

## **SOLICITATION OF PROXIES**

**This management information circular is furnished in connection with the solicitation by the management of Exco Technologies Limited (the "Corporation") of proxies to be used at the annual and special meeting of shareholders of the Corporation to be held on Wednesday, January 30th, 2019, at 4:30 p.m. (the "Meeting"), and at all adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting.** It is expected that the solicitation will be made primarily by mail but proxies may also be solicited personally or by telephone by regular employees of the Corporation. The shareholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address, and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. The cost of solicitation of proxies will be borne by the Corporation.

## **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the accompanying form of proxy are directors of the Corporation. **A shareholder has the right to appoint a person to represent such shareholder at the Meeting other than the persons designated in the accompanying form of proxy.** Such right may be exercised by inserting in the space provided the name of the other person the shareholder wishes to appoint. Such other person need not be a shareholder of the Corporation.

To be valid, proxies must be deposited with the Corporation's registrar and transfer agent, TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, not later than 4:30 p.m. (Toronto time) on January 28, 2019, or with the Chair of the Meeting prior to the commencement of the Meeting.

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy and may do so (1) by completing and signing a proxy bearing a later date and depositing it as described above; (2) by depositing an instrument signed (in writing or by electronic signature) by such shareholder or by such shareholder's attorney authorized in writing at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chair of the Meeting at the Meeting, or (3) in any other manner permitted by law.

## **VOTING OF PROXIES**

The shares represented by the accompanying form of proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. If no specification has been made with respect to any such matter, such shares will be voted by the management representatives for the election of directors, for the ratification of the Advance Notice By-law, for the appointment of the auditor and the determination of its remuneration, each as described in this information circular.

The accompanying form of proxy confers discretionary authority upon the management representatives named therein with respect to amendments or variations to matters identified in the Notice of Meeting and other matters which may properly come before the Meeting. At the date of this information circular, the management of the Corporation knows of no such amendments, variations or other matters. If matters which are not known at the date hereof should properly come before the Meeting, the form of proxy will be voted on such matters in accordance with the best judgment of the person voting it.

## **REGISTERED SHAREHOLDERS**

You are a registered shareholder if your shares are held in your name and you have a share certificate. Registered shareholders may vote their shares by one of the following methods:

- (a) You may vote by proxy by completing, dating and signing the enclosed form of proxy and sending it by mail or delivering it to TSX Trust Company, Proxy Department, 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1 to be received by no later than 4:30 p.m. (Toronto time) on January 28, 2019 or, if the Meeting is adjourned, by 4:30 p.m. (Toronto time) on the second last business day preceding the date of the adjourned Meeting at which the proxy is to be used.

- (b) If you plan to attend the Meeting and vote your shares in person, you do not need to complete and return the form of proxy. Your vote will be recorded and counted at the Meeting. Please register with a representative of TSX Trust Company upon arrival at the Meeting.

## **NON-REGISTERED SHAREHOLDERS**

Many of the Corporation's shareholders are non-registered shareholders, also known as "beneficial" shareholders. You are a beneficial shareholder if the shares that you own are registered in the name of an intermediary, such as a bank, a trust company, an investment dealer, a trustee or other nominee (an "**Intermediary**") and not in your own name.

There are two kinds of beneficial shareholders: those who object to their names being made known to the Corporation, referred to as objecting beneficial owners ("**OBOs**") and those who do not object to the Corporation knowing who they are, referred to as non-objecting beneficial owners ("**NOBOs**").

These securityholder materials are being sent to both registered shareholders and to non-registered shareholders (both OBOs and NOBOs). The Corporation is sending the meeting materials directly to NOBOs. If you are a non-registered shareholder, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

The meeting materials for OBOs will be distributed through intermediaries, who often use a service company such as Broadridge Financial Solutions to forward meeting materials to non-registered shareholders.

Intermediaries are required to forward meeting materials to OBOs unless an OBO has waived the right to receive them. Generally, OBOs who have not waived the right to receive meeting materials will be given a voting instruction form ("**VIF**") which must be completed and signed by the OBO in accordance with the directions on the VIF, or more rarely, will be given a proxy already signed by the intermediary and restricted as to the number of shares beneficially owned by the OBO but which is otherwise not completed.

Should a non-registered shareholder who receives either a proxy or a VIF wish to attend and vote at the Meeting in person (or have another person attend and vote on their behalf), the non-registered shareholder should strike out the names of the persons named in the proxy and insert the non-registered shareholder's (or such other person's) name in the blank space provided in the first paragraph of the proxy, or in the case of a VIF, by following the instructions on that form. By doing so, the non-registered shareholder is instructing the intermediary to appoint such non-registered shareholder or his or her designee as proxyholder.

**In any event, non-registered shareholders should carefully follow the instructions of their intermediaries and their service companies or included in the proxy form, as the case may be.**

## **NOTICE AND ACCESS**

The Corporation has elected to use the notice and access provisions under National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations* for this Meeting ("**Notice and Access**"). This mechanism allows the Corporation to deliver proxy-related materials to registered holders and beneficial owners of the Corporation's securities by posting such materials on our transfer agent's website rather than delivering such materials by mail. The use of the Notice-and-Access provisions reduces paper use and mailing costs to the Corporation. Shareholders can access proxy-related material from the transfer agent's website at <https://docs.tsxtrust.com/2086> and under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com). A paper copy can also be obtained from the Corporation.

