



HLS Therapeutics®

### **MAJORITY VOTING POLICY FOR DIRECTOR ELECTIONS**

In an uncontested election of directors, any nominee for director of HLS Therapeutics Inc. (the “**Corporation**”) who does not receive a greater number of votes “for” his or her election than votes “withheld” from such election (a “**Majority Withhold Vote**”) shall promptly tender his or her resignation to the Chairman of the board of directors (the “**Board**”) following the Corporation’s annual meeting of shareholders, such resignation to be effective upon acceptance by the Board. In this policy, an “uncontested election” shall mean an election in which the number of nominees for director is equal to the number of directors to be elected. In a contested election, this policy shall not apply and nominees shall be elected by plurality voting.

The Compensation & Governance Committee (the “**Committee**”) of the Board shall promptly consider such tendered resignation and recommend to the Board the action to be taken with respect to such tendered resignation. The recommendation of the Committee may be to accept or reject the resignation on such basis as the Committee determines appropriate, provided that the Committee shall recommend acceptance of the resignation if there are no exceptional circumstances present that would support rejection of the resignation. If the Committee recommends rejection of the resignation, it shall include with its recommendation an indication of what it believes to be the underlying reasons for the Majority Withhold Vote in respect of the subject director.

In considering a tendered resignation and whether exceptional circumstances exist, the Committee is authorized to consider all factors it deems relevant to the best interests of the Corporation, including without limitation: (i) any stated reasons why shareholders withheld their vote with respect to the subject director; (ii) what the Committee believes to be the underlying reasons for the Majority Withhold Vote, including whether these reasons relate to the incumbent director’s performance as a director, whether these reasons relate to the Corporation or another company, and whether these reasons are curable and alternatives for effecting any cure; (iii) the other policies of the Corporation; (iv) the overall composition of the Board, including whether accepting the resignation would cause the Corporation to fail to meet the requirements of any applicable corporate or securities laws and the rules of the Toronto Stock Exchange; and (v) whether the resignation of the director could result in the triggering of change in control or similar provisions under any contract by which the Corporation is bound or any benefit plan of the Corporation and, if so, the potential impact thereof.

If any director who tenders his or her resignation pursuant to this policy is a member of the Compensation & Governance Committee, he or she shall not participate in any portion of a meeting of such committee in which it considers the decision to recommend to the Board whether his or her resignation shall be accepted. However, such director shall remain active and engaged in all other Compensation & Governance Committee activities, deliberations and decisions during this Compensation & Governance Committee process. If each member of the Compensation & Governance Committee receives a Majority Withhold Vote at the same election, then the Board shall establish a committee composed of the independent directors who did not receive a Majority Withhold Vote to consider the tendered resignations and recommend to the Board whether to accept them, provided that if fewer than two independent directors did not receive Majority Withhold Votes in the same election, the Board shall establish a committee composed of all independent directors to consider the tendered resignations and recommend to the Board whether to accept them (and references in this policy to the “Committee” shall be references to any such committee established in accordance with this paragraph or the Compensation & Governance Committee, as applicable).

If the Committee recommends that the Board accept the tendered resignation, the Committee shall also recommend to the Board whether to fill the vacancy resulting from the resignation through an appointee of the Board or at the next annual meeting of shareholders or at a special meeting of shareholders, or to reduce the size of the Board at the next annual meeting of shareholders.

The Board shall act on the Committee's recommendation in respect of a resignation tendered pursuant to this policy, by either accepting or rejecting the resignation, within 90 days following the date of the applicable meeting. In considering the Committee's recommendation, the Board will consider the factors considered by the Committee and such additional information and factors that the Board considers to be relevant and shall, absent exceptional circumstances, accept the director's resignation. Any director who tenders his or her resignation pursuant to this policy shall not participate in any portion of a meeting of the Board in which it considers whether his or her resignation shall be accepted. Following the Board's decision on the resignation, the Board shall: (i) promptly disclose, via press release, its decision whether to accept the director's resignation offer including, if applicable, the reasons for rejecting the resignation offer; and (ii) forthwith provide a copy of the press release to the Toronto Stock Exchange (by email to [disclosure@tsx.com](mailto:disclosure@tsx.com)). If a resignation is accepted, the Board may: (i) leave the resultant vacancy in the Board unfilled until the next annual meeting of shareholders of the Corporation; (ii) subject to applicable law, fill the vacancy through the appointment of a director whom the Board considers to merit the confidence of the shareholders of the Corporation; or (iii) call a special meeting of the shareholders of the Corporation to consider the election of a nominee recommended by the Board to fill the vacant position.

The Board may at any time in its sole discretion supplement or amend any provision of this policy in any respect, repeal the 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. 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.

<b>REVIEW AND APPROVAL</b>			
<b>Approved By:</b>	Board of Directors	<b>Adopted:</b>	January 25, 2019