energy to cover 90% of our electricity consumption. We also officially launched NovantaSUSTAIN, our program to embed environmental criteria into product development at the design stage. I'm particularly proud of the initiative our research and development leaders took to develop and disseminate our New Product Innovation (NPI) Toolbox. The NPI toolbox provides product development teams with templates and checklists to ensure environmental aspects are considered throughout the product design and development phases before new products are launched. On the supply chain side, we achieved our foundational goal of gathering information on and evaluating the environmental practices of our key suppliers.

These achievements couldn't happen without our dedicated teams. I'm continually impressed by the dedication and initiative shown by our teams across the world who have rolled up their sleeves, not just to do the work they were hired to do but to truly live the Novanta values and go above and beyond. In 2022, Novanta employees thought of new ways to reduce waste and natural resource use at work, got out and volunteered in their local communities, and confronted their own unconscious bias. We work every day to make sure employees feel engaged and welcome but it's truly special when I see our employees do this for each other as well.

I'm so proud of all we have accomplished this year. Here are a few additional highlights worth noting:

- We improved our methods for calculating our carbon footprint and expanded the scope and boundaries of our data collection to include all sites, regardless of size.
- Our GHG inventory was successfully verified by a professional firm for the first time.
- We continue to make progress on achieving ISO 14001 and ISO 45001 certifications for all relevant facilities.
- We completed 314 community service days, surpassing our goal of 250 days for the year.
- We launched a new Employee Resource Group (ERG), the Novanta Professionals Network, and grew the membership in our two other existing ERGs.
- We rolled out voluntary unconscious bias training to over 1,400 employees across Novanta.
- We launched internal websites on DEI for employees in addition to our external ESG microsite.

We are excited to share these results with our stakeholders in this report and its supplementary appendices. We acknowledge the impact of our carbon footprint and the role we play in facilitating meaningful change to benefit the people and the places affected by our operations. As we mature on our ESG journey, we look forward to setting and meeting increasingly ambitious targets and sharing our progress with you. We hope you'll join us for the journey.

*Matthijs Glastra*

Chair of the Board of Directors and Chief Executive Officer

## 2 ESG at Novanta

### 2.1 About Novanta

Novanta is a leading global supplier of core technology solutions that give medical and advanced industrial original equipment manufacturers (OEMs) a competitive advantage. We combine deep proprietary technology expertise and competencies in photonics, vision, and precision motion with a proven ability to solve complex technical challenges. This enables Novanta to engineer core components and subsystems that deliver extreme precision and performance, tailored to our customers' demanding applications. The driving force behind our growth is the team of innovative professionals who share a commitment to innovation and customer success. Novanta's common shares are quoted on Nasdaq under the ticker symbol "NOVT".

### Our Business

Novanta develops and builds critical components and devices for our partner OEMs in the medical and advanced industrial markets. We do this through three reportable segments.

#### Photonics

The Photonics segment designs, manufactures, and markets photonics-based solutions, including laser scanning, laser beam delivery, CO<sub>2</sub> laser, solid state laser, ultrafast laser, and optical light engine products to customers worldwide. The segment serves highly demanding photonics-based applications for advanced industrial processes, metrology, medical and life science imaging, DNA sequencing, and medical laser procedures, particularly ophthalmology applications. Products are sold under various brand names, including Cambridge Technology, Laser Quantum, and Synrad.

#### Precision Motion

The Precision Motion segment designs, manufactures, and markets optical and inductive encoders, precision motors, servo drives and motion control solutions, integrated stepper motors, intelligent robotic end-of-arm technology solutions, air bearings, and air bearing spindles to customers worldwide. Products are sold under various brand names, including Celera Motion, MicroE, Zettlex, Ingenia, Applimotion, IMS, ATI, and Westwind.

#### Vision

The Vision segment designs, manufactures, and markets a range of medical grade technologies, including medical insufflators, pumps, and related disposables; visualization solutions; wireless technologies, video recorders, and video integration technologies for operating room integrations; optical data collection and machine vision technologies; radio frequency identification (RFID) technologies; thermal chart recorders; spectrometry technologies; and embedded touch screen solutions. Products are sold under various brand names, including WOM, JADAK, NDS, Med X Change, Reach Technology, and Photo Research.

### Our Mission

To serve as a trusted technology partner to medical and advanced industrial OEMs delivering intelligent, mission critical solutions in the most demanding applications.

### Our Vision

Our vision is to deliver innovations that matter to our customers and enhance people's lives.

## Our Values

- **Win with our customers** – Customers are why Novanta exists. We deliver winning solutions to our customers that help them differentiate.
- **Keep your promises** – We do what we say and walk our talk with no excuses. We execute with excellence.
- **Stretch for the limit** – Delivering innovations that matter is core to our success. We build an environment where people have the courage to take calculated risks above our promises in the pursuit of extraordinary results. We utilize stretch objectives in the pursuit of excellence.
- **Be real** – We embrace a respectful, open, and honest environment without politics and personal agendas. Humility, transparency, and genuineness are consistently evident, fostering trust in all interactions.
- **Be a great team** – When we work together, we win together. We believe people working together in a collaborative approach can achieve extraordinary results while having fun.

## The Novanta Way

We believe a healthy culture supports long-term growth and success. It helps us attract and retain the best talent, consistently deliver results to our customers, and remain resilient to shocks. The Novanta Way, a term that we use to refer to our culture, defines the fabric of our culture and how we work together and relate to each other.

The Novanta Way provides the building blocks for welcoming, adaptable, high-performance teams through four pillars:

1. **Cohesive Teams** that are diverse, inclusive, collaborative, and committed to win.
2. **Engaged Employees** who feel a sense of belonging and inspired by our shared vision and purpose.
3. **Novanta Values** that guide what we stand for and how we behave.
4. **Novanta Growth System** that helps drive results consistently.

With Novanta's diverse set of business units and global locations, we work hard to ensure that our culture is absorbed by each and every one of our employees. Leaders across Novanta reiterate the importance of our culture through our communications and we recognize employees who consistently embody the culture as "Value Champions".

## The Novanta Growth System

The Novanta Growth System (NGS) is an important part of bringing our culture to life. NGS is a platform that connects our business units together to collaborate and share best practices. It provides a set of tools, techniques, and processes to develop innovative products and build commercial and operational excellence. Company-wide councils in specialized areas, such as operations, R&D, supply chain, and sales & marketing, work together to further develop process excellence.

To learn more, [visit our website](#).

## 2.2 ESG Strategy

We link technology and economic progress with environmental, social, and governance responsibilities for the well-being of future generations and for achieving our business goals now and in the future. We take to heart our responsibilities to our shareholders, employees, customers, suppliers, business partner and the communities in which we do business. We are committed to creating a brighter future through

environmental sustainability initiatives, building a diverse, equitable, and inclusive workforce, and maintaining a robust governance system.

We leverage Novanta's capabilities and resources to advance company-wide ESG initiatives by enabling our businesses to develop environmental and social aspects on-site that best meet the needs of our stakeholders. An inclusive and attractive workplace, with a diverse and engaged workforce and equitable growth opportunities, is essential for us in driving sustainable performance and innovation.

Based on ESG materiality assessments and the Novanta Way as the framework, we initially set five ESG targets and launched the program in 2020. Since then, we have been tracking progress against these targets.

From a holistic perspective, ESG for Novanta is a shared commitment and focus on (E) environmental sustainability, (S) diversity, equity, and inclusion, and (G) governance transparency. We are concentrating on:

- reducing greenhouse gas (GHG) emissions from our operations;
- reducing environmental impact of our products and supply chain;
- creating an inclusive and attractive workplace, with a diverse and engaged workforce and strong community involvement; and
- conducting our business in an ethical and lawful manner toward shareholders, employees, customers, suppliers, business partners, and the communities in which we do business.

We measure our progress, improve continuously and set further ambitious targets. We discuss and analyze with internal and external stakeholders our ESG roadmap and our position in the value chain with regard to environmental aspects for our products and reducing Novanta's environmental footprint.

## Our Approach to ESG

We have refined our methodology for measuring, reporting, and managing our impact to include all of our global facilities. We currently track:

- Scope 1 and Scope 2 GHG emissions
- Waste generation
- Water consumption
- Gender diversity
- Ethnic diversity in the U.S.
- Health and safety outcomes

We prepared our 2022 ESG Report in line with two leading global standards—SASB and TCFD. We recognize the impact of our footprint and the role we play in facilitating meaningful change to benefit the people and the places affected by our operations. We are developing action plans to achieve **net zero GHG emissions by 2050**. We are building the Novanta Way culture that is diverse, equitable, and inclusive across our business units and global sites. And we are expanding our governance reach through our value chain. Please refer to Section (6), "ESG Metrics and Targets," for our full list of SASB and TCFD disclosures.



## Topics We Are Focusing On

Based on our ESG materiality assessment that involved a survey and interview of senior leaders within Novanta and cross-referencing with key industry indicators, we identified a number of ESG topics that we believe are the most relevant to both Novanta and our stakeholders. In the near and medium term, we plan to focus on the following:

- GHG emission reduction through improved energy mix
- Waste management
- Diversity, equity, and inclusion
- Business ethics
- Product safety and quality
- Supply chain traceability
- Financial performance

## Updates on ESG Targets

In 2020, we set five ESG targets that we aim to achieve by the end of 2023, excluding the impact of new business acquisitions. Below is a summary of our progress to date:

Category	Our Short-term Targets	Current Status as of End of 2022
<b>Environmental</b>	<p>To achieve our long-term goal of net zero GHG emissions by 2050, we set the following short-term objectives:</p> <ul style="list-style-type: none"> <li>• Phase 1: By the end of 2021, determine current energy and GHG emissions status.</li> <li>• Phase 2: By the end of 2022, set goals for GHG emissions reductions.</li> </ul>	<p>We have achieved both objectives:</p> <ul style="list-style-type: none"> <li>• We have determined our current energy and GHG emissions status and have disclosed Scope 1 and Scope 2 GHG emissions in this report.</li> <li>• Our Scope 1 and Scope 2 GHG emissions for 2022 have been successfully audited by a third-party verification firm.</li> <li>• 36% of our total energy sources are now renewable for 2022. That is an increase of +8 percentage points compared to 2021.</li> <li>• For phase 2, we developed a five-step Energy Efficiency Program focused on clean and reduced energy consumption at our major production sites.</li> </ul>
<b>Social</b>	<p>Provide employees with one day of paid time-off (PTO) to volunteer at an approved non-profit organization:</p> <ul style="list-style-type: none"> <li>• Complete 500 days of community service Novanta-wide by the end of 2023.</li> </ul>	<ul style="list-style-type: none"> <li>• We set a Novanta-wide goal of sponsoring 250 community service days by the end of 2022. As of December 31, 2022, we achieved 314 community service days.</li> </ul>

