



# 2023 | SUSTAINABILITY REPORT

Targets. Tools. **Novanta.**

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## About Sustainability 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, our products help enhance people’s lives, increase safety, and improve productivity. As our world changes and our business grows, we are working hard to advance our sustainability initiatives. This is Novanta’s fourth annual Sustainability Report, covering the period from January 1, 2023 to December 31, 2023.

Novanta’s 2023 Sustainability Report discloses our progress and priorities, aligned with leading reporting frameworks, including the Sustainability Accounting Standards Board (SASB) and with reference to the Global Reporting Initiative (GRI) Standards.

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 sustainability goals, as well as our progress towards the short-, medium- and long-term goals that we set for ourselves. We have adopted the following reporting approach that will help enhance both the transparency and the year-over-year comparability of our sustainability reports.

- When we acquire a business during the fiscal year, we will exclude the partial-year information of the new acquisition from our sustainability reporting scope for that year. We will begin to include the full-year information of the newly acquired business in our reporting 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 acquired business 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 words such as "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, 2023, 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 carefully all of the risks, uncertainties, and factors identified above or discussed in such reports when 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.

#### A note on materiality

While certain matters discussed in this report may be significant, any significance should not be read as necessarily rising to the level of materiality used for the purposes of complying with, or reporting pursuant to, the U.S. federal securities laws and regulations, even if we use the word "material" or "materiality" in this report. Instead, the terms refer to sustainability matters that are significant to our stakeholders and Novanta.

# 1 A Message from Our CEO

At Novanta, we know that delivering innovations that matter requires understanding the global business environment, as much as the needs of our stakeholders. We are faced daily with new opportunities, new technologies, and fresh challenges from the constantly evolving context in which we operate. Despite the dynamism of this environment, one thing remains constant: we have the opportunity, and responsibility, to deliver mission critical innovations that positively impact the environment, our communities, and the global economy.

Novanta is first and foremost a business and we consider our investors and shareholders to be among our key stakeholders. And our sustainability journey has taken place with them in mind. Research and our own direct experience prove the positive impact that investments made into our human resources and environmental impact reduction have had on our bottom line.

In 2023, this commitment showed through the quiet yet committed daily efforts of our numerous individuals, teams, and business units around the world. We are maturing in our approach to and progress on sustainability, integrating it more and more into our standard operating procedures internally and in our interactions with our customers, suppliers, and community members externally.

Novanta team members are already hard at work on our 2024 plans, but I want to take this opportunity to celebrate the incredible 2023 achievements of our people and teams around the globe. In particular, we:

- Achieved a reduction of our total market-based Scopes 1 and 2 greenhouse gas emissions by 5% on a Reported basis and 18% on an Organic basis year over year;
- Achieved a reduction in our market-based Scopes 1 and 2 greenhouse gas emissions intensity by 8% from 2022 to 2023;
- Continued to improve our high environmental, health and safety standards by successfully completing ISO 14001 audits of all 10 manufacturing operations and receiving ISO 45001 certifications for 6 of these operations;
- Integrated sustainability into our continuous improvement way of working—the Novanta Growth System (NGS)—through kaizen events and with the rollout of our New Product Introduction (NPI) Toolbox across all business units;
- Hosted our first Global Sustainability Day to foster employees' ideas on developing sustainable products;
- Conducted sustainability audits at key locations to reduce energy usage and integrated audit results into each business unit's operating plans to ensure accountability;
- Invested in new leadership training programs to develop our talented workforce and build our internal pipeline of talent from all backgrounds;
- Surpassed our NovantaCARES volunteering goal of 500 service days; and
- Were recognized by the Boston Club as one of five companies (out of the top 100 public companies in Massachusetts based on net revenue) that have boards with at least 50% female directors.

Through efforts like these, we continue to enhance our impact on people, communities, and the environment while also developing mission critical innovations for our customers. We hope you feel inspired by what you read in these pages to join our mission to create a more sustainable future.

Thank you for your support.

*Matthijs Glastra*

Chair of the Board of Directors and Chief Executive Officer

## 2 Sustainability 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 precision medicine and manufacturing, medical solutions, and robotics and automation 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 have three reportable segments: Precision Medicine and Manufacturing, Medical Solutions, and Robotics and Automation.

#### Precision Medicine and Manufacturing

The Precision Medicine and Manufacturing 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, 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.

#### Robotics and Automation

The Robotics and Automation 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, and air bearing spindles to customers worldwide. Products are sold under various brand names, including Celera Motion, Zettlex, Ingenia, Applimotion, IMS, ATI, and Westwind.

#### Medical Solutions

The Medical Solutions 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, ThingMagic, 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 foster our culture among each and every one of our employees. Leaders across Novanta reiterate the importance of our culture through our regular communications. 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 performance culture to life. NGS is a set of best-practice tools, templates, and processes that enable us to create greater value for all our stakeholders, and to improve continuously. Rooted in Lean principles, NGS has four core focus areas:

1. **Commercial** – sales, marketing, and product management
2. **Operations** – manufacturing, quality, and supply chain management
3. **Innovation** – research and development (R&D)
4. **Shared Services** – human resources, finance, accounting, legal, and other corporate services

NGS aims to improve the structural performance of our business units by eliminating waste, streamlining processes and procedures, and collaborating more effectively to deliver valuable solutions to our customers, on an ongoing basis. Sustainability is an intrinsic element of how NGS approaches business improvement, as NGS seeks to eliminate inefficiencies, reduce waste, and invite all internal stakeholders to actively identify and participate in developing solutions together. Sustainability considerations are also explicitly integrated into our New Product Introduction Toolbox and Lean Toolbox, where we provide environmental guidelines, tools, and checklists. Read more about this in the chapter on [NovantaSUSTAIN](#).

A key part of NGS is holding Kaizen events to optimize our performance. In 2023, we held over 50 Kaizen events companywide, driving improvement across a wide range of activities, processes, and services. Results from Kaizen events from across our business units and support functions included shortening the financial closing process, developing an expedited plan to shift parts to a new component supplier, optimizing workspace to double the available space for a new product, and accelerating the time required to hire and onboard new professionals, among many other important business activities.

We provide training on NGS tools throughout the year and certify practitioners in Lean and Six Sigma methodologies to broaden NGS’s performance culture. In 2023, over 700 employees participated in NGS trainings on core NGS tools such as value stream mapping, problem solving, daily management, and project management. We certified more than 40 practitioners in core NGS Lean tools.

To learn more, visit [Novanta.com/About-Us](https://www.novanta.com/About-Us).



## 2.2 Sustainability Strategy

We link technology and economic progress with sustainability 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 partners and the communities in which we conduct business. We are working towards creating a brighter future through environmental sustainability initiatives, building an equitable and inclusive workforce with employees from all backgrounds, and maintaining a robust governance system.

We leverage Novanta's capabilities and resources to advance company-wide sustainability 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.

From a holistic perspective, sustainability for Novanta is a shared focus on environmental sustainability, diversity, equity, and inclusion (DEI), and 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 conduct business.