The Corporation will not use procedures known as "stratification" in relation to the use of Notice-and-Access provisions. Stratification occurs when a reporting issuer using the Notice-and-Access provisions provides a paper copy of the information circular to some shareholders with the notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access provisions, which will not include a paper copy of the Circular.

The requirements of that notice, which requires the Corporation to provide basic information about the Meeting and the matters to be voted on, explain how a shareholder can obtain a paper copy of this information circular and any related financial statements and management discussion & analysis, and explain the Notice-and-Access provisions process, have been built into the Notice of Meeting. The Notice of Meeting has been delivered to shareholders by the Corporation, along with the applicable voting document (a form of proxy in the case of registered shareholders or a VIF in the case of beneficial shareholders).

In relation to the Meeting, all shareholders will have received the required documentation under the Notice-and-Access provisions and all documents required to vote in respect of all matters to be voted on at the Meeting. No shareholder will receive a paper copy of this information circular from the Corporation or any Intermediary unless such shareholder specifically requests it. The Corporation will be delivering proxy-related materials to NOBOs directly. The Corporation will pay for delivery of materials to OBOs and as a result OBOs will receive the meeting materials.

Any shareholder who wishes to receive a paper copy of this information circular must make contact with the Corporation's transfer agent, TSX Trust Company, Proxy Department, 100 Adelaide Street West, Suite 301, Toronto, Ontario M5H 4H1, fax number (416) 595 – 9593. In order to ensure that a paper copy of this information circular can be delivered to a requesting shareholder in time for such shareholder to review the information circular and return a proxy of VIF prior to the proxy deadline, it is strongly suggested that such a shareholder ensures that its request is received by no later than January 21, 2018.

Shareholders may call 1 – 866 – 600 – 5869 or email at [TMXInvestorServices@tmx.com](mailto:TMXInvestorServices@tmx.com) in order to obtain additional information regarding the Notice and Access provisions or to obtain a paper copy of the information circular, up to and including the date of the Meeting, including any adjournment of the Meeting.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As of the date hereof, the Corporation has outstanding 41,493,981 common shares ("**Common Share**"). Each holder of record of a Common Share, as at the close of business on December 5, 2018, (the "**Record Date**") will be given notice of the Meeting and will be entitled to one vote for each Common Share held as of the Record Date on all matters to come before the Meeting, or any adjournment thereof.

To the knowledge of the directors and officers of the Corporation, no person beneficially owns, controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares except as hereafter set out.

- 1) Corporations owned or controlled by Brian A. Robbins of which the beneficiaries are Brian A. Robbins, his wife and children, beneficially own 8,593,046 Common Shares. Brian A. Robbins and his wife also directly or beneficially own an additional 1,226,382 Common Shares, which together with the Common Shares referred to in the immediately preceding sentence, represent approximately 23.66% of the issued and outstanding Common Shares.
- 2) Kernwood Limited, a private investment company controlled by Edward J. Kernaghan, holds 5,312,700 Common Shares, representing approximately 12.80% of all the issued and outstanding Common Shares.
- 3) Foyston, Gordon & Payne Inc., an investment manager of a number of pooled investment funds and managed accounts of institutional and individual clients, exercises control and direction over 4,200,673 Common Shares, representing approximately 10.12% of the issued and outstanding Common Shares.

## BUSINESS TO BE TRANSACTED AT THE MEETING

### FINANCIAL STATEMENTS AND REPORT FROM AUDITORS

Management, on behalf of the Board, will submit to the shareholders at the Meeting the audited consolidated financial statements of the Corporation for the fiscal year ended September 30, 2018 and the report of the Auditors thereon. The audited consolidated financial statements and Auditors' report form part of the Corporation's 2018 Annual Report to Shareholders which is being mailed to shareholders with the notice, the proxy and this circular. Copies of all these documents are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### APPOINTMENT OF AUDITOR

The persons named in the enclosed form of proxy intend to vote for the reappointment of Ernst & Young LLP, Chartered Accountants, Toronto, Ontario as auditor of the Corporation to hold office until the next annual meeting of shareholders at remuneration to be determined by the directors of the Corporation. Ernst & Young LLP was first appointed auditor of the Corporation on January 22, 1992. For the fiscal year ended September 30, 2018, the Corporation incurred \$680,652 in fees from Ernst & Young LLP for audit, audit related, tax and other fees.

	2018	2017
Audit fees	\$487,000	\$480,000
Audit Related Fees	72,000	61,000
Tax fees	121,652	22,530
Other	-	-
<b>Total</b>	<b>\$680,652</b>	<b>\$563,530</b>

## ELECTION OF DIRECTORS

The articles of the Corporation provide for a minimum of 3 and a maximum of 15 directors and the Board of Directors is empowered to determine the number of directors from time to time. The Board currently consists of 8 members and at the Board meeting held on August 29, 2018 the Board determined that the number of directors to be elected at this Meeting would be 7.

The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below. Management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. Each director elected will hold office until the next annual meeting or until his or her successor is elected or appointed if his or her office is earlier vacated.