Category	Our Short-term Targets	Current Status as of End of 2022
<b>Social</b>	<p>Expand our diversity, equity, and inclusion efforts:</p> <ul style="list-style-type: none"> <li>Phase 1: By April 2021, determine existing status of DEI at Novanta.</li> <li>Phase 2: By January 2022, develop roadmap.</li> <li>Increase diversity of Board of Directors.</li> </ul>	<p>Achieved all targets:</p> <ul style="list-style-type: none"> <li>During 2022, we developed our DEI roadmap to include a series of strategic initiatives designed to diversify our workforce, create an inclusive culture, and promote lifelong learning as a part of our culture transformation.</li> <li>As a result of these initiatives, we increased our representation of women within the organization. Additionally, we increased the percentage of employees from underrepresented groups including both individual contributors and leadership roles.</li> <li>Our Culture Council activated an additional Employee Resource Group (ERG) to increase employees' sense of inclusion and belonging. Presently we have three ERGs: <ul style="list-style-type: none"> <li>Multicultural &amp; International ERG</li> <li>Women's ERG</li> <li>Novanta Professionals Network ERG</li> </ul> </li> <li>As of December 31, 2022, our Board of Directors was comprised of 50% men and 50% women. Women representation on our Board of Directors increased 17 percentage points in 2022 from 2021.</li> </ul>
<b>Governance</b>	<p>Integrate ESG criteria in purchasing</p>	<p>In 2022,</p> <ul style="list-style-type: none"> <li>We surveyed all of our key suppliers to better understand their environmental practices, including ISO certification, external ESG reporting, and internal ESG policies. Based on the suppliers' responses and other evidence provided to Novanta, we developed an environmental risk rating for each supplier. We continue to monitor our suppliers based on the risk ratings and will work with them to extend our expectation for environmental sustainability practices through our supply chain.</li> </ul>

Category	Our Short-term Targets	Current Status as of End of 2022
<b>Governance</b>	Expand relevant ISO certification to all applicable facilities, including ISO 14001	<p>In 2022, we completed:</p> <ul style="list-style-type: none"> <li>• EHS audits at all major Novanta facilities;</li> <li>• 7 certification / surveillance / recertification audits for ISO 14001; and</li> <li>• 3 certification audits for ISO 45001.</li> </ul> <p>In February 2023, one additional site has been successfully certified to ISO 14001 standard.</p>

## 3 Governance

As a leading global provider of key technology solutions to the medical and advanced industrial end markets, we link technical and economic progress with environmental, social, and governance responsibilities for the well-being of future generations and for achieving our business goals now and in the future.

This is not just because it is the right thing to do, but we also view ESG as essential to our continued growth. Therefore, the responsibility for managing and making decisions on these topics has been placed with our senior-most leaders, the Novanta Leadership Team, under the oversight of our Board of Directors (the “Board”). It extends throughout our organization to department heads and others. In fact, individuals throughout Novanta are encouraged and empowered to institute new ESG initiatives and speak out when they see room for improvement.

As we mature on our ESG journey, we are deepening the role of ESG considerations throughout our operations. As part of our Novanta Way approach, we are harmonizing and consolidating our approaches in key areas such as supply chain management, product development, talent acquisition and employee engagement. At the same time, we are taking that opportunity to integrate ESG into our policies and procedures at the global company level and cascading them down across the organization. Read on to learn more about how we believe that a bias for responsible behavior is embedded throughout Novanta.

### 3.1 ESG Oversight

The oversight of our ESG topics rests with our highest governance body, our Board of Directors. As of December 31, 2022, our Board of Directors consisted of eight members, including our Chair and CEO, Matthijs Glastra. Our Board of Directors monitors and oversees the Company’s ESG program through its Environmental, Social and Governance Committee (the “ESG Committee”).

#### ESG Committee

Novanta’s Board of Directors, through its ESG Committee, oversees, reviews, and assesses the Company’s ESG strategy, program, policies, and risk management. The ESG committee, which meets at least three times a year, regularly reports to the Board of Directors on these matters. In addition, the full Board of Directors also reviews the Company’s ESG program and initiatives once a year.

The [Environmental, Social and Governance Committee Charter](#) is available on our website with our other governance documents. It states the full responsibilities of the ESG Committee, the highlights of which are summarized in the table below.

## ESG Committee Responsibilities

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>Oversees <b>ESG strategy, initiatives, policies, and risk management</b></li> <li>Oversees our corporate approach to <b>climate change and environmental stewardship</b></li> <li>Reports to the Board on environmental policies</li> </ul>	<ul style="list-style-type: none"> <li>Oversees our corporate approach to social issues</li> <li>Oversees programs and policies regarding diversity, equity, and inclusion</li> <li>Reports to the Board on social policies</li> </ul>	<ul style="list-style-type: none"> <li>Identifies potential Board members</li> <li>Oversees corporate governance policies and practices</li> <li>Assesses Board member committee qualification</li> <li>Regularly assesses the performance of the Board and its committees</li> </ul>

### Novanta Leadership Team

The Novanta Leadership Team, including the Chief Executive Officers (CEO), Chief Financial Officer (CFO), Chief Human Resources Officer (CHRO), General Counsel and Corporate Secretary, Executive Vice President of Supply Chain & NGS and two other business Group Presidents, is responsible for Novanta’s ESG strategy, goals, and compliance programs, as well as the management of risks and opportunities. The Novanta Leadership Team manages day-to-day assessment and decision-making around Novanta’s risks and opportunities with a focus on our most significant risks. Our Board of Directors and Board committees oversee and guide these efforts. These risks include, but are not limited to, cybersecurity, product quality and safety, effect of economic and political environment and government regulations on our businesses, data privacy, protection of intellectual property, supply chain disruptions, business acquisitions, anti-bribery and anti-corruption, natural resources, waste and toxicity, climate-related risks and opportunities, labor, health and safety, and human rights.

The Novanta Leadership Team relies on both the Environmental Sustainability Committee and the DEI Committee for information and status updates as well as to cascade its vision and strategic decisions around ESG goals and initiatives.

### Environmental Sustainability Committee

Novanta’s Environmental Sustainability Committee is composed of key business leaders, who meet at least quarterly. The committee is responsible for the development and definition of environmental strategy and goals, establishing the tone, importance, and prioritization for quality, environmental sustainability, and employee health and safety programs, and creating a unified response to sustainability and environmental requirements and audits. The committee recognizes and takes into consideration the importance of engaging with key stakeholders.

### DEI Committee

Novanta’s DEI Committee is a committee of the Company’s executive Leadership Team, chaired by our Vice President of Leadership Development and Diversity, Equity, and Inclusion, with an annual agenda focused on executing our DEI Strategy and Initiatives. The committee provides strategy and governance for Novanta’s DEI initiatives and organizes teams to help execute the DEI initiatives. The committee’s goals and strategy are governed by the ‘Novanta Way,’ which is a structure that defines how Novanta employees work and collaborate and builds cohesive teams all based on diverse and inclusive principles

anchored in trust, commitment, and accountability. Our Vice President of Leadership Development and Diversity, Equity & Inclusion is also responsible for organizing and leading the Company's Culture Councils, coordinating activities amongst the three Employee Resource Groups (ERG), and organizing a multitude of working teams. This governance structure helps to institutionalize Novanta's DEI commitment and aspirational goals – forming Novanta's "True North" for DEI.

## 3.2 Ethics and Compliance

Our business depends on maintaining high standards of professional ethics among our team members and remaining compliant with all relevant laws and regulations. The Novanta Leadership Team strives to promote business practices and operating procedures that can withstand the highest levels of scrutiny. Novanta's independent Internal Audit function monitors and assesses the Company's practices and reports directly to the Audit Committee of our Board of Directors. We also conduct risk assessments annually and modify any policies or controls as needed.

### Ethics

Ethical decision-making requires an understanding of personal and company values and principles, coupled with good personal judgment. We expect all Novanta team members—from the Board of Directors and the Novanta Leadership Team to all employees—to understand and embrace our [Novanta Values](#). We are committed to these principles in everything we do, so our activities reflect positively on our stockholders, our marketplace, our community, and ourselves.

### Code of Ethics & Business Conduct

The [Novanta Code of Ethics & Business Conduct](#) (the "Code of Conduct") identifies the ethics, values, and principles that guide our business relationships. We are dedicated to doing business with a strong sense of ethics, honesty, and integrity. The Code of Conduct was written by management and approved by the Board of Directors. The Code of Conduct provides guidelines on relationships between employees and internal and external stakeholders, conflicts of interest, anti-corruption, protection of assets, and more. All employees and directors are responsible for upholding the Code of Conduct, which is translated into seven languages besides English.

### Anti-bribery and Anti-corruption

Under our [Anti-Bribery and Anti-Corruption \(ABAC\) Policy](#), Novanta conducts an annual risk assessment and screening of customers, suppliers, distributors, and resellers to identify and replace any third parties that may have violated anti-corruption or anti-bribery laws in recent years and do not have the necessary controls and procedures in place to prevent and prohibit bribery and corruption behaviors. If a third party is identified as high risk based on an adverse data search, further due diligence is conducted, and the business relationship is reviewed by the Chief Financial Officer, the General Counsel, or the Chief Accounting Officer. Proper safeguards are put in place to protect our business if it is deemed acceptable to continue doing business with the third-party.

### Human Rights

We are committed to reflecting our company's values in our business practices, including treating people with respect and dignity. Our [Human Rights Policy](#) outlines our commitment to protecting and promoting human rights in all aspects of our operations, including those of our suppliers, contractors, and business partners. Our policy aligns with the U.N. Universal Declaration of Human Rights, the U.K. Modern Slavery Act, and the California Transparency in Supply Chains Act. Novanta does not tolerate harassment,

discrimination, or retaliation in its supply chain. Our Human Rights Policy includes these and other expectations, including safe working conditions, the prohibition of child or forced labor and more.

## Ethics Training

New and existing employees are required to regularly pass training courses on ethics, anti-bribery and anti-corruption, harassment, and data privacy policies. Additionally, all employees are required to annually certify that they understand and uphold the Code of Conduct, anti-bribery and anti-corruption, and harassment policies.

## Confidential Reporting of Suspected Violations

As an alternative channel of communication for anyone who does not wish to report directly to a manager, business unit and corporate leader, or a human resources representative under our open-door reporting policy, we maintain an external compliance hotline for the confidential reporting of any suspected policy violations or unethical business conduct on the part of our businesses, employees, officers, directors, suppliers, or customers, and provide training and education to our global workforce with respect to our Code of Conduct, anti-bribery and anti-corruption policies, data privacy regulations, and workplace harassment. To file a complaint, individuals can visit <http://novanta.ethicspoint.com> or call the hotline. The Code of Conduct and posters displayed at our facilities list local numbers for each country. Internal Audit reports on hotline activities to the Audit Committee on a quarterly basis. The Chair of the Audit Committee also has direct access to all fraud, anti-bribery and anti-corruption, internal control, and financial matter-related reports on the compliance hotline.