We measure our progress, improve continuously, and set further ambitious targets. We discuss and analyze with internal and external stakeholders our sustainability 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 Sustainability

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
- Hazardous waste generation
- Water consumption
- Gender diversity
- Ethnic diversity in the U.S.
- Health and safety outcomes

We prepared our 2023 Sustainability Report in accordance with Sustainability Accounting Standards Board (SASB) and in reference to Global Reporting Initiative (GRI). We recognize the impact of our footprint and the role we play in facilitating meaningful changes to benefit the people and the places affected by our operations. We are developing action plans with the aim of achieving 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), "Sustainability Metrics and Targets," for our full list of SASB and select GRI disclosures.

### Topics We Are Focusing On

Based on our sustainability 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 sustainability topics that we believe are the most relevant to both Novanta and our stakeholders. In the short- and medium-term, we plan to focus on the following:

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

### Updates on Targets

In 2020, we set five 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 2023
<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 determined our energy and GHG emissions status in 2021 and began to disclose Scope 1 and Scope 2 GHG emissions in our 2021 report.</li> <li>• Our Scope 1 and Scope 2 GHG emissions for 2022 and 2023 have been successfully audited by a third-party verification firm on a limited assurance basis.</li> <li>• On a Reported Basis, 41% of our total energy was from renewable sources in 2023, an increase of +5 percentage point. On an Organic Basis (excluding our 2022 acquisition), 44% of our total energy was from renewal sources in 2023, an increase of +8 percentage points compared to 2022.</li> </ul>

Category	Our Short-term Targets	Current Status as of End of 2023
		<ul style="list-style-type: none"> <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>In 2023, we sponsored a total of 575 community service days. Approximately 25% of our employees companywide participated in at least one NovantaCARES event during the year.</li> </ul>
<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 the 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>In 2023, we progressed our DEI roadmap with a number of strategic initiatives designed to foster an inclusive workforce with representation from all backgrounds, foster 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 continues to support our employee-led groups to increase inclusion and sense of belonging resulting in greater employee engagement. We currently have the following six groups that are open to all employees: <ul style="list-style-type: none"> <li>Multicultural &amp; International ERG</li> <li>Women's ERG</li> <li>Novanta Professionals Network ERG</li> <li>Pride Affinity Group</li> <li>Learning and Development Working Team</li> <li>Localization and Development Working Team</li> </ul> </li> <li>As of December 31, 2023, our Board of Directors was composed of 50% men and 50% women, which is consistent with the prior year.</li> </ul>
<b>Governance</b>	<p>Integrate sustainability criteria in purchasing</p>	<p>In 2022 and 2023,</p> <ul style="list-style-type: none"> <li>We surveyed all of our key suppliers to better understand their environmental practices, as well as health &amp; safety, and labor risks. Based on the suppliers' responses and other evidence provided to Novanta, we developed an environmental, health &amp; safety, and labor risk rating for each supplier.</li> </ul>

Category	Our Short-term Targets	Current Status as of End of 2023
		<p>We continue to monitor our suppliers based on the risk ratings and will work with them to extend our expectation for sustainability practices through our supply chain.</p>
<b>Governance</b>	<p>Expand relevant ISO certification to all applicable facilities, including ISO 14001</p>	<p>As of December 31, 2023,</p> <ul style="list-style-type: none"> <li>• 93% of Novanta’s manufacturing operations are ISO 14001 certified.</li> <li>• 60% of Novanta’s manufacturing operations are ISO 45001 certified.</li> </ul> <p>In February 2024, one additional manufacturing operations was successfully certified to ISO 14001 standard. As a result, 100% of Novanta’s manufacturing operations are now ISO 14001 certified.</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 sustainability 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 consider sustainability as an essential element in 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 sustainability initiatives and speak out when they see room for improvement.

As we mature on our sustainability journey, we are deepening the role of sustainability 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 sustainability 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 Sustainability Oversight

The oversight of our sustainability topics rests with our highest governance body, our [Board of Directors](#). As of December 31, 2023, 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 sustainability 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 sustainability 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 sustainability program and initiatives regularly.

The [Environmental, Social and Governance Committee Charter](#) is available on our website along 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 sustainability strategy, initiatives, policies, and risk management.</li> <li>Oversees our corporate approach to climate change and environmental stewardship.</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> <li>Reviews and oversees the overall cybersecurity program, including its strategy and processes.</li> </ul>

### Novanta Leadership Team

The Novanta Leadership Team, consisting of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Human Resources Officer (CHRO), General Counsel and Corporate Secretary, Executive Vice President of Supply Chain & NGS, and two business Group Presidents, is responsible for Novanta’s sustainability 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, disruptions from epidemics, pandemics or other public health crises, risks associated with new product launches, volatility in market and customer demand, competition, geopolitical risks and regional conflicts, protection of intellectual property, supply chain disruptions, business acquisitions, data privacy, 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 sustainability 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 chaired by our Senior 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 Senior Vice President of Leadership Development and Diversity, Equity & Inclusion is also responsible for organizing and leading the Company's Culture Council, coordinating activities among the four 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.

## Cybersecurity Governance

The Board of Directors recognizes the need for continually monitoring our information security risks and cybersecurity initiatives. The Audit Committee of our Board of Directors undertakes the primary oversight responsibility over our cybersecurity risks and information security controls. Management briefs the Audit Committee on information security matters at each quarterly meeting of the Audit Committee. In addition, management updates the Audit Committee regarding any potentially material cybersecurity incidents, if any, as well as any incidents with lesser potential impact.

In addition to the role the Audit Committee plays in overseeing enterprise risk management activities and cybersecurity risks, the ESG Committee reviews and oversees our overall cybersecurity program, including its strategy and processes, and is updated by company management at each of the ESG Committee's meetings on the status and developments of the cybersecurity program.

Both the Audit Committee and the ESG Committee report to the full Board regarding its activities, including those related to our cybersecurity risks and program. The full Board also receives briefings from management at least once a year on our cybersecurity risk management program. Board members receive presentations on cybersecurity topics presented by our Chief Information Officer (CIO) /Chief Information Security Officer (CISO).

Our management team, including our IT management team, is responsible for assessing and managing our material risks from cybersecurity threats. Our CIO/CISO oversees the overall cybersecurity risk management program, and our Deputy Chief Information Security Officer (DCISO) has the primary operational responsibilities over our cybersecurity program, including supervising both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our CISO, who is also our CIO, has over 22 years of experience managing global IT operations, including strategy, applications,

infrastructure, information security, support, and execution. Our CIO/CISO holds a Master of Science degree in computer science and engineering (with a specialization in Information Assurance) and a Doctorate of Engineering Management/Systems Engineering degree. Our DCISO has served in various roles in information security for over 12 years and holds a Certified Information System Security Professional (CISSP) certification.

Our management team oversees efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel, threat intelligence and other information obtained from governmental, public, or private sources, including external consultants engaged by us, and alerts and reports produced by security tools deployed in the information technology environment.

## 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 that 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 Business 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 Business Conduct was written by management and approved by the Board of Directors. The Code of Business 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 Business 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 focused on 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.N. Guiding Principles on Business and 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 anti-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, a business unit and corporate leader, or a human resources representative under our open-door reporting policy, we maintain a compliance hotline, hosted by an external vendor, 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. We provide training and education to our global workforce with respect to our Code of Conduct, anti-bribery and anti-corruption policy, 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 related 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
- 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

Copies of these 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 2023, 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 zero material permit breaches.

