NOVANTA INC
Form DEF 14A
April 10, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14a

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to §240.14a-12
Novanta Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other than Registrant)

Payment of Filing Fee (check the appropriate box):

No fee required
Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.
Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Novanta Inc.

125 Middlesex Turnpike

Bedford, Massachusetts 01730

(781) 266-5700

April 10, 2017

Dear Shareholder:

It is my pleasure to invite you to the annual meeting of shareholders of Novanta Inc. to be held at 2:00 p.m. (ET) on Wednesday, May 10, 2017 at the offices of Latham & Watkins LLP, 885 Third Avenue, 12th Floor, New York, New York 10022.

The purposes of the meeting are to (i) elect the Board of Directors, (ii) approve, on an advisory basis, the Company's executive compensation, and (iii) appoint PricewaterhouseCoopers LLP as our independent registered public accounting firm.

Information regarding the above matters is contained in the formal notice of meeting and management proxy circular on the following pages. The Novanta Inc. Annual Report for the fiscal year ended December 31, 2016 accompanies this management proxy circular. We urge you to read the proxy materials in their entirety and to consider them carefully.

It is important that your shares be represented at the annual meeting, regardless of the size of your holdings. Accordingly, whether or not you expect to attend the meeting, we urge you to vote promptly by returning the enclosed proxy form. You may revoke your proxy at any time before it has been voted.

On behalf of the Board of Directors, I thank you for your participation.

Very truly yours,

/s/ Stephen W. Bershad
Stephen W. Bershad
Chairman of the Board of Directors

Novanta Inc.

125 Middlesex Turnpike

Bedford, Massachusetts 01730

(781) 266-5700

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON Wednesday, MAY 10, 2017

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of Novanta Inc., a New Brunswick corporation, which we refer to in this notice and in the attached management proxy circular as the Company, will be held at 2:00 p.m. (ET) on Wednesday, May 10, 2017 at the offices of Latham & Watkins LLP, 885 Third Avenue, 12th Floor, New York, New York 10022, for the following purposes:

1. To elect Stephen W. Bershad, Dennis J. Fortino, Matthijs Glastra, Brian D. King, Ira J. Lamel, Dominic A. Romeo, and Thomas N. Secor to our Board of Directors until the next annual meeting of shareholders, until his successor is elected or appointed, or until his earlier death, resignation or removal;
2. To approve, on an advisory basis, the Company's executive compensation;
3. To appoint PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm to serve until the 2018 annual meeting of shareholders; and
4. To transact such other business as may properly come before the meeting or any postponement, continuation or adjournment thereof.

Only shareholders of record as of the close of business on Friday, March 31, 2017 will be entitled to attend and vote at the meeting and at any postponement, continuation or adjournment thereof, provided that a subsequent transferee of shares may vote at the meeting if the transferee establishes ownership of the shares and requests not later than ten (10) days before the meeting to be added to the list of shareholders entitled to vote at the meeting.

All shareholders are requested to complete, sign, date and return the form of proxy in the enclosed envelope to Computershare Investor Services Inc., the Company's transfer agent, at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, before 2:00 p.m. (ET) on Monday, May 8, 2017, or, if the meeting is postponed, continued or adjourned, prior to 2:00 p.m. (ET) on the last business day prior to the date fixed for the postponed, continued or adjourned meeting. If you are a shareholder of record, you may also vote by telephone or on the Internet by following the instructions on the enclosed proxy form, no later than 2:00 p.m. (ET) on Monday, May 8, 2017, or, if the meeting is postponed, continued or adjourned, prior to 2:00 p.m. (ET) on the last business day prior to the date fixed for the postponed, continued or adjourned meeting. Shareholders who vote by telephone or the Internet should not return a proxy form.

A copy of the management proxy circular and a proxy form accompany this notice. This notice, the management proxy circular, the proxy form and the Company's 2016 Annual Report will be forwarded on or about Monday, April 17, 2017 to the holders of the Company's common shares as of the close of business on Friday, March 31, 2017.

All monetary amounts listed in the proxy circular are in U.S. dollars, unless otherwise indicated.

DATED at Bedford, Massachusetts this 10th day of April, 2017.

By Order of the Board of Directors

/s/ Matthijs Glastra
Matthijs Glastra
Chief Executive Officer

Table of Contents

Novanta Inc.

125 Middlesex Turnpike

Bedford, Massachusetts 01730

(781) 266-5700

MANAGEMENT PROXY CIRCULAR

INFORMATION CONCERNING VOTING AND SOLICITATION

Novanta Inc., a New Brunswick corporation, which we refer to in this management proxy circular as the Company, will hold its annual meeting (the "2017 Annual Meeting") at 2:00 p.m. (ET) on Wednesday, May 10, 2017 at the offices of Latham & Watkins LLP, 885 Third Avenue, 12th Floor, New York, New York 10022. This management proxy circular and the enclosed proxy form are furnished in connection with the solicitation of proxies by the Board of Directors, or the Board, of the Company for use at the meeting. The solicitation will be made by mail, but proxies may also be solicited personally, by telephone or by email by directors, officers or other employees of the Company. The cost of solicitation has been or will be borne by the Company. The Company may also pay brokers or nominees holding common shares of the Company in their names or in the names of their principals for their reasonable expenses in sending solicitation material to their principals.

The notice of the meeting, this management proxy circular, the proxy form and a copy of the Company's annual report for the fiscal year ended December 31, 2016 (the "2016 Annual Report") will be forwarded on or about Monday, April 17, 2017 to the holders of the Company's common shares as of the close of business on Friday, March 31, 2017 (the "Record Date").

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 10, 2017

The Company's Management Proxy Circular and 2016 Annual Report are available at

http://investors.novanta.com/shareholdermeeting

The following proxy materials are available for review at:

http://investors.novanta.com/shareholdermeeting

- the management proxy circular;
- the Company's 2016 Annual Report; and

- any amendments to the foregoing materials that are required to be furnished to shareholders.

Shareholders may receive directions to attend the meeting in person by calling the Company's investor relations staff at 781-266-5137 or by emailing InvestorRelations@Novanta.com.

Matters to Be Voted On

At the meeting, you will be entitled to vote on the following proposals:

1. To elect Stephen W. Bershad, Dennis J. Fortino, Matthijs Glastra, Brian D. King, Ira J. Lamel, Dominic A. Romeo, and Thomas N. Secor to our Board of Directors until the next annual meeting of shareholders, until his successor is elected or appointed, or until his earlier death, resignation or removal (see page 4);
2. To approve, on an advisory (non-binding) basis, the Company's executive compensation (see page 7);
3. To appoint PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm to serve until the 2018 annual meeting of shareholders (see page 9); and
4. To transact such other business as may properly come before the meeting, or any postponement, continuation or adjournment thereof.

We are not aware of any other business to be brought before the meeting. If any additional business is properly brought before the meeting, the designated officers serving as proxies will vote in accordance with their best judgment.

Board Recommendations

The Board recommends that you vote your shares as follows:

- "FOR" the election of each of the nominees for director named in this management proxy circular;
- "FOR" the approval, on an advisory basis, of the Company's executive compensation; and
- "FOR" the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm to serve until the 2018 annual meeting of shareholders.

Appointment and Revocation of Proxies

The persons named in the enclosed proxy form are officers of the Company. A shareholder may appoint a person to represent him or her at the meeting, other than the persons already named in the enclosed proxy form, by inserting the name of such other person in the blank space provided in the proxy form or by completing another proper form of proxy. Such person need not be a shareholder. The completed proxy form must be deposited with the Company at its principal executive office at 125 Middlesex Turnpike, Bedford, Massachusetts 01730, USA, or with Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, Canada, M5J 2Y1, in either case no later than 2:00 p.m. (ET) on Monday, May 8, 2017, or, if the meeting is postponed, continued or adjourned, prior to 2:00 p.m. (ET) on the last business day prior to the date fixed for the postponed, continued or adjourned meeting.

If you are a shareholder of record, you may also vote by telephone or on the Internet by following the instructions on the enclosed proxy form, no later than 2:00 p.m. (ET) on Monday, May 8, 2017, or, if the meeting is postponed, continued or adjourned, prior to 2:00 p.m. (ET) on the last business day prior to the date fixed for the postponed, continued or adjourned meeting. Shareholders who vote by telephone or the Internet should not return a proxy form.

The shareholder executing the proxy form may revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy: (a) by delivering another properly executed proxy form bearing a later date and depositing it in the manner and by the deadline described above; (b) by delivering an instrument in writing revoking the proxy, executed by the shareholder or by the shareholder's attorney authorized in writing: (i) at the registered office of the Company, at any time up to and including the last business day preceding the date of the meeting, or at any reconvened meeting following its postponement, continuation or adjournment, or (ii) with the chairman of the meeting on the day of the meeting, or at any reconvened meeting following its postponement, continuation or adjournment; or (c) in any other manner permitted by law.

Voting of Proxies

The officers named in the proxy form enclosed with this management proxy circular will vote or withhold from voting the common shares of the Company in respect of which they are appointed proxy in accordance with the directions of the shareholder appointing them and, if a shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. In the absence of such direction, the shares will be voted:

- "FOR" the election of each of the nominees for director named in this management proxy circular;
- "FOR" the approval, on an advisory basis, of the Company's executive compensation; and
- "FOR" the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm to serve until the 2018 annual meeting of shareholders.

Voting and Ownership of Shares

At the close of business on the Record Date, the Company had 34,545,599 common shares outstanding and entitled to vote. Each share is entitled to one vote. The failure of any shareholder to receive a notice of meeting of shareholders does not deprive the shareholder of a vote at the meeting.

The following votes are required to approve each of the proposals at the meeting.

- Election of Directors. The vote for the election of the nominees for director named in this management proxy circular is cumulative and is described in more detail below.
- Advisory Vote on the Company's Executive Compensation. The proposal regarding the approval, on an advisory basis, of the Company's executive compensation requires the approval of a majority of the common shares represented and cast in respect of such matter.

2

- Appointment of Independent Registered Public Accounting Firm. The proposal regarding the approval of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm requires the approval of a majority of the common shares represented and cast in respect of such matter.

No votes may be taken at the meeting, other than a vote to adjourn, unless a quorum has been constituted consisting of the representation of at least thirty-three and one-third percent (33 1/3%) of the outstanding shares as of the Record Date. Votes will be tabulated by the Company's transfer agent, Computershare Investor Services Inc., which is also serving as the inspectors of election for the meeting.

The enclosed form of proxy confers discretionary authority on the persons named therein with respect to amendments to or variations of matters identified in the notice of meeting and such other matters that may properly come before the meeting or any postponement, continuation or adjournment thereof. As of the date of this management proxy circular, the management of the Company knows of no such amendments, variations or other matters to be presented at the meeting.