## Compliance

We require all of our employees and facilities to comply with all relevant laws and regulations in the countries in which they work or operate. We closely govern the activities of our employees, facilities, and supply chain partners through a host of Novanta policies, including our:

- Code of Ethics & Business Conduct (the “Code of Conduct”)
- Supplier Code of Conduct
- Anti-Bribery and Anti-Corruption (ABAC) Policy
- Anti-Harassment Policy
- Antitrust Law Compliance Statement
- California Proposition 65 Compliance Policy
- China Restriction of Hazardous Substances (China RoHS) Policy
- Conflict Minerals Responsible Sourcing Policy
- Corporate Sustainability Policy
- Equal Employment Opportunity Policy
- Human Rights Policy
- Political Activity Policy
- Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) Compliance Policy
- Related Party Transaction Policy
- Restriction of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment Directive (WEEE) Compliance Policy

[Full policies are available on our website.](#)

## Manufacturing

Our production facilities are subject to federal, state, local and, in some cases, foreign environmental regulations related to the use, storage, handling, and disposal of regulated materials, chemicals, and certain waste from production processes.

In 2022, we did not receive any notices of violation or record any spills, fines, or sanctions for non-compliance with manufacturing or production laws or regulations. We experienced one non-material permit breach and immediately implemented countermeasures to prevent future issues.

## Data Privacy

We are subject to many privacy and data protection laws and regulations around the world, some of which place restrictions on our ability to process personal data across our business. In particular, the General Data Protection Regulation (GDPR) became effective in the European Union (EU) and the European Economic Area (EEA) in 2018 and the California Consumer Privacy Act (CCPA) and California Privacy Rights Act (CPRA) will take effect in 2023. These regulations create individual privacy rights for consumers, increase the privacy and security obligations of entities handling certain personal data, and require transparency and disclosure to data subjects on how their data is being used. Novanta currently complies with all relevant data privacy and security laws and regulations in the jurisdictions in which we operate. We keep abreast of new and developing legislations related to cybersecurity and data privacy and make plans to comply before new laws take effect.

## Cybersecurity

In the normal course of business, we may collect and store confidential and other sensitive information, including proprietary and confidential business information, trade secrets, intellectual property, sensitive third-party information, and employee information. To protect this information, we have developed and implemented continuous monitoring and detection programs, multi-layer defense architecture, encryption of critical data, and comprehensive security assessments protocols. Our cybersecurity program enables us to assess and mitigate cybersecurity risks (threats, vulnerabilities, and impacts) with customized measures and controls to protect and preserve the confidentiality, integrity and availability of our data and systems. We have established policies and procedures leveraging widely accepted industry standard cyber security frameworks like National Institute of Standards and Technology (NIST) to safeguard against cyber-attacks.

Furthermore, we perform penetration testing and engage third parties to assess the effectiveness of our security program. Additionally, we perform organization-wide cybersecurity awareness training multiple times a year and have established a multi-layer recovery plan of our information technology ecosystem to protect against business interruption. Our dedicated team of cybersecurity professionals utilize a variety of cyber protection tools and methods to monitor and enforce our cybersecurity controls and procedures. We also monitor current developments in the cybersecurity industry and adopt new tools and technologies deemed suitable to our environment in order to continuously enhance our cybersecurity profile. However, despite all of our efforts to strengthen our cybersecurity program, there is no guarantee that a significant cyber-attack will not occur in the future.

The Audit Committee and the ESG Committee of our Board of Directors are jointly responsible for the oversight of cybersecurity risks. The Audit Committee reviews and oversees quarterly the Company's cybersecurity risk management, associated control environment, policies, procedures, incident response plans, and external disclosures. The ESG Committee reviews and oversees quarterly the Company's



cybersecurity program strategy, including NIST cybersecurity frameworks implementation, management, and related investment matters. Finally, once per year, our Board of Directors reviews the Company's overall cybersecurity program and associated risk management.

We have experienced cybersecurity incidents in the past; however, to date, these incidents have not represented a material breach, nor have they had a material impact on our operations or financial results. Future cybersecurity incidents could have a material adverse effect on our business, reputation, financial condition, or operating results. Expenses incurred in connection with information security incidents have been immaterial for the years ended December 31, 2022, 2021, and 2020, respectively.

### 3.3 Responsible Procurement

We purchase manufactured components, raw materials, equipment, and services from a wide range of global suppliers for all of our businesses around the world. Our supply chain includes inputs to our medical and advanced industrial technology products, manufacturing equipment, logistics, packaging, information technology and much more. We are committed to purchasing from ethical suppliers and hold our supply base to the same ethical standards as we hold ourselves. In conjunction with our efforts to drive Novanta Way deeper into our daily activities, we consolidated the oversight of responsible procurement across Novanta businesses in 2022 along with tracking and measuring our performance based on a consistent set of internal ESG metrics. In addition, we incorporated "Environmental Management" and "Labor Rights" topics into our supplier on-boarding and re-certification audit process checklist.

We created a "Sustainable Supply Chain Roadmap" to harmonize our approach to responsible procurement and to ensure that we are working with suppliers with high environmental and social standards. As part of our roadmap, we require our key suppliers—defined as the top 80% of direct material suppliers by spend and critical material suppliers—to sign and adhere to our [Supplier Code of Conduct](#), which outlines our expectations of policies and procedures that they are expected to comply with. As a baseline, all suppliers must comply with all the relevant laws and regulations in the countries in which they operate. Our Supplier Code of Conduct provides additional guidelines on:

- Labor rights, including child and forced labor, wages, and discrimination;
- Occupational health and safety, including emergency management, injury, and illness;
- Environmental impact, including pollution and hazardous materials;
- Ethics, including anti-corruption and non-retaliation;
- Conflict minerals due diligence; and
- Regulatory compliance, including self-assessments and training.

Key suppliers are required to accept our Supplier Code of Conduct. As such, all key suppliers have agreed to our most recent version of the Supplier Code of Conduct from 2021. In addition, we surveyed all our key suppliers in 2022 to better understand their environmental practices, including ISO certification, external ESG reporting, and internal ESG policies. Based on these responses and evidence provided to Novanta, we developed an environmental risk rating for each supplier. We will continue to monitor our suppliers based on the risk ratings and will work with them to extend our expectation for environmental sustainability practices through our supply chain.

Looking ahead to 2023 and beyond, we plan to survey key suppliers for health and safety, ethics, and human rights practices on a regular basis and evaluate them on an ESG scorecard with risk ratings for each category.

### 3.4 Safety Standards

#### ISO Efforts

Novanta products are used in highly sensitive and technical contexts, including medical devices and industrial lasers. It is imperative, therefore, that our products meet the highest standards of safety and quality to meet our customers' needs. We pursue industry-standard ISO certifications, or their respective national versions, such as EN, DIN, and BS, for our facilities and systems across business units.

Novanta manufacturing facilities are ISO certified to ISO 9001 and/or ISO 13485. The majority of the ten major manufacturing facilities are certified under the ISO 14001 standard. Additionally, in 2022, three major facilities completed ISO 45001 certification, with the remaining facilities in process.

Standards we pursue	
For all products	For medical products
<ul style="list-style-type: none"> <li>• ISO 9001</li> <li>• ISO 14001</li> <li>• ISO 45001</li> </ul>	<ul style="list-style-type: none"> <li>• ISO 13485</li> <li>• CE Marking in the EU</li> <li>• FDA Approval in the U.S.</li> <li>• CFDA in China</li> <li>• PMDA in Japan</li> <li>• ANVISA in Brazil</li> </ul>

#### Product Quality and Safety

The quality and safety of our products is of utmost importance to us. We comply with all laws and regulations relating to product safety in each of the countries where we operate, including Code of Federal Regulations Title 21, Part 820 (QSR – Quality System Regulation) in the U.S. and the Medical Device Directive (MDD) and Medical Device Regulation (MDR) in Europe for medical devices. Our facilities strive to meet the highest global standards—we have already achieved ISO 9001, and half of our manufacturing sites have achieved ISO 13485 certification. The Novanta Growth System provides a common set of best practices and tools that enable us to meet high standards.

In 2022, we continued to design guidelines and processes to incorporate environmental sustainability aspects into product requirement documents during the design stages of new product development. Environmental considerations start there and are embedded in all phases of our product life cycles.

## 3.5 Risks and Opportunities

### Effective Management of Risks and Opportunities

Risks and opportunities are inherent in all aspects of our business activities and embedded in our routine management decision-making. Effective management of these risks and opportunities is critical to our success as a strategic supplier to our customers, a key customer to our suppliers, a trusted employer to our employees, and a good investment to our investors.

The Novanta Leadership Team leads the overall risk management program at Novanta. Business unit General Managers and their leadership teams and corporate functional leaders are responsible for the execution of the respective components of the risk management program.

Our risk assessment is updated annually based on changes in the overall economic environment and specific trends affecting Novanta businesses and our strategic goals. Material risks are disclosed under Part I, Item 1A. *Risk Factors*, of our annual report on Form 10-K filed with the Securities Exchange Commission (SEC). Short-term market dynamics are analyzed and discussed as part of our quarterly business operating reviews to address any new or emerging risks and opportunities that need to be taken into account to deliver on our annual and strategic goals. Key Performance Indicators (KPIs) are developed, agreed to, and monitored in response to any significant adjustments made to the original action plans. If any new material risk is identified in our quarterly review processes, we will add appropriate disclosures in our quarterly report on Form 10-Q filed with the SEC.

### Enterprise Risk Assessment

Our independent Internal Audit function performs an annual update to Novanta's enterprise risk assessment by conducting interviews of various senior leaders within the Company. The risk management program is designed to engage Novanta leaders, including both corporate leadership and business unit leadership, in identifying, monitoring, and managing key risks and opportunities that affect our business and the execution of our strategic initiatives. All risks are ranked based on both the likelihood of occurrence and the severity of the potential impact. The results of the risk assessment are summarized and reviewed by the Novanta Leadership Team. Based on the updated risk assessment, internal audit plans are developed to evaluate and monitor management's processes and controls around the higher ranked risk areas. Internal audit plans and risk assessments are then reviewed and approved by the Audit Committee of the Board of Directors.

Beginning in 2021, we expanded the existing risk management program to incorporate a broader ESG assessment and a specific climate-related risks and opportunities assessment, utilizing the recommendations of the TCFD and SASB's Sustainability Accounting Standards for Electrical & Electronic Equipment industry and Medical Equipment & Supplies industry as key inputs to this process with respect to our identification, assessment, and monitoring of climate-related risks. We evaluate both the likelihood and the potential impact of risks and opportunities relevant to our business over the short-, medium- and long-term time horizons to help guide us in setting priorities to manage identified risks. The results of these assessments are reviewed with the ESG Committee of the Board.

### Climate Risks and Opportunities

The complex and quickly evolving regulatory landscape around environmental, social and governance reporting and the governmental laws and regulations to reduce greenhouse gas emissions worldwide present significant challenges and risks. We will need to commit resources to navigate through the complex and evolving reporting requirements across different regions of the world. For example, the

proposed climate-disclosure rules from the SEC and the Corporate Sustainability Reporting Directive (CSRD) promulgated by the EU impose significant additional reporting obligations, which are expected to increase our compliance costs. Additionally, we anticipate that various governments around the world will impose various levies on carbon emissions and that we will incur significant additional costs to achieve our net-zero emissions goal over the long term.

