



xtract o|n|e

# Majority Voting Policy

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ADOPTED BY THE BOARD OF DIRECTORS WITH IMMEDIATE EFFECT ON APRIL 19, 2019

# Majority Voting Policy with Respect to the Election of Directors

## 1. Offer to Resign Following “Majority Withheld Vote”

Any nominee for election as a director of Xtract One Technologies Inc. (the “Company”) who receives a greater number of validly cast votes “withheld” from his or her election than validly cast votes “for” such election (a “Majority Withheld Vote”) will immediately tender his or her offer to resign to the Board of Directors of the Company (the “Board”), provided that such election is not held at a contested meeting. In this Policy, a “contested meeting” means a meeting at which the number of directors nominated for election is greater than the number of seats available on the Board. For the purposes of this Policy, votes “withheld” do not include abstentions and failures to vote with respect to any director’s election.

## 2. Recommendation by Committee

The Board will refer the offer to resign to the Corporate Governance and Nominating Committee (the “Committee”) for consideration. The Committee will consider the offer to resign and will make a recommendation to the Board. In considering whether to accept the offer to resign, the Committee will consider all factors deemed relevant by Committee including, without limitation,

- a) the stated reason or reasons, if any, why shareholders withheld votes from the election of the director,
- b) the qualifications of the director, including, for example, the impact the director's resignation would have on the Company's ability to
  - i) effectively continue fulfilling its responsibility for the stewardship of the Company and the enhancement of shareholder value; and

- ii) comply with (A) the Company's contractual obligations, constating documents and governance rules and policies, (B) applicable corporate and securities laws, and (C) the rules of any stock exchange on which the Company's securities are listed or posted for trading.
- c) such director's length of service and his or her past and anticipated contributions to the Company, and
- d) the overall composition of the Board.

### **3. Decision of the Board**

Within 90 days of the date of the shareholders' meeting at which the election occurred, the Board will make a decision with regards to the offer to resign. In considering the Committee's recommendation, the Board will consider the information and factors considered by that Committee and such additional information and factors that the Board may consider to be relevant. Absent exceptional circumstances, the Board will accept the resignation. The offer to resign will be effective when accepted by the Board.

### **4. Non-Participation**

No director who has tendered his or her offer to resign will participate in the Committee's deliberations or recommendation, or in the Board's deliberations or determination, with respect to accepting or rejecting his or her offer to resign as a director, however he or she will be counted for the purpose of determining whether the Committee or the Board has quorum. Such director will remain active and engaged in all other Board and Board committee activities, deliberations, and decisions during such time, including, for greater certainty, the deliberations, and decisions regarding any offer to resign tendered by any other director in accordance with this Policy.

### **5. Press Release**

Following the Board's decision, the Board will promptly disclose, by way of a press release, its decision whether to accept the director's offer to resign including, if

applicable, a full statement of the reasons of the Board for rejecting the offer to resign. Provided that securities of the Company are listed on the Toronto Stock Exchange (the "TSX"), a copy of such press release will be provided to the TSX.

## **6. Options Following Acceptance of Resignation**

If an offer to resign is accepted, the Board may, in accordance with the provisions of applicable corporate laws, (i) leave the vacancy in the Board unfilled until the next annual meeting of shareholders, (ii) reduce the size of the Board (if permitted by applicable corporate law and the articles of the Company), (iii) fill the vacancy created by the resignation by appointing a new director whom the Board considers to merit the confidence of shareholders, or (iv) call a special meeting of shareholders at which there will be presented nominee(s) to fill the vacant position(s).

## **7. Non-Compliance with Policy**

In the event that any director who received a Majority Withheld Vote does not tender his or her offer to resign in accordance with this Policy, he or she will not be re-nominated by the Board.

## **8. Procedures**

Each of the Committee and the Board may adopt such procedures as it sees fit to assist it in its deliberations, recommendations, and determinations, as applicable, with respect to this Policy.

## **9. Agreement of Current Directors**

Each of the current directors has agreed to abide by the provisions of this Policy and any subsequent candidate nominated by the Board will, as a condition of such nomination, be required to abide by this Policy.

## **10. Amendments to Policy**

The Board may, at any time and in its sole discretion, supplement or amend any provision of this Policy, repeal this Policy in whole or part, or adopt a new Policy relating to director elections with such terms as the Board determines, in its sole discretion, to be appropriate. Subject to Section 8 of this Policy, the Board will have the exclusive power and authority to administer this Policy, including, without limitation, the right and power to interpret the provisions of this Policy and make all determinations deemed necessary or advisable for the administration of this Policy. All such actions, interpretations and determinations which are done or made by the Board in good faith will be final, conclusive and binding.