Under the Corporation's Board of Directors Charter annexed as Schedule B hereto, any nominee in an uncontested election who receives, from the common shares voted at the meeting in person or by proxy, a greater number of shares withheld than shares voted in favour of his or her election, must promptly tender his or her resignation to the Chairman of the Board, to take effect on acceptance by the Board. The Board and if deemed appropriate by the Board, with the assistance of the Governance and Nominating Committee, will, absent exceptional circumstances, accept the Director's offer to resign. The Board will have 90 days to make a final decision and announce it by way of news release or other means acceptable to the Toronto Stock Exchange. The subject Director will not participate in any committee or Board deliberations on the resignation offer.

The following table sets forth the names of all persons proposed to be nominated for election as directors, all other major positions and offices with the Corporation now held by them, their principal occupations, their periods of service as directors of the Corporation, their age and the number of Common Shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them. All directors are residents of Ontario, Canada. Each of the nominees, with the exception of Darren Kirk and Anne Marie Turnbull, has been previously elected at a meeting of the Corporation's shareholders.

Ms. Turnbull is the President of AMT Associates Ltd., a firm which she founded and owns focusing on the assessment, development and coaching of executives as well as key operational and functional leaders. Prior to launching her own firm in 2007 she spent eight years in leadership assessment and executive search roles at Egon Zehnder, a global executive talent firm where she led the Canadian Management Appraisal Practice which focused on assessing the capability of company leaders to execute business strategy and Enns Partners, a Canadian executive talent firm. Prior to that Anne Marie led the Canadian human resources consulting business of Towers Perrin Inc. where she had full profit accountability for the Human Resources Services business unit. She was a member of the Canadian Executive Committee and the Global HRS Leadership Team. Anne Marie graduated with a Bachelor of Arts (Honours) and Master of Industrial Relations degree from the University of Toronto. Her academic qualifications and her extensive exposure to management personnel issues and matters at a broad range of global businesses operating in a wide range of industries will be of great help to the Corporation as it continues to grow its business while executing on its succession plans.

Mr. Kirk has been a senior executive with the Corporation since it first employed him in November 2015. He was initially engaged as Executive Vice President – a position he held through to January 1, 2018. Since then he has served as Executive Vice President and Chief Operating Officer of the Corporation. Darren joined Exco after spending fourteen years with Moody's Canada Inc., where he was Vice President with lead analytical responsibility for various Canadian industrial sectors. Darren has a Master of Business Administration degree from the Ivey Business School at Western University and is a CFA charterholder. Accordingly, he is intimately familiar with Exco's business units and well qualified to act as director of the Corporation. He will, however, not be an independent director because of his senior management role with the Corporation. Therefore, he is not eligible to sit on the Audit Committee nor the Human Resource and Compensation Committee.

<b>Nominee for Election as Director</b>	<b>Director since</b>	<b>Age</b>	<b>Principal Occupation</b>	<b>Other Positions Presently Held with Exco and affiliates</b>	<b>Common Shares Beneficially Owned, Controlled or Directed (1)</b>
Edward H. Kernaghan (2) (3)	January 2009	47	Executive Vice President, Kernaghan & Partners Ltd., a brokerage firm	None	5,312,700*
Darren M. Kirk	New Nominee	45	Executive Vice President & Chief Operating Officer, The Corporation	None	14,550**
Robert B. Magee (2) (3)	January 2010	64	Chairman, The Woodbridge Group	None	25,000

Colleen M. McMorrow (3)	February 2017	62	Corporate Director	None	10,000
Paul E. Riganelli (4)	January 2018	60	Executive Vice President, The Corporation	None	331,085
Brian A. Robbins	January 1972	71	President & Chief Executive Officer, The Corporation	None	9,819,428***
Anne Marie Turnbull	New Nominee	60	Founder, Owner and President, AMT Associates Ltd.	None	100

(1) Information as to shares beneficially owned, controlled or directed is furnished by each director individually and is as of November 26, 2018.

(2) Member of the Audit Committee

(3) Member of the Human Resources and Compensation Committee

(4) Member of the Governance and Nominating Committee

\* These shares are owned by Kernwood Limited, a private company in which Edward H. Kernaghan has a minority interest.

\*\*Darren Kirk is the son-in-law of Brian A. Robbins. His wife also owns a beneficial interest in a private corporation which owns 4,296,500 common shares of Exco. These shares are included in the shareholding figure for Brian A. Robbins in the table above.

\*\*\* 8,593,046 of these shares are held by corporations owned by or on behalf of Brian A. Robbins and his wife. See section headed "Voting Shares and Principal Holders Thereof".

## COMPENSATION OF DIRECTORS

In fiscal 2018, each director who was not a full-time employee of the Corporation (an "Eligible Director") was paid as remuneration for services as a director of the Corporation the amounts set forth below:

Annual Board Retainer	\$50,000 and \$20,000 DSU(1) allocation
Annual Board Chair Retainer	\$30,000
Annual Audit Chair Retainer	\$10,000
Annual Governance & Nominating Committee Chair	\$5,000
Annual HRC Chair	\$5,000

(1) Deferred Share Units ("DSU")

## Director Compensation Table

Name	Fees earned (\$)	Share based awards (1) (\$)	Total (\$)
Laurie T.F. Bennett	80,000	20,000	100,000
Edward H. Kernaghan	50,000	20,000	70,000
Nicole A. Kirk	55,000	20,000	75,000
Robert B. Magee	50,000	20,000	70,000
Philip B. Matthews	60,000	20,000	80,000
Colleen M. McMorrow	55,000	20,000	75,000
Paul E. Riganelli	25,000	15,000	40,000

(1) The value noted is the value on the grant date.

