



Our Journey of Decarbonization

Sustainability Report 2024

Solving automation challenges for the evolving power grid

NovaTech Automation produces the easiest to use and best supported automation products and solutions for electric utilities. All of our products—the Orion family of automation platforms, Bitronics® instrumentation for power measurement and display, and Kronos™ Satellite Clocks for precise time synchronization—are made in the USA and backed by a 10-year warranty.

These products are at the core of our engineered systems that can be found in the substation, on pole tops, in the enterprise, and at the grid edge.

Our mission to accelerate the evolution and decarbonization of the power grid is reflected in our commitment to achieving Net Zero operation by 2050.



10-year No Hassle Warranty



Always Made in the USA



Net Zero Committed

98.7%

Of our clients would recommend us to a colleague

Sustainability strategy

In 2022, NovaTech committed to achieve Net Zero emissions through the Science Based Targets initiative (SBTi) with a baseline year of 2021. As a small to medium-sized enterprise (SME), we have adopted the SME pathway, which provides a framework for us to reduce our greenhouse gas emissions in line with climate science. Through our Net Zero commitment and progress, NovaTech is joining an aggressive international effort to maintain global average temperatures within 1.5°C of pre-industrial levels.



Progress towards Net Zero

Since our commitment, we have made significant strides towards our Net Zero target:

- **Renewable Energy Transition:** In 2023, we achieved a major milestone by procuring Renewable Energy Certificates (RECs) to cover 100% of our electricity consumption. This initiative is a crucial step in eliminating our Scope 2 emissions and demonstrates our dedication to transitioning to renewable energy sources. NovaTech will continue to procure RECs moving forward.
- **Electrification of Heating:** Starting in 2024, we will be taking further action to decarbonize our operations by beginning the process of replacing combustion boilers and heaters with electric alternatives. This initiative will not only reduce our Scope 1 emissions but also improve energy efficiency and reduce our reliance on fossil fuels.
- **Scope 3 Emissions Management:** Recognizing the importance of addressing our value chain emissions, we have begun engaging with our suppliers to collect more accurate Scope 3 data. This engagement is critical for understanding the full extent of our environmental impact and identifying opportunities for emissions reduction in our supply chain.



Challenges and opportunities

As we progress on our Net Zero journey, we are mindful of the challenges ahead. The transition to renewable energy and the electrification of our heating systems require significant investment and careful planning. Additionally, engaging with suppliers to improve Scope 3 data accuracy is an ongoing process that demands collaboration and transparency.

However, we are also excited about the opportunities that our Net Zero commitment presents. By leading the way in sustainability, we are not only reducing our environmental impact but also positioning NovaTech as a forward-thinking and responsible business in the eyes of our customers, employees, and stakeholders.

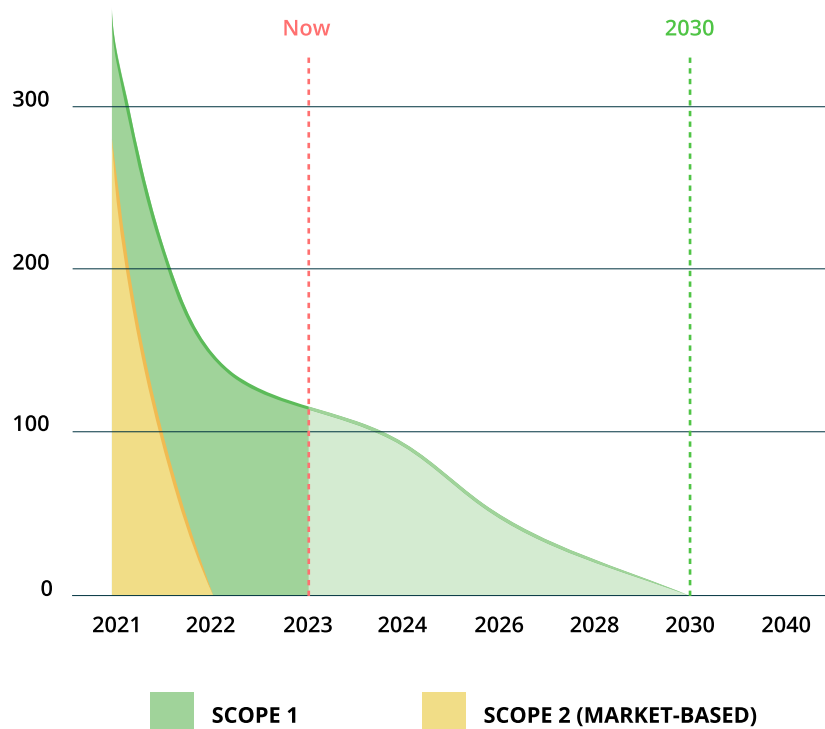
Engineering Net Zero

In 2022, the electric power industry was responsible for about 1/3 of all US CO₂ emissions¹. As a supplier of critical components for electrical substations, NovaTech's products and services are used throughout the North American electricity grid by leading utilities as well as generation and transmission operators. To meet ambitious state and federal emissions targets, we're helping our customers move towards zero-carbon electricity by integrating renewables and upgrading other grid assets.