Voting for the Election of Directors

Section 65(1) of the Business Corporations Act (New Brunswick) provides for cumulative voting for the election of directors so that each shareholder entitled to vote at an election of directors has the right to cast an aggregate number of votes equal to the number of votes attached to the shares held by such shareholder multiplied by the number of directors to be elected, and may cast all such votes in favor of a single candidate or distribute them among the candidates in any manner the shareholder decides. The statute further provides, in section 65(2), that a separate vote of shareholders shall be taken with respect to each candidate nominated for director unless a resolution of the shareholders is passed unanimously permitting two or more persons to be elected by a single resolution. Where a shareholder has voted for more than one candidate without specifying the distribution of votes among such candidates, the shareholder shall be deemed to have divided the votes equally among the candidates for whom such shareholder voted. If a shareholder desires to distribute votes otherwise than equally among the nominees for whom such shareholder has directed the persons in the enclosed form of proxy to vote, such shareholder must do so personally at the meeting or by another form of proxy. On any ballot for the election of directors, the persons named in the proxy will be deemed to have cast their votes equally among all the proposed nominees, unless: (a) any nominee is excluded by the shareholder in their proxy; or (b) the shareholder has directed that the shares be withheld from voting for the election of directors. If the number of candidates nominated for director exceeds the number of positions to be filled, the candidates who receive the least number of votes shall be eliminated until the number of candidates remaining equals the number of positions to be filled.

Counting of Votes

For purposes of determining the presence or absence of a quorum, abstentions and broker non-votes will be counted as present. With respect to the approval of any particular proposal, abstentions and broker non-votes will not be counted in determining the number of votes cast. A broker non-vote occurs when a broker submits a proxy form with respect to common shares held in a fiduciary capacity (typically referred to as being held in "street name"), but declines to vote on a particular matter because the broker has not received voting instructions from the beneficial owner. Brokers will return your proxy as a broker non-vote if the broker does not receive voting instructions from you and if, under applicable stock exchange or other rules, the broker does not have the discretion to vote those shares on one or more of the matters that come before the meeting.

ITEM 1–ELECTION OF DIRECTORS

The Articles of the Company provide that our Board is to be comprised of a minimum of five (5) and a maximum of fifteen (15) directors, as determined from time to time by resolution of the Board. The Board has resolved that the entire Board shall consist of seven (7) directors.

Each nominee presented below, if elected, will serve as a director until the next annual meeting of shareholders, until his successor is elected or appointed, or until his earlier death, resignation or removal. All of the nominees listed below have given their consent to be named as nominees for election and have indicated their intention to serve if they are elected. The Board does not anticipate that any of the nominees will be unable to serve as a director, but in the event that a nominee is unable to serve or for good cause will not serve, the Board may either propose an alternate nominee, in which case the proxies will be voted for the alternative nominee unless directed to withhold from voting, or elect to reduce the size of the Board.

The names of the nominees presented for election as directors at the 2017 Annual Meeting are listed below, along with information regarding when they joined the Board, their present principal occupation, recent business experience and their service on other companies' boards of directors.

All of the nominees, except for Mr. Brian D. King, currently serve on the Board. There are no family relationships between any of the nominees or between the nominees and any of the Company's officers.

Director Nominees

THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" ALL OF THE NOMINEES NAMED BELOW.

Name, Principal Occupation and Municipality of Primary Residence	Director Since	Age	Independent?
Stephen W. Bershad Chairman of the Board, Novanta Inc. Santa Fe, New Mexico, U.S.A.	2010	75	Yes
Dennis J. Fortino Private Consultant Scottsdale, Arizona, U.S.A.	2010	70	Yes
Matthijs Glastra Chief Executive Officer, Novanta Inc.	2016	48	No

Newton, Massachusetts, U.S.A.			
Brian D. King Operating Advisor, Thomas H. Lee Partners Duxbury, Massachusetts, U.S.A	-	50	Yes
Ira J. Lamel Former Executive Vice President and Chief Financial Officer, The Hain Celestial Group, Inc. Westhampton Beach, New York, U.S.A.	2010	69	Yes
Dominic A. Romeo Former Senior Vice President and Chief Financial Officer, Thor Industries, Inc. Chicago, Illinois, U.S.A.	2012	57	Yes
Thomas N. Secor Managing Director, Morningside Heights Capital New York, New York, U.S.A.	2012	46	Yes

Stephen W. Bershad Chairman of the Board

Mr. Bershad has been a Director of the Company since July 23, 2010 and Chairman of the Board of Directors since July 30, 2010. Mr. Bershad was Chairman of the Board and Chief Executive Officer of Axsys Technologies, Inc. (“Axsys”), a manufacturer of surveillance and imaging equipment, from 1986 until 2009. Prior thereto, he was a Managing Director of Lehman Brothers, Inc., an investment banking firm, and its predecessor firms, where he held a series of senior management positions in private equity and mergers and acquisitions. Mr. Bershad is the Chairman of the Board of Directors of EMCOR Group, Inc., a Fortune 500® leader in mechanical and electrical construction, energy infrastructure and facilities services for a diverse range of businesses. Mr. Bershad has a Bachelor of Science Degree from the University of Southern California and a Juris Doctorate from the University of California at Los Angeles. As a senior executive with Lehman Brothers for more than 15 years and the Chief Executive Officer of Axsys for more than 20 years, Mr. Bershad has an invaluable background in investment banking, finance and business.

Dennis J. Fortino Director
Mr. Fortino has been a Director of the Company since July 23, 2010. Mr. Fortino is a business consultant specializing in the development of business rationalization and growth plans for companies and also serves as an executive coach. Prior to becoming a business consultant in 2006, Mr. Fortino served as the Executive Vice President of the Lithography & Parametric Solutions Group at KLA-Tencor Corporation ("KLA-Tencor"), a supplier of process control and yield management solutions for the semiconductor and related microelectronics industries between September 2000 and November 2005. From August 1997 to September 2000, he served as Vice President and General Manager of the Surfscan Division of KLA-Tencor and from November 1995 to July 1997 as the Vice President and General Manager of the Surface Metrology Division of KLA-Tencor. Mr. Fortino served as Vice President and General Manager for Spectra-Physics Lasers from July 1991 to October 1995. Mr. Fortino has a Bachelor of Science Degree in Industrial Engineering from the University of Illinois, at Urbana and MBA from Loyola University Chicago. Mr. Fortino has more than 20 years of experience in the semiconductor and related microelectronics industries as well as a deep understanding of the Company's products and related technologies. Mr. Fortino brings to the Company's Board of Directors significant technology, operating experience, business acumen and insight into current and emerging business trends.

Matthijs Glastra Chief Executive Officer, Director
Mr. Glastra was appointed the Company's Chief Executive Officer on September 1, 2016. He joined Novanta Inc. in 2012 as Group President, and was appointed the Company's Chief Operating Officer in February 2015. Prior to Novanta, he led and grew global technology businesses in advanced industrial and medical end-markets during an 18-year career with Philips, both in Europe as well as Silicon Valley. He most recently served as Chief Executive Officer of Philips Entertainment Lighting and as Chief Operating Officer of Philips Lumileds. Prior to that, he held multiple general manager and leadership positions at various Philips technology businesses, including the Healthcare division. He also served as Director of Corporate Strategy in the Philips corporate headquarters. He started his career at Philips as product manager of Computed Tomography in the Philips Healthcare division in 1994. Mr. Glastra holds a Master of Science Degree in Applied Physics from Delft University of Technology, an Advanced Engineering Degree from ESPCI in Paris, France, and an MBA from INSEAD in Fontainebleau, France.

Brian D. King Nominee for Director
Mr. King is a nominee for Director of the Company. Mr. King has been appointed to serve as the president and chief executive officer, and a director, of MedPlast, Inc., a private global services provider to the medical device industry, effective on May 1, 2017. From June 2014 to June 2015, Mr. King served as Chief Transformation Officer and Chief Operating Officer at DePuy Synthes, a Johnson & Johnson company, which designs and manufactures orthopedic and neurological devices and supplies. From 2004 to 2014, Mr. King served in various executive positions at Covidien, formerly Tyco Healthcare, a global healthcare products company and manufacturer of medical devices and supplies, which was later acquired by Medtronic. At Covidien, Mr. King served as Group President, Emerging Markets (2010-2014), President, Covidien Asia (2008-2010), Senior Vice President, Global Operations and Quality (2005-2008), and Vice President, Operational Excellence (2004-2005). Mr. King has served as Operating Advisor at Thomas H. Lee Partners, a private equity firm, since June 2015. Mr. King currently serves on the board of directors of PCI Pharma Services, a privately held entity, and previously served on the board of directors of Houston Street Exchange, Inc. and B&C Research Corporation, both privately held entities. Mr. King holds an MBA from Harvard Business School, Master of Science from the Pennsylvania State University, and Bachelor of Science from the United States Naval Academy. Mr. King's 25 years of executive operating experience, the majority of which was spent in the healthcare industry, as well as his broad business background in global manufacturing, engineering, supply chain, quality assurance, and regulatory affairs, provides the Board with greater insight into the healthcare industry and makes him well-qualified to serve on the Board.

Ira J. Lamel Director

Mr. Lamel has been a Director of the Company since July 23, 2010. Mr. Lamel was Senior Advisor to the CEO from September 1, 2013 to August 31, 2014, prior to which he was, from October 1, 2001 to August 31, 2013, Executive Vice President and Chief Financial Officer of The Hain Celestial Group, Inc. ("Hain"), a leading natural and organic food and personal care products company operating in North America and Europe. Prior to joining Hain on October 1, 2001, Mr. Lamel was an audit partner in the New York area practice of Ernst & Young LLP. He retired from Ernst & Young LLP after a 29-year career. Mr. Lamel brings to the Company's Board of Directors extensive financial, accounting and auditing expertise, including an understanding of accounting principles, financial reporting rules and regulations and financial reporting processes acquired over the course of his career.

