

## **Onto Innovation Inc. Summary of Corporate Governance Policies**

The Board of Directors of Onto Innovation Inc. (“Onto Innovation”) sets high standards for the company’s employees, officers and directors. Implicit in this philosophy is the importance of sound corporate governance. It is the duty of the Board of Directors to serve as a prudent fiduciary for shareholders and to oversee the management of the Onto Innovation's business. The following is an overview of the corporate governance policies which, along with Onto Innovation’s Certificate of Incorporation and Bylaws and the Board of Directors committee charters, provide the framework for the governance of Onto Innovation. To fulfill its responsibilities and to discharge its duty, the Board of Directors follows these procedures and standards. These guidelines are subject to modification from time to time as the Board of Directors deems appropriate in the best interests of Onto Innovation or as required by applicable laws and regulations.

### **Overview of the Board**

The Board is elected by the stockholders to oversee the management of the company and to assure that the long-term interests of the stockholders are being served. The Board is responsible for oversight of Onto Innovation’s business that is conducted by its employees, managers and officers, under the direction of the Chief Executive Officer (“CEO”).

The Board reviews reports by management on the performance of Onto Innovation, its plans and prospects, as well as issues facing Onto Innovation, during its regularly scheduled meetings (typically four per year) and any special meetings. Directors are expected to prepare for, attend and participate in all scheduled Board and applicable committee meetings. In addition to its general oversight of management, the Board also performs a number of specific functions, including:

- selecting, evaluating, and approving the compensation of Onto Innovation’s CEO and senior executives and overseeing succession planning for these executives;
- reviewing, approving and overseeing fundamental financial and corporate strategies and major corporate actions;
- reviewing and approving long-term strategic and business plans, overseeing execution and evaluating results of such plans;
- nominating Directors, reviewing the structure and operation of the Board, and overseeing effective corporate governance;
- assessing major risks facing Onto Innovation and reviewing options for their mitigation;
- assuring processes are in place for maintaining the integrity of Onto Innovation, including the integrity and transparency of its financial statements, compliance with laws and ethics, the integrity of relationships with customers and suppliers, and relationships with other stakeholders; and
- assuring processes are in place to maintain corporate compliance with the rules and regulations of the Securities and Exchange Commission (“SEC”), the New York Stock Exchange (“NYSE”), the Financial Accounting Standards Board (“FASB”) and other governing bodies which impact on Onto Innovation.

The Board is responsible for determining the number of Directors on the Board based upon the nature and scope of Onto Innovation’s operations and the need for diversity of Board

views. The current Board consists of ten (10) Directors. The Board periodically reviews the appropriate size of the Board.

The Board is responsible for selecting Onto Innovation's Chairman of the Board and the CEO. The Board will make its selections in a manner that it deems is optimal for Onto Innovation, its business, its shareholders and the Board itself. The roles of the Chairman and CEO may be separate or combined and the Chairman may be either an employee or non-employee Director. Onto Innovation's CEO and Chairman of the Board are currently separate roles. On an annual basis, the board reviews and approves a succession plan that is proposed for Onto Innovation's CEO and other senior executives.

The Board and its committees have complete and unrestricted access to contact and consult with any of the officers and employees of Onto Innovation. The Board (as an entity) and each of its committees has the right at any time to retain independent financial, legal or other advisors, with funding provided by Onto Innovation.

### **Election of Directors**

Onto Innovation's stockholders elect the Directors of the Company each year at the annual stockholder meeting and each director elected to the Board of Directors shall hold office until the next annual meeting of stockholders. The Board will select nominees and recommend them for election by stockholders and fill any vacancies that may arise. As part of its selection process, the Board may consider recommendations from other sources in order to identify Director candidates with diverse backgrounds and experience that could enhance the quality of the Board, serve stockholders' long-term interests and contribute to Onto Innovation's overall corporate goals. The Nominating and Governance Committee is responsible for proposing candidates to the Board. Stockholders may also propose nominees for consideration by the Nominating and Governance Committee in accordance with the policy published on the Onto Innovation website ([www.ontoinnovation.com](http://www.ontoinnovation.com)).