One of the highest-ranked climate-related risks stems from certain medical products that we produce and sell to our medical OEMs. Our medical insufflators require the use of CO<sub>2</sub> gas by hospitals in order to create the space within patients' body cavities for surgeons to perform minimally invasive surgery procedures. CO<sub>2</sub> is the only gas safe for use in the human body due to the high physiological compatibility of this gas type. As a result, hospitals cannot avoid the release of CO<sub>2</sub> gas into the atmosphere from the use of our insufflator technology. Further, single-use medical consumable products for our medical insufflators and pumps play a significant role in patient safety because of the vital hygiene considerations and outcomes. However, at the end of their use, even when disposed of properly by end users, they have a negative impact on the environment. In collaboration with a reputable sustainability research institution in Berlin, we previously analyzed reusable tube sets as an alternative to single-use plastic tube sets that can be used with our medical pump technology. Since the production of heat resistant materials for the tube set (autoclavation at 273°F/134°C), the hygienic preparation after surgery and the autoclaving of a reusable tube set in the hospital are so energy-intensive, coupled with the environmental harm from the required cleaning chemicals, that it was concluded that it is not only safer for the patient, but also more environmentally friendly, to use a disposable tube set during surgery.

We plan to develop strategies to continuously improve how we manufacture and distribute our products, aiming to reduce the negative environmental impact from such medical consumables in their product lifetime. For example, we acquired a medical consumable manufacturing business in Europe during 2022. One of the strategic benefits from this acquisition is the shortening of our distribution channel for our medical consumables to key customers as well as the optimization of the supply chain from raw materials subcomponent production, assembly, packaging to sterilization, leading to future reduction in greenhouse gas emissions from our downstream product distribution. Additionally, we have also launched our NovantaSUSTAIN new-product development model to embed environmental requirements into our new-product development processes.

Another of the highest-ranked climate-related risks is the potential disruptions to the business operations of our facilities and our suppliers and customers as a consequence of energy supply shortages or damages from extreme weather conditions and natural disasters caused by global warming. While the risk is inherent and unavoidable in nature, we are developing strategies to mitigate the risk to the extent possible by identifying alternative suppliers and distributors, sourcing raw materials from different supplier and distributor locations, modifying our product designs to allow for alternative components to be used without compromising quality, performance, or other requirements, in-sourcing production of parts, and installing power generation equipment where feasible.

With the heightened focus on climate change, we also identified growth opportunities in product offerings in green technology applications, such as electric vehicles, robotics, solar, and energy storage, such as batteries. Several of our existing businesses are already supplying components to OEMs in this space, and we continue to invest in new product development targeting and expanding our presence in these applications.

## Insurance Program

We maintain comprehensive insurance programs to best protect the Company from various identified enterprise risks through careful evaluations of the risks and the related cost and benefit of third-party insurance policies. Our insurance programs currently include, among others, general liability, workers compensation, business interruption, professional liabilities, employment practices, cybersecurity, global cargo, property and casualty, global pollution, and directors' and officers' insurance.

## 4 Social

### 4.1 Our People

We believe that our employees are our most important asset. The CHRO is responsible for developing and executing our human capital strategy. This includes the acquisition, development, and retention of talent to deliver on our strategy as well as the design of employee compensation and benefits, and diversity, equity, and inclusion initiatives. The CEO and the CHRO regularly update our board of directors on the operation and status of these human capital activities, including, but not limited to, talent management, talent development, and succession planning. As of December 31, 2022, we employed approximately 3,000 people, of which approximately 44% were in the United States, 46% in Europe, and 10% in Asia. We win with our customers by delivering new technology innovations through our engineering teams of approximately 600 employees.

Safety is paramount and one of the many ways we support our teams. At the height of COVID-19 pandemic from 2020 to early part of 2022, in addition to providing enhanced access to our employees for their health and safety needs, including on-site medical offices in our major facilities and visiting healthcare practitioners, our on-site COVID-19 steering committees were responsible for establishing health and safety protocols at each significant facility. These committees created locally appropriate guidelines for employees based on national regulations, advisories, and circumstances.

In 2022, we encouraged employees to return to on-site working to promote in-person collaboration. This approach helps us promote a sense of trust among our teams, which is underpinned by our values and supported by our culture. We also strive to promote a culture where employees feel a sense of belonging and community through our diversity, equity, and inclusion work. Equally important, we strive to keep our people stimulated and engaged by setting high standards and providing ongoing learning and development opportunities.

In 2022, we launched an internal assessment of our own operations to ensure we are adhering to human rights standards set forth in our Code of Business Conduct and Human Rights Policy. We assessed all Novanta business units and sites for compliance with these policies including:

- Human Rights Reporting
- Employee Health & Safety
- Working Conditions
- Social Dialogue
- Career Management & Training
- Child Labor, Forced Labor & Human Trafficking
- Diversity, Discrimination & Harassment

We plan to conduct annual assessments of Human and Labor Rights in our own operations.

### 4.2 Environmental, Health, and Safety

#### Health and Safety

The health and safety of our employees is our top priority. We utilize an Environmental, Health and Safety (EH&S) system that is customized to each production location based on local conditions. Three of our production locations have been certified to ISO 45001 and eight production locations have been certified

to ISO 14001. Novanta manufacturing sites have EH&S representatives, who are charged with the responsibility of maintaining the Company's EH&S standards. The EH&S program is responsible for carrying out regular health and safety risk assessments, addressing any incidents that occur, and making process improvements to reduce hazards. In 2022, we formed a global EH&S council with representatives from various business units to share best practices, knowledge, and management tools.

## NovantaWELL

NovantaWELL, our global health and wellness resource center on our intranet site, provides a central information hub for all employees, with country-specific information on physical and mental health, as well as financial wellness. The portal offers education, such as tips on stress management, employee assistance programs, tools for mindfulness reminders, and coaching on subjects like exercise routines and nutrition. It also provides the latest guidance on salient health topics like COVID-19 and the flu.

Through NovantaWELL, to support our employees through the ongoing challenges caused by the pandemic, we conducted anonymous surveys and solicited employee feedback from Novanta locations in the U.S., Germany, and the Czech Republic in 2021 and 2022 to help provide suggestions to senior leadership on measures to reduce stress and enhance mental health.

## 4.3 Diversity, Equity, and Inclusion

Research shows that diverse, equitable, and inclusive organizations outperform other companies. Novanta has firsthand experience with this. Diversity, equity, and inclusion are embedded into our strategic framework and The Novanta Way. We are developing a corporate culture where diversity, equity, and inclusion are intrinsic to our ways of working and where our leaders lead by example. To mainstream DEI across our business units, each business unit's General Manager and Human Resources Business Partner are accountable for integrating DEI into their culture. We carry out a quarterly review with business unit leaders to assess progress on our DEI goals.

In 2021, we hired a Vice President of Leadership Development and Diversity, Equity, and Inclusion and codified our DEI True North framework articulating our long-term DEI aspirations. Our True North framework consists of four aspirations that will guide our journey and actions for the next several years.

They are:

- We are Diverse
- We are Equitable
- We are Inclusive
- We are Lifelong Learners

These aspirations guide how we act with each other, our suppliers, and customers, and in the communities where we work and live. They serve as a reminder that our success is interdependent on the world and people around us.

Our DEI goals are to:

- Cultivate a welcoming, diverse, equitable, and inclusive culture where all employees experience a sense of belonging and are lifelong learners.

- Increase the representation of women and people from underrepresented groups at all levels of the organization so our workforce reflects the demographics of the local communities where we are based.
- Actively engage with and support community organizations and business enterprises owned by people from underrepresented groups.

## DEI Targets

Our internal DEI targets are to:

- Advance our maturity level on the Global Diversity Equity Inclusion Benchmark maturity model;
- Enhance engagement by increasing Inclusion and Belonging scores on employee surveys;
- Increase the number of women, people of color (POC), and underrepresented ethnicities in leadership positions;
- Increase the representation of historically excluded talent at all levels through the hiring, retention, and promotion of employees from underrepresented groups; and
- Increase the number of employees utilizing PTO to volunteer and provide community service.

In 2022, we made significant progress towards our DEI targets. We increased the representation of women globally, underrepresented groups in the U.S., and underrepresented groups in U.S. leadership roles. We also nearly doubled the number of women who were promoted over the previous year.

## Culture Council

Our Culture Council is comprised of employees with diverse identities, backgrounds, and job positions from our various business units. The Council provides governance on our Employee Resource Group (ERGs) and Working Teams, advises the Novanta Leadership Team, and helps execute DEI initiatives. In 2022, Novanta launched one new ERG and scaled our two existing ERGs. Unconscious bias training was rolled out to 1,400 employees across our global sites with the help of our Culture Council's Localization & Deployment and Learning & Development Working Teams. These teams also played a critical role in ensuring our DEI education was customized and contextualized for employees across cultures and learning styles. Council members also collaborated with business units to achieve our community outreach goal (see below for more).

## Diverse Recruitment

We are actively taking steps to improve the diversity of our workforce beginning at the recruitment stage. In 2021, we launched a new six-step diverse recruitment strategy to widen our pool of potential applicants. This included the creation of gender-neutral job postings, using recruiting platforms that include more diverse candidates, partnering with academic programs to build a diverse recruiting pipeline, and more. In 2022, we attended job fairs for women and minority professionals hosted by organizations like the National Society of Black Engineers (NSBE) and the Society of Women Engineers (SWE). We partnered with NSBE to sponsor an internship program and hired 24 young professionals as college interns and full-time employees. In 2022, we achieved our goal of over 50% representation from women and underrepresented candidates in the final interview slates.



## Employee Resource Groups

Novanta hosts three ERGs:

- Women's ERG
- Multicultural and International ERG
- Novanta Professionals Network

ERGs provide support to employees in the areas of both personal and career development. They also help create a safe space where employees can bring their whole selves to work. In 2022, our ERGs brought employees together for educational and informational activities, including lunch and learn events, recruitment sessions, wellness events, and celebratory activities. Our ERGs have grown rapidly since launching in 2021 with regional chapters at all significant Novanta sites.

## Employee Engagement

We believe that our employees should have a meaningful role in helping us to develop our culture. We utilize survey feedback mechanisms for employee engagement and organizational health to measure our current situation and gain insight into areas where we can improve. We have conducted surveys of our entire employee population in the last five years, and we compare our employee engagement and organizational health scores against benchmark populations with our survey vendors. Our employee satisfaction score in 2022 was 90% of the benchmark score. This is an improvement of 3 percentage points compared with 2021. Following each survey cycle, we review the results with our teams and develop specific action plans across the Company based on the direct feedback we receive from the survey. We are executing on our action plans with the expectation to improve our overall organizational health and employee engagement.