Dominic A. Romeo Director
Mr. Romeo has been a Director of the Company since June 14, 2012. Mr. Romeo served as Senior Vice President and Chief Financial Officer of Thor Industries, Inc. (NYSE: THOR), a leading manufacturer of recreational vehicles, commercial buses and ambulances, from February 2013 to October 2013. From 2004 to 2011, Mr. Romeo served as Vice President and Chief Financial Officer of IDEX Corporation (NYSE: IEX), a leading global manufacturer of pump products, dispensing equipment, and other engineered products. Prior to joining IDEX, Mr. Romeo served in several financial leadership positions at Honeywell International, Inc., a diversified technology and manufacturing company that services customers globally, including Vice President and Chief Financial Officer of Honeywell Aerospace from 2001 to 2004; Vice President and Chief Financial Officer of Honeywell International's Engine Systems and Services divisions from 1999 to 2001; and various other senior finance positions from 1994 to 1999. Mr. Romeo also served as Vice President of Finance for AAR Trading, an aircraft products and services provider, from 1992 to 1994, and held multiple financial roles in audit and financial planning for GE Aircraft Engines, a subdivision of the General Electric Company, from 1987 to 1992. Mr. Romeo currently serves on the board of BBB Industries, an automotive parts manufacturer, and Charter NEX Films, a manufacturer of packaging films, which are both held by Pamplona Capital Management. Mr. Romeo served on the Board of Directors and as a member of the Audit Committee of Federal Signal Corporation, a leading global designer and provider of safety and security products and solutions, from 2010 to April 2013. Mr. Romeo has a Bachelor of Arts Degree in both Accounting and Business Administration from Manchester University. Mr. Romeo brings to the Company's Board of Directors extensive expertise in finance and accounting for several global industrial manufacturers, as well as experience in efficiently adapting company operations to changing market conditions.

Thomas N. Secor Director
Mr. Secor has been a Director of the Company since June 14, 2012. Mr. Secor has been Managing Director of Morningside Heights Capital, an investment firm, since March 2012. From April 2007 until March 2012, Mr. Secor was employed by Goldman Sachs & Co, where he worked with Liberty Harbor, an absolute-return investment fund. While at Liberty Harbor, Mr. Secor focused on the fund's fundamental investment strategies, including debt and equity transactions. From 2005 until March 2007, Mr. Secor was a Director and member of the legal group at Amaranth Advisors, an investment advisor. From 1998 until 2005, Mr. Secor was an attorney with Cleary, Gottlieb, Steen & Hamilton where he specialized in corporate and securities law. Mr. Secor received his B.A., cum laude, from Pomona College and his J.D., cum laude, from the University of Chicago Law School. Mr. Secor brings to the Company's Board of Directors more than 15 years of experience in strategic transactions, corporate finance and profit management across a wide range of industries, as well as extensive corporate governance experience.

ITEM 2–aDVISORY VOTE ON THE

COMPANY'S EXECUTIVE COMPENSATION

Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 provides our shareholders with the opportunity to vote to approve, on an advisory (non-binding) basis, the compensation of our named executive officers (which currently consist of our Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer, and former Chief Executive Officer), as disclosed in this management proxy circular in accordance with the SEC's rules. The Company has determined to hold a "say-on-pay" advisory vote every year. Accordingly, the next "say-on-pay" advisory vote following this one will occur at the 2018 annual meeting of shareholders.

Summary

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we are asking our shareholders to provide advisory approval of the compensation of our named executive officers as such compensation is described in the "Compensation Discussion and Analysis" section, the tabular disclosure regarding such compensation and the accompanying narrative disclosure set forth in this management proxy circular, beginning on page 19.

Our executive compensation programs are designed to provide a compensation package that incentivizes and retains a highly qualified executive team and rewards both short-term and long-term sustainable performance as measured against established goals. Our executive compensation program seeks to promote this philosophy primarily through a combination of the following types of compensation: base salary, cash bonus incentive awards and long-term equity-based incentive awards in the form of service-based vesting restricted stock units("restricted stock units" or "RSUs"), performance-based vesting performance stock units ("performance stock units" or "PSUs"), and stock options. The following is a summary of some of the key points of our executive compensation program. We urge our shareholders to review the "Compensation Discussion and Analysis" section of this management proxy circular and the tabular disclosure following such section for more information.

- Pay-for-Performance. We aim to align our executive compensation with both annual and long-term performance goals. Our Senior Management Incentive Plan provides cash bonus incentive awards based on adjusted EBITDA. The adjusted EBITDA target levels of performance are correlated with the Company's annual sales and income growth objectives. The Company's performance exceeded the threshold performance level, but did not meet or exceed the target performance level for adjusted EBITDA in the first half of 2016. The Company's performance exceeded the target performance level for adjusted EBITDA in the second half of 2016. The table on page 26 of the "Compensation Discussion and Analysis" section shows how these results translated into payouts under the Senior Management Incentive Plan.
- Long-Term Compensation. In 2016, we made changes to our long-term compensation program to include a mix of restricted stock units and stock options that vest over three years and performance stock units that vest on January 1, 2019 subject to continued employment through the date of vesting and achievement of applicable performance thresholds, with accelerated vesting upon certain termination of employment or change in control. Our long-term compensation program is intended to align the interests of executives with those of our shareholders, encourage retention and focus the executives on long-term profitable growth and shareholder value creation. We believe that the

changes implemented in 2016 further those goals.

- Prudent Corporate Governance. We are committed to maintaining a prudent corporate governance model and to continually improving our compensation practices and policies. Key practices in this regard include annual review of the Company's compensation program by the Compensation Committee and maintenance of a Compensation Committee composed entirely of independent, non-employee directors who satisfy applicable independence requirements. In addition, in 2016, we eliminated all rights to "Section 280G" tax gross-up payments to further align management's interest with shareholder interests.
- Independent Compensation Consultation. The Compensation Committee uses an independent global executive compensation consulting firm, Pearl Meyer & Partners, LLC ("Pearl Meyer"), to advise the Compensation Committee on matters related to executive compensation.
- Input from Shareholders. The Company has determined to hold a "say-on-pay" advisory vote every year to regularly receive and review input from shareholders on our compensation programs and practices.

The Compensation Committee believes that the policies and procedures articulated in the "Compensation Discussion and Analysis" are effective in achieving the Company's goals and that the compensation of the Company's named executive officers reported in this management proxy circular reflects and supports these compensation policies and objectives. We encourage shareholders to review the "Compensation Discussion and Analysis" beginning on page 19 of this management proxy circular.

Recommendation

Our Board of Directors believes that the information provided above and within the "Compensation Discussion and Analysis" section of this management proxy circular demonstrates that our executive compensation program was designed appropriately and is working to ensure that management's interests are aligned with our shareholders' interests to support long-term value creation.

The following resolution will be submitted for a shareholder vote at the 2017 Annual Meeting:

RESOLVED, that the shareholders of Novanta Inc. approve, on an advisory basis, the compensation of Novanta Inc.'s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the "Compensation Discussion and Analysis", compensation tables and narrative discussion set forth in this management proxy circular.

This vote on our executive compensation is advisory, and therefore not binding on the Company, the Compensation Committee or the Board of Directors. However, the Compensation Committee will consider the outcome of the vote when making future compensation decisions for the named executive officers.

Required Vote

The affirmative vote of a majority of the common shares represented and cast in respect of this matter at the 2017 Annual Meeting is required to approve, on an advisory (non-binding) basis, the compensation of our named executive officers. Abstentions and broker non-votes will not be counted in determining the number of votes cast, and thus will not affect the voting results of this proposal.

THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THE ADOPTION OF THE RESOLUTION APPROVING THE COMPANY'S EXECUTIVE COMPENSATION.

ITEM 3–appointment of independent

registered public accounting firm

At the 2017 Annual Meeting, the shareholders will be asked to approve the appointment of PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") as the Company's independent registered public accounting firm and to authorize the Audit Committee to fix the auditors' remuneration. PricewaterhouseCoopers has served as the Company's independent registered public accounting firm since 2013.

We expect a representative of PricewaterhouseCoopers to be present at the meeting to answer appropriate questions and to have an opportunity to make a statement if desired.

Required Vote

The affirmative vote of a majority of the common shares represented and cast in respect of this matter at the 2017 Annual Meeting is required to approve the appointment of PricewaterhouseCoopers as the Company's independent registered public accounting firm to serve until the 2018 annual meeting of shareholders. Abstentions will not be counted in determining the number of votes cast, and thus will not affect the voting results of this proposal. Because brokers have discretionary authority to vote on the appointment of PricewaterhouseCoopers, we do not expect any broker non-votes in connection with this proposal.

THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THIS APPOINTMENT.

Independent Registered Public Accounting Firm Fees and Services

Set forth below are the fees paid by the Company to its independent registered public accounting firm, PricewaterhouseCoopers, for the fiscal years ended December 31, 2016 and 2015.

	2016	2015
Audit Fees (1)	$1,721,500	$1,780,000
Audit-Related Fees (2)	238,600	53,700
Tax Fees (3)	159,000	141,000
All Other Fees (4)	2,800	2,700
Total	$2,121,900	$1,977,400

(1)Consists of fees billed for professional services rendered for the audit of the Company's annual consolidated financial statements and internal control over financial reporting, review of the Company's interim consolidated financial statements included in quarterly reports and services that are normally provided in connection with statutory and regulatory filings or engagements.

(2)Consists principally of fees for services related to financial due diligence associated with acquisition targets.

(3)Consists of fees billed for professional services rendered for tax compliance, tax advice and tax planning.

(4)Represents fees billed for online research tools.

Pre-Approval Policies and Procedures

The Audit Committee has adopted policies and procedures relating to the approval of all audit and non-audit services that are to be performed by the Company's independent registered public accounting firm. This policy generally provides that the Company will not engage its independent registered public accounting firm to render audit or non-audit services unless the Audit Committee specifically approves the service in advance, or the engagement is entered into pursuant to the pre-approval procedure described below.

Pursuant to the Audit Committee Charter, the Audit Committee may delegate pre-approval authority to an individual member of the Audit Committee. The decisions of any individual Audit Committee member to whom pre-approval authority is delegated must be presented to the full Audit Committee at its next scheduled meeting. The Audit Committee has delegated to the Chairman of the committee the authority to pre-approve any audit, non-audit or other service provided to the Company by the Company's independent registered public accounting firm, except for the annual audit engagement and fees, which must be approved by the committee. The prior approval of the Audit Committee or the pre-approval of the Chairman of the Audit Committee was obtained for all services provided by PricewaterhouseCoopers in fiscal year 2016.

Report of the Audit Committee

The primary purpose of the Audit Committee is to assist the Board of Directors in its oversight of the accounting and financial reporting processes of the Company and the audits of the consolidated financial statements of the Company.

In conjunction with the specific activities performed by the Audit Committee in its oversight role, it issued the following report:

1. The Audit Committee has reviewed and discussed the audited consolidated financial statements as of and for the year ended December 31, 2016 with the Company's management.
2. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed under Statement on Auditing Standards No. 1301, as adopted by the Public Company Accounting Oversight Board.
3. The Audit Committee has received from the independent registered public accounting firm the written disclosures and the letters required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accounting firm's communications with the Audit Committee concerning independence, and the Audit Committee has discussed with the independent registered public accounting firm their independence from the Company.

Based on the review and discussions referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for filing with the SEC.

