

LASER QUANTUM

A NOVANTA COMPANY

2022 U.K. Modern Slavery Act Transparency Statement



Introduction

At Novanta, we are committed to ensuring that all forms of modern slavery, including forced, compulsory labor and human trafficking, are excluded from our business and supply chain. We assess our supply chain for slavery and forced labor across Novanta business units and adopt these approaches enterprise-wide. Our business partners are also expected to act in accordance with the highest standards of integrity and in compliance with all applicable laws and regulations. The U.K. Modern Slavery Act of 2015 (“UK Modern Slavery Act”) requires certain businesses with operations in the UK to disclose their efforts to prevent and address slavery and human trafficking in their supply chains in an effort to eliminate the risk of modern slavery in business operations and supply chains.

About This Statement

This Modern Slavery Statement (“Statement”) is made by Laser Quantum Ltd., an indirect wholly owned subsidiary of Novanta Inc. located in the United Kingdom (“Laser Quantum” or “we,” “us” and “our”) in compliance with the Modern Slavery Act of 2015. This Statement addresses these laws, policies, and regulations and our commitment to the prohibition of slavery and human trafficking in our supply chain.

The terms “slavery and human trafficking” as used in this Statement include all forms of forced labor including slavery, child labor, domestic and indentured servitude, human trafficking, sex trafficking, and workplace abuse.

This Statement covers the policies and activities of Laser Quantum between January 1, 2022 to December 31, 2022.

This Statement was reviewed and approved by the Board of Directors of Laser Quantum.

1 Organizational Structure and Supply Chains

Novanta is a leading global supplier of core technology solutions that give medical and advanced industrial original equipment manufacturers (“OEMs”) a competitive advantage. Novanta combines deep proprietary technology expertise and competencies in precision medicine and manufacturing, medical solutions, 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 its growth is the team of innovative professionals who share a commitment to innovation and customer success.

About Laser Quantum

Laser Quantum is part of Novanta’s Precision Medicine and Manufacturing group which also includes ARGES, Cambridge Technology, and Synrad. Our Precision Medicine and Manufacturing group delivers tailored laser and beam delivery solutions to OEMs in a broad range of industrial and medical markets. We engineer mission-critical core components and subsystems that deliver extreme precision and performance, enabling our customers to improve productivity, achieve breakthrough performance and enhance people’s lives.ⁱ

Oversight of Human Rights and Other ESG Topics

At Laser Quantum, we view environmental, social, and governance (“ESG”) issues — including human rights — as central to our growth. Responsibility for strategy and planning related to ESG topics has been placed with our Laser Quantum Leadership Team, our senior-most leaders, under the oversight of our General Manager and the broader Novanta ESG team. The Laser Quantum Leadership Team manages day-to-day assessment and decision-making around Laser Quantum’s risks and opportunities which include human rights and supply chain risks, with a focus on our most significant risks. Novanta’s executive leadership oversees and guides these efforts and, the Novanta Board of Directors, as well as the ESG Committee of the Board, oversee the corporate governance and sustainability strategy and policies and are committed to the operation of Novanta in a responsible manner.

Novanta’s Compliance Manager is responsible for working with Laser Quantum in managing ESG compliance by Laser Quantum’s key suppliers, which represent the top 80% of its spending. At Laser Quantum, our Quality Manager oversees quality assurance and compliance for the business unit and directly engages suppliers on ESG topics, among others.

Laser Quantum’s Supply Chain

Our Code of Business Conduct, our Supplier Code of Conduct and our other policies described in this Statement convey our values and create the importance of ethical business behaviour within our supply chain and other communities. Laser Quantum purchases a wide range of products and services from its supply chain, including equipment, supplies and raw materials. We encourage third parties who provide goods and services to us to operate in accordance with these policies and values, to comply with all applicable laws and regulations, and to implement practices and guidelines that address the issues.

