



## **XS FINANCIAL INC.**

### **MAJORITY VOTING POLICY**

***Dated: March 2020***

The board of directors (the “Board”), believes that each director should have the confidence and support of the shareholders of the company (the “shareholders”). To this end, the Board has unanimously adopted this policy providing that future nominees for election to the Board will be required to confirm that they will abide by this policy.

Forms of proxy for the election of directors will permit a shareholder to vote in favour of, or to withhold from voting, separately for each director nominee. The Chairman of the Board will ensure that the number of shares voted in favour or withheld from voting for each director nominee is recorded and promptly made public after the meeting.

If a director nominee receives less than a majority (50% + 1 vote) of the votes cast at a shareholder’s meeting (in person or by proxy) in favour of his or her election, the nominee will be considered by the Board not to have received the support of the shareholders, even though duly elected as a matter of corporate law. Such a nominee will be expected to forthwith submit his or her resignation to the Board, effective on acceptance by the Board. The Board will refer the resignation to the Compensation and Corporate Governance Committee for consideration.

The Board will promptly accept the resignation unless the committee determines that there are extraordinary circumstances relating to the composition of the Board or the voting results that should delay the acceptance of the resignation or justify rejecting it. In any event, it is expected that the resignation will be accepted (or in rare cases rejected) within 90 days of the meeting.

Subject to any corporate law restrictions, the Board may (1) leave a vacancy on the Board unfilled until the next annual general meeting, (2) fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the shareholders, or (3) call a special meeting of shareholders to consider new Board nominee(s) to fill the vacant position(s).

This policy does not apply where an election involves a proxy battle i.e, where proxy material is circulated in support of one or more nominees who are not part of the director nominees supported by the Board.