



NOVANTA, IMS

Leadership Policy:

Quality Management, Environmental Management

A handwritten signature in black ink, appearing to read "E. Klein", written over a horizontal line.

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1. The Novanta IMS Management Policy

The **Scope** of Novanta IMS is to design and manufacture the highest quality, best value integrated motors and motion control products while ensuring total satisfaction of all our Customers, Shareholders and Employees in an environmentally friendly way. We are committed to a Quality and Environmental Management System which conforms to ISO9001:2015 and ISO14001:2015 requirements, with no exceptions.

Novanta IMS achieves our objectives through:

- The permanent improvement of our products and services
- The commitment and continuous development of our employees
- The elimination of all unnecessary complexity
- Dedication to comply with our Leadership Policy Manual requirements
- Continuous reduction in our impact on natural resources & the environment
- Operate in full compliance with Federal, State, Local legal requirements and to any other environmental requirements to which NOVANTA IMS may be subjected to.

Novanta IMS is built on six principles:

- The constant **listening** to our Customers and sustainable improvement of their Satisfaction
- The **commitment** and actions of Leadership: Top Management, Line Management and all Employees
- The **openness** of communication
- The systematic **measurement** and communication of performance
- The **control** and improvement of processes, products and services
- The **recognition** of exemplary actions

By using risk analysis techniques, Novanta IMS is preventive

- Quality begins with specifications for product and service development
- Potential issues are identified before they occur and effective solutions are implemented in order to maintain continuous Customer Satisfaction.

Novanta IMS is responsive

- Issues affecting Customer Satisfaction are solved quickly and effectively.

Novanta IMS Management has decided not to share our Internal Environmental Aspects and Impacts with outside customers and suppliers.