Note: None of the above directors receive option-based awards, non-equity incentive plan compensation, pension benefits, RRSP contributions or other compensation as defined by NI Form 51-102F6 and accordingly, the columns have been deleted for presentation purposes.

## Director Incentive Plan Awards

Name	Option-based Awards	Share-based Awards <sup>(1)</sup>		
	Number of securities underlying unexercised options (#)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based award that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Laurie T.F. Bennett	-	-	-	326,919
Edward H. Kernaghan	-	-	-	227,838
Nicole A. Kirk	-	-	-	87,666
Robert B. Magee	-	-	-	158,312
Philip B. Matthews	-	-	-	131,863
Colleen M. McMorrow	-	-	-	33,210
Paul E. Riganelli	-	-	-	15,425

(1) DSUs vest on the grant date but are not redeemable until the recipient ceases to be a Director.

Note: None of the directors receive option awards and accordingly, the columns for option exercise price, option expiry date and value of unexercised in-the-money options have been deleted for presentation purposes.

On November 18, 2005 the Board adopted a Deferred Share Unit Plan (“DSU Plan”) for Eligible Directors. The deferred share units will be redeemed by the Corporation in cash payable after the Eligible Director departs from the Board. Eligible Directors are not granted stock options under the SOP.

## Incentive Plan Award - Value Vested or Earned During the Year

Name	Option-based awards- Value vested during the year (\$)	Share-based award- Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation –Value earned during the year (\$)
Laurie T.F. Bennett	-	20,000	-
Edward H. Kernaghan	-	20,000	-
Nicole A. Kirk	-	20,000	-
Robert B. Magee	-	20,000	-
Philip B. Matthews	-	20,000	-
Colleen M. McMorrow	-	20,000	-
Paul E. Riganelli	-	15,000	-

(1) As DSUs vest immediately, their values are as of the grant date.

Several directors are presently directors of other public companies, however, no conflicts exist. Below are the public company directorships currently held by the Corporation’s directors and proposed nominees for director.

Directors	Public Companies
Edward H. Kernaghan	Brick Brewing Ltd. (TSE:BRB) Boralex Inc. (TSE:BLX) Obsidian Energy Limited (TSE:OBE) Black Diamond Group Ltd. (TSE:BDI)
Colleen M. McMorrow	Ether Capital Corporation (TSE:ETHC)
Brian A. Robbins	Heroux-Devtek Inc. (TSE: HRX) Air Boss of America Corp. (TSE: BOS)

During the 2018 fiscal year, five Board meetings, including four regular quarterly meetings and one budget/strategy meeting were held. Eligible Directors convene *in camera* meetings at the end of each regular quarterly Board meeting. Mr. Robbins and Mr. Riganelli and other members of management are not in attendance at these *in camera* sessions. The following table outlines the attendance, in person or by telephone, of directors at Board meetings in fiscal 2018.

Directors	Meetings Attended
Laurie T.F. Bennett	5 of 5
Edward H. Kernaghan	5 of 5
Nicole A. Kirk	5 of 5
Robert B. Magee	5 of 5
Philip B. Matthews	5 of 5
Brian A. Robbins	5 of 5
Colleen M. McMorrow	5 of 5
Paul E. Riganelli	4 of 4

## REPORT ON CORPORATE GOVERNANCE

In 2018 four of the eight directors, including the Chairman, were independent within the meaning of Section 1.4 of NI 52-110. A description of the Chairman's role is set out in Schedule A hereto. Mr. Robbins, who is the President and CEO of the Corporation and who holds in excess of 10% of the Corporation's issued and outstanding Common Shares and his daughter Ms. Kirk, were not independent. Ms. McMorrow, who up to December 17, 2015, has been a partner at Ernst & Young LLP and engaged on the audit of the Corporation is also not independent until December 18, 2018. Mr. Riganelli too is not independent because of his prior senior executive position with Exco as Chief Operating Officer and his continuing position with Exco as Executive VP for which he is paid in excess of \$75,000 per year. This resulted in half of the directors, in 2018, being independent.

In 2019, if all proposed nominees are elected, a majority of four of the seven directors will be independent. Ms. McMorrow will become independent on December 18, 2018 as, by then, three years will have elapsed since she was engaged on the audit of the Corporation. Messers Robbins and Riganelli will however continue to not be independent and Mr. Kirk will also not be independent for reasons described in the "Election of Directors" section above.