In selecting nominees, the Board will assess factors such as character, judgment, independence, age, area of expertise, diversity of experience, length of service, and potential conflicts of interest. While Onto Innovation has not established specific minimum qualifications for Director candidates, Onto Innovation's Nominating and Governance Committee believes that candidates and nominees must reflect a Board that is comprised of Directors who (i) to the extent possible, meet the independence requirements of the SEC and NYSE, (ii) are of the highest integrity, (iii) have qualifications that will increase the overall Board effectiveness (iv) represent the potential for a significant contribution to the Board and (v) meet other requirements as may be required by governing bodies which impact on Onto Innovation. In addition to the foregoing, consideration will be given to the following characteristics: senior executive, customer background, accounting/finance/ CPA background, industry background, legal background, academic credentials, female/minority, larger company experience and geography.

If a nominee who is an incumbent Director is not elected and no successor has been elected at the meeting of stockholders, the Director shall promptly tender his or her resignation to the Board of Directors. The Nominating and Governing Committee shall make a recommendation to the Board of Directors on whether to accept or reject the tendered resignation, or whether other action should be taken. The Board of Directors shall act on the tendered resignation, taking into account the Committee's recommendation and publicly disclose (in a press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of

communication) its decision regarding the tendered resignation and the rationale behind the decision within 90 days from the date of the certification of the election results.

The Nominating and Governing Committee in making its recommendation, and the Board of Directors in making its decision, may each consider any factors or other information that it considers appropriate and relevant, including the criteria for nomination as a director set forth in this Summary. The Director who tenders his or her resignation shall not participate in the recommendation of the Nominating and Governing Committee or the decision of the Board of Directors with respect to his or her resignation. If such incumbent Director's resignation is not accepted by the Board of Directors, such Director shall continue to serve until the end of his or her term and until his or her successor is duly elected, or his or her earlier resignation or removal. If a Director's resignation is accepted by the Board of Directors, or if a nominee for Director is not elected and the nominee is not an incumbent Director, then the Board of Directors, in its sole discretion, may fill any resulting vacancy, or may decrease the size of the Board of Directors, in each case, pursuant to the applicable provisions of Onto Innovation's Bylaws.

The Board believes that in its ongoing review of Board recruiting, refreshment and succession planning it is important to maintain the balance between the premature loss of active Directors who have valuable knowledge and insight about the Company's history, operations and markets with the novel perspectives potentially brought by new Board members and its continuing obligation to shareholders in planning Board refreshment.

### **Standards for Directors**

At least a majority of the Directors will be "Independent Directors" pursuant to SEC and NYSE rules. Although the majority of Directors must be independent, it is recognized that Directors who do not meet the independence standards also make valuable contributions to the Board and to Onto Innovation by reason of their experience, knowledge and familiarity with Onto Innovation.

Directors must be willing to devote sufficient time to carry out their duties and responsibilities effectively and should be committed to serve on the Board for an extended period of time. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with his/her service as an active and contributing Director of Onto Innovation.

The Nominating and Governance Committee, from time to time, reviews the appropriate skills and characteristics required of Board members taking into account the current composition of the Board and the changing needs of Onto Innovation. This assessment shall include the areas of core competency established by the Board and shall strive for a mix of skills and diverse perspectives (functional, cultural and geographic) that is most effective for the Board at that point in time.

Upon election to the Onto Innovation Board, an orientation program shall be held with the new Director(s) to help familiarize them with the company, its products, operations, business and financial strategies, controls and compliance systems as well as other topics relevant to the new Director. While serving on the Board, all Onto Innovation Directors are encouraged to participate in director education programs.

The Board believes that each Director and executive officer should acquire and hold shares of

Company stock in an amount that is meaningful and appropriate to such individual. Therefore, the Board has established guidelines related to Company stock ownership and retention for its executives and its outside Directors as follows:

- Each outside Director is required to own shares of common stock in the Company valued at a minimum of three times the amount of the Director's annual cash retainer. For a new Director the stock holding requirement is to be attained within five years of his or her election to the Board.
- The CEO is required to own shares of common stock in the Company valued at a minimum of three times the amount of the CEO's base annual salary. For a new CEO the stock holding requirement is to be attained within five years of his or her date of hire or promotion.
- Executives of the Company who are subject to the reporting requirements of Section 16 of Securities Exchange Act of 1934 are required to own shares of common stock in the Company valued at a minimum of one times the amount of such executive's base annual salary. For a new qualifying executive the stock holding requirement is to be attained within five years of his or her date of hire or promotion.