2. PROCESS INTERACTION: Figure 1 Below

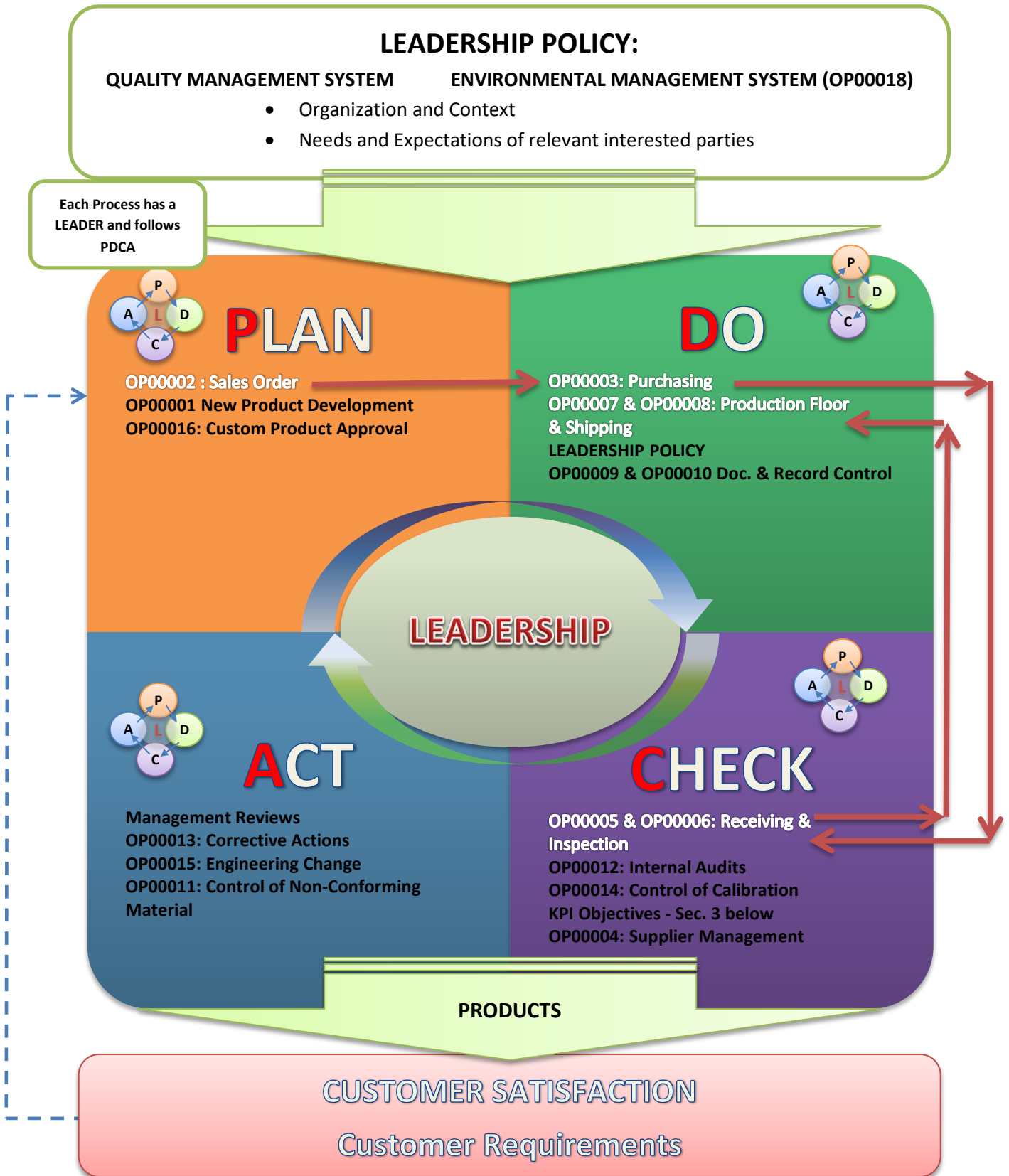


Figure 1: NOVANTA IMS Company Interactions

3. COMPANY OBJECTIVES:

Table 1: ISO Sec 8.2 – The following are a list of Key Process Indicators (KPI's) which are used by NOVANTA IMS, Management to determine how the above processes are performing and to make sure we are achieving customer satisfaction

| Metric | Description | Calculation | Frequency | Target |
|------------------------------------|--|---|-----------|--------------------------------|
| OTD | On Time Delivery | Shipment Lines Late/Shipment Lines Due (5days early, 0 late) | 1/month | 98% |
| FFR | Field Failure Rate | Last 3 month ave items returned/last 12 months items shipped | 1/month | 2000-PPM |
| ESSR | External Suppliers On Time Delivery | Delivery lines late/Delivery Lines Due (5 days early, 0 late) | 1/month | 96% |
| RTE-15 | Return for Evaluation | Date Complete - Date Shipped back | 1/month | 85% less than 15 business days |
| DPM | Defects Per Million, Supplied material | Number of defects supplied/Number of items delivered | 1/month | 1000-PPM |
| FPY | First Pass Yield | (Tot 1 st test PASS)/(Tot 1 st tested) | 1/month | 90% |
| Supplier Performance Record | Supplier Performance | Average Points: Quality, On Time Delivery, and Cost | 1/qtr | 3.2-points |
| Energy | Electricity & Propane Usage (kWh/degree day) | Combined Electricity and Propane used converted to kWh/degree days | 1/month | 50.5 kWh/degree day |
| Water | Water Usage (gallons) | Read from water meter each month | 1/month | 7,250 gallons/month |
| Recycling | % of produced waste recycled | Waste Recycled/Waste produced | 1/month | 60% |
| VOC's Consumed | Amount of VOC's consumed/emitted (Kg) | VOC's from paint, solvents, & other volatile chemicals. Excludes fuels. | 1/month | 1.2 Kg |

4. CONTEXT OF THE ORGANIZATION:

- 4.1. **UNDERSTANDING the ORGANIZATION and its CONTEXT:** NOVANTA IMS will continually determine, monitor, and evaluate external and internal issues which are relevant to our purpose and strategic direction.
 - NOVANTA IMS will comply with all Legal and Other Imposed Environmental Requirements: NOVANTA IMS utilizes an external organization to review its operations to determine legal and other requirements that it must comply with. Periodic reviews are performed to verify compliance
- 4.2. **UNDERSTANDING the NEEDs and EXPECTATIONS of INTERESTED PARTIES:** NOVANTA IMS will determine interested parties relevant to our Leadership Policy and their requirements
- 4.3. **SCOPE:** NOVANTA IMS will Maintain Review and update as need our Scope to make sure it properly defines our boundaries and will consider all external and internal issues, requirements of all interested parties and the products of the organization. The Scope of our organization will be maintained and available for all Interested Parties. See Section 1 above.
- 4.4. **Management System and Processes:**
 - All Processes are identified, and their sequence and interactions are defined, See Figure 1 above
 - These Processes have the necessary criteria and methods identified to ensure both their operation and control, See Table 1 above
 - Management ensures the necessary resources and information are available to support the operation and monitoring of these processes
 - These processes are monitored, measured and analyzed so that actions can be implemented to achieve the planned results and continually improve the processes
 - NOVANTA IMS will address any risks and opportunities associated with relevant processes
- 4.5. **Minimize the impact on Natural Resources and the Environment:** NOVANTA IMS determines the environmental aspects and impacts caused by all business activities, identifies significant impacts, and has established controls to minimize environmental impacts per NOVANTA IMS Document OP00018.
- 4.6. **Emergency preparedness and response:** NOVANTA IMS establishes implements and maintains procedures to identify potential emergency situations and potential accidents that can have an impact on the environment and determines how it will respond to them. This is documented in NOVANTA IMS Document Number OP00020.
 - Response to actual emergency situations and accidents to prevent or mitigate associated adverse environmental impacts.
 - Periodical reviews and revisions are made to emergency preparedness and response procedures, in particular, after the occurrence of accidents or emergency situations.
 - Periodical tests, such as fire drills, are performed to verify emergency procedures.