The Board has a written charter, the text of which is set forth in Schedule B hereto. The Corporation has also developed role descriptions for the Chairman, Lead Director (in the event that at any time the Chairman is not independent) and the President/Chief Executive Officer ("CEO") which are set forth in Schedule A. The Board has not developed written position descriptions for the Chair of each of the Corporation's three standing Committees. However, the Board has developed Charters for each of its Committees and the Chair of each Committee understands his/her responsibility for taking the lead role in ensuring that such Committee is operating effectively in accordance with its Charter. Specifically, the Chair of each Committee is responsible for preparing/approving the agenda for the meetings of his or her Committee, managing the affairs of the Committee, monitoring whether the Committee is receiving timely information of appropriate quality before, during and after Committee meetings and providing a link between the Committee and the Board.

Orientation of new directors is accomplished by ensuring that they attend at the Corporation's various production facilities and meet local management. Local management also routinely attends Board meetings and often presents their budgets to the Board each year thereby ensuring that directors have ample exposure to those actually running the businesses and opportunity to question both senior executives and local business unit managers. Meetings with the Corporation's executives ensure that new directors are aware of the Corporation's policies, practises and major business issues. Given that the Corporation's directors are accomplished business executives, certified accountants or highly educated and who are generally engaged in the broader business community the Corporation does not have a formal continuous education policy. The Corporation does however make the Board and committees aware of emerging governance, legal and financial reporting issues that are relevant to the Corporation's affairs.

Two (or 25%) of the eight members of the Board are currently women. In 2019, if all proposed nominees are elected, the female representation on the Board will then be 29%. For a fuller discussion of the Corporation's position on board composition gender diversity see "Governance and Nomination Committee" below.

The Corporation has 3 standing committees. These are the Audit Committee, the Human Resource and Compensation Committee and the Governance and Nominating Committee. For Committee membership, please see the table below and the "Election of Directors" section above. For further information regarding the composition and qualifications of the **Audit Committee** please see the table below and the Corporation's 2018 Annual Information Form, section "Audit Committee Composition and Qualifications". In fiscal 2018, the Audit Committee held four meetings.

	<b>Committee</b>		
	Audit	Governance and Nominating	Human Resources and Compensation
<b>Independent Board Members</b>			
Laurie T. F. Bennett	X	X	X
Edward H. Kernaghan	X		X
Robert B. Magee	X		X
Philip B. Matthews	Chair	X	
<b>Non-Independent Board Members</b>			
Brian A. Robbins			
Nicole A. Kirk		Chair	X
Colleen M. McMorrow			Chair
Paul E. Riganelli		X	

The **Governance and Nominating Committee** is comprised of four directors - two of which are independent. This Committee is responsible for, among other things, reviewing and reporting to the Board from time to time on the size, composition and profile of the Board, reviewing the qualifications of persons submitted as potential candidates for the Board and making recommendations to the Board in respect of same and annually reviewing the contribution of individual members of the Board and the performance of the Board as a whole. In conjunction with the Chair of the Board, the Committee recommends to the Board the membership and Chairs of each of the Committees of the Board. The Committee is also responsible for advising the Board on matters of corporate governance. The Committee meets as often as is necessary to carry out its responsibilities. In fiscal 2018, the Committee met twice to consider a return of the Board to its traditional size of seven directors and to identify two new Board nominees that were required to fill two vacancies created by the Board's mandatory retirement policy. The Committee is permitted access to all records and corporate information that it determines necessary to discharge its duties and responsibilities.

The Governance and Nominating Committee is responsible for recommending candidates for nomination to the Board. Each member of the Board is encouraged to recommend potential candidates for the Board and such recommendations are then reviewed by the Committee. In conducting such review, the Committee considers the competencies and skills that the Committee considers to be necessary for the Board as a collective to possess and the competencies and skills that the Committee considers the Corporation's existing directors to possess. In reviewing the qualifications of potential candidates, the Committee assesses, among other things, industry experience, financial literacy, functional expertise in such areas as accounting and corporate finance and previous experience as a director. The Governance and Nominating Committee does not set specific, minimum qualifications that nominees must meet in order to be recommended to the Board, but rather believes that each nominee should be evaluated based on his or her individual merits taking into account the needs of the business and the composition of the Board. Additionally, neither the Governance and Nominating Committee nor the Board has a specific policy with regard to the consideration of diversity in identifying director nominees; however, both may consider the diversity of background and experience of a director nominee in the context of the overall composition of the Board at that time, such as diversity of knowledge, skills, experience, geographic location, age, gender, and ethnicity. The Governance and Nominating Committee may also consider candidates recommended by significant shareholders. Members of the Governance and Nominating Committee discuss and evaluate possible candidates in detail and suggest individuals to explore in more depth. Candidates believed to be suitable are then discussed with the Chair of the Board and as appropriate, the Chair of the Board initiates a meeting with the candidate to determine such candidate's interest and availability.

The Governance and Nominating Committee has imposed term limits on independent Directors (as defined in Section 1.4 of NI 52-110). The term limits are fifteen years commencing from the date of first appointment to the Board and ending on the first annual shareholder meeting held after the fifteen-year anniversary of appointment. The independent Directors will also be required to resign from the Board upon attaining the age of seventy-five; such resignation to be effective as of the first annual shareholder meeting held after such Director attains the age of seventy-five. At its meeting on July 27, 2016 the Governance and Nominating Committee amended the term limits effective February 28, 2019 by reducing the mandatory retirement age from seventy-five years of age to seventy years of age for directors who are independent. In order to comply with this new mandatory retirement policy two directors (Laurie T. F. Bennett and Philip B. Matthews) who are already over seventy years of age will retire at the end of their current term and two new nominees have been identified by the Governance and Nominating Committee (Ms. Anne Marie Turnbull and Mr. Darren Kirk) as their replacement. For further details regarding these two new nominees refer to "Election of Directors" above.