Mr. Ira J. Lamel (Chairperson)

Mr. Dominic A. Romeo

Mr. Thomas N. Secor

The foregoing Report is not soliciting material, is not deemed filed with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

EXECUTIVE OFFICERS

Set forth below is information regarding the Company's current executive officers who are not also directors. Information concerning Matthijs Glastra, our Chief Executive Officer, may be found above in the section entitled "Item 1–Election of Directors" on page 5 of this management proxy circular.

Robert Buckley Chief Financial Officer
Age: 42

Executive Officer Since: March 2011

Mr. Buckley was appointed the Company's Chief Financial Officer on March 31, 2011. Prior to joining the Company in February 2011, Mr. Buckley had a ten-year career with PerkinElmer, Inc. ("PerkinElmer"), a provider of technology and services to the diagnostics, research, environmental, safety and security, industrial and laboratory services markets, where he served in several financial positions of increasing responsibility. From September 2008 to February 2011, Mr. Buckley served as Vice President and Chief Financial Officer of PerkinElmer's Environmental Health business. From September 2005 to September 2008, Mr. Buckley was Chief Financial Officer of PerkinElmer's Asian operations. From April 2001 to August 2005, Mr. Buckley served in various financial management roles at PerkinElmer. Prior to joining PerkinElmer, Mr. Buckley held management positions with Honeywell International, Inc. (formerly AlliedSignal, Inc.), a diversified technology and manufacturing company that services customers globally, and Georgeson & Company, Inc. Mr. Buckley holds a Bachelor of Arts Degree in Finance from Manhattanville College and an M.B.A. from University of California at Los Angeles (U.C.L.A.)

Brian Young Chief Human Resources Officer
Age: 48

Executive Officer Since: December 2016

Mr. Young joined Novanta in April 2015 as Vice President of Human Resources and was appointed Chief Human Resources Officer by the Board of Directors in December 2016. Mr. Young brings more than 20 years of human resources leadership experience in both public and private companies serving Original Equipment Manufacturers of Class I, II & III medical devices, industrial control technology and advanced materials. From July 2014 – March 2015, Mr. Young served as Global Human Resource Leader for Hollingsworth & Vose Company. From September 2011 – November 2013, Mr. Young served as Vice President & Human Resource Officer for CIRCOR International, Inc. ("CIRCOR"). From September 2010 – August 2011, Mr. Young served as Director Total Rewards for CIRCOR. In addition, from June 2003 – August 2010, Mr. Young served in various leadership roles with Lake Region Medical (formerly Accellent, Inc.). Mr. Young's early career experience was in General Human Resource Management with a specialization in training and development. Mr. Young holds a Bachelor of Science Degree in Administration of Justice from the School of Liberal Arts, Pennsylvania State University.

11

CORPORATE GOVERNANCE

The Board of Directors

The Board is elected annually and each of our directors stands for election every year. Presently, the Board is comprised of seven directors, and all except Mr. Glastra have been determined by the Board to be independent under the rules of The NASDAQ Stock Market LLC, or NASDAQ. In making this determination, the Board has affirmed that each of the independent directors meets the objective requirements for independence set forth by NASDAQ. The independent directors are Stephen W. Bershad, Harry L. Bosco, Dennis J. Fortino, Ira J. Lamel, Dominic A. Romeo and Thomas N. Secor. Mr. Glastra is not independent because he is the Company's Chief Executive Officer. The Board has also determined that Brian D. King, a nominee for election as a director, is independent under the NASDAQ rules.

In evaluating and determining the independence of the directors, the Board considered that in the ordinary course of business, transactions may occur between the Company and its subsidiaries and entities with which some of the directors are or have been affiliated and that the Company may have other relationships with its directors. Specifically, the Board considered that Mr. Bershad is a significant shareholder of the Company. The Board determined that this relationship did not impair Mr. Bershad's independence.

Please see the biography of each director under the section entitled "Item 1–Election of Directors" for the public company boards on which each director serves.

Board Leadership Structure and Role in Risk Oversight

The Board is responsible for the overall stewardship of the Company. The Board discharges this responsibility directly and through delegation of specific responsibilities to its committees, the Chairman of the Board and officers of the Company. The Board has established three standing committees to assist with its responsibilities: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. Each of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee has a charter defining its responsibilities. The Board of Directors does not have an executive committee.

The Company's By-Laws require the Chairman of the Board to be a director and provide the Board with the ability to appoint the Chief Executive Officer of the Company as the Chairman of the Board. This approach gives the Board the necessary flexibility to determine whether these positions should be held by the same person or by separate persons based on the leadership needs of the Company at any particular time. We recognize that different board leadership structures may be appropriate for companies in different situations.

Based on the Company's present circumstances, the Board believes that the Company and its shareholders are best served by having Mr. Bershad serve as its Chairman of the Board and Mr. Glastra serve as its Chief Executive Officer. Our current leadership structure permits Mr. Glastra to focus his attention on managing our Company and permits Mr. Bershad to manage the Board. Accordingly, we believe our current leadership structure is the optimal structure for us at this time.

The Board recognizes the importance of appropriate oversight of potential business risks in running a successful operation and meeting its fiduciary obligations to our business, our shareholders, and our other stakeholders. While our senior executives, including the Chief Executive Officer, and Chief Financial Officer, have responsibility for the day-to-day assessment and management of business risks, the Board maintains responsibility for creating an appropriate culture of risk management and setting a proper “tone at the top.” In this role, the Board, directly and through its committees, takes an active role in overseeing our aggregate risk potential and in assisting our executives with addressing specific risks, including competitive, legal, regulatory, operational and financial risks. The Board does not believe that its role in the oversight of the Company’s risks affects the Board’s leadership structure.

Corporate Governance Highlights

The following table summarizes our board structure and key elements of our corporate governance framework:

Size of Board	Seven Directors
Number of Independent Directors	Six
Board Leadership Structure	Separate Chairman & CEO
Board Self-Evaluation	Annual
Review of Independence of Board	At Least Annually
Independent Directors Meet without Management Present	Yes
All Directors Elected Annually	Yes
Voting Standard for Election of Directors	Cumulative
Corporate Governance Guidelines	Yes
Prohibition on Hedging Company Stock	Yes

Board Committees and Meetings

The Board maintains three standing committees whose functions are described below. All members of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee are independent directors. The following table sets forth the membership of the Board's standing committees:

Name	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Stephen W. Bershad		CHAIR	X
Harry L. Bosco			X
Dennis J. Fortino		X	CHAIR
Ira J. Lamel	CHAIR	X	
Dominic A. Romeo	X		
Matthijs Glastra			
Thomas N. Secor	X		X

Each standing committee maintains a written charter detailing its authority and responsibilities. These charters are reviewed and updated periodically as legislative and regulatory developments and business circumstances warrant. The committee charters are available in their entirety on our website at http://www.novanta.com in the Investors Relations section, under the Corporate Governance tab.

Meetings

The Board and standing committees met as follows during the year ended December 31, 2016:

Name	Number of Meetings
Board of Directors	8
Audit Committee	6
Compensation Committee	5
Nominating and Corporate Governance Committee	1

The independent directors also meet routinely in executive session in connection with regular meetings of the Board. Mr. Bershad presides over all executive sessions at which he is present.

During 2016, each director attended all meetings of the Board and all meetings of committees on which the director served. Members of our Board of Directors are strongly encouraged to attend our annual meeting of shareholders. In 2016, all of our directors attended our annual meeting of shareholders.

The Audit Committee

The Audit Committee consists of Mr. Lamel, Mr. Romeo and Mr. Secor, with Mr. Lamel serving as Chairman. All members of the Audit Committee meet the membership requirements of NASDAQ, including the requirements regarding financial literacy and financial sophistication, and the Board has determined that each member of the Audit Committee is independent under the listing standards of NASDAQ and the rules of the SEC regarding audit committee membership. The Board has further determined that Mr. Lamel is an "audit committee financial expert" as defined by the SEC.

The Audit Committee is directly responsible for the appointment, compensation and oversight of the work of the independent registered public accounting firm, and is responsible for reviewing and discussing with management and the independent registered public accounting firm our audited consolidated financial statements included in our Annual Report on Form 10-K and our interim consolidated financial statements. The Audit Committee also reviews the independence and quality control procedures of the independent registered public accounting firm, reviews management's assessment of the effectiveness of internal controls, and discusses with management the Company's policies with respect to risk assessment and risk management.

The Compensation Committee

The Compensation Committee consists of Mr. Bershad, Mr. Fortino and Mr. Lamel, with Mr. Bershad serving as Chairman. All members of the Compensation Committee meet the membership requirements of NASDAQ, and each member of the Compensation Committee is independent under the listing standards of NASDAQ regarding compensation committee membership.

The Compensation Committee is responsible for assisting our Board in fulfilling its fiduciary duties with respect to the oversight of the Company's compensation plans, policies and programs, including assessing our overall compensation structure, reviewing all executive compensation programs, incentive compensation plans and equity-based plans and determining executive compensation. Specifically, the Compensation Committee reviews and approves the compensation and benefits of our Chief Executive Officer and our other officers, oversees the performance evaluation of our Chief Executive Officer and other named executive officers, and reviews and approves our Senior Management Incentive Plan (including grants of equity compensation and annual cash incentive compensation for our officers and certain other key employees).

The Compensation Committee has the authority under its charter to directly retain and cause the Company to pay reasonable compensation for compensation consultants, legal counsel and other advisors as it deems necessary or appropriate. In 2016, the Compensation Committee retained Pearl Meyer, as its independent compensation consultant to assist the Compensation Committee with its responsibilities related to our executive compensation programs.

For a discussion of the Compensation Committee's processes and procedures for considering and determining compensation for our officers, please see the "Compensation Discussion and Analysis" section.

The Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee (the "NCG Committee") consists of Mr. Fortino, Mr. Bershad, Mr. Bosco and Mr. Secor, with Mr. Fortino serving as Chairman. All members of the NCG Committee meet the membership requirements of NASDAQ.

The NCG Committee is responsible for: (a) identifying individuals qualified to become Board members and recommending such individuals to the Board as director nominees; (b) developing and recommending to the Board a set of corporate governance principles applicable to the Company; (c) reviewing the qualifications of directors eligible to become members of the different committees of the Board and recommending to the Board director nominees for each committee; (d) overseeing periodic performance reviews of the Board; and (e) evaluating and making recommendations to our Board regarding director compensation.

Selection and Evaluation of Director Candidates

In searching for qualified director candidates for election to the Board and to fill vacancies on the Board, the NCG Committee solicits current directors for the names of potentially qualified candidates and may ask directors to pursue their own business contacts for the names of potentially qualified candidates and to conduct due diligence on director candidates. In addition, the NCG Committee has retained an outside search firm to assist in the search for qualified candidates. Director nominee Brian D. King was recommended to the NCG Committee through the third-party search firm process. In the event there is or is expected to be a vacancy on the Board, the NCG Committee will consider suggestions from shareholders for nominees for election as directors and evaluate such suggested nominees on the same terms as candidates identified by directors, officers, outside advisors or search firms selected by the NCG Committee.