While we work with our industry partners to drive change across the electric power industry, NovaTech has been working to measure and reduce the impact of our own operations on the environment. We convened an internal staff committee to oversee our decarbonization journey, and, in 2022, we registered our commitment to achieve Net Zero by 2050 with the Science-Based Targets initiative (SBTi) (to date, NovaTech is one of fewer than 200 Net Zero-committed SME's in North America)². We use an ISO-14064-compliant carbon accounting platform to track, manage, and review our greenhouse gas inventory on an ongoing basis.

Since committing to SBTi in 2022, our team has been hard at work evaluating and implementing projects to reduce our operational emissions. In 2022, NovaTech began purchasing Green-e certified renewable energy credits (RECs) to reduce our market-based Scope 2 emissions to 0.

Projected emissions, scope 1 and 2 (Metric tons CO₂e)



Beginning in 2022, NovaTech started procuring RECs to cover 100% of electricity used, and will continue to do so moving forward

1. <https://www.eia.gov/tools/faqs/faq.php?id=77&t=11#:~:text=In%202022%2C%20the%20U.S.%20electric,sector%20accounted%20for%20about%2031%25.>

2. <https://sciencebasedtargets.org/target-dashboard>

Energy management



Combustion energy

NovaTech's Scope 1 GHG emissions primarily result from burning fuels at our facilities for heating usage.

In 2022, NovaTech underwent an energy efficiency audit at our facilities in Lenexa, KS. This audit identified numerous opportunities to improve the buildings' efficiency and reduce fuel usage, which we have implemented.

Combustion emissions at the Lenexa facilities decreased by 12% and 5% from 2022 to 2023.

In 2023, NovaTech started planning for the electrification of all remaining combustion equipment (furnaces, hot water heaters, boilers, etc). We began replacing equipment, with a precise schedule to be determined based on current asset condition.



Utilities

NovaTech currently operates a solar array at our Quakertown, PA location. This system is located behind-the-meter and participates in PPL's net metering program. During 2023, this system generated 3 MWh of RECs, which are used to reduce our market-based grid electricity emissions.



In addition to the RECs we generate on-site, since 2022 NovaTech has been procuring RECs to cover 100% of all other grid electricity resources used. In 2022, we purchased approximately 820 MWh of RECs. NovaTech intends to continue purchasing RECs even as we examine the feasibility of installing additional renewable energy systems on-site.

GHG emissions

NovaTech monitors our Scope 1, 2, and 3 emissions, and considers the following categories to be material:

	Category name	Data type
1	Stationary combustion	Activity
1	Mobile combustion	Not material
1	Fugitive and processed emissions	Not material
2	Utilities	Activity
3.1	Purchased goods and service	Expenditure
3.2	Capital goods	Expenditure
3.3	Fuel and energy-related activities	Not material
3.4	Upstream transportation and distribution	Expenditure
3.5	Waste generated in operations	Not material
3.6	Business travel	Expenditure
3.7	Employee commuting	Activity
3.8	Upstream leased assets	Not material
3.9	Downstream transportation and distribution	Expenditure
3.10	Processing of sold products	Not material
3.11	Use of sold products	Not material
3.12	End-of-life treatment of sold products	Not material
3.13	Downstream leased assets	Not material
3.14	Franchises	Not material
3.15	Investments	Not material

Purchased goods and services and capital goods (3.1 and 3.2)

As is common, NovaTech's single largest emissions category is Purchased Goods and Services, with 2,611 Mtons CO₂eq in 2023. In order to achieve our long-term Net Zero target, it is necessary to improve the quality of the underlying data used to calculate emissions. To that end, our procurement teams are working with our largest suppliers to obtain either activity data (e.g., mass/length/quantity) or supplier-specific emission factors.

Logistics and shipping (3.4 and 3.9)

In 2023, our emissions from both upstream and downstream transportation and distribution totaled 357 metric tons. This primarily resulted from freight services used to deliver components to our facilities (upstream) and to deliver finished products from our facilities to their end-users (downstream).

