

Accounting Department

Related Party Transactions

Policies and Procedures

Introduction

It is the policy of the Board of Directors (the “**Board**”) of Novanta, Inc. (the “**Company**”) that all Related Party Transactions, as that term is defined in this Policy, shall be subject to review in accordance with the procedures set forth below. The Audit Committee (the “**Audit Committee**”) of the Board has the authority and responsibility of reviewing all Related Party Transactions.

Definitions

A “**Related Party**” is any:

- person who is, or was (since the beginning of the last fiscal year), an executive officer, director or nominee for election as a director of the Company,
- greater than 5% beneficial owner of our common stock,
- Immediate Family Member of any of the foregoing. An “**Immediate Family Member**” includes a person’s spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and brothers- and sisters-in-law and anyone residing in such person’s home (other than a tenant or employee), and
- any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

A “**Related Party Transaction**” is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which:

- the aggregate amount involved will or may be expected to exceed \$120,000 in any one fiscal year,
- the Company or any of its subsidiaries is or will be a participant, and
- any Related Party has or will have a direct or indirect material interest.

Procedures

Related Parties will be brought to the Company’s attention in a number of ways. Each executive officer, director or director nominee of the Company is responsible for providing notice to the Chief Financial Officer of the Company (or the appropriate designee in Novanta’s Corporate Accounting Department) of any person or entity that is a Related Party by virtue of its relationship with the executive officer, director or director nominee on an annual basis, or more frequently as changes in such Related Parties arise. The

list of Related Parties shall be maintained by the Corporate Accounting Department and distributed to responsible persons in Legal, Human Resources, Purchasing, Accounts Payable, and Credit and Collections functions at all Novanta locations and subsidiaries in order to enable the Company to identify and report any potential Related Party Transactions.

Any potential Related Party Transaction that is proposed to be entered into by an executive officer, director or nominee for election as a director of the Company, or by any person or entity that is a Related Party by virtue of its relationship with the executive officer, director or director nominee, must be reported to the Chief Accounting Officer or the Chief Financial Officer by such executive officer, director or director nominee. In addition, any potential Related Party Transaction that is proposed to be entered into by the Company must be reported to the Chief Accounting Officer or the Chief Financial Officer by the person at the Company responsible for such potential Related Party Transaction. Any identified potential Related Party Transactions shall be reviewed first by the Chief Accounting Officer or the Chief Financial Officer. The Chief Accounting Officer or the Chief Financial Officer must then determine, based on the facts and circumstances, whether such potential Related Party Transactions do, in fact, constitute Related Party Transactions requiring compliance with this Policy. Should it be determined that a transaction or relationship is a Related Party Transaction, the Chief Accounting Officer or the Chief Financial Officer shall present to the Audit Committee each such Related Party Transaction, including the information described below. A summary of Related Party Transactions shall be presented to the Audit Committee at least on a quarterly basis.

The Chief Accounting Officer or Chief Financial Officer shall present to the Audit Committee the following information, to the extent relevant, with respect to each Related Party Transaction:

1. A general description of the transaction(s), including the material terms and conditions.
2. The names of the Related Parties and the basis on which such persons or entities are Related Parties.
3. The Related Parties' interest in the transaction(s), including the Related Parties' positions or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
4. The approximate dollar value of the transaction(s), and the approximate dollar value of the Related Parties' interests in the transaction(s) without regard to amount of profit or loss.
5. In the case of a lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments expected to be made.
6. In the case of indebtedness, the aggregate amount of principal to be outstanding, the rate or amount of interest to be payable, and other key terms on such indebtedness and the reason(s) for the selection of the lender.
7. Any other material information regarding the transaction(s) or the Related Parties' interest in the transaction(s)

The Audit Committee shall review the material facts of all Related Party Transactions and either approve or disapprove of the entry into the Related Party Transaction. Where advance Audit Committee review of a Related Party Transaction is not feasible, then the transaction may be preliminarily entered into by management upon prior approval of the transaction by the Chairperson of the Audit Committee subject to

ratification of the transaction by the Audit Committee at the Audit Committee's next regularly scheduled meeting; *provided*, that if ratification shall not be forthcoming, management shall take all reasonable efforts to terminate, unwind, cancel or annul such transaction. Where advance Audit Committee review of a Related Party Transaction has not been obtained, the Audit Committee may either ratify or disapprove of such previously entered into Related Party Transaction and in the case of disapproval may require that management of the Company take all reasonable efforts to terminate, unwind, cancel or annul the Related Party Transaction. In connection with its review of a Related Party Transaction, the Audit Committee will take into account, among other factors it deems appropriate, whether the Related Party Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Party's interest in the Related Party Transaction.

The Audit Committee shall be authorized to review in advance and provide standing pre-approval in advance for certain Related Party Transactions or categories of Related Party Transactions. The Audit Committee has reviewed the Related Party Transactions described below in "Standing Pre-Approval for Certain Related Party Transactions" and determined that each of the Related Party Transactions described therein shall be deemed to have been reviewed and approved in advance by the Audit Committee under the terms of this Policy.

If a Related Party Transaction will be ongoing, the Audit Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Audit Committee shall periodically review and assess ongoing relationships with the Related Party. Any material amendment, renewal or extension of a transaction, arrangement or relationship previously reviewed under this Policy shall also be subject to subsequent review under this Policy.

This Policy is intended to augment and work in conjunction with the Company's Code of Ethics and Business Conduct. The Audit Committee may periodically review this Policy and recommend amendments to this Policy to the Board from time to time as it deems appropriate.

Standing Pre-Approval for Certain Related Party Transactions

The Audit Committee has reviewed the types of Related Party Transactions described below and determined that each of the following Related Party Transactions shall be deemed to have been reviewed in advance and pre-approved by the Audit Committee, even if the aggregate amount involved will exceed \$120,000.

1. *Compensation.* Any compensation to an executive officer or director of the Company if the compensation is required to be reported in the Company's proxy statement pursuant to Item 402 of Regulation S-K and has been approved by the Board of Directors or the Compensation Committee of the Board of Directors.
2. *Certain transactions with other companies.* Any transactions, arrangements or relationships with another company at which a Related Party's only relationship is as an employee (other than an executive officer), a director and/or beneficial owner of less than 10% of that company's equity interests.
3. *Limited partner relationships.* Any transaction where the Related Party's interest arises only from the Related Party's position as a limited partner in a partnership in which the Related Party and all other

Related Parties, in the aggregate, have an interest of less than 10%, and the Related Party is not a general partner of and does not have another position in the partnership.

4. *Transactions where all shareholders receive proportional benefits.* Any transactions, arrangements or relationships where the Related Party's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on a pro rata basis (e.g., dividends or stock splits).
5. *Transactions involving competitive bids.* Any transactions, arrangements or relationships involving a Related Party where the rates or charges involved are determined by competitive bids.
6. *Certain banking-related services.* Any transactions, arrangements or relationships with a Related Party involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

Disclosure

All Related Party Transactions that are required to be disclosed in the Company's filings with the Securities and Exchange Commission, as required by the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and related rules and regulations, shall be so disclosed in accordance with such laws, rules and regulations.

Administrative Measures

Management shall institute appropriate administrative measures to provide that all Related Party Transactions are not in violation of, and are reviewed in accordance with, this Policy.

Interpretation

In any circumstance where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the law, rule, regulation or standard.