



Policy on Majority Voting in Director Elections

May 12, 2016

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The Board of Directors is committed to fulfilling its mandate to supervise the management of the business and affairs of Electrovaya Inc. (the "**Company**") with the highest standards and in the best interests of the shareholders of the Corporation. The Board of Directors has unanimously adopted this statement of policy providing for majority voting in director elections at any meeting of the Corporation's shareholders where an "uncontested election" of directors is held. In this policy, an "uncontested election" shall mean an election where the number of nominees for Director is equal to the number of positions available on the Board of Directors.

Forms of proxy for meetings of the shareholders of the Company at which Directors are to be elected shall provide the option of voting in favour of, or withholding from voting for, each individual nominee to the Board of Directors.

In an uncontested election of the Company, any nominee for 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 tender his or her resignation to the Chair of the Board of Directors following the Company's annual meeting.

If, with respect to any particular nominee, the number of common shares withheld from voting exceeds the number of common shares voted in favour of the nominee, then the nominee will be considered to have not received the support of the shareholders for the purpose of the Majority Voting Policy and such elected director is expected to immediately tender his or her resignation to the Board of Directors.

The Corporate Governance and Compensation Committee (the "**Committee**") of the Board of Directors shall consider the resignation offer and shall make a recommendation to the Board of Directors as to whether or not to accept the offer. In considering whether or not to recommend that the Board accept the resignation, the Committee will consider all factors deemed relevant by the members of such Committee, in their discretion, including without limitation, the stated reasons why shareholders "withheld" votes from the election of that nominee, the length of service and the qualifications of the Director whose resignation has been tendered, such Director's contributions to the Company and the Company's corporate governance policies. However, the Committee shall be expected to recommend that the Board accept the resignation except in situations where exceptional circumstances would warrant the applicable Director to continue to serve on the Board of Directors.

The Board of Directors shall act on the Committee's recommendation as soon as reasonably possible and in any event within 90 days following the relevant shareholders' meeting. In considering the Committee's recommendation, the Board of Directors will consider the factors considered by the Committee and such additional information and factors that the Board of Directors considers in its discretion to be relevant. The Board shall accept the resignation absent exceptional circumstances. Following the Board of Directors' decision on the resignation, the Board of Directors shall promptly disclose, via press release, their decision whether to accept the resignation offer including the reasons for rejecting the resignation offer, if applicable. A copy of such press release must be provided to the Toronto Stock Exchange.

If a resignation is accepted, subject to any restrictions imposed by the *Business Corporations Act* (Ontario) or securities laws and regulations, the Board of Directors may (i) leave the resultant vacancy

in the Board unfilled until the next annual meeting of shareholders of the Company, (ii) fill the vacancy through the appointment of a director whom the Board considers to merit the confidence of the shareholders, or (iii) call a special meeting of the shareholders of the Company to consider the election of a nominee to fill the vacant position.

Any Director who tenders his or her resignation pursuant to this Policy shall not participate in the meeting of the Committee, if he or she is a member of the Committee, to consider the decision to recommend to the Board of Directors whether his or her resignation shall be accepted and shall not participate in any Committee or Board votes concerning his or her resignation. However, if each member of the Committee received a Majority Withheld Vote in the same election, or a sufficient number of Committee members received a Majority Withheld Vote such that the Committee no longer has a quorum, then the Board of Directors shall itself determine whether or not to accept the resignation offers or shall appoint a committee to consider the resignation offers and make a recommendation to the Board of Directors as to whether or not to accept them.

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 of Directors.

The Committee and the Board of Directors may each adopt such procedures as it sees fit to assist it in its determinations with respect to this Policy.

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 to such nomination, be required to abide by this Policy.

This policy does not apply in circumstances involving contested Director elections.