The criteria that the NCG Committee has established regarding the minimum qualifications for nominees are available on the Company's website at http://www.novanta.com, in the "Investor Relations" section, under the Corporate Governance tab, with the title of "New Director Selection Process." The criteria focuses on finding candidates who have the highest level of integrity, are financially literate, have motivation and sufficient time to devote themselves to Company matters and who have skills that complement the skills and knowledge of the current directors. The Board and NCG Committee have not established a formal policy on the consideration of diversity in director candidates.

Once potential candidates are identified, the NCG Committee reviews the backgrounds of those candidates, conducts interviews of candidates and establishes a list of final candidates. To the extent practicable, final candidates are then interviewed by each member of the NCG Committee, the Chairman of the Board and the Chief Executive Officer. Reasonable efforts are made to have all remaining directors interview final candidates.

The NCG Committee and the Board have not established a formal policy with regard to the consideration of director candidates recommended by shareholders. This is due to the following factors: (i) the limited number of such recommendations, (ii) the need to evaluate such recommendations on a case-by-case basis, and (iii) the expectation that recommendations from shareholders would be considered in the same manner as recommendations by directors, officers, outside advisors or search firms in the event there is or is expected to be a vacancy on the Board.

Any shareholder who intends to recommend a candidate to the NCG Committee for nomination as a director should deliver written notice to the Company with the following information: (a) the suggested candidate's biographical data (including business experience, service on other boards, and academic credentials), (b) all transactions and relationships, if any, between the recommending shareholder or such candidate, on the one hand, and the Company or its management, on the other hand, as well as any relationships or arrangements, if any, between the recommending shareholder and the candidate and any other transactions or relationships of which the Board should be aware in order to evaluate such candidate's potential independence as a director, (c) details of whether the candidate or the recommending shareholder is involved in any on-going litigation adverse to the Company or is associated with an entity which is engaged in such litigation, and (d) whether the candidate or any company for which the candidate serves or has served as an officer or director is, or has been, the subject of any bankruptcy, SEC or criminal proceedings or investigations, any civil proceedings or investigations related to fraud, accounting or financial misconduct, or any other material civil proceedings or investigations. The notice must also contain a written consent confirming the candidate's (a) consent to be nominated and named in the Company's management proxy circular and, if elected, to serve as a director of the Company and (b) agreement to be interviewed by the NCG Committee and submit additional information if requested to do so. Any such notice should be delivered to the Company sufficiently in advance of the Company's annual meeting to permit the NCG Committee, in the event there is or is expected to be a vacancy on the Board, to complete its review in a timely fashion.

Under the Company's Articles, a shareholder may propose a director candidate for inclusion in the Company's notice of meeting if the proposal is signed by one or more holders of shares representing in the aggregate not less than 5% of the common shares of the Company entitled to vote at the shareholders' meeting at which the nomination is to be presented. Any shareholder, as described in the preceding sentence, wishing to propose a director candidate for inclusion in the Company's notice of meeting must provide notice to the Company by February 9, 2018 and include the information about such nominee as discussed above with respect to director candidates recommended by shareholders.

Communications with the Board

The Board has not established a formal process for shareholders to send communications to the Board and/or individual directors due to the limited number of such communications historically. However, the names of all directors are available to shareholders in this management proxy circular and on the Company website. If the Company receives any shareholder communication intended for the full Board or any individual director, the

Company will forward all such communications to the full Board or such individual director, unless the communication is clearly of a marketing nature or is unduly hostile, threatening, illegal or similarly inappropriate. Any shareholder communications should be sent to: Novanta Inc., 125 Middlesex Turnpike, Bedford, Massachusetts 01730, Attention: Investor Relations.

Code of Ethics and Business Conduct

All of the Company’s directors, officers and employees must act in accordance with the Code of Ethics and Business Conduct, which has been adopted by the Company’s Board of Directors. A copy of the Code of Ethics and Business Conduct is available on the Company’s website at http://www.novanta.com in the “Investor Relations” section, under the Corporate Governance tab, with the title Code of Business Conduct Download. The Company intends to satisfy the disclosure requirement under Nasdaq rules regarding waivers or under Item 5.05 of Form 8-K regarding disclosure of an amendment to, or waiver from, a provision of this Code of Ethics and Business Conduct with respect to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on the Company’s website discussed above, unless a Form 8-K is otherwise required by law or applicable listing rules.

Orientation and Continuing Education

The Company’s Corporate Governance Guidelines provide that directors are expected to participate in an orientation program within six months of the annual meeting at which new directors are elected or the date on which new directors are appointed. In addition, the Company may periodically make available to its directors continuing educational opportunities designed to assist them in performing their Board and committee functions.

Assessments

The NCG Committee is responsible for annually overseeing a review of the performance of the Board, and each of the NCG Committee, Audit Committee and Compensation Committee is responsible for annually reviewing such committee’s own performance. In January 2017, the NCG Committee adopted a self-evaluation questionnaire for the Board and each of the Board’s standing committees. Each director completed a questionnaire evaluating the performance of the Board as a whole and each committee on which such director served, and a summary of the results of these self-evaluations was discussed by the Board at its February 28, 2017 meeting.

Additional Governance Matters

The Board of Directors (acting on the recommendation of the Governance and Nominating Committee) has approved the Company's Corporate Governance Guidelines, which include, among other items (in addition to those items described elsewhere in this proxy):

- The independent directors meet regularly in executive session without the presence of management;
- The Compensation Committee is responsible for reviewing the Company's succession planning and senior management development and reports to the Board on the Company’s plans.

DIRECTOR COMPENSATION

In general, the Company uses a combination of cash and equity-based compensation to attract and retain candidates to serve on the Company's Board of Directors. The Company does not compensate directors who are also employees for their service on the Board of Directors. Accordingly, during the year ended December 31, 2016, Mr. Glastra and Mr. Roush who each served as the Company's Chief Executive Officer, did not receive any compensation for their service on the Board of Directors. The Board of Director compensation is overseen by the Nominating and Corporate Governance Committee rather than the Compensation Committee, which focuses on employee compensation. The Nominating and Corporate Governance Committee periodically reviews its cash and equity-based compensation for non-employee directors and makes recommendations to the Board of Directors for any adjustments.

The Board of Directors approved the following compensation for non-employee directors:

- Each non-employee member of the Board of Directors will receive an annual retainer in the amount of $125,000.
- The Chairperson of the Audit Committee will receive an additional annual retainer in the amount of $15,000.
- The Chairperson of each of the Compensation Committee and the Nominating and Corporate Governance Committee will receive an additional annual retainer in the amount of $10,000 (unless such Chairperson is also serving as non-executive Chairperson of the Board of Directors).
- The non-executive Chairperson of the Board of Directors will receive an additional annual retainer in the amount of $125,000.

Fifty percent of the foregoing non-employee director compensation is paid in the form of cash and the remaining fifty percent of such compensation is paid in the form of deferred stock units, which are convertible into shares of the Company's common stock upon a holder's termination of directorship with the Company.

As of the end of the Company's fiscal year ended December 31, 2016, each director was also a party to an indemnification agreement with the Company. Such indemnification agreements generally provide, among other things, that each director shall be indemnified to the fullest extent permitted by applicable law against all expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by such director in connection with any proceeding by reason of his or her relationship with the Company. In addition, such indemnification agreements provide for the advancement of expenses incurred by such director in connection with any proceeding covered by such indemnification agreements, subject to the conditions set forth therein and to the extent such advancement is not prohibited by law.

Director Compensation Table

The following table sets forth information regarding the compensation earned during the fiscal year ended December 31, 2016 by the Company's non-employee directors.

Name	Fees Earned	Stock Awards	Total ($)

	or Paid in Cash ($)(1)	($)(2)(3)(4)	
Directors			
Stephen W. Bershad	$125,000	$ 125,004	$250,004
Harry L. Bosco	$62,500	$ 62,502	$125,002
Dennis J. Fortino	$67,500	$ 67,501	$135,001
Ira J. Lamel	$70,000	$ 70,007	$140,007
Dominic A. Romeo	$62,500	$ 62,502	$125,002
Thomas N. Secor	$62,500	$ 62,502	$125,002

(1) All fees earned by the Company's Board of Directors during the year ended December 31, 2016 were paid in full prior to December 31, 2016.

(2) Amounts shown do not reflect compensation actually received. Rather, amounts shown represent the aggregate grant date fair value (based on the closing price of the Company's common stock on the last business day prior to the date of grant) of each director's deferred stock unit award determined in accordance with Accounting Standards Codification ("ASC") 718, "Compensation-Stock Compensation". The deferred stock units granted by the Company were fully vested on the grant date and the associated expense was recognized in full on the grant date in accordance with ASC 718.

(3) All awards were granted at the closing price of the Company's common stock on the NASDAQ Global Select Market on the last business day prior to the date of grant. The amounts represent the aggregate grant date fair value associated with the respective

17

annual deferred stock unit award granted to each director on January 1, 2016. In accordance with the compensation arrangement with the Board of Directors, the number of deferred stock units granted on January 1, 2016 was determined based on the closing price of the Company's common stock of $13.62 per share as of the last day of the preceding fiscal year, December 31, 2015.

(4) The following table sets forth the aggregate outstanding deferred stock unit awards held by each director as of December 31, 2016:

Name	Deferred Stock Units(1) (#)
Stephen W. Bershad	90,409
Harry L. Bosco	24,596
Dennis J. Fortino	47,175
Ira J. Lamel	50,631
Dominic A. Romeo	24,596
Thomas N. Secor	24,596
Total	262,003

(1) Deferred stock units granted to the directors were fully vested on the date of grant and will convert into an equal number of shares of the Company's common stock as of the date the respective director ceases his membership on the Board of Directors. The following table presents the number of deferred stock units granted to each director, separated by grant date:

Grant Date	Mr. Bershad	Mr. Bosco	Mr. Fortino	Mr. Lamel	Mr. Romeo	Mr. Secor
September 2, 2010	23,149	—	11,575	12,963	—	—
February 15, 2011	11,815	—	5,908	6,617	—	—
January 1, 2012	12,219	—	6,110	6,843	—	—
July 2, 2012	—	2,982	239	—	2,982	2,982
January 1, 2013	14,435	7,218	7,795	8,084	7,218	7,218
January 1, 2014	11,121	5,561	6,006	6,228	5,561	5,561
January 1, 2015	8,492	4,246	4,586	4,756	4,246	4,246
January 1, 2016	9,178	4,589	4,956	5,140	4,589	4,589
Total	90,409	24,596	47,175	50,631	24,596	24,596

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis contains statements regarding individual and Company performance targets and goals. These targets and goals are disclosed in the limited context of the Company's compensation programs and should not be understood to be statements of management's expectations or estimates of results or other guidance. The Company specifically cautions investors not to apply these statements to other contexts.