The Governance and Nominating Committee annually conducts an assessment of the effectiveness of the CEO. The Committee also periodically assesses the effectiveness of the Board itself. The Chair of the Committee is responsible for circulating to each member of the Board the confidential assessment surveys and for reviewing the responses thereto. The surveys seek to assess the effectiveness of individuals and the Board as a whole. The results of these assessments are evaluated, reviewed with the Chairman of the Board, and recommendations as appropriate are presented to the Board.



The **Human Resource and Compensation Committee** (the “**HRC Committee**”) consists of five directors - three of which are independent. The Committee met once during the fiscal year. The Committee is responsible for making recommendations to the Board with respect to the appointment of the Corporation’s senior officers. One of these HRC Committee members (Mr. Magee) is or has been President and/or CEO of a global automotive component supplier with thousands of employees and as such has direct and extensive experience with compensation arrangements and their suitability for both senior management and production staff – both domestically and internationally. Mr. Kernaghan is a director of three other public companies and as such is also very familiar with compensation levels for senior executives. The HRC Committee is also responsible for initiating and reviewing compensation arrangements for the Corporation’s senior officers and the directors and for making recommendations to the Board in respect of same. The Board is ultimately responsible for adopting these recommendations if it determines it appropriate to do so. In carrying out its duties, the HRC Committee is responsible for, among other things, developing or approving performance indicators and objectives for the President and CEO and, in conjunction with the President and CEO, for the other senior officers of the Corporation. The HRC Committee is also responsible for developing or approving the design and administration of short and long-term incentive plans, benefit plans and employment termination arrangements for senior executive officers. The HRC Committee meets as often as is necessary to carry out its responsibilities.

## **COMPENSATION DISCUSSION AND ANALYSIS**

The Compensation Discussion and Analysis is designed to explain the significant principles which underlie the Corporation’s policies and procedures for the compensation of its executive officers, including information on the objectives of the Corporation’s executive compensation strategy. Included in this section is a discussion of each element of compensation, why the Corporation has chosen to recognize each element, how the Corporation calculates the amount for each element and how each compensation element fits into the Corporation’s overall compensation strategy.

The Board of Directors, on the recommendation of the HRC Committee determines on an annual basis the base compensation for the CEO of the Corporation based on internal deliberations following consultation with the HRC Committee and other members of the Board. With respect to base salary, the HRC Committee does not apply formal objectives or set formulae in order to determine base compensation but conducts a qualitative determination of the level of performance in regard to strategic objectives of the Corporation. With respect to cash bonus and Long-Term Incentives for the CEO and business unit managers, rewards are based on objective formulae relating to the financial performance of their business units or consolidated financial results. The Board, upon the recommendation of the HRC Committee also determines on an annual basis the total compensation of the Chief Operating Officer (“COO”), Chief Financial Officer (“CFO”) and Executive Vice President (“EVP”). This determination takes into account the recommendation of the President and CEO and the HRC Committees’ views as to the broad scope of responsibilities of the Corporation’s COO, CFO and EVP and the HRC Committee’s subjective assessment of their impact on the Corporation’s overall success.

The Corporation’s executive compensation philosophy is to:

- (a) Provide a competitive level of base compensation and benefits that will attract and retain talented and committed executives; and
- (b) Reward executives by use of short term incentives (cash bonus) and long-term incentives (stock options) for the achievement of consistent higher than average profitability.

In order to attract and retain a high level of executive talent, the HRC Committee has historically targeted total executive compensation levels in the median range to above-mid range of automotive manufacturing and industrial companies, whose operational, corporate finance and other activities are considered comparable to those of the Corporation. This is not a rigid requirement and discretion exists to take into account trends and/or challenges in the automotive industry. The HRC Committee has established this range because the global automotive power train and component sector is extremely complex, constantly challenged, and exceptionally competitive and also because the Corporation must have reliable, motivated and superior talent in order to deal with these challenges and to accomplish its strategic objectives.

Periodically, the HRC Committee compares executive compensation levels with other Canadian small cap public companies in the automotive industry. This testing of compensation levels is done with respect to base salary and annual bonus. This process was undertaken in 2018 with the assistance of outside advisors – Mercers Canada. The process involves the selection of a peer group of fifteen small cap public companies in the automotive and other manufacturing industries based on annual sales, assets and market capitalization as of February 28, 2018 (“Peer Group”). The Peer Group consists primarily of Canadian public companies but does also include US public companies as well. The majority of the Peer Group companies were within .5 to 2 times Exco’s level of annual sales, assets and market capitalization and the remainder were within .33 to 3 times Exco’s asset sales, assets and market capitalization. This provided guidance to the Committee on executive compensation and allowed the Committee to evaluate market compensation information and ensure that the HRC Committee’s approach is appropriate and is generally consistent with compensation trends in the marketplace. Mercers was paid \$8,500 for its services in this regard. In addition, the CEO and several members of the HRC Committee are either directors or officers of Canadian automotive and other industrial manufacturing companies and are therefore intimately familiar with compensation levels in both southern Ontario and globally.