Similarly to Purchased goods and services, improving data quality is a key consideration for Logistics emissions. By engaging with our logistics providers, we hope to obtain activity-based data (e.g., miles or ton-miles), or directly calculated emissions which can be used to inform further reduction plans.

Stakeholder engagement

At NovaTech, we believe that engaging with our stakeholders is crucial to the success of our sustainability program. Our stakeholders, including our employees, customers, suppliers, and the communities in which we operate, play a vital role in helping us achieve our environmental sustainability goals.



Employee engagement and leadership

While we work with our industry partners to drive change across the electric power industry, NovaTech has been working to measure and reduce the impact of our own operations on the environment. We convened an internal staff committee to oversee our decarbonization journey,

Our employees have been the driving force behind NovaTech's commitment to environmental sustainability. Their passion and enthusiasm for making a positive impact have been instrumental in shaping our sustainability strategy. To harness this energy, we have established a Climate Team composed of dedicated individuals from various departments across our Pennsylvania and Kansas locations. This cross-functional team is responsible for overseeing the implementation of our emission reduction strategies and ensuring that our sustainability initiatives are integrated into every aspect of our business.

Since committing to SBTi in 2022, our team has been hard at work evaluating and implementing projects to reduce our operational emissions. The Climate Team meets regularly to review progress, discuss new ideas, and coordinate sustainability initiatives. They also play a key role in raising awareness and educating our workforce about the importance of sustainability and how each employee can contribute to our goals. Through their leadership and collaborative efforts, the Climate Team has fostered a culture of sustainability within NovaTech, driving meaningful change and inspiring others to join our journey towards a more sustainable future.

Our 2024 projects include:

- Installation of EV chargers
- Future Grid installation to test our products and work with our partners
- A solar outdoor common area, which ties into the future grid
- Vendor survey to understand their efforts towards Net Zero
- Building envelope improvements in Kansas and Pennsylvania

The Climate Team is also responsible for NovaTech's Keep It Cool™ program, which aims to drive engagement and inform our workforce about our Net Zero commitment.



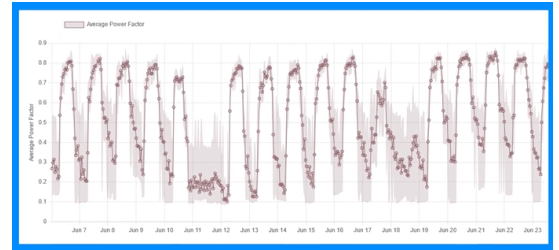
Engagement with customers and suppliers

Our commitment to sustainability extends beyond our own operations to include our values chain. We collaborate with our customers to understand their sustainability needs and offer products that contribute to their environmental goals. In 2024, we will work more closely with our suppliers to obtain more accurate data about their products, and encourage the use of sustainable practices.

Future Grid: Installations

Transformer monitoring

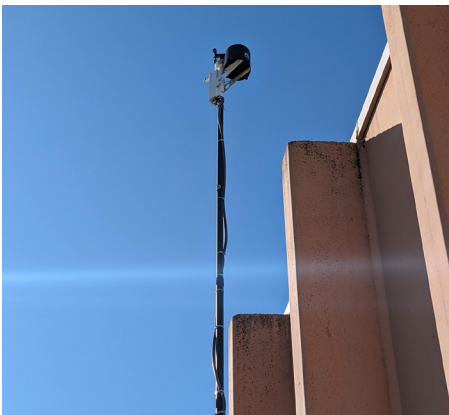
In 2021 NovaTech introduced its Keep it Cool initiative, a company-wide effort to reduce carbon emissions. As a part of this effort, NovaTech set out to implement energy efficiency systems and to measure the efficiency of these systems.



Readying the system for testing, readouts, and system tracking from internal metering equipment.

Weather station

NovaTech installed a utility-grade weather station to better understand weather patterns at our Lenexa facility. Data gathered include solar intensity, wind speed, and precipitation. In a future effort, the raw data will be combined into informative reports which may be used to drive further decisions around which renewable energy resources to deploy at our facility in the future.



Committed to our customers and the future



NovaTech Automation is a US-based, medium-sized, family-owned business. Our core values of Service, Integrity, Innovation, and Teamwork are at the heart of our continued growth and success in grid automation.

As current and future stewards of the most complex machine ever built, we have both a rare business opportunity and a moral obligation to accelerate the decarbonization of the power grid. We have therefore committed to achieve Net Zero carbon/GHG operations by 2050.

Conrad Oakey, CEO
Volker Oakey, Chairman



keepitcool.earth



NovaTech Automation is Net Zero committed. Printed on recycled paper. ♻️

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