The following discussion and analysis details the Company's philosophy and policies regarding executive compensation, the process that is used to set executive compensation within the Company, the elements of the executive compensation program, and the role of the Compensation Committee of the Board of Directors of Novanta Inc. and the executive staff in setting executive compensation. In this section, the terms, "we", "our", and "us" refer to the Company, and the "Board" and "Board of Directors" refer to the Board of Directors of Novanta Inc., unless otherwise specified.

The following table shows our named executive officers for fiscal year 2016:

Executive	Title	Officer Since
Matthijs Glastra	Chief Executive Officer	2012
Robert J. Buckley	Chief Financial Officer	2011
Brian S. Young	Chief Human Resources Officer	2016
John A. Roush	Former Chief Executive Officer	2010 (resigned as of September 1, 2016)

EXECUTIVE SUMMARY

2016 Business and Compensation Highlights

Fiscal year 2016 was a solid year from a strategic execution and financial performance perspective. Strategically, the Company:

- Acquired Reach Technology Inc., a Fremont, California-based provider of embedded touch screen technology solutions to original equipment manufacturers in the medical and advanced industrial markets, for a total purchase price of $9.4 million;
- Acquired certain video processing and video management technologies used in medical visualization solutions, for a total purchase price of $4.0 million;
- Entered into the Second Amended and Restated Credit Agreement, which matures on May 19, 2021 and provides for an aggregated credit facility of $300.0 million, comprised of a $75.0 million, 5-year term loan facility and a $225.0 million, 5-year revolving credit facility (collectively, the "Senior Credit Facilities"). The Second Amended and Restated Credit Agreement amended and restated our previous senior credit facility that had a maturity date of December 27, 2017. The Senior Credit Facilities may be increased by an additional uncommitted $125.0 million in the aggregate, subject to the satisfaction of certain customary covenants; and
- Substantially completed the 2016 restructuring program, which included consolidating certain of our manufacturing operations to optimize our facility footprint and better utilize resources, costs associated with discontinuing our

radiology product line, and reducing redundant costs due to productivity cost savings and business volume reductions.

Financially, we achieved many of the goals set forth by management and the Board at the outset of the year and made significant progress toward our long-term goals, including the following accomplishments:

- For the full year of 2016, the Company generated revenue of $384.8 million, an increase of 3.0% from $373.6 million for the full year of 2015; and
- For the full year of 2016, operating income from continuing operations was $32.6 million, compared to $28.9 million for the full year of 2015.

Our executive compensation program results for fiscal year 2016 reflected this strategic and financial progress. The cash component of our Senior Management Incentive Plan ("SMIP") for executives paid out above target for fiscal year 2016 based on the following:

- Company adjusted EBITDA for the first half of the year was 98% of target, resulting in a payout of 96% of the first half target bonus amount; and
- Company adjusted EBITDA for the second half of the year was 104% of target, resulting in a payout of 109% of the second half target bonus amount.

Finally, we sought to maintain the strong governance of our executive compensation program. In particular, during fiscal year 2016, the Compensation Committee:

- Convened five times;
- Reviewed the performance of our Chief Executive Officer (the "CEO");
- Reviewed the performance of the other named executive officers; and
- Considered the results of our fiscal year 2015 say-on-pay voting results.

We feel that our executive compensation programs continue to provide a strong link between pay and performance, provide appropriate incentives and provide a fair and balanced total compensation opportunity to the executives. Our shareholders agree, as evidenced by the approval of our executive compensation by approximately 98% of the votes cast with respect to our 2016 say-on-pay proposal.

COMPENSATION PHILOSOPHY

The Company is a global supplier of precision photonics and motion control components and subsystems to original equipment manufacturers in the medical equipment and advanced industrial technology markets. The Company operates in an ever-evolving and fast-paced environment, and is moving aggressively to position itself in leading high growth medical and advanced industrial markets. Our ability to compete in this environment depends, to a large extent, on our success in identifying, recruiting, developing and retaining management talent.

In support of our goals, we have designed an executive compensation program that is robust, highly performance-driven, and intended to generate both long-term sustainable shareholder value and near-term focus on financial performance, operational excellence, quality and innovation. The program is based on the following principles:

- Competitive compensation. The compensation program is intended to attract and retain executive talent with the capability to lead within a global company, while remaining affordable for the Company, including with respect to its impact on earnings and cash flow, avoiding the promotion of inappropriate or excessive risk-taking and maintaining flexibility to respond to the changing needs of the business.
- Pay-for-performance. The Compensation Committee reviews the overall design of our executive compensation program on an annual basis to ensure that our executive compensation is aligned with both annual and long-term performance goals. In 2016, the Company adopted changes to the long-term compensation provided to our named executive officers to further reinforce our compensation philosophy. These changes include granting 50% of the long-term incentive compensation in the form of performance stock units and stock options. The Company considers options to be a form of performance-based long-term compensation.
- Compensation mix with a larger percentage of "at-risk" compensation. Through the adoption of a compensation structure offering both cash-based and equity-based incentives, the Compensation Committee has increased the percentage of "at-risk" compensation for named executive officers. The Compensation Committee may also consider further increasing the emphasis on "at-risk" elements of compensation in the future by reducing or maintaining base salaries and increasing short-term and/or long-term incentive potentials. This compensation mix is intended to support the following compensation objectives:
  - Emphasis on variable pay to align executive compensation with the achievement of results that drive the Company's business strategy; and
  - Utilization of equity-based incentive plans to tie a significant portion of compensation to the Company's long-term results, to align the executive's financial interests with those of our shareholders and to facilitate an ownership culture among executives.
- Prudent corporate governance. We are committed to maintaining a prudent corporate governance model and to continually improving our compensation practices and policies. Key practices include:
  - Annual review of the compensation philosophy of the Company by the Compensation Committee.

- o Implementation of a cap on cash incentive compensation (cash portion of the SMIP) at 250% of target and a cap on performance-based equity incentive compensation (performance stock units) at 200% of target.
- o Maintenance of a Compensation Committee composed entirely of independent, non-employee directors who satisfy applicable independence requirements.

- o Engagement of an independent outside compensation consultant, Pearl Meyer, to perform market-based analyses of competitive pay levels and practices for key positions within the Company.
- o Limitation on engaging in hedging transactions by our named executive officers.
- o Annual “say-on-pay” advisory voting.
- o Elimination of all rights to “Section 280G” gross-up payments.

The following graphs depict the average target pay mix of base salary, short-term cash bonus incentives and long-term equity-based incentives for our Chief Executive Officer and for our other named executive officers (other than Mr. Roush who resigned effective as of September 1, 2016).

(1) Based on annual base salary, annual target cash bonus and annual equity grant (based on target value) as stated in the target compensation package for the individual holding the office of Chief Executive Officer. Actual pay mix for Mr. Glastra in 2016 varied from this target pay mix given his promotion to CEO in 2016. Mr. Glastra’s pay in 2016 generally consisted of 17% salary, 15% short-term cash incentives, and 68% long-term equity incentives (which include his promotion RSU grant).

(2) Based on annual base salary, annual target cash bonus and annual equity grant (based on target value) in the 2016 compensation packages for our Chief Financial Officer and Chief Human Resources Officer.

Highlights of Our 2016 Executive Compensation Program

During 2016, we continued to implement compensation practices and arrangements that reinforce our compensation philosophy. A summary of such compensation practices are set forth below:

- Continuation of the SMIP, a pay-for-performance compensation structure for senior executives, which seeks to balance the percentage of compensation provided in the forms of base salary, cash bonus incentive awards and long-term equity-based awards. The SMIP provides a competitive market-based compensation structure with direct alignment to shareholder interests that enables the Company to attract and retain key management talent.
- Equity incentive awards were granted pursuant to the SMIP to align executive compensation with the long-term goal of enhancing shareholder value and to promote executive retention with the Company by granting annual equity awards that vest over three years. In 2016, the Company supplemented its equity incentive award structure by implementing (a) performance stock units that cliff vest following the end of the applicable three-year performance period based on achievement of specified performance targets and (b) time-based vesting stock options that vest ratably over three years, subject to continued employment. The Company believes that the implementation of performance stock units and stock options further reinforces our performance emphasis within our compensation philosophy with regards to the named executive officers. Additionally, to further support executive retention, the Company awarded one-time special promotion restricted stock units to Mr. Glastra and special retention restricted stock units to Messrs. Buckley and Young, in each case, that cliff vest in five years from the date of grant, subject to continued employment. Named executive officers are encouraged to retain the shares granted to them to further drive long-term value creation and interests that align with those of the shareholders.

- The cash bonus incentive awards pursuant to the SMIP are determined based on performance metrics, based on the Board's belief that the Company's growth and future success are dependent upon the achievement of financial results. For our named executive officers, the metric is Company adjusted EBITDA. The Company currently defines Company adjusted EBITDA as operating income from continuing operations before deducting depreciation, amortization, non-cash stock-based compensation, restructuring, acquisition and divestiture related costs, and other income or expenses not considered part of our normal operating activities. The respective adjusted EBITDA target levels of performance are correlated with the Company's annual sales and income growth objectives. See the "Executive Compensation Program Elements" section below for additional information about the performance metrics applicable to the 2016 cash bonus incentive awards.

In addition to the compensation practices described above, the Company has agreed to certain compensation terms and conditions that are set forth in employment agreements with the named executive officers. For a full description of the Company's executive compensation program, please also see "Executive Compensation Program Elements." For a description of the employment agreements, see "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table" and "Potential Payments upon Termination or Change of Control".

THE EXECUTIVE COMPENSATION DECISION MAKING PROCESS

Compensation Committee Members and Independence

The Compensation Committee is comprised of Messrs. Bershad, Fortino and Lamel. None of the current members were, at any time, officers or employees of the Company or its subsidiaries and the Board has determined that each member of the Compensation Committee is an independent director under the applicable rules of NASDAQ.

Role of the Compensation Committee, Management and Outside Advisors

The Compensation Committee is responsible for designing, implementing and evaluating the Company's executive compensation plans and policies. Among its responsibilities, the Compensation Committee:

- Reviews the Compensation Committee Charter annually and amends it as appropriate;
- Establishes our compensation philosophy and the framework for determining the compensation of our named executive officers;
- Reviews, evaluates and approves base salaries, cash-based incentives, long-term equity-based incentives and all other forms of compensation for these individuals;
- Evaluates the performance of the CEO and receives performance evaluations of the other named executives as reported by the CEO, which will impact the following year's compensation decisions;
- Reviews and approves the performance objectives, including the target financial objectives for the cash-based incentives, applicable to each of the named executive officers; and
- Certifies performance at the end of each year and approves annual cash bonus payouts.