## Data Privacy

Novanta complies with all relevant data privacy and security laws and regulations in the jurisdictions in which we operate, some of which place restrictions on our ability to process personal data across our business. In particular, General Data Protection Regulation (GDPR) in the European Union (EU) and the

European Economic Area (EEA), the California Consumer Privacy Act (CCPA), and the California Privacy Rights Act (CPRA). These regulations create individual privacy rights for data subjects, 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.

## Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a cybersecurity incident response plan.

We design and assess our program based on various cybersecurity frameworks, such as the National Institute of Standards and Technology ("NIST"). We use these cybersecurity frameworks and information security standards as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, sharing common methodologies and governance processes across the enterprise risk management program. Specifically, our cybersecurity risk management program includes:

- Risk assessments designed to help identify material cybersecurity risks to our critical systems and enterprise information technology ("IT") environment;
- A security team and an external service provider principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity threats and incidents;
- The use of external service providers, where appropriate, to assess, test, or otherwise assist with aspects of our cybersecurity controls;
- Cybersecurity awareness training for our employees, incident response personnel, and senior management on a quarterly basis as part of the risk mitigation strategy;
- Quarterly testing of the effectiveness of cybersecurity awareness training;
- A cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents;
- A third-party risk management process for service providers, suppliers, and vendors; and
- Cybersecurity internal and external penetration testing.

We have not identified any material risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition.

## 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 have guidelines in place to purchase from ethical suppliers and expect our supply base to abide by the same ethical standards as we hold ourselves.

We have a “Sustainable Supply Chain Roadmap” that harmonizes our approach to responsible procurement and ensures we are working with suppliers with high sustainability 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:

- Environmental impact, including pollution and hazardous materials;
- Conflict minerals due diligence;
- Labor rights, including child and forced labor, wages, and discrimination;
- Occupational health and safety, including emergency management, injury, and illness;
- Ethics, including anti-bribery, anti-corruption and non-retaliation; 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 either signed, or demonstrated alignment with, our most recent version of the Supplier Code of Conduct. We have also adopted a Sustainable Purchasing Policy that governs lower dollar value purchases, requiring that we opt for sustainable brands, such as those with the Energy Star seal indicating energy efficiency.

### Sustainability Scorecard

We asked all our key suppliers to complete self-assessments in 2023 related to their sustainability practices, including ISO certification, external sustainability reporting, internal sustainability policies, human & labor rights, and governance. Based on these responses and supplementary evidence provided to Novanta, we started to develop a Sustainability Scorecard and sustainability risk rating for each supplier.

The Sustainability Scorecard enables us to identify sustainability hotspots in our supply chain. Then, we can work directly with suppliers to help them address areas of concern, such as adopting relevant policies and procedures.

## Audits

In 2023, we added sustainability criteria, covering environmental, social, and governance topics, to our onsite audits and new supplier assessments. These criteria were incorporated into our Global Supplier Onboarding and Recertification assessment process. In 2023, twelve of our onsite audits included these sustainability criteria. In 2024, all of our onboarding and recertification audits will be required to also include the same sustainability criteria. Sustainability evaluation is included in the Sustainability Scorecard for each key supplier. To support the newly integrated audit process, we added an internal sustainability certification for Novanta teammates who will be conducting supplier audits.

## Training

In 2023, we launched a new sustainability related training course for our supply chain and quality management employees. The training covered our Sustainability Scorecard, workflow, Sustainable Purchasing Policy, roles and responsibilities, assessments, audits, etc. Beginning in 2024, this training will become a standard part of our onboarding process for these roles.

# 3.4 Safety Standards

## ISO Efforts

Novanta products are used in highly sensitive and technical contexts, including medical devices and advanced industrial equipment. 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.

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 (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 about half of our

manufacturing operations 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 2023, we continued to socialize our NovantaSUSTAIN approach to “Design for Sustainability” guidelines. Read more in the [NovantaSUSTAIN chapter](#) of this report.

## 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 and Exchange Commission (SEC). Short-term market dynamics are analyzed and discussed in 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 with 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 sustainability assessment and a specific climate-related risks and opportunities assessment, utilizing the recommendations of the Task Force on Climate-related Financial Disclosures (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 sustainability 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 climate-related disclosure rules from the SEC, the *Corporate Sustainability Reporting Directive (CSRD)* promulgated by the EU, and *Climate Corporate Accountability Act (California Senate Bill 253)* and *Greenhouse Gases: Climate-related Financial Risk (California Senate Bill 261)* adopted by California 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, 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. While the risk is inherent and unavoidable in nature, we are developing strategies to mitigate the risk to the extent possible by formalizing our business interruption plans, 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, unmanned ariel vehicles, robotics, solar, and energy storage, such as batteries. Several of our existing businesses are already supplying components to OEMs in these areas, 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 Chief Human Resources Officer (“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 programs, and diversity, equity, and inclusion (“DEI”) initiatives. The Chief Executive Officer (“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, 2023, we employed approximately 2,900 people, of which approximately 41% were in the United States, 51% in Europe, and 8% in Asia. We win with our customers by delivering new technology innovations through our engineering teams of approximately 600 employees.

We 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 motivated and engaged by setting high standards and providing ongoing learning and development opportunities.

In 2022 and 2023, we conducted an internal assessment of our own operations to assess our adherence to the 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 the following policies:

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

### 4.2 Environmental, Health, and Safety

#### Health and Safety

The health and safety of our employees is one of our top priorities. We utilize an Environmental, Health and Safety (EHS) system that is customized to each production site based on local conditions. In 2023, we made significant progress towards ISO certification of our sites. Six of our manufacturing operations have been certified to ISO 45001—with the remaining four planned for 2024—and all 10 have been certified to ISO 14001. Novanta’s large manufacturing operations have EHS representatives who are charged with the

responsibility of maintaining the Company's EHS standards. The EHS 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 2023, we launched a stretching program at two of our locations to help employees manage injuries related to ergonomics.

## 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.

## 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 integrate DEI into our business units, each business unit General Manager and Human Resources Business Partner is accountable for integrating DEI into their culture and ways of working. We also carry out a quarterly review with business unit leaders to assess progress on our DEI goals.

Our True North framework, consisting of four aspirations, guides our DEI journey and actions.

### **Our Aspirations 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, 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.

In 2023, we focused on the fourth goal of our True North Framework—building a culture of lifelong learning which is essential to our DEI goals achievement.

### **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 better reflects the demographics of the local communities where we are based; and
- Actively engage with and support community organizations and business enterprises of underrepresented groups.

## **DEI Goals**

### **Our internal DEI goals 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 representation of women, people of color (POC) and of diverse 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.

While we may seek to use recruiting efforts to increase our candidate pool, we hire and promote the best talent regardless of gender, ethnicity, age, sexual orientation, or disability status.

In 2023, 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. Half of our Board of Directors positions are also held by women. We also launched a project to enable voluntary disclosure of demographic information by employees for our non-U.S. locations where this data is not required to be collected or disclosed by law. This data will help us validate our progress towards our DEI goals and develop programs to enhance diversity recruitment and create greater inclusion and employee engagement.

## **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 Resources Group (ERGs) and Working Teams, advises the Novanta Leadership Team, and helps execute our DEI initiatives. In 2023, Novanta launched one new ERG and scaled our three existing ERGs. The Council also supported the launch of our Cultural Celebration Calendar. Each month, we celebrate cultures from around the world with workshops, panel discussion, and engaging employee driven activities. Themes included PRIDE Month, Intersectionality Month, Allyship, and Global Veterans Day.