5. MANAGEMENT RESPONSIBILITY:

- 5.1. **Leadership and Commitment:** Top management will demonstrate leadership, will be committed to, and take accountability for the development and the implementation of a Management System which ensures Quality without negatively impacting the Environment. Management is committed to the Systems continuous improvement by:
 - Communicating to the organization the importance of meeting customer, statutory, regulatory, and environmental requirements.
 - Ensuring the establishment of both Quality and Environmental Policies (Leadership Policy) and Objectives
 - Management Reviews are conducted at least once a year to review our Management System and its effectiveness
 - Ensuring the availability of resources

- **Customer Focus:** Through OP00001, New Product Development Procedure, and OP00016, Custom Product Approval Procedure, top management will demonstrate leadership and commitment to customer focus by:
 - Customer and applicable statutory and regulatory requirements are determined, understood and consistently met
 - Risks and Opportunities which affect conformity of products are determined and addressed
 - Maintaining focus on customer satisfaction

5.2. **Management Policy:** A management policy is established and maintained, Section 1 above, to ensure the proper communication of the organizations Quality and Environmental policies. Management ensures the policy is:

- Appropriate to the purpose of the organization
- Includes commitment to comply with requirements and continually improve the effectiveness of the Management System
- Provides the framework for establishing and reviewing objectives
- Reviewed for continual suitability
- The policy will be effectively communicated by:
 - Being available and maintained as documented information
 - Communicated understood and applied within NOVANTA IMS
 - Be available to relevant interested parties, as appropriate

5.3. **Responsibility, authority and communication:** Top management ensures that responsibilities and authorities are defined and communicated within the organization.

- All Processes described in Figure 1 above have organizational responsibilities identified.
- A member of management is appointed by Top Management to, irrespective of other responsibilities, have the responsibility and authority for:
 - Ensuring all processes for the Management System are established, implemented and maintained
 - Reporting to top management on the performance of the Management System and need for improvement
 - Ensuring the promotion and awareness of customer requirements throughout the organization

6. **PLANNING:** When planning for the Management System, NOVANTA IMS will determine risks and opportunities that need to be addressed for:

- Both Quality and Environmental **Objectives**, including those needed to meet requirements for product, are established at relevant functions and levels within the organization
- The **planning** of the management system is carried out to meet the general requirements described in sec 4.1 and 4.2 above
- The integrity of the management system is maintained when changes to the management system are planned and implemented
- NOVANTA IMS will plan resources accordingly to make sure we have appropriate resources required to achieve our objectives and for allocation or reallocation or responsibilities in the case of any changes to the Management System.

7. SUPPORT

7.1. **Provisions of Resources:** NOVANTA IMS determines and provides the resources needed to implement and maintain the Leadership Policy, to continually improve its effectiveness, and to enhance customer satisfaction by meeting customer requirements.