Once achieving the applicable threshold, the foregoing individuals must thereafter maintain such ownership status during their service to or employment by the Company.

The Company's Insider Trading Policy explicitly prohibits the short sale of Company stock by Directors or executive officers, thus barring the practice of hedging in Company stock by such individuals. In addition, the Board has established a corporate policy prohibiting Directors and executive officers from making any new pledges of Company securities as collateral for a loan, or otherwise newly holding Company securities in a margin account; provided, however that non-employee Directors may pledge their securities when obligated to do so to realize the consummation of a transaction involving the Company.

### **Committees of the Board**

The Board has established the following committees to assist the Board in discharging its responsibilities: (i) Audit; (ii) Nominating and Governance; and (iii) Compensation. The Audit Committee shall be comprised solely of Independent Directors as reflected in both the NYSE and SEC requirements for this committee. The Nominating and Governance and Compensation Committees shall each also be comprised of Independent Directors.

The charters of the Audit, Nominating and Governance, and Compensation Committees are published on the Onto Innovation website ([www.ontoinnovation.com](http://www.ontoinnovation.com)). Each charter has been approved by the Board and shall be subject to periodic review by the Board. The Board is responsible for the appointment of the members of each committee. Unless a committee chairperson is appointed by the Board, the members of the committee shall appoint a committee chairperson by majority vote of the committee. The committee chairpersons report the highlights of their meetings to the Board following each meeting of the respective committees. The committees typically hold meetings in conjunction with the Board meeting dates.

The number, content, frequency, length and agenda of committee meetings and other matters of committee governance will be determined by each committee in light of a) the

authority delegated by the Board to the committee, b) the committee's charter, as approved by the Board, and c) legal, regulatory, accounting or governance principles applicable to that committee's function. The chair of each committee is responsible for developing, with input from other Directors and from relevant Onto Innovation executives, the committee's agenda and objectives. Sufficient time to consider the agenda items will be provided. Materials related to agenda items will be sent to committee members sufficiently in advance of the meeting to allow the members to prepare for discussion of the items at the meeting. Further, the Board has established policy by which stockholders of Onto Innovation may contact the Board or any of the Onto Innovation's Committees with any issues they desire to have raised.

### ***Audit Committee***

The Audit Committee oversees the financial reports and other financial information provided by Onto Innovation to its stockholders and others, Onto Innovation's financial policies and procedures and disclosure controls and procedures, Onto Innovation's system of internal controls and its internal audit function, and Onto Innovation's auditing, accounting and financial reporting processes. The committee also reviews and approves, where appropriate, related-party transactions and appoints and reviews the performance of the independent registered public accounting firm which the committee recommends and shareholders annually vote to approve. In addition, the committee further aids the Board in its oversight of Onto Innovation's tax, legal, regulatory and ethical compliance, including oversight of the Ombudsman process as a procedure for receiving, retaining and treating complaints or concerns.

### ***Nominating and Governance Committee***

The Nominating and Governance Committee assists the Board in developing, maintaining and overseeing Onto Innovation's corporate governance guidelines, oversees the composition, structure and evaluation of the Board and its committees, and assists the Board in identifying individuals qualified to be Directors. The committee reviews these guidelines regularly and recommends changes as necessary or appropriate.

Annually, the Nominating and Governance Committee oversees a self-evaluation of the Board. The goal of the self-evaluation is to improve the individual Director's contributions to the effectiveness of the Board and its committees. Each Director completes an evaluation form rating all of the Directors (including him or herself) on their understanding of various issues that impact Onto Innovation, their contribution to and participation on the Board as well as their overall effectiveness as a Board member. Average scores are compiled and the results are reviewed by the Nominating and Governance Committee and presented to the Board to assure that each Director is performing satisfactorily. The results are also used to assess possible Board membership needs and to determine if there are any areas in which training is required for the Board members.