## Diverse Recruitment

We are actively taking steps to improve the diversity in our workforce through recruitment. We do this by ensuring that our recruitment process is equitable and welcoming for all applicants. We use a recruitment strategy to widen our pool of potential applicants. This includes the creation of gender-neutral job postings, using recruiting platforms that include more women and historically underrepresented candidates, and partnering with academic programs to build a diverse recruiting pipeline, and more. We attend 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 strive to create candidate panels that are inclusive and representative of all people to put us in the strongest position to identify the best talent available for the positions we are seeking to fill.

## Employee Groups

**Novanta currently has the following employee-led groups:**

- Women's ERG
- Multicultural and International ERG
- Novanta Professionals Network ERG
- Pride Affinity Group
- Learning and Development Working Team
- Localization and Deployment Working Team

ERGs provide support to employees for both personal and career development. They also contribute to creating an inclusive environment where employees feel comfortable being their authentic selves at work. In 2023, our ERGs brought employees together for educational and informational activities, including lunch and learn events, volunteering, recruitment sessions, wellness, and celebratory activities. Our Pride Affinity Group hosted several panel discussions about LGBTQIA issues, including one during Transgender Awareness Week, that featured trans-identifying speakers who are part of the Novanta workforce.

Our ERGs have grown rapidly since launching in 2021 with regional chapters at all significant Novanta sites.

## Employee Engagement

We believe that our employees have a meaningful role in helping us develop our culture. We utilize survey feedback mechanisms to measure employee engagement and organizational health. This enables us to gain insight into our current status and identify areas where we can improve. We have conducted six surveys of our entire employee population since 2018. We compare our employee engagement and organizational health scores against benchmark populations within our survey vendor's database. Our employee satisfaction score in the most recent survey in February 2024 was 95% of the benchmark score. This is an improvement of 5 percentage points compared to 2023. Following each survey cycle, we review the results with our teams across the Company and develop specific action plans based on the feedback

we receive. We implement our action plans with the goal of improving our overall organizational health and employee engagement.

## Benefits

We strive to recruit and retain the best talent by creating a welcoming work 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 coaching for all other employees;
- Employee Assistance Program with daily living resource support;
- Company-provided life, accidental death or dismemberment, and long-term disability insurance coverages;
- 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 time-off program for exempt employees which offers unlimited paid time-off based on employee and business needs and their manager's approval;
- Back-up care support for child, adult, elderly, and pet care; and
- Tuition reimbursement for job related studies.

Similarly, for our full-time employees located outside of the U.S., we aim to offer 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 grow continuously.

We conduct global training courses on our culture and business tools, occupational health and safety, compliance, and cybersecurity through our internal learning platform, Novanta University. In 2023, we conducted our fourth Digital Learning Week, welcoming more than 1,600 participants and offering 17 different training sessions in multiple languages.

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

In 2023, we continued our investment in leadership development and diversity, equity, and inclusion. Some of our new and ongoing leadership programs include:

- A program targeting front-line and mid-level leaders, from which 93 leaders graduated in 2023;
- An educational program designed to help our leaders lead change management and build greater inclusion through better communication with their teams; and
- A pilot women's empowerment leadership program designed to support authentic leadership, which will be rolled out company-wide in 2024.

### Leadership and DEI Masterclasses

In 2023, we launched DEI Masterclasses to deep-dive into specific leadership and DEI topics with experts providing actionable takeaways for our leaders and teams. Topics included emotional intelligence, unconscious bias, psychological safety, intersectionality, generational diversity, and more. We held 33 Masterclasses in three languages, engaging over 1,000 employees.

## 4.5 NovantaCARES

Our company-sponsored volunteering program, NovantaCARES, provides 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 500 community service days by the end of 2023. In 2023, we sponsored a total of 575 community service days with approximately 25% of our employees participating in at least one NovantaCARES event. 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 also 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 activity. 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 2023 included:

- A team of 12 volunteers in Brno, Czechia cleaned and maintained the grounds of Zoo Brno by pruning shrubs, removing old mulch and dead perennials, and pulling weeds in preparation for the zoo's spring season of visitors and educational tours.
- Our team in Berlin, Germany volunteered with Berliner Tafel, a charity that collects donated food items and distributes them to local citizens in need. Novanta employees collected excess food from the International "Grüne Woche", an international agricultural trade fair, and helped sort and pack food packages for beneficiaries.
- Fourteen employees from our Taunton, UK facility took part in a day of charitable activities at their local beach, including a coastal clean-up for the marine conservation charity group "Surfers Against Sewage".
- Employees at our Sarasota and Bradenton, Florida sites participated in the 7<sup>th</sup> annual Suncoast Reef and Beach Cleanup, removing over 400 pounds of trash from local waterways. Employee participation at this event quadrupled in 2023 over the previous year.

## 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. Novanta published its Scopes 1 and 2 GHG emissions for the first time in our 2021 ESG Report. In 2022, we enhanced our reporting by expanding the scope of our reporting to include 100% of all Novanta sites regardless of size and number of employees and adding the acquisitions from 2021. As a result, we reset our emission reduction goals using our 2022 GHG emissions as the baseline as described below:

- **Short-term (next 1-2 years)** – We plan to reduce our Scopes 1 and 2 GHG emission intensity (measured as metric ton of CO<sub>2</sub>e per million dollar of revenue) by 5% annually. In 2023, we achieved an 8% reduction in GHG emission intensity from our 2022 baseline on a Reported basis.
- **Medium-term (3 to 5 years)** – We pledged an aggregate 15% reduction in our Scope 1 and Scope 2 GHG emission intensity from our 2022 baseline by the year 2027.
  - When we acquire or divest businesses, we will reestablish the baseline GHG emissions metrics and calculations to include or eliminate related GHG emissions of the acquired or divested businesses.
- **Long-term (+6 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 or 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 disclosed in further detail in Appendix B, approximately 54% of our electricity consumption in 2023 was from renewal sources. This represents an increase of 18 percentage points from the 36% renewal electricity mix in 2021.
- Despite our progress, however, as we continue to work on this goal, we are facing availability limitations for renewable electricity at our international facilities. At some locations, there are no high 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.

## 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 the environment, we have established paper use reduction programs, such as our program creating electronic versions of our Instructions For Use (IFU).

- We will expand our adoption of digital solutions as part of our initiative to reduce paper consumption.

# 5.2 Climate and Energy

## GHG Emissions

We first reported our GHG emissions in our 2021 report—defining our reporting boundaries to include all active sites with 10+ people and exclude businesses acquired in 2021. Since then, we have worked to expand our reporting boundaries to include all sites, regardless of their sizes. Additionally, for both 2022 and 2023 reports, our Scopes 1 and 2 GHG emissions underwent a limited assurance audit to ensure transparent and accurate reporting.