## Benefits

We strive to recruit and retain the best talent by creating a welcoming working environment and attractive benefits package commensurate with the local employment market. For example, full-time employees in the U.S. are offered a multitude of benefits, including:

- Comprehensive medical, dental, and vision coverages for employees and qualified dependents;
- Health Savings Account with an annual employer contribution and Flexible Spending Account;
- 24-hour telemedicine services for all employees and their dependents for acute and behavioral health services;
- Access to an on-site health clinic at our Bedford, Massachusetts and Mukilteo, Washington sites and virtual health coaches;
- Employee Assistance Program and an online mental health support app;
- Company-provided life, accidental death or dismemberment, and long-term disability insurance;
- Up to 16 weeks of paid parental or family leave;
- Up to 20 weeks of paid medical leave;
- Optional voluntary and supplemental insurance plans;
- 401(k) retirement savings plan with a competitive matching program;
- Competitive paid time-off program for non-exempt employees;
- Flexible paid time-off program for exempt employees which offers unlimited paid time-off based on employees' needs and their manager's approval;
- Back-up care support for child, adult, and elderly care; and
- Tuition reimbursement for job related studies.

Similarly, our full-time employees located outside of the U.S. are offered competitive benefits that are consistent with market practices and local regulations.

#### **4.4 Training and Leadership Development**

We provide a suite of both mandatory safety and regulatory compliance training courses, designed to empower our employees with the knowledge and tools they need to make safe choices and to mitigate risks. We also offer both mandatory and optional leadership development training courses to help our team to continuously grow.

In 2022, we conducted global training courses on our culture and business tools, occupational health and safety, compliance, and cybersecurity. Through our internal learning platform, Novanta University, we conducted our second Digital Learning Week in 2022, welcoming more than 4,200 participants and offering approximately 30 different training sessions in multiple languages.

In addition to Novanta University, we utilize our Novanta Growth System, which provides processes, tools, and trainings with a focus on continuous improvement.

In 2022, we made further investments in leadership development and diversity, equity, and inclusion. Approximately 90% of our top leaders successfully completed our global coaching and leadership development program which included the completion of Individual Development Plans (IDPs). Additionally, we launched a Leadership Development program targeting front-line and mid-level leaders. Numerous DEI educational events were delivered throughout the year. This included providing voluntary Unconscious Bias training to over 80% of our professional employees, Inclusive Leadership Masterclasses for our people leaders, and Culture Mapping training for our employees around the globe.

We also launched Leading for the Future—an educational program designed to help leaders better communicate with their teams. Leaders across Novanta were provided with a toolkit with interactive material to lead their teams in workshops covering strategy, working across cultures, and transformational leadership.

#### **4.5 NovantaCARES**

In 2022, we formalized our company-sponsored volunteering program, NovantaCARES. We provide every employee with one paid day-off per year to volunteer at non-profit organizations supporting social charities or the environment. We set a Novanta-wide goal of completing 250 community service days by the end of 2022 and 500 by the end of 2023. In 2022, we surpassed our goal, completing 314 community service days. Our NovantaCARES team partnered closely with the Culture Council to encourage employees to participate around the world, in support of communities in need and the environment.

At many of our sites, local leaders and Culture Council members organized volunteering events. Employees could volunteer for non-profit organizations or environmental cleanup activities in their local community, provided that they meet our criteria for a legitimate charitable organization or environmental cleanup activities. These criteria are published on our intranet site, along with a list of vetted non-profit organizations in each of the eight countries where we operate.

Examples of some successful events held by our sites in 2022 included:

- A volunteering event held at our Bedford, Massachusetts location on Earth Day, April 22nd. Over 60 volunteers participated in a litter clean-up near our Bedford facility. The team collected over 1,600 pounds of trash from around the property and the neighboring wetland area and highway. Waste collected included plastic, metals, lumber, tires, and more.
- A team of employees from Laser Quantum in Stockport UK participated in an 8 mile walk for charity around Carsington Water—a reservoir near the Peak District National Park in England in a fund-raising event for Alzheimer's Research UK. The group set a target of raising £200 sponsorship per walker. They exceeded their target sponsorship by over 100%, raising a total of £2,028 for the charity, a sum which Novanta matched in addition.
- From October to December 2022, the Women's ERG in Germany invited colleagues from Berlin to support the Spendenbrücke (donation bridge) Ukraine at the former airport at Berlin-Tempelhof. Over four days, 37 volunteers sorted countless baby socks, folded an almost inexhaustible mountain of donated clothes for both children and adults. The volunteers also checked, categorized, and packaged a variety of donated food items.

## 5 Environment

We establish and maintain our Environmental Management System at all our locations based on the leading best-practice ISO 14001 standard.

Our products benefit society by streamlining existing processes, saving time, and saving lives. At the same time, we recognize that our operations directly impact the environment by consuming energy and generating waste. We are working diligently to reduce our impact across our facilities through process improvements, efficiency programs, and supplier partnerships with the aim of being carbon neutral by 2050.

To this end, we have challenged each of our manufacturing sites to reduce their environmental impact in the categories below. As part of our Novanta Way culture of trust and ownership, how they approach the challenge is left up to the local leadership at each site.

### 5.1 Our Environmental Goals

In order to meet our ambitious goal of being carbon neutral by 2050, we have set the following short-, medium-, and long-term environmental goals. We plan to reset our goals to include future acquisitions in the fiscal year following the year in which the acquisition(s) are consummated. Each business unit or site commits to these goals but decides for itself what measures need to be taken to achieve them.

#### Emissions

We are committed to establishing initiatives that contribute to global efforts to limit planetary warming to 1.5 °C above pre-industrial levels. Our short-, medium-, and long-term plans are as follows:

- **Short-term (next 5 years):** Novanta published its Scope 1 and Scope 2 GHG emissions for the first time in our 2021 ESG Report and pledged an aggregate 15% reduction in our Scope 1 and Scope 2 GHG emission intensity from our 2021 baseline by the year 2026 (both normalized to annual revenue and excluding future acquisitions).

In 2022, we achieved 14% reduction in GHG emission intensity (measured as metric ton of CO<sub>2</sub>e per million dollar of revenue) from our 2021 baseline on an Organic basis, including all the same sites as those within our 2021 reporting scope, i.e., all facilities with more than 10 people and without any sites from the two business acquisitions consummated in August 2021.

As a result of the inclusion of our 2021 acquisitions in our 2022 GHG emissions inventory, we are resetting our base year to 2022, which included both ATI Industrial Automation, Inc. (ATI) and Novanta Motion that we acquired in August 2021 as well as all small sites that had 10 people or less.

Our new goal is to pledge an aggregate 15% reduction in our Scope 1 and Scope 2 GHG emission intensity from our new 2022 baseline by the year 2027 (both normalized to annual revenue and excluding future acquisitions).

- **Medium-term (5 to 15 years):** We plan to reduce our Scope 1 and Scope 2 GHG emissions by an average of 5% annually, on a rolling base year basis in case of any future business acquisitions or divestitures.
- **Long-term (+15 years):** Our goal is to achieve a target of net zero GHG emissions by 2050.

### Renewable Electricity Procurement Initiative

The quickest and most impactful way that Novanta can reduce our Scope 2 emissions is to switch from fossil fuel-based electricity sources to clean and renewable electricity sources.

- In 2021, we set the goal of sourcing at least 90% of our electricity consumption from clean or renewable sources at our manufacturing facilities. As we continue to work on this goal, we are facing availability limitations for renewable electricity at our international facilities in the current volatile energy market. At some locations, there are no quality and reliable opportunities available for us to procure renewable electricity. We will continue to seek and evaluate opportunities to purchase renewable electricity that meet our quality standards. Although we have not experienced material adverse financial impact from our renewable energy procurement to date, there is no assurance that the cost of renewable electricity will not become more significant in the future.

### Waste Reduction Initiative

Our goal is to conserve natural resources by avoiding waste in the long term, thus promoting the protection of people and the environment.

- We will raise awareness of waste prevention and reduction with our customers, vendors, employees, and other stakeholders.
- We will establish Avoid, Reduce, Reuse, and Recycle programs at all sites.
- We intend to reduce waste sent to landfill by 2% per year.

### Paper Reduction Initiative

Our goal is to track and reduce our paper consumption at our facilities. As we believe paper production and consumption have an impact on global warming, we have established paper use reduction programs.

- We will purchase recycled or eco-friendly paper where available. We intend to reduce the use of non-renewable and non-eco-friendly paper by 10% per year.
- We will expand our adoption of digital solutions as part of our initiative to reduce paper consumption.

## 5.2 Climate and Energy

### GHG Emissions

In our 2021 ESG report, we defined our reporting boundary to include all active sites with 10+ people and exclude businesses acquired in 2021. In our 2022 ESG report, we expanded our reporting boundary to include all Novanta sites, regardless of size, and included the full-year 2022 GHG inventory from the businesses acquired in 2021. However, as explained at the beginning of this report, we excluded the partial-year GHG inventory from our 2022 acquisition.

To allow for meaningful comparisons and show progress towards our goals, please read the following definitions for the terms we have used in the quantitative presentation of ESG data in this report and refer to [Appendix C](#) for a more detailed description of the scope, boundaries, and methodology of our GHG inventory.

- 2021 Inventory** – The term “2021 Inventory” refers to the GHG data reported in our 2021 ESG report. As disclosed in Appendix C, “Boundaries and Methodology,” to our 2021 ESG Report, we excluded both Novanta facilities with fewer than 10 employees on site and the businesses acquired during 2021. Additionally, our 2021 data presented below has been restated from the prior-year presentation for consistency with our 2022 presentation herein, which excludes biogenic CO<sub>2</sub> and HCFCs from Scope 1 GHG inventory as they are required to be reported separately in accordance with the GHG Protocol.
- 2022 Organic GHG Inventory** – We use the term “Organic GHG Inventory” to refer to data gathered and calculated for all sites that were included in our reporting boundaries in the preceding year. Specifically, our 2022 Organic GHG Inventory represents our 2022 GHG inventory from all sites with 10+ people and excludes the emissions from the businesses acquired in 2021. This presentation aims to show the “organic” changes in our GHG inventory from 2021 to 2022 and the effect of our GHG reduction efforts.
- 2022 Reported GHG Inventory** – We use the term “Reported GHG Inventory” to refer to data gathered and calculated for all Novanta sites including all businesses acquired in the prior year but excluding businesses acquired in the current year. As such, our 2022 Reported GHG Inventory includes the full-year impact from our 2021 acquisitions as well as the smaller Novanta locations previously excluded from our 2021 reporting boundary.

Our GHG emissions profile for the full year 2021 and 2022 is summarized in the table below:

	2021	2022			2022		
	GHG Inventory	Organic GHG Inventory			Reported GHG Inventory		
	2021 mt CO <sub>2</sub> e	2022 mt CO <sub>2</sub> e	mt CO <sub>2</sub> e change*	Percent change*	2022 mt CO <sub>2</sub> e	mt CO <sub>2</sub> e change*	Percent change*
<b>Scope One</b>	1,292	1,195	(97)	-8%	1,360	68	+5%
<b>Scope two</b>	4,196	4,096	(100)	-2%	4,854	658	+16%
<b>Total (market-based)</b>	<b>5,488</b>	<b>5,291</b>	<b>(197)</b>	<b>-4%</b>	<b>6,214</b>	<b>726</b>	<b>+13%</b>

\* mt CO<sub>2</sub>e change and percent change for both the Organic and Reported 2022 GHG Inventory are in comparison to the 2021 GHG Inventory.