### ***Compensation Committee***

The Compensation Committee oversees Onto Innovation's programs that foster employee and executive development and retention, determines executive compensation and oversees significant employee benefits programs, policies and plans relating to Onto Innovation's employees and executives. In addition, the Committee adopts, amends and oversees administration of all equity-related incentive plans and senior executive bonus plans and

recommends the compensation of members of the Board to then be approved by the full Board.

The Compensation Committee is responsible for reviewing and recommending to the Board the compensation and benefits, including equity awards, for Independent Directors. In discharging this duty, it shall be guided by three goals: compensation should fairly pay Directors for work required on behalf of a company of Onto Innovation's size and scope; compensation should align Directors' interests with the long-term interests of stockholders; and the structure of the compensation should be transparent and easily understandable. Annually, the Compensation Committee shall review Independent Director compensation and benefits.

The Compensation Committee shall annually review and recommend to the Board the goals and objectives for compensating the CEO. That committee shall evaluate the CEO's performance in light of these goals before setting the CEO's salary, bonus and other incentive and equity compensation. The committee shall also annually review and recommend to the Board the compensation structure for Onto Innovation's officers and selected senior executives and shall evaluate the performance of these executives before approving their salary, bonus and other incentive and equity compensation.

### **Board Meetings**

Board meetings are scheduled for the upcoming year in advance at the Board meeting in October and are typically held quarterly and for a full day. Special meetings may be called as necessary. The meetings are usually held at Onto Innovation's headquarters in Wilmington, Massachusetts, but occasionally may be held at another facility in the U.S. or abroad. Onto Innovation's Independent Directors meet in executive session without the presence of management and the non-Independent Directors coincident with each regularly scheduled Board meeting.

The Chairman is responsible for Board meeting agenda and, if applicable, in consultation with the CEO. Directors are urged to make suggestions for agenda items, or additional pre-meeting materials, to the Chairman or appropriate committee chair at any time. It is the policy of the Board to review major business operations of Onto Innovation on a periodic basis, and to review long-term strategic plans and annual operating plans.

Information and data that is important to the Board's understanding of business to be discussed at a meeting shall be distributed in writing to the Board before the Board meets. As a general rule, materials on specific subjects shall be sent to Board members in advance so that Board meeting time may focus on discussion and analysis rather than exchange of information. Sensitive subject matters may be discussed at the meeting without written materials being distributed in advance or at the meeting.

### **Board and Corporate Ethics**

The Board is committed to upholding the highest legal and ethical conduct in fulfilling its responsibilities. The Board expects Onto Innovation's Directors, officers and all other members of its workforce to act ethically at all times and to acknowledge their adherence to the policies comprising Onto Innovation's Code of Business Conduct and Ethics and Financial Code of Ethics. The Nominating and Governance Committee currently oversees the

compliance and administration of Onto Innovation's Code of Business Conduct and Ethics and the Audit Committee is responsible for the oversight of Onto Innovation's Financial Code of Ethics.

If a Director becomes involved in activities or interests that conflict or appear to conflict with the interests of Onto Innovation and these activities result in an actual or potential conflict of interest, the Director is required to disclose such conflict promptly to the Board. The Board will determine an appropriate resolution on a case-by-case basis. All Directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board shall resolve any conflict of interest question involving the CEO; and the CEO shall resolve any conflict of interest issue involving any other officer of Onto Innovation.

Onto Innovation will not make any personal loans or extensions of credit to Directors or executive officers.

Anyone who has a concern about Onto Innovation's conduct or about its accounting, internal accounting controls or auditing matters may communicate that concern directly to any Independent Director or the appropriate responsible Board committee (Nominating and Governance or Audit Committee as referenced above). Such communications may be confidential or anonymous and may be e-mailed or submitted in writing to designated addresses, or reported by phone to a confidential, toll-free phone number. All such concerns will be forwarded to the appropriate Directors for their review and will be simultaneously reviewed and addressed by Onto Innovation's Board committee in the same way that other concerns are addressed by Onto Innovation. The status of all such outstanding concerns will be reported to the Directors on a quarterly basis. Onto Innovation's Code of Business Conduct and Ethics prohibits any employee from retaliating or taking any adverse action against anyone for raising or helping to resolve an integrity concern.