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 sustainability 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 Reported GHG Emissions** – The term “2021 Reported GHG Emissions” refers to the GHG data reported in our 2021 report. As disclosed in Appendix C, “Boundaries and Methodology,” to our 2021 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 2021 presentation for consistency with our 2022 presentation herein, which excludes biogenic CO<sub>2</sub> and HCFCs from our Scope 1 GHG inventory as they are required to be reported separately in accordance with the GHG Protocol.
- 2022 Reported GHG Emissions** – We use the term “2022 Reported GHG Emissions” 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 reporting 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 boundaries; however, it excludes the emissions from the business that we acquired in August 2022.
- 2023 Reported GHG Emissions** – We use the term “2023 Reported GHG Emissions” to refer to data gathered and calculated for all Novanta sites including the business acquired in August 2022. As such, our 2023 Reported GHG Inventory includes the full-year impact from our 2022 acquisition.
- 2023 Organic GHG Emissions** – We use the term “Organic GHG Emissions” to refer to data gathered and calculated for all sites that were included in our reporting boundaries in the preceding year. Specifically, our 2023 Organic GHG Inventory represents our 2023 GHG inventory from all sites except for the emissions from the business acquired in August 2022. This presentation aims to show the “organic” changes in our GHG inventory from 2022 to 2023 and the effect of our GHG emissions reduction efforts.

Our GHG emissions profile for the full years of 2021, 2022, and 2023 is summarized in the table below:

	2021 Reported GHG Emissions	2022 Reported GHG Emissions		2023 Reported GHG Emissions		2023 Organic GHG Emissions	
	mt CO <sub>2</sub> e	mt CO <sub>2</sub> e	YOY*	mt CO <sub>2</sub> e	YOY**	mt CO <sub>2</sub> e	YOY**
<b>Scope 1</b>	1,292	1,360	+5%	2,132	+57%	1,950	+43%
<b>Scope 2</b>	4,196	4,854	+16%	3,786	-22%	3,145	-35%
<b>Total (market-based)</b>	<b>5,488</b>	<b>6,214</b>	<b>+13%</b>	<b>5,918</b>	<b>-5%</b>	<b>5,095</b>	<b>-18%</b>

\* Year-over-year percentage change for Reported 2022 GHG Inventory is in comparison to the 2021 Reported GHG Emissions.

\*\* Year-over-year percentage change for both the Organic and Reported 2023 GHG Emissions are in comparison to the 2022 Reported GHG Emissions.

The following table illustrates the impact of our 2022 business acquisitions on our Scope 1 and Scope 2 emissions for the full year 2023:

	2023	2023	
	Organic GHG Inventory	Reported GHG Inventory	
	mt CO <sub>2</sub> e	mt CO <sub>2</sub> e	% Impact
<b>Scope 1</b>	1,950	2,132	+9%
<b>Scope 2</b>	3,145	3,786	+20%
<b>Total (market-based)</b>	<b>5,095</b>	<b>5,918</b>	<b>+16%</b>

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 44 metric tons, respectively, without the GWP applied.

Novanta engaged LRQA Inc., an independent ISO and GHG emissions inventory audit firm, to verify our Scope 1 and Scope 2 GHG emissions inventory for the full year 2023 and 2022, respectively. Please refer to [Appendix D](#) for LRQA's limited-assurance verification report for 2023.

### 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 the partial-year GHG emissions from the newly acquired business in our GHG inventory for 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.

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 sustainability report by 2026.

## Energy Efficiency

Under ISO 14001, we proactively manage our energy use and efficiency. For example, in 2023, we carried out sustainability audits at five of our facilities to identify equipment and machinery that could be shut off at night to save energy. We checked for lighting, air temperature, unattended computers, monitors, and industrial equipment, and identified opportunities to use sleep or power save features, lower temperatures, install motion sensors, etc. We intend to complete sustainability audits at additional sites in the future.

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. In 2023, we also had all business units integrate environmental goals into their operating plans and quarterly reporting to ensure accountability and continued progress. We were able to see these efforts reflected in our energy consumption data, as illustrated in the table below.

	2021 Reported Consumption	2022 Reported Consumption	2023 Reported Consumption	2023 Organic Consumption
<b>Electricity Consumption</b> <i>MWh   % change*</i>	18,856	21,210   +12%	19,556   -8%	18,638   -12%
<b>Electricity Consumption</b> <i>% Renewable   % change*</i>	36%	46%   +10%	54%   +8%	56%   +10%
<b>Total Energy Consumption**</b> <i>MWh   % change*</i>	23,961	27,569   +15%	25,774   -7%	24,129   -12%
<b>Total Energy Consumption**</b> <i>% Renewable   % change*</i>	28%	36%   +8%	41%   +5%	44%   +8%

\* % change shown refers to the comparison to the prior year reported figures.

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

## 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 electrical and electronic equipment at our sites in Europe.

In 2023, we piloted a project to reduce paper waste by digitizing product user manuals, or Instructions For Use (IFU). As part of this project, we created a new web platform where electronic Instructions For Use (eIFU) can be found, ensuring they continue to meet all regulatory requirements. We estimate this project will save millions of pages of paper every year. For example, we calculated that one particular product used two million pages of paper per year for its IFU. This project will be rolled out across our product portfolio for eligible products beginning in 2024.

## 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.

In 2023, we carried out a three-day NGS kaizen waste management event which resulted in a new central waste tracking tool, paired with an e-learning training on using the tool. Beginning in early 2024, all EHS site managers will be required to report their site's hazardous waste generation on a monthly basis, using the tool.

## Water Stewardship at Novanta

### Management Approach

Novanta is working to reduce water use at its worldwide manufacturing facilities that would lead to improved environmental sustainability as well as cost savings. Through a risk-based approach, we focus our water stewardship efforts in areas where our influence and support can help deliver the greatest impact. Our goal is to reduce the environmental impact of our water consumption and wastewater, and continually make our production processes more water efficient.

While we generally operate in locations where the risk of water scarcity and poor quality are low, we focus our efforts on conserving and reducing water use and improving the quality of the water we discharge from our facilities.

### Water Risk Areas

We use the Aqueduct Water Risk Atlas (Aqueduct Water Risk Atlas (wri.org)) to identify our sites that are located in the high water-stressed regions and those predicted to be in water-stressed regions based on three dimensions: availability (quantity), quality, and access. This data is used to prioritize and implement site-specific water conservation activities and initiatives. Based on the Aqueduct Water Risk Atlas, four out of all 45 Novanta sites (less than 10%) are located in areas classified as high risk for water stress.<sup>1</sup>

<sup>1</sup> According to Aqueduct Water Stress Atlas, high water stressed areas are defined as geographic locations where the ratio of total water demand to available renewable surface and groundwater supplies is above 40%.

We record and reduce our water consumption at our facilities, with our water management efforts focused on our manufacturing sites and other facilities that generally pose a higher risk to aquatic ecosystems. Through our ISO 14001 Environmental Management Systems, we adapt our water management practices to local conditions and continually improve our programs to reduce, reuse and recycle water.

## Land Cover & Land Use Practices

Based on our materiality assessment and risk analysis, 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>2</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 2023, we did not experience any catastrophic physical events that 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.

<sup>2</sup> Risks associated with extreme weather, natural disasters, and other physical impacts.

## 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 NovantaSUSTAIN program. NovantaSUSTAIN offers a framework for 'Design for Sustainability' to reduce or eliminate negative impacts on the environment and society throughout the product life cycle.

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 fuel cells and batteries for electric vehicles as well as solar cells for renewable energy products; and our digital scanners are used in additive manufacturing processes.

