

Governance

Novanta Statement Regarding California Transparency in Supply Chains Act of 2010

Introduction

The California Transparency in Supply Chains Act requires certain manufacturers doing business in the State of California to disclose their efforts to eliminate the use of slave labor and human trafficking from their supply chains.

At Novanta, we are committed to the prevention and elimination of all forms of modern slavery, including forced or compulsory labor, child labor, domestic and indentured servitude, human trafficking, sex trafficking, and workplace abuse from our business and our supply chain. We assess our business operations and our supply chain for slavery, forced labor and human trafficking across Novanta business units worldwide. Our business partners are expected to act in accordance with the highest standards of integrity and in compliance with all applicable laws and regulations. Novanta requires suppliers to adhere to the same level of responsible business conduct in the areas of environment, health and safety (EHS), and human and labor rights that it requires of its own operations.

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."

Verification

Novanta has developed a comprehensive and risk-based supply chain monitoring program. Suppliers are periodically assessed and audited based on country risks, past performance and other factors, such as whether Novanta has become aware of any reason to believe that the supplier is not living up to our expectations. Novanta policies, such as our Code of Ethics and Business Conduct and our Supplier Code of Conduct, referenced in this Statement, convey our values and emphasize the importance of ethical business behavior within our supply chain and our communities.

Our assessments include social and governance aspects that cover human rights policy and due diligence. These audits and assessments are performed by Novanta employees and are not conducted by any independent third-parties.

Audit

When on-site audits are required, they are conducted by Novanta personnel using a global questionnaire and risk-weighted metrics. Novanta uses a combination of internal auditors and sourcing personnel to perform verification and auditing procedures. On-site audits or assessments are performed as required by each operating location, depending on factors that include results of past audits, criticality of the supplier, and country risk. All audits are pre-announced and include key metrics on human and labor rights.

Certification

Our commitment to taking steps to identify and eradicate modern slavery risks within our business operations and supply chain is embodied in our requirement that all employees and suppliers must comply with all the relevant laws and regulations in the countries in which they work or operate. In addition, this commitment to safeguarding human and labor rights in our operations and supply chain includes a set of policies that define the actions and behaviors we expect from our employees and business partners. 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 such, all key suppliers have either signed, or demonstrated alignment with, our most recent version of the Supplier Code of Conduct. Novanta screens all new key suppliers for financial, legal, and business ethical risks.

Internal Accountability

Novanta performs an annual internal assessment of our own operations to ensure that we are adhering to human and labor rights standards set forth in our Code of Ethics and Business Conduct and Human Rights Policy. We assess our sites for compliance with these policies, including:

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

We are committed to ensuring high standards of human and labor rights within our supply chain. We assess progress towards reaching our human rights objectives through monitoring the following three key performance indicators:

- Supplier confirmation with regard to Novanta’s Supplier Code of Conduct
- Supplier on-site audit ratings by Novanta’s supply chain teams
- Novanta employee completion rate for training courses on ethics, anti-bribery and anti-corruption, anti-harassment, and data privacy policies

Training

All employees are required to annually certify that they understand and uphold the Code of Ethics and Business Conduct, anti-bribery and anti-corruption, anti-harassment, and data privacy policies. Novanta also has a training module related to sustainability topics for employees in supply chain roles, which includes information about human and labor rights.

Novanta holds all employees accountable for maintaining compliance with our Code of Ethics and Business Conduct and the associated rules and regulations. Any employee found to have violated human and labor rights laws are subject to disciplinary actions, up to and including termination of employment.

Conclusion

At Novanta, we are committed to reflecting our values in the way we do business both internally in our own operations and externally with the partners we choose to work with. We strive to uphold both the spirit and letter of all human and labor rights laws in all countries in which we do business.

These laws, along with our own internal policies, protect our employees, contractors, workers anywhere in our supply chain, and any other person impacted by or doing business with us. We aim not only for full compliance but also to avoid adverse impacts on human rights by focusing on the perspective of each employee.