For fiscal 2018 the HRC Committee quantified and reviewed all elements of the compensation of the Corporation’s executives named in the Summary Compensation Table, below (the “Named Executive Officers” (“NEOs”)). The Committee also quantified and reviewed the projected payouts to the Named Executive Officers and payouts resulting from

their termination and under the Corporation's Share Option Plan and other payouts. The Committee reviewed this information at a meeting held in November 2019 when the audited financial results for the fiscal year were known to ensure that it had a complete understanding of each element of the compensation arrangements in effect for the NEO's, including an understanding of the "total" current executive compensation including future commitments.

The HRC Committee believes that the total compensation packages of the Corporation's executive officers are appropriate in light of the Corporation's overall performance during 2019 - given margin and cashflow performance, the ongoing greenfield in Mexico, the increased global complexity of Exco and the efforts required with respect to returning ALC Bulgaria to profitability during the year. The HRC Committee also considered the Corporation's share price performance as a factor in its compensation determinations. Factors beyond management's control such as automotive sector multiple contraction intensified throughout the year as concern over peaking global automotive sales and global tariff disputes grew and, we believe, impacted the Corporation's share price which was relatively flat throughout fiscal 2018. It undertook a review of the five-year cumulative total shareholder return chart (set out below) and gave due weight to the fact that, the Corporation did exceed the total return of the S&P/TSX Small Cap index by a sizeable margin over the last five years. The Corporation's underperformance of the Auto & Components index is likely caused by the fact that this index, although consisting of companies in the same industry as Exco, is more weighted to mid and large capitalization companies which command higher market multiples than small capitalization companies at this point in the economic cycle. Be this as it may, the stagnant share price performance in the last year weighed heavily on the HRC Committee's deliberations. An additional factor reviewed by the HRC Committee was compensation data from the above referenced Mercers Canada report. This report clearly demonstrates that corporate NEOs are receiving lower than median range base salaries with total compensation in the mid-range. The two business unit executives receive higher than median base salary and total compensation reflecting the decentralized nature of Exco's management structure and may also reflect changes in the Canada:US exchange rate from year to year. The HRC Committee also noted that the Corporation's return on capital employed, EBITDA multiple, dividend yield and price to book ratio was in line with other Canadian public automotive suppliers in 2018. It also noted that the Corporation maintained among the strongest balance sheet and dividend growth history in its peer group with the Corporation's debt substantially reduced.

## **Elements of Executive Compensation**

Executive compensation for 2018 included four basic elements, along with a package of benefit plans designed to complement the compensation components described below. The following summarizes the Corporation's reasons for each element of compensation:

### **1. Base Salaries**

Base salaries provide fixed compensation to executives. The Corporation pays base salaries that the HRC Committee believes are competitive with salaries paid for similar positions and are based on the executive's level of responsibility and ability to influence the performance of the Corporation and take into account that the Corporation does not offer a pension plan or retirement benefits of any kind. The general philosophy is to offer median range base salaries while extending to NEOs the possibility of higher than average short and long term incentive rewards based on the consolidated financial performance of the Corporation or its individual business units. These salaries are reviewed by management and the HRC Committee annually.

### **2. Cash Bonus Program**

The cash bonus program is a variable component of compensation and is designed to compensate business unit managers for the short term financial performance of the operations for which they are responsible.

The annual bonus program of the CEO is calculated as a percentage of the adjusted consolidated pre-tax profit of the Corporation. The adjustment to consolidated pretax profit is a capital charge deduction. The capital charge deduction is obtained by multiplying the Corporation's percentage cost of borrowing by the prior year-end shareholders' equity. The CEO receives 3% of the adjusted consolidated pretax profit in cash or, in the discretion of the Board, in cash and grants of stock options. The CEO's bonus is capped at \$1.5 million. The COO and CFO receive a discretionary cash bonus capped at 75% and 40% of base salary respectively. In the case of the CFO it is deemed inappropriate to link the CFO's bonus to profitability.

The cash bonus payable to business unit managers is 50% of that business' bonus pool (subject to a cap as discussed below). The bonus pool is calculated by applying the following two – step formula to each business unit or business group, as the case may be:

**Step 1:**

Fiscal Year Pre-Tax Profit - Hurdle Amount  
----- = Pre-Tax after Hurdle Return on Sales percentage  
Net Sales

**Step 2:**

(Fiscal Year Pre-Tax Profit - Hurdle Amount) X Pre-Tax after Hurdle Return on Sales percentage = Bonus Pool

Fiscal Year Pre Tax Profit is subject to numerous adjustments and is capped at 20% of sales. The Hurdle Rate is 10% of the net investment (less cash, debt and intercompany charges) in the business or business group. In all cases, the business unit manager's bonus is capped at a maximum of 100% of base salary. The cash bonus program varies in detail between segments and divisions to suit particular circumstances but is uniform in basic philosophy and design. The bonus is paid in cash but may be paid in cash and grants of stock options in cases where the bonus for any individual exceeds \$50,000. See 'Long Term Incentive Program' below.