### Product Design

NovantaSUSTAIN is part of our New Product Introduction Toolbox (the "NPI Toolbox") which is integrated into our Novanta Growth System (NGS). The NPI Toolbox was launched in 2021, taking sustainability and circularity into account from the requirements definition stage of a new product to its commercial launch and back to new products. NovantaSUSTAIN provides an in-depth overview of best practices for environmentally responsible product design. It provides internal resources and tools that engineers can utilize throughout the design process. The toolbox provides templates so that new projects can systematically capture stakeholder and system requirements. This set of templates includes a mandatory environmental requirements checklist, which drives teams to focus on 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 over 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.

In 2023, we focused on continuing the rollout of NovantaSUSTAIN and the NPI Toolbox across business units. As part of our ongoing education efforts, we held a sustainable innovation challenge in which each business unit defined a sustainability project relevant to their products and identified potential solutions. The teams received coaching and support from an external consultant to develop their project and presentation. On our Global Sustainability Day in October, the teams presented their projects via a global webcast across Novanta. Highlights from the projects include:

- Automating the production of semiconductors in a sensor to reduce the use of 800 gallons of hazardous chemicals and enable the product to be fully manufactured at one facility.

- Switching from plastic pillow packs in product packaging to biodegradable paper packs, reducing plastic waste.
- Creating resealable tubes for lasers that enable interior components to be repaired.

Looking ahead, we plan to continue to ensure NovantaSUSTAIN requirements are adopted company-wide with webinars, internal and external subject matter experts (SME), and training. We also aim to continue to develop the measurement of the lifecycle impact of our products.

## **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. We started to add sustainability topics to our monthly Gemba walks in our operations. In addition, our major manufacturing operations adhere to ISO 14001 and ISO 45001.

## **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 Cambridge business unit uses a moisture barrier for certain mirror components to protect them against environmental impacts during transport. While some amount of plastic use is unavoidable, the team sets out to minimize the use of plastic, select environmentally-friendly plastic options where possible, and reduce the overall footprint of the packaging. Using NovantaSUSTAIN guidance, the team redesigned the product to optimize cabling configurations for shipping. Rather than integrating custom cables with the product, which necessitated large packaging, the cabling was reconfigured as a plug-in option. This helped operations by creating standard core modules that could be configured to specific customer needs via custom cables at a late stage in the production process. Moreover, it allowed us to replace the incumbent large plastic packaging for a preform packaging component with high-quality recycled PET and condensed the packaging to fit six units into a single, smaller cardboard box instead of one unit per box. Cambridge Technology is rolling out the new approach beginning in 2024 and anticipates seeing a significant reduction in overall CO<sub>2</sub> emissions, as well as cost savings once fully operational.



## 6 Sustainability Metrics and Targets

### SASB Index

Electrical & Electronic Equipment; Medical Equipment & Supplies | Industry Standards | Version 2018-10

SASB Metric	2023 Disclosure
<b>RT-EE-130a.1</b> <b>(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable</b>	<p>(1) 92,778 Gigajoules (Gj) of total energy* consumed                      (2) 75% of total energy consumption sourced from grid electricity                      (3) 41% of total energy consumption sourced from renewable sources</p> <p>* Total energy includes electricity, purchased heat, and stationary combustion.</p>
<b>RT-EE-150a.1</b> <b>(1) Amount of hazardous waste generated (2) Percentage recycled</b>	<p>(1) 159 metric tons of hazardous waste were generated in 2023.                      (2) We have not been able to collect evidence of recycling practices from all of our sites. However, through the sites for which this information is available, we have been able to confirm that approximately 37% of the 159 metric tons of hazardous waste generated in 2023 was recycled.</p>
<b>RT-EE-150a.2</b> <b>(1) Number and aggregate quantity of reportable spills (2) Quantity recovered</b>	<p>In 2023, Novanta had no reportable spills as defined by the U.S. Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).</p>
<b>HC-MS-240a.1</b> <b>Ratio of weighted average rate of net price increases (for all products) to the annual increase in the U.S. Consumer Price Index</b>	<p>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> <b>Description of how price information for each product is disclosed to customers or to their agents</b>	<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="https://www.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,</p>

SASB Metric	2023 Disclosure
	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.
<b>RT-EE-250a.1   HC-MS-250a.1</b> <b>(1) Number of recalls issued</b>  <b>(2) Total units recalled</b>	1) Two 1a) Recall ID: 2023-0001: Pump 1b) Recall ID: 2023-0002: Tube set  2) 2a) Recall ID: 2023-0001: 1,735 pcs. 2b) Recall ID: 2023-0002: 3 LOTs (1,440 pcs.)
<b>RT-EE-250a.2</b> <b>Total amount of monetary losses as a result of legal proceedings associated with product safety</b>	Zero
<b>HC-MS-250a.2</b> <b>List of products listed in the FDA's MedWatch Safety Alerts for Human Medical Products database</b>	None
<b>HC-MS-250a.3</b> <b>Number of fatalities related to products as reported in the FDA Manufacturer and User Facility Device Experience</b>	See the FDA's Manufacturer and User Facility Device Experience Database (MAUDE).
<b>HC-MS-250a.4</b> <b>Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type</b>	Zero
<b>HC-MS-270a.1</b> <b>Total amount of monetary losses as a result of legal proceedings associated with false marketing claims</b>	Zero
<b>HC-MS-270a.2</b> <b>Description of code of ethics governing promotion of off-label use of products</b>	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'.

SASB Metric	2023 Disclosure
<p><b>RT-EE-410a.1</b></p> <p><b>Percentage of products by revenue that contain IEC 62474 declarable substances</b></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.</p> <p>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><b>Percentage of eligible products, by revenue, that meet ENERGY STAR® criteria</b></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><b>Revenue from renewable energy-related and energy efficiency-related products</b></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><b>Discussion of process to assess and manage environmental and human health considerations associated with chemicals in products, and meet demand for sustainable products</b></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><b>Total amount of products accepted for takeback and reused, recycled, or donated, broken down by (1) devices and equipment and (2) supplies</b></p>	<p>(1) 4.8 metric tons</p> <p>(2) 0.01 metric tons</p>
<p><b>HC-MS-430a.1</b></p> <p><b>Percentage of (1) entity’s facilities and (2) Tier 1 suppliers’ facilities participating in third-party audit programs for manufacturing and product quality</b></p>	<p>(1) The majority of our products are produced in manufacturing operations certified under either ISO 9001 certification or ISO 13485 certification. All of our manufacturing operations are now certified under ISO 14001. More than 50% of our manufacturing operations are certified under ISO 45001. Certain visualization solutions, imaging informatics, and medical insufflators, pumps, disposables, and accessories products are manufactured under current good manufacturing practices (cGMPs),</p>

SASB Metric	2023 Disclosure
	<p>which is a requirement for medical devices by the United States Food and Drug Administration (the "FDA").</p> <p>(2) Novanta does not currently track the percentage of Tier 1 supplier facilities participating in third-party audit programs for manufacturing and product quality.</p>
<p><b>HC-MS-430a.2</b></p> <p><b>Description of efforts to maintain traceability within the distribution chain</b></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><b>Description of the management of risks associated with the use of critical materials</b></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 our 2022 reporting cycle, we surveyed 475 direct suppliers considered in scope and received responses from 98% of these suppliers. As of the date of this report, we are still in the process of conducting the RCOI for our 2023 conflict minerals reporting cycle. We will continue to work with our suppliers to increase the response rate and improve the quality of the 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 the Responsible Minerals Initiative (RMI) and Organisation for Economic Cooperation and Development (OECD) guidelines. We internally track the frequency of all non-approved conflict minerals 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 Precision Medicine and Manufacturing and Robotics and Automation 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>