The following table illustrates the impact of our 2021 business acquisitions and smaller sites with 10 people or less on our total Scope 1 and Scope 2 emissions for the full year 2022:

	2022	2022		
	Organic GHG Inventory	Reported GHG Inventory		
	2022 mt CO <sub>2</sub> e	2022 mt CO <sub>2</sub> e	Impact in mt CO <sub>2</sub> e	Percentage Impact
<b>Scope 1</b>	1,195	1,360	165	+14%
<b>Scope 2</b>	4,096	4,854	758	+19%
<b>Total (market-based)</b>	<b>5,291</b>	<b>6,214</b>	<b>923</b>	<b>+17%</b>

The GHG inventory presented above are shown in metric tons of carbon dioxide equivalence (mt CO<sub>2</sub>e). We do not have any Scope 1 or Scope 2 emissions from either perfluorochemicals (PFCs) or sulfur hexafluoride (SF<sub>6</sub>). Without the global warming potential (GWP) applied, total emissions from methane (CH<sub>4</sub>) amounted to 1.6 metric tons and emissions from nitrous oxide (N<sub>2</sub>O) and hydrofluorocarbons (HFCs), respectively, totaled less than one metric ton each. Emissions from hydrochlorofluorocarbons (HCFCs) and biogenic carbon dioxide (CO<sub>2</sub>) are excluded from the GHG inventory presented above but amounted to less than one metric ton and 72 metric tons, respectively, without the global warming potential (GWP) applied.

In 2022, Novanta engaged LRQA Inc., an independent ISO and GHG emissions inventory audit firm, to verify our Scope 1 and Scope 2 GHG emissions data for the full year 2022. Please refer to Appendix D for LRQA's limited-assurance verification report.

### Future of Novanta's GHG Inventory

As business acquisitions are a critical component of Novanta's growth strategy, we have decided to adopt a rolling base year methodology for our GHG emissions reporting in order to maintain the integrity and transparency in our reporting of the progress towards our short-, medium-, and long-term emissions reduction goals. When we have a business acquisition in any calendar year, we do not include GHG emissions from the newly acquired business in our GHG inventory in that year because it is often impracticable to collect all the required information for accurate and reliable reporting. Instead, we will start including the newly acquired business in our GHG inventory starting in the first full year immediately following the acquisition date and will use that year as our new rolling base year for future reporting.

For example, we acquired two businesses during the third quarter of 2021 and excluded the GHG emissions from both businesses from our 2021 GHG inventory. The full-year 2022 GHG inventory from both of these acquisitions have been included in our 2022 Reported GHG Inventory. Therefore, we will use 2022 as our new rolling base year for setting our future GHG emissions reduction goals.

At Novanta, we recognize the impact of our footprint on the environment and the importance of tracking and reducing our GHG emissions. Today, our reporting and progress is largely measured based on Scope 1 and Scope 2 GHG emissions. We recognize that our full carbon footprint would also include Scope 3 GHG emissions, which is why we have specific initiatives around product development, product strategy, and manufacturing process improvement. We are currently developing plans to define the scope, tools, and methodologies for measuring our relevant Scope 3 GHG emissions. We plan to begin to include relevant Scope 3 GHG emissions in our ESG report by 2026.

## Energy Sourcing

In 2021, Novanta set a long-term goal to source 90% of our electricity consumption from renewable sources. In 2022, we began our efforts by engaging with the utility providers already in place and switching to a renewable supply in each location where it was available. This effort enabled us to increase our renewable energy supply to 46% of consumed grid electricity and 36% of total consumed energy. Similar to the GHG emissions data, progress in this area is diluted by the expanded scope of environmental data collected.

	2021	2022 Organic	2022 Reported
<b>MWh   % change*</b> <b>Electricity Consumption</b>	18,856	18,907   +<1%	21,210   +12%
<b>% Renewable   % change*</b> <b>Electricity Consumption</b>	36%	52%   +16%	46%   +10%
<b>MWh   % change*</b> <b>Total Energy Consumption**</b>	23,961	24,307   + 1%	27,569   +15%
<b>% Renewable   % change*</b> <b>Total Energy Consumption**</b>	28%	40%   +12%	36%   + 8%

\* % change shown in both "Organic" and "Reported" columns is in comparison to 2021.

\*\* Total energy includes electricity, purchased heat, and stationary combustion.

In 2022, we started a global energy reduction initiative with a focus on sharing best practices, collaboration and knowledge sharing across the business units to help achieve our energy reduction goals at each location.

## 5.3 Environmental Management

### Waste

As part of the ISO 14001 environmental management standard, we follow the "reduce, reuse, and recycle" hierarchy to guide our waste management practices. All of our sites have been challenged to reduce waste in their operations, including reducing single-use items in their breakrooms, printing of paper documents, as well as reducing other types of process waste such as metals and chemicals in our production facilities. As a minimum, all of our sites follow local regulations on waste disposal and recycling, but many of our sites have gone the extra mile to offer employees additional opportunities to recycle, including providing drop-off points for textile and shoe recycling, battery recycling, and paper shredding. On electronic waste, we comply with the European Waste Electrical and Electronic Equipment Directive (WEEE), which mandates the collection and recycling of electric and electronic equipment at our sites in Europe.

- Examples:
  - In 2022, in an effort to be more efficient with our resources, we have migrated our phone service to Voice-over-Internet (VOIP) calling. This helped the Company eliminate physical phones, reducing the purchase of electronics, reducing the purchase of supporting server infrastructure, reducing our electricity usage, and reducing our costs.
  - In 2022, across all sites, our teams recycled hundreds of desktops, laptops, printers, servers, and monitors.



## Hazardous Waste

We have detailed procedures for managing hazardous waste at our facilities, aligned with guidelines from the Globally Harmonized System. We also follow local guidelines where relevant, such as the Toxic Substances Control Act in the U.S. and the Inventory of Existing Chemical Substances in China. We recycle hazardous waste through third-party waste management partners.

## Water Usage

Through Novanta's initial ESG assessment in 2021, we have determined that water usage, intensity, and source are not items requiring detailed tracking for Novanta at this time as a result of the low water usage levels from our operations. In the years to come, Novanta will continue to monitor water usage, water intensity, and water source.

## Land Cover & Land Use Practices

Through Novanta's initial ESG materiality assessment and risk analysis in 2021, we determined that Land Cover and Land Use Practices are not items requiring detailed tracking for Novanta at this time. In the years to come, Novanta will continue to monitor land use practices.

## Physical Risks<sup>1</sup>

Novanta has worked with our insurance carriers to evaluate the physical risks that may affect our facilities, taking coastal and flood risk areas into special consideration. Through these evaluations, Novanta has maintained appropriate levels of insurance coverage to help minimize the financial consequences of catastrophic events that might occur. In 2022, we have not had any catastrophic physical events that have caused major business disruptions to our facilities. However, there is no assurance that such catastrophic physical events will not occur in the future. Novanta will continuously monitor our physical risks and enhance our risk response action plans as part of our ISO 14001 certification and compliance initiative.

## 5.4 NovantaSUSTAIN

Customers are increasingly seeking sustainable products. We believe that developing sustainable products must begin at the design stage where product materials and lifecycle considerations can be built in from the start. We also seek solutions to reduce our impact during manufacturing and expand the useable lifespan of products, often in partnership with customers. Sustainable product lifecycle management activities are undertaken by our new NovantaSUSTAIN program.

In regard to 'green' industry segments, our robotic tool changer technologies are presently used in robotic manufacturing processes in electric vehicle production; our beam steering technologies are used in laser scan heads for eMobility product manufacturing processes for batteries and fuel cells for electric vehicles as well as solar cells for renewable energy products; and our digital scanners are used in additive manufacturing processes.

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<sup>1</sup> Risks associated with extreme weather, climate change and other physical impacts.

## Product Design

NovantaSUSTAIN is part of our New Product Innovation Toolbox (the “NPI Toolbox”) which is integrated into our Novanta Growth System. The NPI Toolbox was launched in 2021 to take environmental sustainability into account from the requirements definition stage of a new product to its commercial launch. NovantaSUSTAIN provides an in-depth overview of best practices for environmentally responsible product design, as well as internal resources engineers can access throughout the design process. All new projects begin with templates for systematically capturing stakeholder and system requirements. This set of templates includes a mandatory environmental requirements checklist. Focus areas include, for example, energy efficiency, transport efficiency, material use, product lifecycle management, packaging design, distribution, service, and repair. Given the breadth of Novanta’s product portfolio, rather than setting blanket environmental standards, products are required to make improvement on their previous versions. That said, requirements remain flexible for product development teams so they can prioritize product quality, safety, and environmental sustainability. During the design validation stage, product prototypes must be checked against those initial requirements to confirm that they meet all listed needs.

For some products in our laser and medical businesses, we have reduced the number of components or marked relevant components of the product to indicate the type of material used for easy recycling at the end of the product life cycle. In one example, we collaborated with a customer in our Vision segment to reduce the environmental impact from our product. We were able to eliminate the entire physical product including the housing, power supply, and all electronic parts and just deliver the software to meet the customer’s needs.

Looking ahead, we plan to continue to develop NovantaSUSTAIN with webinars, internal and external subject matter experts (SME), and trainings, and to build company-wide awareness of the NPI toolbox. We are also engaging with customers and suppliers to better understand how they measure their own carbon footprints to help inform our future Scope 3 emissions measurement.

## Manufacturing

Our manufacturing teams also look for ways to make processes more sustainable. We do this proactively and also in direct response to customer requests. For example, we worked with one customer to eliminate the use of etched glass and replaced it with laser-marked metal, which is easier to recycle. We now offer the metal component to other customers as a more sustainable option as well.

## Packaging

We seek opportunities to reduce the carbon footprint of our packaging wherever possible, without impacting the protection of products during shipping. We conduct packaging reduction and reuse pilot projects internally and with our suppliers and customers.

For example, our Laser Quantum business unit reduced its reliance on single-use plastic tape for packing and shipping boxes by using paper-based tape on some of its shipments. The new tape is strengthened with natural fibers and uses a water-based adhesive, making it easier to recycle downstream. The business unit has installed two machines that can apply the new tape.

## 6 ESG Metrics and Targets

SASB Index	
Electrical & Electronic Equipment and Medical Equipment & Supplies	
SASB Metric	2022 Disclosure
<b>RT-EE-130a.1</b> (1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	(1) 99,240 Gigajoules (Gj) of total energy* consumed (2) 77% of total energy consumption sourced from grid electricity (3) 36% of total energy consumption sourced from renewable sources * Total energy includes electricity, purchased heat, and stationary combustion.
<b>RT-EE-150a.1</b> (1) Amount of hazardous waste generated (2) Percentage recycled	(1) 226 metric tons of hazardous waste were generated in 2022. The overall decrease from 2021 to 2022 is a result of a partial closure of one of our manufacturing facilities. (2) We have not been able to collect evidence of recycling practices from all of our sites. However, through the sites at which this information is available, we have been able to confirm that approximately 18% of the 226 metric tons of hazardous waste generated in 2022 was recycled.
<b>RT-EE-150a.2</b> (1) Number and aggregate quantity of reportable spills (2) Quantity recovered	In 2022, Novanta had no reportable spills as defined by the U.S. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).
<b>HC-MS-240a.1</b> Ratio of weighted average rate of net price increases (for all products) to the annual increase in the U.S. Consumer Price Index	As this reporting metric is included in the U.S. Consumer Price Index and Novanta's business is business-to-business (B2B), we do not consider this disclosure to be relevant to our business.

