



## MAJORITY VOTING POLICY WITH RESPECT TO THE ELECTION OF DIRECTORS

*(Adopted by the Board of Directors effective on July 1, 2014, as amended on March 1, 2017 and March 6, 2018.)*

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- Resignation Following "Majority Withheld Vote".** In an uncontested election of directors of Spratt Inc. (the "**Company**"), any nominee for election as a director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "**Majority Withheld Vote**") shall, promptly following the date of the shareholders' meeting at which the election occurred, tender his or her resignation to the Chairman of the Board of Directors (the "**Board**") for consideration by the Corporate Governance and Compensation Committee (the "**Committee**") of the Board of Directors. In this Policy, an "uncontested election" shall mean an election in which the number of nominees for election as director shall not be greater than the number of directors to be elected.
- Recommendation by Committee.** The Committee shall consider the resignation offer and shall recommend to the Board whether or not to accept it. The Committee shall be expected to accept the resignation except in situations where extenuating circumstances would warrant the applicable director continuing to serve on the Board. In considering whether or not to accept the resignation, the Committee will consider all factors deemed relevant by Committee including, without limitation, the stated reason or reasons why shareholders "withheld" votes from the election of the director, whether the director's resignation could trigger a change of control or similar provisions under any contract by which the Company is bound and whether the director's resignation from the Board would be in the best interests of the Company.
- Consideration of Alternatives.** The Committee will also consider a range of possible alternatives concerning the director's tendered resignation as the Committee deems appropriate including, without limitation, acceptance of the resignation, rejection of the resignation, or rejection of the resignation coupled with a commitment to seek to address and cure the underlying reasons reasonably believed by the Committee to have substantially resulted in the "withheld" votes.
- Decision of the Board.** The Board shall act on the Committee's recommendation within 90 days of the date of the shareholders' meeting at which the election occurred. The Board shall be expected to accept the resignation except in situations where extenuating circumstances would warrant the applicable director continuing to serve on the Board. In considering the Committee's recommendation, the Board will consider the information, factors and alternatives considered by that Committee and such additional information, factors and alternatives that the Board may consider to be relevant.
- Press Release.** Following the Board's decision on the Committee's recommendation, the Board shall promptly disclose, by way of a press release (a copy of which must be provided to the Toronto Stock Exchange (the "**TSX**")), the Board's decision whether or not to accept the director's resignation, together

with an explanation of the process by which the decision was made and, if applicable, a full statement of the Board's reason(s) for rejecting the tendered resignation.

6. **Non-Participation.** No director who, in accordance with this Policy, is required to tender his or her resignation, shall 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 resignation as a director. However, such director shall remain active and engaged in all other board and committee activities, deliberations and decisions during this Committee process.
7. **Ad Hoc Committee.** If a majority of the members of the Committee received a Majority Withheld Vote in the same election, or the number of Committee members who received a Majority Withheld Vote in the same election is greater than quorum of the Committee, the independent directors then serving on the Board who received a greater number of votes "for" their election than votes "withheld" from their election will appoint an *ad hoc* Board committee from amongst themselves (the "**Ad Hoc Committee**"), consisting of such number of directors as they may determine to be appropriate, solely for the purpose of considering and making a recommendation to the Board with respect to the tendered resignations. The Ad Hoc Committee shall serve in place of the Committee and perform the Committee's duties for the purposes of this Policy. Notwithstanding the foregoing, if an Ad Hoc Committee would have been created but fewer than three directors would be eligible to serve on it (including in circumstances where the entire Board receives a Majority Withheld Vote, the entire Board (other than any director whose resignation is being considered) will make the determination to accept or reject the tendered resignation without any recommendation from the Committee and without the creation of an Ad Hoc Committee.
8. **Options Following Acceptance of Resignation.** A resignation will be effective when it is accepted by the Board, and the Board may, in accordance with the provisions of the *Business Corporations Act* (Ontario) (the "**Act**"), (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 the Act or the articles and bylaws 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 to consider new board nominee(s) to fill the vacant position(s).
9. **Non-Compliance with Policy.** In the event that any director who received a Majority Withheld Vote does not tender his or her resignation in accordance with this Policy, he or she will not be re-nominated by the Board.
10. **Procedures.** The Committee may adopt such procedures as it sees fit to assist it in its determinations with respect to this Policy.
11. **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 management will, as a condition of such nomination, be required to abide by this Policy.
12. **Amendments to Policy.** The Board may at any time 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 the rules and policies of the TSX. Subject to Section 10 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.