SASB Metric	2023 Disclosure
<b>RT-EE-510a.1</b> <b>Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behavior</b>	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.
<b>RT-EE-510a.2</b> <b>Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption</b>	Zero
<b>RT-EE-510a.3</b> <b>Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations</b>	Zero
<b>HC-MS-510a.1</b> <b>Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption</b>	Zero
<b>HC-MS-510a.2</b> <b>Description of code of ethics governing interactions with health care professionals</b>	The Novanta Code of Ethics and Business Conduct 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.
<b>RT-EE-000.A   HC-MS-000.A</b> <b>Number of units (EE) produced and (MS) sold by product category</b>	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.
<b>RT-EE-000.B</b> <b>Number of employees</b>	Approximately 2,900 full-time and part-time employees as of December 31, 2023

## GRI Content Index

**Statement of use:** Novanta has reported the information cited in this GRI content index for the period of January 1, 2023 to December 31, 2023, with reference to the GRI Standards.

**GRI 1 used:** **GRI 1: Foundation 2021**

GRI Standard	Disclosure	Location
<b>GRI 2: General Disclosures 2021</b>	2-1 Organizational details	<b>Annual Report on Form 10-K</b> – <i>Item 1. Business</i> – <i>Item 2. Properties</i>
	2-2 Entities included in the organization’s sustainability reporting	Exhibit 21.1 to <b>Form 10-K</b> <a href="http://www.sec.gov/edgar">www.sec.gov/edgar</a>
	2-3 Reporting period, frequency and contact point	Annual Reporting January 1 to December 31, 2023 <a href="mailto:InvestorRelations@Novanta.com">InvestorRelations@Novanta.com</a>
	2-4 Restatements of information	Not applicable.
	2-5 External assurance	<b>Sustainability Report</b> <i>Appendix D: LRQA Independent Assurance Statement</i>
	2-6 Activities, value chain and other business relationships	<b>Sustainability Report</b> <i>2. Sustainability at Novanta</i> <b>Annual Report on Form 10-K</b> <i>Item 1. Business</i>
	2-7 Employees	<b>Sustainability Report</b> <i>Sustainability Data Tables</i>
	2-9 Governance structure and composition	<b>Sustainability Report</b> <i>3. Governance</i> <b>Annual Report on Form 10-K</b> <i>Part III.</i> <b>Proxy Statement</b> <i>Corporate Governance</i>
	2-10 Nomination and selection of the highest governance body	<b>Proxy Statement</b> – <i>Item 1. Election of Directors</i> – <i>Corporate Governance   Selection and Evaluation of Director Candidates</i>
	2-11 Chair of the highest governance body	<b>Proxy Statement</b> <i>Corporate Governance   Board Leadership Structure</i>
	2-12 Role of the highest governance body in overseeing the management of impacts	<b>Proxy Statement</b> <i>Corporate Governance</i>
	2-13 Delegation of responsibility for managing impacts	<b>Proxy Statement</b> <i>Corporate Governance</i>
	2-14 Role of the highest governance body in sustainability reporting	<b>Proxy Statement</b> <i>Environmental, Social, Governance Committee</i>
	2-15 Conflicts of interest	<b>Proxy Statement 2023</b> <i>Certain Relationships and Related Party Transactions</i>
	2-16 Communication of critical concerns	<b>Sustainability Report 2023</b> <i>Confidential Reporting of Suspected Violations</i>

GRI Standard	Disclosure	Location
	2-17 Collective knowledge of the highest governance body	<b>Proxy Statement</b> <i>Corporate Governance   Orientation and Continuing Education</i>
	2-18 Evaluation of the performance of the highest governance body	<b>Proxy Statement</b> <i>Corporate Governance   Assessments</i>
	2-19 Remuneration policies	<b>Proxy Statement</b> – <i>Director Compensation</i> – <i>Compensation Discussion and Analysis</i>  <b>Exhibit 97.1 to Form 10-K</b> filed with the SEC on February 28, 2024
	2-20 Process to determine remuneration	<b>Proxy Statement</b> <i>Compensation Discussion and Analysis</i>
	2-22 Statement on sustainable development strategy	<b>Sustainability Report</b> <i>1. A Message from Our CEO</i>
	2-23 Policy commitments	<a href="#">Corporate Citizenship at Novanta</a>
	2-24 Embedding policy commitments	<b>Code of Ethics + Business Conduct</b> <b>Sustainability Policy</b>  <b>Sustainability Report</b> <i>3.2 Ethics and Compliance</i>
	2-25 Processes to remediate negative impacts	<b>Code of Ethics + Business Conduct</b>  <b>Sustainability Report</b> <i>Confidential Reporting of Suspected Violations</i>
	2-26 Mechanisms for seeking advice and raising concerns	<b>Code of Ethics + Business Conduct</b>
	2-27 Compliance with laws and regulations	None to report in the reporting period.  <b>Sustainability Report</b> <i>SASB Index</i>

# Appendix A

## Sustainability Data Tables

	Innovation		
	2022	2023	Year-over-Year Changes
<b>R&amp;D spending</b>	\$86 m	\$92 m	+6.9%
<b>R&amp;D spending as a % of Revenue</b>	10.0%	10.4%	+0.4
<b>Revenue</b>	\$861 m	\$882 m	+2.4%
<b>End market mix</b>			
<b>Medical   Advanced Industrial</b>	49%   51%	54%   46%	+5%   -5%



People			
	2022	2023	Year-over-Year Changes
<b>Board of Directors*</b>			
Gender diversity (f   m)	50%   50%	50%   50%	0   0
Underrepresented groups**   Non-underrepresented groups	13%   87%	13%   87%	0   0
<b>Women   Men ratio</b>			
Total headcount (f   m)	40%   60%	43%   57%	+3   -3
Individual contributor positions (f   m)	44%   56%	47%   53%	+3   -3
Leadership positions (f   m)	25%   75%	27%   73%	+2   -2
<b>Underrepresented groups**   Non-underrepresented groups</b>			
U.S. workforce: Total headcount Underrepresented groups**   Non-underrepresented groups	45%   55%	48%   52%	+3   -3
U.S. workforce: Individual contributor positions Underrepresented groups**   Non-underrepresented groups	52%   48%	54%   46%	+4   -4
U.S. workforce: Leadership positions Underrepresented groups**   Non-underrepresented groups	26%   74%	28%   72%	+2   -2
<b>Training</b>			
Employees trained on Compliance Excluding direct-labor production employees	98%	98%	0
<b>Injury Rates and Fatalities</b>			
Total Recordable Injury Rate (TRIR)***	3.97	7.67	+3.70
Lost Time Injury Rate (LTIR)****	1.99	3.34	+1.35
Fatalities	0	0	0

\* As of December 31, 2022 and December 31, 2023, 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.