- NOVANTA IMS provides and maintains the **infrastructure** needed to achieve conformity to product requirements and the over-all company objectives. This includes:
 - Building/s, workplace and associated utilities
 - Both hardware and software process equipment
 - Supporting services, such as application support, communication, and transport
- NOVANTA IMS will provide an **environment** conducive for the operation of our processes to achieve conformity of all products. NOVANTA IMS will consider such things as Social (non-discriminatory), psychological (stress-reducing), physical (temperature, humidity, light)
- **Control of Monitoring and Measure Devices:** Devices used to ensure the conformity of the product are identified and monitoring is determined. A Calibration Procedure has been documented, OP00014, and implemented where necessary to ensure valid measurement results.
 - When necessary Measuring devices are calibrated at specified intervals, or prior to use, against measurement standards traceable to international or national measurement standards.
 - Measuring devices are adjusted or re-adjusted as necessary
 - Measuring devices are identified so that the calibration status and records of calibration can be traced to a specific device
 - Adjustable devices are safeguarded from adjustments which might invalidate the calibration of the device
 - Measuring devices are handled, maintained, and stored in a manner which protects them from damage and deterioration.
 - Appropriate action is taken to determine the disposition of any products which may have been built with a device which is found to excide the calibration limits.
- **Organizational Knowledge:** NOVANTA IMS will determine the knowledge necessary for the operation of our processes to achieve product conformity. This knowledge will be maintained and made available as documented information such as:
 - Internal Sources: Procedures, Work Instructions, corrections of failures in our CAPA database (OP00013), Product Specifications, Meeting Minutes.
 - External Sources: Standards and Specification, Customer Knowledge captured in meeting minutes, Novanta IMS E-Learning courses

7.2. **Competence:** The competency of all NOVANTA IMS personnel is determined based on appropriate education, training, and experience.

- Job descriptions are used to determine necessary competence for personnel performing work which affects product quality
- Training is provided to ensure competency and evaluation of the effectiveness of the training is done
- All employees are aware of the relevance and importance of their activities and how they contribute to the over-all company objectives
- Records of training, education, skill set, and experience are maintained

7.3. **Awareness:** NOVANTA IMS will make sure that all persons doing work under our control are aware of:

- Our Leadership Policy and all relevant Quality and Environmental Objectives and how they contribute to their effectiveness.
- The implications of not conforming with the Leadership Policy

7.4. **Communication:** NOVANTA IMS will share appropriate documents with internal and external parties. Our Leadership Policy will be available via our website, and certain procedures and parts of non-proprietary instructions may be shared with external parties. Managers associated with either the internal or external party which requests information are responsible communicating the availability of the request.

- 7.5. **Documented Information:** NOVANTA IMS will determine maintain and improvement our documented information required for ISO 9001:2015 & ISO 14001:2015. Documented information consists of the following:
- Management Policy, Section 1 above
 - Objectives, Table 1 above
 - This Leadership Policy Manual
 - Documents needed to ensure effective planning, operation, and control of processes
 - Records as required by ISO 9001:2015 and ISO 14001:2015 to ensure effectiveness of our relevant processes
- **Control of Documented Information:** See NOVANTA IMS Document Number OP00009 (Control of Documents) and OP00010 (Control of Records). Documented information is controlled with the following methods:
 - Approval for adequacy prior to use
 - Review and updated as necessary with appropriate re-approval
 - Changes and Revision status are identified
 - Only latest relevant versions are available at the point of use
 - Documents remain legible and identifiable
 - Identification and controlled distribution of external documents
 - Prevention of unintended use of obsolete documents and suitable identification is applied to them for retention purposes
 - The identification, storage, protection, retrieval, retention time, and disposition of records are defined in NOVANTA IMS Document Number OP00010. All records remain legible, are easily identifiable, and retrievable.

8. Operation

- 8.1. **Planning of Product Realization:** Details for new product realization are described in NOVANTA IMS Document Number OP00001. NOVANTA IMS plans and develops the processes needed to achieve both our Quality and Environmental Objectives. During the planning of a new product the following things are determined:
- Quality and Environmental Objectives for the product
 - The need to establish Processes, documents, and resources specific to the product
 - Required verification, validation, monitoring, inspection and test activities specific to the product and the criteria for product acceptance
 - Records needed to show the realization processes and product meet requirements

8.2. **Customer-related Processes:** All new standard and custom products follow the process described in OP00001. NOVANTA IMS Document Number OP00002 describes in detail how all customer related requirements are determined, reviewed, and communicated. Along with OP00002, Custom Product Requirements are determined using the NOVANTA IMS Document Number OP00016. The following things are determined within the above-mentioned procedures:

- Specific customer requirements, including delivery and post-delivery activities
- Requirements not stated by customer, but which are necessary for specified or intended use, where known
- Statutory and Regulatory requirements related to the product
- All requirements are reviewed prior to commitment to supply the product to a customer. A customer order acknowledgement is sent after the review. The following things are reviewed:
 - Product requirements are defined
 - Order requirements differing from those previously expressed are resolved
 - Ability to meet the defined requirements
- Records of the review and any changes to the requirements are maintained in accordance to NOVANTA IMS Document Number OP00010
- Our order entry process allows for effective communication with the customer in relation to product information, enquiries, order handling (including) amendments, and customer feedback (including complaints)

8.3. **Design and Development:** OP00001 describes the design and development process and the interfaces between the different organizational groups. Development stages are defined along with the review, verification, and validation of each development stage. Our process assigns responsibility and authority for the design and development activities and allows for the output of the process to be updated, as appropriate, during the progression through the different development stages.

- **Design Inputs** related to product requirements are determined and records are maintained per OP00010. Inputs include the following:
 - Functional and Performance requirements
 - Applicable statutory and regulation requirements
 - Information derived from previous or similar designs and any other requirements essential to the design and development
- **Design Outputs** are provided in a format which enables verification to the design inputs and all outputs are approved prior to release. Design Outputs:
 - Meet the input requirements of the design and development
 - Provide appropriate information for purchasing, and production
 - Contain or reference the product acceptance criteria
 - Specify the characteristics necessary for its safe and proper use
- Design and Development stages are **reviewed** per OP00001 and the records maintained about the review/s are also described within this procedure
- **Design and development Changes** are controlled by NOVANTA IMS Document number OP00015. This process ensures that the changes are identified, and the proper records are maintained. It ensures the changes have been reviewed, verified and validated, as appropriate, and approved prior to implementation. The disposition and effect of the changes for all parts in process including already delivered product is determined within this Engineering Change Process, OP00015.

- 8.4. **Control of Externally Provided Products and Services (Purchasing):** The details of the purchasing process are maintained within OP00003. All purchased product is verified to ensure conformity to purchased requirements. The extent of control applied to a supplier and/or purchased material is dependent upon the effect of the purchased material on the final product. Items and their suppliers which are for non-product related activities do not require the controls necessary for customer related product material. Production suppliers are evaluated prior to use and are re-evaluated on a quarterly interval to make sure their ability to supply product is in accordance with our company objectives.
- **Purchasing Information** describes requirements for approval of product, procedures, and equipment. This information may include qualification of personnel and/or quality management system requirements
 - Document number OP00006 describes the methods in which purchased product is inspected for ensuring it meets specified requirements.
 - Any testing or verification intended to be performed at a supplier's site is stated as product requirements and the purchasing information includes the arrangements and methods for product release
- 8.5. **Production and Service:** NOVANTA IMS products do not require any external service and we do not support any external service. Application support is provided for all customers who require help applying our products. Product repairs and/or evaluation are supported as an internal process.
- **Controlled production** conditions are detailed in Document Number OP00007. All Production processes include the following:
 - The availability of information which describes the characteristics of the product
 - The availability of work instructions as necessary
 - The availability and implementation of monitoring and measuring devices
 - Implementation of release, delivery and post-delivery activities
 - Production processes are **validated** as described in the new product development procedure, OP00001.
 - All production material and products are **identified** with a Part Number. Revision and date codes are also identified as deemed necessary. The identification can be in the form of labels, travelers, and/or work orders.
 - All material **traceability** requirements are identified during the design and development stages of a product. As necessary, the use of date codes and unique serial numbers are used for production material. These requirements are specified as such in the material specifications.
 - Serialization of production products is determined and specified during the design and development stages. Serialization and unique identifiers are used to link product test records and any other process records to the product.
 - **Customer Property** is identified, verified, and protected as if it were NOVANTA IMS purchased material. Any non-conforming material is documented and recorded using the same techniques as standard products described in OP00006 (Incoming Inspection) and/or OP00011 (Control of Non-Conforming Material) and the customer is notified as well.
 - The conformity of the product is **Conserved** during the internal processing and delivery to the intended destination. A Shipping Procedure has been identified and documented, OP00008, to control this process. These controls consist of identification, handling, packaging, storage and protection. Preservation controls are also applied to the components or constituent parts of the product.

