



NOVANTA INC.

# Director Share Ownership Policy

Amended and Restated as of February 25, 2023

## Purpose

This Non-Employee Director Share Ownership Policy (the “Policy”) of Novanta Inc. (“Novanta”) is designed to align the interests of members of the board of directors of Novanta (the “Board”) with the interests of Novanta’s common shareholders.

## Eligibility

This Policy shall apply to all members of the Board who are not employees of Novanta or any of its subsidiaries (each, a “Non-Employee Director”).

## Share Retention Requirement

Following the Compliance Date (as defined below), each Non-Employee Director will be subject to the following share requirement:

Each Non-Employee Director must hold a pre-defined percentage of all “net settled shares” (as defined below) received from the vesting, delivery or exercise of equity awards granted under Novanta’s equity award (including long-term incentive) plans until the total value of all shares of Novanta common shares (“Common Shares”) held by such Non-Employee Director equals or exceeds the Non-Employee Director’s applicable retainer threshold, as described under “Retainer Threshold” below (as such thresholds may be amended from time to time). This share retention requirement applies to a Non-Employee Director only if such Non-Employee Director has not achieved his or her retainer threshold at any time on or following the Compliance Date.

For purposes of this Policy, “net settled shares” means those shares that remain after payment of (i) the exercise price of stock options or purchase price of other awards, including shares sold or netted with respect thereto, and (ii) all applicable transaction costs.

The percentage of net settled shares required after the Compliance Date to be held if a Non-Employee Director has not yet met his or her retainer threshold is 50%.

For purposes of this Policy, “Compliance Date” shall mean the later of the fifth anniversary of (i) the effective date of this Policy or (ii) the date of such Non-Employee Director’s initial appointment or election to the Board.



## Retainer Threshold

Effective as of the Compliance Date, each Non-Employee Director will be required to achieve and maintain a retainer threshold equal to five times the amount of his or her annual cash retainer for service on the Board.

Novanta uses the average closing price per share of Novanta's Common Shares (as adjusted for stock splits and similar changes to the Common Shares) on The Nasdaq Stock Market for the most recently completed fiscal year to determine the number of shares required to meet the retainer thresholds.

## Qualifying Shareholdings

Securities that qualify in determining whether a Non-Employee Director has satisfied the shareholding requirements of this Policy include: (i) issued and outstanding shares of Common Shares held beneficially or of record by the Non-Employee Director that are not subject to transfer or other restrictions; (ii) issued and outstanding shares of Common Shares held by a Qualifying Trust (as defined below); (iii) issued and outstanding shares of Common Shares held by a 401(k) or other qualified pension or profit-sharing plan for the benefit of the Non-Employee Director (whether denominated in shares or units); and (iv) shares of Common Shares underlying vested Novanta restricted stock units and vested Novanta deferred stock units.

For purposes of the foregoing paragraph:

- (a) "beneficial ownership" shall mean the ownership or sharing, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, of:
  - (i) voting power which includes the power to vote, or to direct the voting of, such security; and/or
  - (ii) investment power which includes the power to dispose, or to direct the disposition, of such security.
- (b) "Qualifying Trust" means a trust created for the benefit of the Non-Employee Director, the Non-Employee Director's spouse, or members of the Non-Employee Director's immediate family.

## Qualifying Shareholdings Reporting

Each Non-Employee Director who is subject to this Policy shall report his or her Novanta shareholdings that qualify as "Qualifying Shareholdings" on such Non-Employee Director's annual Director and Officer Questionnaire ("D&O Questionnaire"), as of the date of such report. Each Non-Employee Director who becomes subject to this Policy after the effective date of this Policy shall report his or her Novanta shareholdings that qualify as "Qualifying Shareholdings" on such Non-Employee Director's initial D&O Questionnaire, and each subsequent annual D&O Questionnaire.



## Remedies for Non-Compliance

The Committee (as defined below) has the authority to review each Non-Employee Director's compliance (or progress towards compliance) with this Policy from time to time and, in its sole discretion, to impose such conditions, restrictions or limitations on any Non-Employee Director as the Committee determines to be necessary or appropriate in order to achieve the purposes of this Policy. For example, the Committee may mandate that a Non-Employee Director retain (and not transfer) all or a portion of any shares delivered to the participant through Novanta's equity plans or otherwise restrict the Non-Employee Director's transfer of previously owned shares.

## Undue Hardship

There may be instances in which this Policy would place a severe hardship on a Non-Employee Director or prevent the Non-Employee Director from complying with a court order, such as a divorce settlement, or other legal requirement. In these instances, the Non-Employee Director must submit a request in writing to the Committee that summarizes the circumstances and describes the extent to which an exemption is being requested. The Committee will make the final decision as to whether an exemption will be granted. If such a request is granted in whole or part, the Committee will work with the Non-Employee Director to develop an alternative share ownership plan that reflects both the intention of this Policy and the Non-Employee Director's individual circumstances.

## Administration

This Policy is administered and interpreted by the Environmental, Social and Governance Committee (the "Committee") of the Board. The Committee retains the authority to make exceptions to or waivers of the Policy as it may determine appropriate. The Committee may periodically review this Policy and recommend any changes it deems appropriate or necessary to the Board.

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*(Note: This policy was formally adopted by the Board of Directors. Changes and updates must be reviewed and approved by the Board of Directors.)*