\*\*\* TRIR (Number of fatalities+ number of accidents with lost time+ number of accidents with medical treatment+ number of accidents with reduced ability to work) x1,000,000/ (hours worked)

\*\*\*\* LTIR (total number of occupational accidents with lost time) x 1,000,000/ (hours worked)

# Appendix B

## Energy and GHG Emissions

### GHG Scope 1 and Scope 2 Emissions

2023 Reported Basis

	Emission Source	mt CO <sub>2</sub> e
<b>Scope 1</b>	Stationary Combustion	1,056
	Mobile Sources	295
	Fugitive Emissions	781
	Scope 1 Total	2,132
<b>Scope 2</b>	Purchased Heat	102
	Market-Based Electricity	3,685
	Location-Based Electricity	6,323
	Market-Based Scope 2 Total	3,786
	Location-Based Scope 2 Total	6,425

### Emissions, Energy, and Water

Consumption and Intensity

	2023 Reported Data	Unit of Measure	2021 Intensity*	2022 Intensity*	2023 Intensity*	Year-over-Year Changes ***
<b>Scope 1</b>	2,132	mt CO <sub>2</sub> e	2.2	1.6	2.4	+51%
<b>Scope 2**</b>	3,786	mt CO <sub>2</sub> e	6.3	5.7	4.3	-25%
<b>Total emissions**</b>	5,918	mt CO <sub>2</sub> e	8.5	7.3	6.7	-8%
<b>Electricity</b>	70,395	Gj	102.3	89.2	79.8	-10%
<b>Total Energy</b>	92,778	Gj	130.0	116.0	105.2	-9%
<b>Electricity</b>	19,556	MWh	28.4	24.8	22.2	-11%
<b>Total Energy</b>	25,774	MWh	36.1	32.2	29.2	-9%
<b>Water use</b>	54,586	M <sup>3</sup>	89.6	76.8	61.9	-19%

\* We define Intensity as Units (as reported) per Million Dollars of Revenue for the year. The denominator is Novanta's consolidated revenue for the year minus revenue from business acquisitions consummated during that year for which the partial-year GHG emissions from the acquired businesses are excluded from the reporting scope. Our business acquisitions may have a significant negative impact on our reported intensity metrics if the acquired businesses have higher energy intensity than Novanta. Please refer to chapter [5.2 Climate and Energy](#) for more information on the impact from our prior year acquisition on our 2023 GHG emissions and energy consumption data.

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

\*\*\* Year-over-year changes represent percentage changes from the prior year to the current year.

## GHG Scope 1 and Scope 2 Emissions

Market-based | 2023 Reported Basis | by Country

Country	GHG Scope 1 mt CO <sub>2</sub> e	GHG Scope 2 mt CO <sub>2</sub> e	Emissions Total mt CO <sub>2</sub> e
UK	968	615	1,583
USA	438	1,126	1,564
China	22	1,195	1,217
Czechia	202	688	889
Germany	485	106	591
Other	18	56	74
<b>Grand Total</b>	<b>2,132</b>	<b>3,786</b>	<b>5,918</b>

## Renewable Electricity and Energy

by Country

Country	% Renewable Electricity	MWh Total Electricity	% Renewable Energy	MWh Total Energy
Germany	100%	3,958	69%	5,739
USA	53%	9,062	42%	11,388
UK	47%	3,138	35%	4,236
China	12%	2,209	11%	2,379
Czechia	6%	1,043	3%	1,877
Other	0%	147	0%	156
<b>Grand Total</b>	<b>54%</b>	<b>19,556</b>	<b>41%</b>	<b>25,774</b>

## Novanta Water Consumption

In cubic meters | by Country

Country	2022 cubic meters	2023 cubic meters	YOY
USA	49,377	36,054	-27%
Czechia	296	6,075	1,952%
Germany	6,417	5,814	-9%
UK	5,239	4,236	-19%
China	2,744	1,752	-36%
Other	1,641	656	36%
<b>Grand Total</b>	<b>65,714</b>	<b>54,586</b>	<b>-17%</b>

The increase in Czechia water consumption is due to our 2022 acquisition.

## Novanta Water Consumption in High-risk Areas

*In cubic meters*

Country	2022 cubic meters	2023 cubic meters	YOY
<b>Suzhou, China</b>	2,076	3,298	59%
<b>El Monte, USA</b>	631	1,567	148%
<b>Phoenix, USA</b>	997	289	-71%
<b>Langfang, China</b>	420	191	-55%
<b>Total High Water Stress Sites</b>	4,124	3,298	-20%
<b>Total Novanta</b>	65,714	54,586	-15%
<b>Total High Water Stress Sites as a % of Total Novanta</b>	6%	6%	0%

# 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 final rule on climate-related disclosures. Therefore, 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. For our 2021 reporting year, we excluded from our reporting scope all small sites with 10 people or less as well as all idle facilities. Beginning in 2022, we include GHG inventory from all sites that are included in our consolidated financial statements, regardless of size or status.

Because of this expansion and for transparency of reporting for an acquisitive company, Novanta's GHG inventory for the current year has been presented in this report on both an "Organic" basis and a "Reported" basis. GHG inventory on the "Reported" basis includes all comparable sites included in the previous year's report, plus the first full-year GHG inventory for any acquisition consummated during the previous year and excluded from the previous year's GHG inventory. GHG inventory on the Organic basis includes all comparable sites included in the previous year's Reported basis presentation but excludes the first full-year GHG inventory for any acquisition consummated during the previous 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 sustainability reporting any partial-year 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 sustainability 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 Sustainability Specialist. The data collected and included in our GHG inventory in this report covers the full fiscal year ended December 31, 2023.

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 sustainability program continues to develop and mature.

## Appendix D

### LRQA Independent Assurance Statement

(see next page)



# LRQA Independent Assurance Statement

Relating to Novanta, Inc.’s GHG Assertion for the Calendar Year 2023

This Assurance Statement has been prepared for Novanta, Inc. 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 2023 (CY23) 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>1</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>2</sup> and at the materiality of the professional judgement of the verifier.

**Table 1. Summary of Novanta’s Greenhouse Gas Emissions for CY23:**

Scope of GHG Emissions	Category	Quantity	Unit
Scope 1	Direct	2,132	MT CO <sub>2</sub> e
Scope 2	Location-Based <sup>1</sup>	6,425	MT CO <sub>2</sub> e
	Market-Based <sup>1</sup>	3,786	MT CO <sub>2</sub> e
Other	Biogenic Emissions <sup>2</sup>	44	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  
 Note 2: Biogenic emissions quantity above resulted from heat generation (direct) and purchased electricity (indirect) from biofuels with Guarantees of Origin (GoO). Indirect biogenic emissions exclude all other renewable energy sources without GoOs because the amount of biofuels in those renewable sources is unknown. This methodology is consistent with prevalent practice as most emission factors do not note the percentage of biofuels, nor separately report the biogenic CO<sub>2</sub>.

<sup>1</sup> <http://www.ghgprotocol.org/>

<sup>2</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 Emissions Inventory by Greenhouse Gas for CY23:**

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	5,038	1.62	0.24	0.45	0	0	0	MT of Gas
Location-based	7,749	0.39	0.09	0.45	0	0	0	MT of Gas

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;
- verifying historical GHG emissions data and records at an aggregated level for the calendar year 2023; and
- confirming Novanta’s adherence to their Base Year Recalculation Policy.

**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: 08 March 2024

*Kate Pagan*

Kate Pagan  
 LRQA Lead Verifier  
 On behalf of LRQA, 2101 Citywest Blvd Suite 100 Houston, TX 77042  
 LRQA reference: UQA00002264 / 6522294

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