<p><b>HC-MS-240a.2</b></p> <p>Description of how price information for each product is disclosed to customers or to their agents</p>	<p>Novanta sells a large variety of components and subsystems to medical and advanced industrial OEM customers, including medical insufflators, pumps, light sources and video couplers, gamma probes, related accessories and disposable products, and visualization solutions for minimally invasive and robotic surgery; barcode scanning, RFID readers and machine vision cameras; components and subsystems for laser-based diagnostic, analytical, micromachining, and fine material processing applications; miniature precision optical encoders, robust inductive encoders, energy-efficient motors, high-performance servo drives, high-speed air bearing spindles and integrated mechatronic solutions; and robotic end-of-arm technologies (end-effectors), robotic and automated solutions for automatic tool changing, force-torque sensing, and material removal (for more details, visit <a href="http://Novanta.com">Novanta.com</a>). Novanta is a trusted technology partner to medical and advanced industrial OEMs. Business units negotiate price, volume, delivery times, incoterms, payment terms, limitations of liability, and lead times with OEMs. Price negotiations may be based upon a variety of factors, such as level and cost of customization, nature of the application, cost of manufacturing, volume, terms and conditions, long-term commitments, and duration of product life cycle, and are generally documented in executed contracts, purchase orders, supply agreements, and term sheets.</p>
<p><b>RT-EE-250a.1   HC-MS-250a.1</b></p> <p>(1) Number of recalls issued (2) Total units recalled</p>	<p>1) Zero 2) Zero</p>
<p><b>RT-EE-250a.2</b></p> <p>Total amount of monetary losses as a result of legal proceedings associated with product safety</p>	<p>Zero</p>
<p><b>HC-MS-250a.2</b></p> <p>List of products listed in the FDA's MedWatch Safety Alerts for Human Medical Products database</p>	<p>None</p>
<p><b>HC-MS-250a.3</b></p> <p>Number of fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience</p>	<p>See the FDA's Manufacturer and User Facility Device Experience Database (<a href="#">MAUDE</a>).</p>

<p><b>HC-MS-250a.4</b></p> <p>Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type</p>	<p>Zero</p>
<p><b>HC-MS-270a.1</b></p> <p>Total amount of monetary losses as a result of legal proceedings associated with false marketing claims</p>	<p>Zero</p>
<p><b>HC-MS-270a.2</b></p> <p>Description of code of ethics governing promotion of off-label use of products</p>	<p>Novanta registered medical devices (FDA, CE, etc.) have an ‘indication for use’ described in the product’s instruction for use (IFU). “Off-label use” is legally not permitted. No indication of potential ‘off-label use’ is provided. Other Novanta products that are not medical devices but are part of or supplement of medical devices of Novanta customers cannot be used without them and therefore the customer products are subject to the legal requirements regarding the adequate labeling or use in accordance with the ‘indication for use’.</p>
<p><b>RT-EE-410a.1</b></p> <p>Percentage of products by revenue that contain IEC 62474 declarable substances</p>	<p>Novanta does not specifically track products containing IEC 62474 declarable substances. However, we strive to comply with local laws and regulations for potentially hazardous substances, including REACH, RoHS, TSCA, and California Proposition 65. More information on our specific key compliance policies can be found on the <a href="#">Corporate Citizenship</a> page of our website.</p>
<p><b>RT-EE-410a.2</b></p> <p>Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria</p>	<p>Not applicable. At this time, ENERGY STAR criteria have limited applicability to Novanta products given our B2B business model.</p>

<p><b>RT-EE-410a.3</b></p> <p>Revenue from renewable energy-related and energy efficiency-related products</p>	<p>Due to the nature of our B2B relationship with our customers and the multiple end-user applications in which many of our products may be used, we do not have verifiable tracking of our sales from renewable energy-related and energy efficiency-related products.</p>
<p><b>HC-MS-410a.1</b></p> <p>Discussion of process to assess and manage environmental and human health considerations associated with chemicals in products, and meet demand for sustainable products</p>	<p>Novanta's Corporate Sustainability Policy requires that we act in an environmentally responsible manner in the development and manufacture of our products and services. Our employees and managers are expected to support the implementation of this policy in accordance with their duties and responsibilities. Based on applicable environmental regulations, customer requirements, and other specifications, our goal is to protect the environment, reduce hazardous and non-hazardous waste, reduce energy usage, maximize the use of renewable energy, minimize environmental pollution, and continuously improve our environmental performance.</p> <p>At Novanta, new product development will focus on material reduction, energy efficiency, distribution and shipping methods, packaging concepts, and recycling to make our products more sustainable.</p> <p>Novanta strives to comply, in all material respects, with applicable standards, such as RoHS, including DEHP-free insufflators, REACH, Conflict Minerals, and California Proposition 65 regulatory compliance for all products. Refer to our <a href="#">Corporate Citizenship Downloads</a>.</p>
<p><b>HC-MS-410a.2</b></p> <p>Total amount of products accepted for takeback and reused, recycled, or donated, broken down by (1) devices and equipment and (2) supplies</p>	<p>(1) 7.1 mt recycled</p> <p>(2) Zero</p>

<p><b>HC-MS-430a.1</b></p> <p>Percentage of (1) entity's facilities and (2) Tier 1 suppliers' facilities participating in third-party audit programs for manufacturing and product quality</p>	<p>(1) 100% of manufacturing sites. In addition, the majority of our products are produced in manufacturing facilities certified under ISO 9001 certification, while most of our products manufactured for the medical market are produced in factories under ISO 13485 certification. Eight out of ten of our manufacturing facilities have been successfully certified, recertified, or completed surveillance audits for ISO 14001. Three production facilities successfully completed ISO 45001 audit for the first time.</p> <p>Certain visualization solutions, thermal chart recorders, imaging informatics, and medical insufflators, pumps, cameras, and accessories products are manufactured under current good manufacturing practices (cGMPs), which is a requirement of their medical device classification by the United States Food and Drug Administration (the "FDA").</p> <p>(2) Novanta does not currently track the percentage of supplier facilities participating in third-party audit programs for manufacturing and product quality.</p>
<p><b>HC-MS-430a.2</b></p> <p>Description of efforts to maintain traceability within the distribution chain</p>	<p>Novanta maintains traceability throughout all stages of manufacturing and distribution through our ERP systems.</p>
<p><b>RT-EE-440a.1   HC-MS-430a.3</b></p> <p>Description of the management of risks associated with the use of critical materials</p>	<p>Novanta recognizes that there are serious human rights abuses associated with the extraction, transport, and trade of conflict minerals from the Democratic Republic of Congo and the adjacent countries (collectively, the "DRC Region") and is committed to the responsible sourcing of minerals throughout its global supply chain. We conduct annual Reasonable Country of Origin Inquiries (RCOI) that seek to identify and eliminate from our supply chain any conflict minerals that have originated from the DRC Region that may have, directly or indirectly, financed or benefited the armed groups in the region. For 2021 reporting cycle, we surveyed 728 Tier-1 suppliers and received responses from approximately 93% of these suppliers. As of the date of this report, we are still in the process of conducting the RCOI for our 2022 conflict minerals reporting cycle. We will continue to work with our suppliers to increase the response rate and improve the quality of their and our conflict minerals due diligence efforts.</p> <p>In 2022, we expanded our responsible sourcing program to encompass high-risk locations outside of the DRC Region. We are asking suppliers to remove from their supply chain smelters and refiners that are not approved by Responsible Minerals Initiative (RMI) and Organization for Economic Cooperation and Development (OECD) guidelines. We</p>

	<p>internally track the frequency of all non-approved suppliers and perform risk assessments based on locations and geopolitical concerns.</p> <p>Novanta is committed to ensuring that our products comply with the EU Chemicals Regulation (Registration, Evaluation, Authorization, and Restriction of Chemicals, also known as “REACH”). With regard to the EU Directive on the Restriction of Hazardous Substances (RoHS), our Photonics and Precision Motion businesses comply with RoHS 3. Our MIS businesses comply with RoHS 2 and are working to implement the new requirements in accordance with RoHS 3, which became effective for medical systems in July 2022. Novanta is also committed to compliance with China RoHS.</p> <p>We use an internal chemical classification and labeling system with reference to the Globally Harmonized System (GHS) and/or references to regional classifications (e.g., TSCA, IESCS).</p> <p>Novanta strives to comply with applicable standards, such as RoHS, including DEHP-free tube sets, REACH, Conflict Minerals, and CA-Prop 65 regulatory compliance for all products. Refer to our <a href="#">Corporate Citizenship Downloads</a>.</p>
<p><b>RT-EE-510a.1</b></p> <p>Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior</p>	<p>Refer to our <a href="#">Code of Ethics and Business Conduct</a> (pages 11 and 14) and our Anti-Bribery and Anti-Corruption Policy. Novanta conducts adverse data search and monitoring of significant customers and suppliers using an online third-party monitoring tool so that we do business only with companies with proper policies, procedures, and controls in place to prevent corruption, bribery, and anticompetitive behaviors.</p>
<p><b>RT-EE-510a.2</b></p> <p>Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption</p>	<p>Zero</p>
<p><b>RT-EE-510a.3</b></p> <p>Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations</p>	<p>Zero</p>



<p><b>HC-MS-510a.1</b></p> <p>Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption</p>	<p>Zero</p>
<p><b>HC-MS-510a.2</b></p> <p>Description of code of ethics governing interactions with health care professionals</p>	<p>The <a href="#">Novanta Code of Ethics and Business Conduct</a> requires all of our activities to be conducted in accordance with all applicable laws and regulations. The Novanta Code of Ethics and Business Conduct states that “bribes and kickbacks are criminal acts, strictly prohibited by law.” This includes health care professionals. Given our OEM business model, Novanta does not typically interact directly with health care professionals.</p>
<p><b>RT-EE-000.A   HC-MS-000.A</b></p> <p>Number of units (EE) produced and (MS) sold by product category</p>	<p>Given the wide range of components produced and sold by Novanta, disclosure of the number of units produced and sold by product category is not considered meaningful or practicable.</p>
<p><b>RT-EE-000.B</b></p> <p>Number of employees</p>	<p>Approximately 3,000 full-time and part-time employees as of December 31, 2022</p>