In performing the responsibilities above, the Compensation Committee receives advice and input, as applicable, from the Board of Directors, the CEO, members of management, outside consultants, human resources representatives and the Company's outside legal counsel on compensation issues and regarding general compensation policies, including the appropriate level and mix of the compensation for executive officers.

The Compensation Committee meets in executive session and, where appropriate, with members of management, including the CEO, Chief Human Resources Officer, outside consultants, and the Company's outside legal counsel. Although the CEO is generally present during the non-executive sessions of the Compensation Committee meetings and provides input to the Compensation Committee with regard to his direct reports, the Compensation Committee makes all decisions with regard to CEO compensation in executive sessions and the CEO has no vote in the actual approval of compensation for any named executive officer.

Pursuant to its charter, the Compensation Committee may form and delegate authority to subcommittees of the Compensation Committee, to the extent consistent with the Company's Articles of Association, Bylaws, Corporate Governance Guidelines, applicable law and NASDAQ rules, except that it may not delegate its responsibilities for any matters that involve executive compensation or any matters where it has determined such compensation is intended to comply with Section 162(m) of the Internal Revenue Code (the "Code"), by virtue of being approved by a committee of "outside directors" or is intended to be exempt from Section 16(b) under the Securities Exchange Act of 1934 pursuant to Rule 16b-3 by virtue of being approved by a committee of "non-employee directors."

Executive Compensation and Comparable Company Data

Generally, the Compensation Committee reviews each named executive officer's total compensation each year and, in connection therewith, considers market data for similar positions at other public companies and other relevant sources. The Compensation Committee may retain the services of advisors and it has the budgetary authority to hire such advisors as it deems necessary for its compensation review. In 2016, the Compensation Committee worked directly with its external advisor, Pearl Meyer, which helps the Compensation Committee assess whether the total compensation paid to the named executive officers is fair, reasonable and competitive. The Company has assessed the independence of Pearl Meyer and its representatives and has determined that no conflicts of interest exist. In order to avoid any conflict of interest, Pearl Meyer did not provide other consulting services to the Company during 2016.

Generally, the types of compensation and benefits provided to the named executive officers are intended to be similar to those provided to executive officers at other public companies. While the Compensation Committee does not believe it is appropriate to set executive compensation levels based exclusively on compensation surveys and comparable company data, the Compensation Committee uses publicly available surveys and comparable company data as tools for internally assessing whether the Company's executive compensation program is, in the aggregate, reasonable in scope, market-competitive, and consistent from year to year.

In early 2016, Pearl Meyer was asked to develop a compensation report that identifies market-based compensation structures, pay practices and rates of compensation for targeted positions at the Company as compared to the Company's peer group. The peer group is selected based on relevant factors, including industry, fiscal year or trailing twelve-month revenue, market capitalization, total shareholder return and EBITDA. The peer group used in this compensation report prepared by Pearl Meyer in February 2016, which was used in establishing the 2016 compensation of our named executive officers, was comprised of the following companies:

•Allied Motion Technologies Inc.	•II-VI Incorporated
•American Science & Engineering Inc.	•IPG Photonics Corporation
•Analogic Corporation	•LMI Aerospace Inc.
•Astronics Corporation	•MTS Systems Corporation
•Brooks Automation, Inc.	•Newport Corp.
•Cognex Corporation	•NN Inc.
•Coherent, Inc.	•Rofin-Sinar Technologies Inc.
•CTS Corporation	•SL Industries Inc.
•FARO Technologies Inc.	•Vishay Precision Group, Inc.

Pearl Meyer also provided compensation data from market survey data published by third parties regarding companies outside of our peer group, for use as a general indicator of relevant market conditions and pay practices and as a broader reference point.

The Company has retained the services of Pearl Meyer to assess 2017 executive compensation and, in connection with this review, the Company's peer group was further reconstituted to include the following companies:

•Analogic Corporation	•CTS Corporation
•AngioDynamics, Inc.	•FARO Technologies Inc.
•Brooks Automation, Inc.	•II-VI Inc.

•Cognex Corporation	•IPG Photonics Corporation
•Coherent Inc.	•Masimo Corporation
•CONMED Corporation	•Merit Medical Systems, Inc.
•CryoLife, Inc.	•MTS Systems Corporation
•Cynosure, Inc.	•NN Inc

Outside of survey and peer group information and other important factors that drive compensation decisions include individual qualifications and expertise, responsibilities, particular industry and market conditions of a business segment, complexity of position and specific market factors in the locations in which our named executive officers are employed. The Compensation Committee also considers the performance of the Company's named executive officers, the individual's historical compensation and any retention concerns, and the CEO's recommendations (in the case of named executive officers other than the CEO) before determining the compensation arrangement for each of them.

Shareholder Say-On-Pay Vote

At our 2016 annual meeting of shareholders, the Company provided our shareholders with the opportunity to cast an annual advisory vote to approve the Company's executive compensation. Approximately 98% of the votes cast on the "2016 say-on-pay vote" were voted in favor of the proposal. We have considered the 2016 say-on-pay vote and we believe that the overwhelming support of our shareholders for 2016 say-on-pay vote indicates that our shareholders are generally supportive of our approach to executive compensation. The Company considered the outcome of the say-on-pay votes when making compensation decisions regarding its named executive officers for 2017, and plans to continue to consider input from shareholders in future years. The following chart presents the voting results for the say-on-pay for the last three years:

Executive Compensation Program Elements

Executive compensation at the Company includes base salary, short-term cash bonus incentives, long-term equity-based incentives, employee benefits and, in certain situations, severance and other compensation. These elements (and the amounts of compensation and benefits thereunder) were selected because the Compensation Committee believes they are necessary to help us attract and retain executive talent which is fundamental to our success. The elements of compensation may vary among executives based on the Compensation Committee's determination as to what is appropriate under the policies set forth above. Below is a summary of the current executive compensation programs as they relate to our named executive officers.

Base Salary

Base salary levels for the named executive officers are generally determined based on the Compensation Committee's evaluation of the named executive officer's position, experience, qualifications, prior employment (including historical compensation), current and individual performance, industry knowledge, quality of leadership, scope of responsibilities (including potential growth in responsibilities), internal pay equity, tax deductibility, cost of living, and competitive external market data (which includes peer group information as described above). No specific weighting is applied to the factors. Generally, the Compensation Committee refers to the median of the relevant competitive market for the position as part of the base salary evaluation, but any individual named executive officer may have a base salary above or below the median of the market. The Compensation Committee's philosophy is that base salaries are the minimum payment for satisfactory performance and should meet the objective of attracting and retaining the executive talent needed to run a complex business.

The annual base salaries for each of our named executive officers for fiscal years ended December 31, 2015 and 2016, respectively, are listed below:

	2015	2016
Mr. Glastra (1)	$412,965	$500,000
Mr. Buckley	$380,615	$393,937
Mr. Young (2)	$—	$256,800
Mr. Roush	$587,714	$608,284

(1) Mr. Glastra’s 2016 base salary as COO was $427,419 and his base salary as CEO was $500,000.
(2) Mr. Young was employed by the Company in 2015, but was not a named executive officer.

Cash Bonus Incentives

In 2016, the SMIP included cash bonus incentives that were designed to motivate and reward the Company’s key management team members for driving short-term performance within their respective organizations and across the Company. The cash bonus incentives pursuant to the SMIP are earned semi-annually based on achievement against Company adjusted EBITDA targets (the “Financial Objectives”). For purposes of payment of cash bonus incentives, adjusted EBITDA is defined as operating income from continuing operations before deducting depreciation, amortization, non-cash stock-based compensation, restructuring, acquisition and divestiture related costs, and other income or expense not considered part of our normal operating activities. The target level of the Financial Objectives (provided below) is correlated with the Company’s annual growth objectives. Although the target financial metrics of cash bonus are intended to be achievable, a maximum bonus would require very high levels of performance. Actual performance against the Financial Objectives must be within an established range of the target to result in any payout for the respective Financial Objectives, as described in more detail below.

Each of our named executive officers has an established bonus incentive target, which is based on a percentage of his or her current annual base salary. Pursuant to the SMIP, the target bonus would be payable upon 100% achievement of each of the applicable Financial Objectives. The table below describes the cash bonus incentive for each named executive officer under the SMIP, including the annual target as a percentage of base salary and the annual target in dollars.

	Cash Bonus Incentive Annual Target (% of base salary)	Cash Bonus Incentive Annual Target ($)	Cash Bonus Incentive Minimum Payout ($)	Cash Bonus Incentive Maximum Payout ($)
Mr. Glastra (1)	65%	$277,822	—	$694,556
Mr. Buckley	75%	$295,453	—	$738,632
Mr. Young	50%	$128,400	—	$321,000

Mr. Roush	100%	$608,284	—	$1,520,710

(1) Mr. Glastra's cash bonus incentive for fiscal year 2016 was based on his base salary and target bonus percentage established in February 2016 when he was the COO of the Company. His cash bonus incentive as CEO at an annual target of 100% of base salary will be effective starting in 2017.

- The following chart shows the weightings of each of the performance metrics under the SMIP for the named executive officers.

	First-half Financial Objective	Second-half Financial Objective
Participants	50%	50%

- The cash bonus incentives with respect to the Financial Objectives are eligible to be earned in six-month cycles, subject to availability of consolidated financial statements for the respective six-month cycle. Payouts for all named executive officers are calculated for each cycle as the achievement against the respective Financial Objectives multiplied by the target bonus percentages and the base salary for the applicable period for each participant, except for Mr. Glastra's cash bonus for both six-month cycles which is based on his base salary and target bonus percentage established at the beginning of 2016. The target payout date for the first-half payout is around August 15 of the then-current year and the target payout date for the second-half is around March 15 of the following year.

- Amounts earned based on the Financial Objectives will vary depending upon the level of achievement of the assigned Financial Objectives, and are calculated using payout curves. The threshold, target and maximum payouts pursuant to the respective Financial Objectives are presented below:

First Half of 2016

	Performance against Financial Objectives	Payout for Respective Financial Objectives
Threshold	75% or less of performance target	0% of target payout
Target	100% of performance target	100% of target payout
Maximum	175% or more of performance target	250% of target payout

Second Half of 2016

	Performance against Financial Objectives	Payout for Respective Financial Objectives
Threshold	75% or less of performance target	0% of target payout
Target	100% of performance target	100% of target payout
Maximum	175% or more of performance target	250% of target payout

- The targets that would have resulted in a 100% payout of the respective Financial Objectives to each of the named executive officers in 2016 are as follows: first half financial target: Company adjusted EBITDA of $31.5 million; second half financial target: Company adjusted EBITDA of $35.0 million.