- 8.6. **Release of Products:** All products are inspected prior to release and as necessary they are tested to ensure and revalidate the Product Processes achieve planned results
- As needed, arrangements are made for production processes to;
 - define criteria for review and approval
 - Approve equipment and personnel qualifications
 - Use specific methods and procedures
 - Identify and use records in accordance to OP00010
- 8.7. **Control of Nonconforming Material:** The details of this process are described in OP00011. This procedure ensures that nonconforming material is identified and controlled to prevent its unintended use or delivery. Records of the nonconformity and subsequent actions taken are maintained.
- Nonconforming material is dealt with by doing one or more of the following:
 - Taking action to eliminate the nonconformity (Rework), and re-verifying its conformity to the requirements
 - Authorization of its use, as is, or release by the relevant authority (Any of the following: Quality Manager, Manufacturing Engineer, Engineering), where applicable, by the customer
 - Take action to preclude its original intended use or application (Scrap)
 - Actions, as appropriate, are taken for any nonconforming material which is detected after delivery. The action/s is appropriate to the effects or potential effects of the non-conformity

9. Performance Evaluation; MEASUREMENT, ANALYSIS AND IMPROVEMENT

- 9.1. **Monitoring and Measurement:** NOVANTA IMS plans and implements monitoring, measurement, analysis, and improvement processes needed to ensure:
- Product conformity
 - Conformity to the Management System
 - Continual improvement of the effectiveness of the Management System
 - Company objectives have been set up in such a way to be able to measure and monitor **customer satisfaction** and for effective measurement and monitoring of company **processes**
 - **Customer Surveys** will also be used, per **CSI00009**, to help determine customer satisfaction and needs.
 - **Analysis of Data:** Data is collected, analyzed, and used to maintain the effectiveness of the Management System and to continually improve its effectiveness. The data is related to:
 - Customer Satisfaction
 - Conformity to product requirements
 - Characteristics and trends of processes and products including opportunities for preventative action
 - Supplier performance
- 9.2. **Internal Audits** are conducted at planned intervals per OP00012. These audits are used to determine whether the Leadership Policy System conforms to the International Standards of ISO 14001:2004, ISO 9001:2008, and to verify the Management System is effectively implemented and maintained
- **Internal Audits** are conducted by trained auditors and the auditors do not audit their own work
 - The manager responsible for the area being audited ensures actions are taken to eliminate any detected nonconformities and ensure the proper follow-up to verify the actions have taken place
 - When planned results of either a process or a product is not achieved a corrective action is taken, as appropriate, to ensure conformity to the product and process plans

- Characteristics of the product are measured and monitored to verify the product requirements are met
- Records are kept of the person/s authorizing the **products release** based on the conformity to the acceptance criteria
- Products are not released until the planned acceptance criteria has been met unless otherwise approved by relevant authority (Engineering Sign-off) and where applicable, by the customer

9.3. **Management Review:** Top Management meets at least once per year to review the organization's Management system, to ensure its continuing suitability, adequacy and effectiveness. This review includes assessing opportunities for improvement and the need for changes to the Management system, including the Management policy and the Quality and Environmental objectives.

- Records for the management review are kept in the form of Meeting minutes and/or corrective and preventive actions
- The following things are reviewed during the Management Review Meeting:
 - Audit Results
 - Context of the Organization – Quality & Environmental Context
 - Customer Feedback
 - Process performance and product conformity
 - Corrective and Preventative action status
 - Follow-up on previous meetings actions
 - Changes which can affect the Management System
 - Improvement Recommendations, new Corrective/Preventative Actions
 - Evaluations of compliance with legal and other requirements to which NOVANTA IMS subscribes
- The intent or outputs of the Management Review Meetings are decisions and actions related to:
 - Improvements of the effectiveness of the Management System and its processes. This includes any changes to Process and Environmental Objects
 - Improvements of product related to customer requirements
 - Resources needed

10. Improvement:

10.1. **General:** Our organization is committed to the **continual improvement** of the effectiveness of the Management System using the Leadership Policy, Objectives, Audit Results, analysis of data, corrective and preventative actions, and the Management Review. **Corrective and Preventive Actions** are taken to prevent recurrence of nonconformities and prevent potential nonconformities, as documented in OP00013. This procedure defines the following:

- Reviewing nonconformities and identifying potential nonconformities
- Determination of root-cause for any nonconformities and potential nonconformities
- Determination for the need for action to ensure nonconformities do not recur and to prevent potential nonconformities
- Determine and implement the action needed
- Records of the results of action taken
- Reviewing the action taking to determine its effectiveness