## TCFD Framework

<b>Governance</b>	<p>Disclose the Company's governance around climate-related risks and opportunities.</p>	<p>Refer to section: 3.1 ESG Oversight 3.5 Risks and Opportunities</p>
<b>Strategy</b>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning where such information is material.</p>	<p>Refer to sections: 3.5 Risks and Opportunities 5.1 Environmental Goals</p>
<b>Risk Management</b>	<p>Disclose how the Company identifies, assesses, and manages climate-related risks.</p>	<p>Refer to section: 3.5 Risks and Opportunities <a href="#">2022 Form 10-K</a> Item 1A "Risk Factors" (starting on page 17)</p>
<b>Metrics and Targets</b>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>Refer to sections: 3.5 Risks and Opportunities 5.1 Environmental Goals 5.2 Climate and Energy Appendix B</p>

## Appendix A

### ESG Data Tables

Innovation			
	2021	2022	Year-over-Year Changes
<b>R&amp;D spending</b>	\$73 m	\$86 m	+\$13 m
<b>R&amp;D spending as a % of revenue</b>	10.3%	10.0%	30 bps
<b>Revenue</b>	\$707 m	\$861 m	+\$154 m
<b>End market mix</b> <b>Medical   Advanced Industrial</b>	52%   48%	49%   51%	-3   +3
<b>Vitality index</b> (Revenue from products introduced in the last 4 years as % of total consolidated revenue, excluding current-year acquisitions)	29%	25%	-4%

People			
	2021	2022	Year-over-Year Changes
<b>Board of Directors*</b>			
<b>Gender diversity (f   m)</b>	33%   67%	50%   50%	+17   -17
<b>Underrepresented groups**   Non-underrepresented groups</b>	11%   89%	13%   87%	+2   -2
<b>Women   Men ratio</b>			
<b>Total headcount (f   m)</b>	36%   64%	40%   60%	+4   -4
<b>Individual contributor positions (f   m)</b>	39%   61%	44%   56%	+5   -5
<b>Leadership positions (f   m)</b>	25%   75%	25%   75%	0   0
<b>Underrepresented groups**   Non-underrepresented groups</b>			
<b>U.S. workforce: Total headcount</b> Underrepresented groups**   Non-underrepresented groups	42%   58%	45%   55%	+3   -3
<b>U.S. workforce: Individual contributor positions</b> Underrepresented groups**   Non-underrepresented groups	48%   52%	52%   48%	+4   -4
<b>U.S. workforce: Leadership positions</b> Underrepresented groups**   Non-underrepresented groups	23%   77%	26%   74%	+3   -3
<b>Women   Men ratio</b> Excluding new acquisition in 2022			
<b>Total headcount (f   m)</b>	36%   64%	38%   62%	+2   -2
<b>Individual contributor positions (f   m)</b>	39%   61%	41%   59%	+2   -2
<b>Leadership positions (f   m)</b>	25%   75%	25%   75%	0   0
<b>Employees trained on Compliance</b> Excluding direct-labor production employees	97%	98%	+1

\* As of December 31, 2021 and December 31, 2022, respectively.

\*\* An underrepresented group in the U.S. is anyone who self-identifies as Black, African American, Hispanic or Latinx, Asian, Native American or Alaskan Native, Native Hawaiian or Pacific Islander, or two or more races or ethnicities, as defined by Nasdaq.

## Appendix B

### Energy and GHG Emissions

	Emission Source	mt CO <sub>2</sub> e
<b>SCOPE ONE</b>	Stationary Combustion	1,044
	Mobile Sources	227
	Fugitive Emissions	88
	Scope One Total	1,360
<b>SCOPE TWO</b>	Purchased Heat	101
	Market-Based Electricity	4,753
	Location-Based Electricity	6,657
	Market-Based Scope Two Total	4,854
	Location-Based Scope Two Total	6,758

	2022 Reported Emissions/ Consumption	Unit of Measure	2021 Intensity (units / million dollar revenue*)	2022 Intensity (Reported) (units / million dollar revenue*)	Year-over-Year Changes
<b>Scope one</b>	1,360	mt CO <sub>2</sub> e	2.2	1.6	(0.6)   -27%
<b>Scope two**</b>	4,854	mt CO <sub>2</sub> e	6.3	5.7	(0.6)   -10%
<b>Total emissions**</b>	6,214	mt CO <sub>2</sub> e	8.5	7.3	(1.2)   -14%
<b>Electricity</b>	76,349	Gj	102.3	89.2	(13.1)   -13%
<b>Total Energy</b>	99,240	Gj	130.0	116.0	(14.0)   -11%
<b>Electricity</b>	21,210	MWh	28.4	24.8	(3.6)   -13%
<b>Total Energy</b>	27,569	MWh	36.1	32.2	(3.9)   -11%
<b>Water use</b>	65,714	M <sup>3</sup>	89.6	76.8	(12.8)   -14%

\* "Million dollar revenue" represents reported consolidated revenues minus revenues from business acquisitions consummated during the current fiscal year for which GHG emissions are excluded from the scope of the reported data in the table above.

\*\* Scope 2 and Total emissions shown are based on market-based method.

## Appendix C

### Boundaries and Methodology

#### Environmental Data Boundaries

Novanta management determined that the Company will define its organizational boundaries for GHG emissions disclosures in accordance with the Financial Control model required under the SEC's proposed rule on climate-related disclosures. Therefore, beginning in 2022, all consolidated subsidiaries included in the consolidated financial statements of the Company are included in the scope of our GHG emissions reporting.

As part of our continuous improvement efforts, the reporting boundaries of Novanta's GHG inventory have been expanded since our first report in 2021. Because of this expansion and for transparency of reporting, Novanta's GHG data have been presented in this report on both an "Organic" basis, reflecting comparable sites in 2022 as in our 2021 report, and on a "Reported" basis, including all sites regardless of size and all businesses acquired in the prior year but excluding businesses acquired in the current year.

Due to the impracticality of collecting partial year environmental data for new acquisitions in any given year, we have adopted a policy of excluding from our ESG reporting any environmental data related to new acquisitions in the year in which the acquisition is consummated. We will begin to include the new acquisitions in the scope of our ESG report beginning in the first full year following the acquisition date. We believe this methodology will enhance the transparency and comparability of GHG emissions data from one year to the next when the data is presented both on an Organic basis and on a Reported basis. Additionally, we have adopted a rolling base year methodology under which the first full year following the year of acquisition(s) or divestiture(s) will be set as the new base year for future GHG emission reduction goals and reporting. We believe this rolling base year methodology will help guide the Company to stay on course for working towards our long-term goal of Net Zero carbon emissions.

Novanta uses a centralized approach to gathering data. Individual facilities report all activity data in its raw form to the corporate level where all unit conversions and emissions calculations are completed by the Global ESG Coordinator. The data collected and included in our GHG inventory represent the full year of 2022.

For environmental data normalized by revenue, revenue amounts represent reported consolidated revenues minus revenues from business acquisitions consummated during the current fiscal year for which GHG emissions are excluded from the scope of the reported data in this report.

#### GHG Inventory Methodology

Novanta's GHG inventory calculations are made in line with the GHG Protocol's Corporate Standard and Scope 2 Guidance. The best available emission factors were chosen following GHG Protocol's market-based hierarchy and quality criteria. All global warming potentials (GWP) used are 100-year GWPs as published in the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5).

Uncertainties are inevitable in GHG emissions inventories and related calculations. While it is necessary to acknowledge such uncertainties in our model, we believe the information presented in this report can provide us with a reasonable baseline as our ESG program continues to develop and mature.

**Appendix D**  
**LRQA Independent Assurance Statement**  
(see next page)



# LRQA Independent Assurance Statement

Relating to Novanta’s GHG Assertion for the Calendar Year 2022

This Assurance Statement has been prepared for Novanta in accordance with our contract.

## Terms of Engagement

LRQA was commissioned by Novanta, Inc. (Novanta) to provide independent assurance of its greenhouse gas (GHG) emissions inventory for the calendar year 2022 (CY22) against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using LRQA’s verification procedure and ISO 14064 - Part 3 for greenhouse gas emissions. LRQA’s verification procedure is based on current best practise and is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement covered Novanta’s global operations and activities under its financial control, and specifically the following requirements:

- Verifying conformance with:
  - Novanta’s reporting methodologies for the selected datasets;
  - World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WRI/WBCSD GHG Protocol) for the GHG data<sup>2</sup>.
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
  - Direct (Scope 1) and Energy Indirect (Scope 2) emissions.

LRQA’s responsibility is only to Novanta. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Novanta’s responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Inventory and for maintaining effective internal controls over the systems from which the Inventory is derived. Ultimately, the Inventory has been approved by, and remains the responsibility of Novanta.

## LRQA’s Opinion

Based on LRQA’s approach nothing has come to our attention that would cause us to believe that Novanta has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information as summarized in Tables 1 and 2 below.

The opinion expressed is formed on the basis of a limited level of assurance<sup>3</sup> and at the materiality of the professional judgement of the verifier.

**Table 1. Summary of Novanta’s Key Data for CY22:**

Scope of GHG Emissions	Category	Quantity	Unit
Scope 1	Direct	1,360	MT CO <sub>2</sub> e
Scope 2	Location-Based <sup>1</sup>	6,758	MT CO <sub>2</sub> e
	Market-Based <sup>1</sup>	4,854	MT CO <sub>2</sub> e
Other	Biogenic Emissions	72	MT CO <sub>2</sub>

Note 1: Scope 2, Location-based and Scope 2 Market-based are defined in the WRI/WBCSD GHG Protocol, 2015

<sup>2</sup> <http://www.ghgprotocol.org/>

<sup>3</sup> The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.





**Table 2. Novanta’s GHG Emissions for CY22:**

GHG Emissions <sup>1</sup>	CO <sub>2</sub> <sup>2</sup>	CH <sub>4</sub>	N <sub>2</sub> O	HFCs	PFCs	SF <sub>6</sub>	NF <sub>3</sub>	Unit
Market-based	6,025	1.62	0.24	0.04	0	0	0	MT
Location-based	7,999	0.48	0.10	0.04	0	0	0	MT

Note 1: Greenhouse gases covered by the Kyoto Protocol; these volumes do not include Global Warming Potentials.  
 Note 2: CO<sub>2</sub> emissions exclude biogenic CO<sub>2</sub> emissions (stated in Table 1).

**LRQA’s Approach**

LRQA’s assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- interviewing relevant employees of the organization responsible for managing GHG emissions data and records;
- assessing Novanta’s data management systems to confirm they are designed to prevent significant errors, omissions or mis-statements in the Inventory;
- reviewing estimation methodologies and recalculating emissions; and
- verifying historical GHG emissions data and records at an aggregated level for the calendar year 2022.

**LRQA’s Standards, Competence, and Independence**

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Signed

Dated: 14 March 2023

*Kate Pagan*

Kate Pagan  
 LRQA Lead Verifier  
 On behalf of LRQA, 1330 Enclave Parkway, Suite 200 Houston, TX 77077  
 LRQA reference: UQA00002264 / 5786790

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**Novanta Inc.**  
125 Middlesex Turnpike  
Bedford, Massachusetts 01730

Phone: 781-266-5700  
info@novanta.com  
**www.novanta.com**

**Responsible**  
**Matthijs Glastra**

Chair of the Board of Directors and Chief Executive Officer

**Contact for ESG Communications**

ESG@Novanta.com

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