The table below presents the actual cash bonus incentives earned in 2016 under the SMIP, by performance objective, as applicable, for each of the named executive officers:

	First-half Financial Objective	Second-half Financial Objective		Total
Mr. Glastra (1)	$ 133,355	$ 151,413		$ 284,768
Mr. Buckley (1)	$ 141,817	$ 161,022		$ 302,839
Mr. Young (1)	$ 61,632	$ 69,978		$ 131,610
Mr. Roush (1)	$ 291,976	$ 110,505	(2)	$ 402,481

(1) Cash bonus incentive earned was determined based on achievement of 98% of the Financial Objective in the first half, resulting in a payout of 96% of the target amount with respect to such objective based on the payout curve and achievement of 104% of the Financial Objective in the second half, resulting in a payout of 109% of the target amount with respect to such objective based on the payout curve.

(2) Second half cash bonus incentive for Mr. Roush represents a portion of such bonus, prorated based on the period of his employment during 2016, as contemplated by his separation agreement described below.

Equity-Based Compensation

The Company uses equity-based compensation to align executive compensation with long-term goals that enhance shareholder value and to promote executive retention with the Company by extending vesting periods over several years. Accordingly, the Company intends to make equity-based compensation a significant portion of compensation for the named executive officers, as demonstrated by the significant grants made to the named executive officers in 2016 under the SMIP.

Our annual grants of equity-based compensation are currently in the form of (a) service-based restricted stock units that generally vest in one-third increments over three years subject to continued employment, (b) performance stock units that cliff vest following the end of the applicable three-year performance period subject to continued employment through the date of vesting and achievement of the applicable performance targets, with accelerated vesting under specific circumstances, and (c) stock options that vest in one-third increments over three years subject to continued employment. The employment agreements for Mr. Glastra and Mr. Buckley mandate the minimum values of their annual equity grants.

The following table presents the equity grants awarded to the Company's named executive officers in 2016:

	Performance Stock Units Awards (1)							
	Threshold (#)	Target (#)	Maximum (#)	Restricted Stock Unit Awards (#) (2)	Promotion/Retention Restricted Stock Unit Awards (#) (3)	Option Awards (#) (4)	Exercise Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards
Mr. Glastra	5,088	10,175	20,350	20,349	80,000	42,733	$ 14.13	$1,888,969
Mr. Buckley	5,228	10,455	20,910	20,910	80,000	43,911	$ 14.13	$1,906,742
Mr. Young	1,931	3,862	7,724	7,724	30,000	16,221	$ 14.13	$711,315
Mr. Roush (5)	10,763	21,525	43,050	43,050	—	90,404	$ 14.13	$1,364,465

(1) Our annual grants of performance stock units vest following the end of the applicable three-year performance period (the period ending on December 31, 2018 for the 2016 performance stock unit awards), subject to continued employment through the date of vesting and achievement of the applicable performance thresholds. A threshold payout with respect to the performance stock units results in the issuance of a number of shares equal to 50% of the number of performance stock units and is based on achieving a cumulative adjusted earnings per share ("EPS") of $3.08 for the three-year performance period ending on December 31, 2018; a target payout with respect to the performance stock units results in the issuance of a number of shares equal to 100% of the number of performance stock units and is based on achieving a cumulative adjusted EPS of $3.39 for the three-year performance period ending on December 31, 2018; and a maximum payout with respect to the performance stock units results in the issuance of a number of shares equal to 200% of the number of performance stock units and is based on achieving a cumulative adjusted EPS of $4.06 for the three-year performance period ending on December 31, 2018. Adjusted EPS for the year ended December 31, 2016 means diluted earnings per share, determined in accordance with GAAP, adjusted to exclude: (1) amortization of intangible assets, (2) restructuring, divestiture and other costs, (3) acquisition related costs, (4), acquisition fair value adjustments, (5) inventory related charges for discontinuation of radiology products, (6) CEO transition costs, and (7) the tax effect of the foregoing adjustments. The chart below illustrates the payout curve:

(2) Our annual grants of restricted stock units vest one-third annually on each of the first, second and third anniversaries of the date of grant and are subject to accelerated vesting in certain situations as described more fully in the "Potential Payments upon Termination or Change of Control" section below.

(3) The number of shares in this column represents the promotion restricted stock units granted to Mr. Glastra, and the retention restricted stock units granted to Messrs. Buckley and Young. The promotion/retention restricted stock units will cliff vest upon the fifth anniversary of the date of grant, subject to continued employment on the date of vesting, and accelerated vesting under specified circumstances.

(4) Our annual grants of stock options vest one-third annually on each of the first, second and third anniversaries of the date of grant, subject to continued employment on the date of vesting and accelerated vesting under specified circumstances.

(5)

Amounts shown above reflect the original number of shares granted without any adjustments resulting from Mr. Roush's separation agreement.

Employee Benefits and Other Compensation

In addition to the elements of compensation discussed above, the Company offers the named executive officers contributions towards health, dental, life, accidental death and dismemberment, and disability insurance premiums consistent with the Company's contribution levels offered to all other employees of the Company. The Company does not offer a deferred compensation program, nor does it offer retirement benefits other than a 401(k) defined contribution plan. This plan provides for Company matching contributions of 100% of the first three percent of compensation and 50% of the next two percent of compensation up to the maximum amount allowed under the Code.

Mr. Roush (prior to his resignation) and Mr. Buckley are provided with life insurance benefits in excess of those available to all other employees, to comply with the terms of their respective employment agreements that stipulate that the Company will provide life insurance benefits in the face amount equal to no less than 400% of their respective annual base salaries. The life insurance benefits were negotiated in connection with our hiring of Messrs. Roush and Buckley to assist in their recruitment and retention. The cost of such supplemental life insurance benefits for Messrs. Roush and Buckley in 2016 equaled $1,102 and $540, respectively. Mr. Roush did not receive these life insurance benefits following his resignation. The Company did not offer life insurance benefits in excess of the maximum allowed under its Group Life Insurance policy to Mr. Glastra in connection with his promotion.

In connection with his promotion to CEO, Mr. Glastra was provided with reimbursement of certain one-time relocation costs related to his move to the Company's headquarters in Massachusetts. Such reimbursed costs are generally related to moving, temporary housing and travel, and the aggregate reimbursement amounted to $201,125. A pro rata portion of such reimbursement is subject to repayment by Mr. Glastra in the event that his employment is terminated for certain reasons prior to June 1, 2018.

Severance and Change of Control Benefits

The Company has certain obligations to its named executive officers in specified circumstances, including termination of employment or a change of control of Novanta Inc., pursuant to the terms of individualized employment agreements. See "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table" for a description of the employment agreements and "Potential Payments upon Termination or Change of Control" for a description of the severance and change in control obligations in such agreements.

As described under "Potential Payments upon Termination or Change of Control", effective July 27, 2016, the Company entered into a letter agreement with Mr. Roush (the "Roush Separation Agreement") specifying the terms of his resignation as Chief Executive Officer as of September 1, 2016. The Roush Separation Agreement provides for continuation of base salary for 18 months following September 1, 2016, a prorated cash bonus for 2016 (based on actual performance), and prorated vesting of his outstanding equity awards. Mr. Roush executed a release of claims in favor of the Company as a condition to receiving the severance payments and benefits set forth in the Roush Separation Agreement.

At the start of fiscal year 2016, the respective employment agreements with Messrs. Buckley and Roush contained a "Section 280G tax gross-up" provision, which provided for a payment to Messrs. Buckley and Roush if they should become subject to parachute payment excise taxes imposed in connection with any change of control of the Company. These provisions were negotiated in connection with our hiring of Messrs. Buckley and Roush. Although the Company previously determined that such provisions were appropriate for Messrs. Buckley and Roush in order to assist in their recruitment and retention and in order to help ensure a stable senior management team in the event of any future change of control transaction, Mr. Buckley and the Company elected in July 2016 to eliminate such obligations on a going forward basis to better align management interest with shareholder interests. As a result, following the resignation of Mr. Roush and the amendment of Mr. Buckley's employment agreement (as described further below), no executive officer is entitled to any “Section 280G tax gross-up” payments and the Company does not currently plan to implement similar tax gross-ups for any executives in the future.

Policy Prohibiting Hedging by Executive Officers

The Company’s insider trading policy prohibits our executive officers and other persons covered by the policy from engaging in hedging transactions with respect to the Company’s shares.

Tax and Accounting Implications

In 2016, the Company’s compensation programs were affected by each of the following:

- Accounting for Stock-Based Compensation: The Company accounts for stock-based compensation in accordance with the requirements of Accounting Standards Codification (“ASC”) 718, “Stock Compensation”. The Company also takes into consideration ASC 718 and other generally accepted accounting principles in determining changes to policies and practices for its stock-based compensation programs.

- Section 162(m) of the Code: This section generally limits, for U.S. corporate income tax purposes, the deductibility of compensation for a public company's chief executive officer and its three other most highly compensated officers (other than the chief financial officer) unless the compensation is less than $1 million during any fiscal year or is "performance-based" under Section 162(m). The Company periodically reviews the potential consequences of Section 162(m), and it generally intends to structure the performance-based portion of executive compensation, where appropriate, to comply with exemptions in Section 162(m) so that the compensation remains tax deductible to the Company. The Compensation Committee in its judgment may, however, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such compensation is appropriate and in the best interests of the shareholders after taking various factors into consideration, including business conditions and the performance of such executive officer.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Company's "Compensation Discussion and Analysis", and based on such review and discussions, has recommended to the board of directors that the "Compensation Discussion and Analysis" be included in this management proxy circular.

Mr. Stephen W. Bershad (Chairperson)

Mr. Dennis J. Fortino

Mr. Ira J. Lamel

29

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information regarding the compensation earned by each of the Company's named executive officers during the fiscal years ended December 31, 2016, 2015 and 2014. For the year ended December 31, 2016, the Company's named executive officers consisted of: (i) the individual who served as the Chief Executive Officer as of the end of fiscal year 2016 (M. Glastra), (ii) the individual who served as the Chief Financial Officer during the year ended December 31, 2016 (R. Buckley), (iii) one additional individual who served as Chief Human Resources Officer as of the end of the year ended December 31, 2016 (B. Young), and (iv) one additional individual who served as the Chief Executive Officer during the year ended December 31, 2016 (J. Roush), (the individuals described in (i) through (iv) above, collectively, the "Named Executive Officers" or "NEOs").

Name and Principal Position	Year