2 Policies in Relation to Slavery and Human Trafficking

Our commitment to taking steps to identify and eradicate modern slavery risks within our business operations and supply chain are 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 rights in our operations and supply chain additionally includes a robust set of policies defining the actions and behaviors we expect from our employees and partners. These policies include the following Novanta policies that govern Laser Quantum as well:

- **Code of Business Conduct** — Available in eight languages, the Novanta 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 of Novanta. 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.
- **Supplier Code of Conduct** — Novanta's Supplier Code of Conduct outlines the policies and procedures with which we expect our suppliers to comply. This Supplier Code provides guidelines on labor rights, ethics, conflict minerals due diligence, regulatory compliance, and more. Laser Quantum's key suppliers—defined as the top 80% of direct material suppliers by spend and critical material suppliers—are required to sign and adhere to the most recent Supplier Code of Conduct.
- **Human Rights Policy** — Laser Quantum condemns all forms of child, forced, unpaid or compulsory labor and human trafficking. We expect the same from our business partners and suppliers. Novanta's Human Rights Policy details the various laws and regulations related to human rights that we adhere to and the ethical standards we expect all our leaders, employees, and partners to adhere to.
- **Equal Employment Opportunity Policy** — Laser Quantum is firmly committed to compliance with all federal (including national/UK), state and local laws that prohibit employment discrimination on the basis of age, race, color, gender, gender identity, gender expression, sex, sex stereotyping, pregnancy, national origin, ancestry, religion, physical or mental disability, medical condition, marital status, citizenship status, sexual orientation, protected military or veteran status, genetic information and other protected classifications.
- **Anti-Harassment Policy** — Laser Quantum prohibits and does not tolerate any unlawful harassment against employees or any other covered persons because of race, color, religion, creed, national and or ethnic origin, ancestry, sex, pregnancy and maternity, parenthood, marital or familial status, gender, gender identity, age, sexual orientation, disability, chronic disease, citizenship, political opinion, genetic information, domestic violence victim status, or service in the uniformed services, or any other characteristic protected under applicable federal (including national/UK), state, or local law.

3 Due Diligence

In 2022, we launched with Novanta an internal assessment of our own operations to ensure we are adhering to human rights standards set forth in our Code of Business Conduct and Human Rights Policy. We assessed all Laser Quantum 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

No violations were identified during our 2022 assessment. We plan to conduct annual assessments of human and labor rights in our own operations.

Our Supply Chain

Novanta and Laser Quantum screen all new key suppliers for financial, legal, and business ethical risks. All new suppliers are required to agree to adhere to our Supplier Code of Conduct. They are also audited for the purpose of assurance and compliance and required to complete a self-assessment annually or biennially depending on their level of risk. In 2023, audits and self-assessments will include ESG criteria, including labor rights and working conditions.

Laser Quantum also completes the Slavery & Trafficking Risk Survey Template (STRT), disclosing our locations of operations, human rights policies, supplier screening, and potential risks, on an annual basis.

4 Risk Assessment and Management

Novanta's Internal Audit function performs an annual update to Novanta's enterprise risk assessment by conducting interviews of various senior leaders within Novanta (including Laser Quantum). All risks are ranked based on both the likelihood of occurrence and the severity of the potential impact. Human rights-related risks are not currently included in the enterprise risk assessment processes due to the low level of perceived human rights risk in our industry, but our risk assessments are updated for changes in the business environment annually and human rights topics may be added to our risk assessment processes in the future.

5 Key Performance Indicators

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

Key Performance Indicator <i>Laser Quantum 2022 Progress</i>
100% of key suppliers have signed off on the latest Supplier Code of Conduct. <i>Laser Quantum has achieved this KPI as of the date of this Statement.</i>
On-site audits have been completed for every key supplier at least once every three years. <i>A majority of Laser Quantum’s key suppliers have been audited in the last three years. We are expanding the scope of such audits to include human rights audit procedures.</i>
95% of Laser Quantum employees have completed ethics training and signed latest Code of Business Conduct. <i>Laser Quantum has achieved this KPI as of the date of this Statement.</i>

6 Training on Modern Slavery and Trafficking

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 Novanta Code of Business Conduct, anti-bribery and anti-corruption, and harassment policies.

In 2023, Novanta intends to launch a new training module related to ESG topics for employees in purchasing roles, including those of Laser Quantum, on its internal learning and development platform, Novanta University. This training will include information about slavery and human rights.

7 Conclusion

At Laser Quantum, 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 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 persons 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.

This Statement was approved by the General Manager and the Board of Directors of Laser Quantum Ltd. as of June 28, 2023.

/s/ Gunnar Stolze

Gunnar Stolze
President and General Manager
Laser Quantum Limited

ⁱ <https://www.linkedin.com/company/laser-quantum-a-novanta-company/>