The Board retains discretion to award cash bonuses in addition to the requirements of the cash bonus program in keeping with its philosophy of ultimate control over executive compensation and the need, from time to time, to deal with exceptional circumstances.

**3. Long Term Incentive Program**

Long term incentives for NEO's consist of share options which are also a variable component of compensation. Where the cash bonus payable to business unit managers or the CEO exceeds \$50,000, the entitled individual may be required to accept, in lieu of cash, stock options equal to up to one quarter of the cash bonus entitlement exceeding \$50,000. These options are 10-year stock options granted at the market price at the time of grant. The Corporation also retains the right to grant discretionary options with 5 year duration to any NEO. This discretion is used from time to time to provide additional long-term incentives to management and recognize exceptional circumstances and also in cases such as the COO or CFO who are without formulaic cash bonus entitlements.

These share options vest at the rate of 20% per year and act as an inducement for the recipients to remain in the employ of the Corporation and make business decisions that will contribute to the Corporation's long-term share price appreciation.

**4. Personal Benefits**

The Corporation maintains competitive group benefit plans for all NEOs including provision of life insurance, accidental death and dismemberment insurance, short term disability income, long term disability income and health and dental coverage. Benefits under these plans do not materially differ from those extended to other management employees of the Corporation. Group benefits cease on the NEO's retirement or termination and, with respect to certain group benefits, upon obtaining the age of 65 and 70 (depending on the benefit). From time to time the Corporation provides other forms of compensation that are common in the automotive industry such as providing company cars/car allowances and club memberships to NEOs.

Each of the compensation elements above are generally designed to accomplish one or both of the Corporation's two goals: 1) attraction and retention of key talent, and 2) alignment of compensation with Corporation performance, which includes achievement of consistent higher than average profitability.

**1. Attraction and Retention of Key Talent**

The compensation package meets the goal of attracting and retaining key talent in a highly competitive automotive manufacturing environment through the following elements:

- A competitive total compensation program, including base salary, cash bonus, long term incentives that are competitive with similar opportunities offered in the marketplace for executive talent; and
- Ten-year share option grants with five-year vesting encourage long tenure with the Corporation.

**2. Alignment of Compensation with Corporation Performance**

The compensation package aligns individual compensation with the Corporation's operating and financial performance because:

- The base compensation and personal benefits are sufficient to retain competent executive management, and
- The cash bonus and share option awards for business unit managers incent and motivate them to improve the Corporation's operating and financial performance, namely, the Corporation's pretax profit as a percent of sales after a hurdle rate of 10% of net investment in the business unit is deducted. As this ratio improves the Corporation's net investment declines and gross margin, EBITDA (Earnings before Interest, Taxes, Depreciation

and Amortization), cash flow and ultimately the share price should rise. In the case of the CEO and COO as consolidated pretax profit above the cost of borrowing charge rises so should the Corporation's overall earnings, EPS and ultimately share price.

As noted above, the Committee targets total compensation at the mid-range to above-mid range of comparable market practices. Various elements of total compensation are managed so that the total package provides the potential to add up to the approximate midpoint of the equivalent position range at target performance levels. Within total compensation, in 2018, the Committee sought to balance the various components with a view to retain talent in order to achieve short term and long-term objectives, as well as offering attractive compensation. Besides base salary and personal benefits all other compensation is at-risk, which means that all the cash bonus and long-term incentive is at-risk and tied to the Corporation's performance for all NEOs.

#### **A. Base Salaries**

In setting salaries of the Named Executive Officers, the Committee reviewed automotive and general industry benchmark data for the CEO. For the other Named Executive Officers it consults with the CEO regarding individual performance. Based on the foregoing review, as well as consideration of the 2018 Mercers Canada report referenced above in "Compensation Discussion & Analysis", individual performance, tenure and experience, the performance of the Corporation overall, any retention concerns, the individual's historical compensation and input from other Board members, the Committee sets the base salaries for the Named Executive Officers. The salaries that the Committee approved for the Named Executive Officers for 2018 are shown in the salary column of the Summary Compensation Table. In 2018 there were no changes to the base salaries of NEOs except for the COO and the CFO. The base salary for the COO was increased by \$50,000 and partially reflects increasing responsibility commencing January 2018 when he assumed the position of COO. The base salary increase of \$20,000 for the CFO reflects his development since initial engagement with the Corporation in May 2015.

#### **B. Cash Bonus Awards**

Given the strong business unit earnings experienced in both of the Corporation's segments as well as the sustained profitability of the Corporation's consolidated earnings in 2018 all NEOs, except for the VP and General Manager of the Castool group, earned a cash bonus in accordance with the formulae described above in amounts set forth in the Summary Compensation Table set out below. These formulae are driven by the Corporation's earnings and not its stock price; however, the 2018 cash bonus awards are consistent with and positively correlated with Exco's superior performance compared to the S&P/TSX Small Cap index in 2018 as summarized in the Performance Graph below. The VP and General Manager of the Castool group earned, by strict application of the Cash Bonus formula, a bonus of \$100,000. A discretionary one-time payment of \$90,000 was awarded in recognition of Castool's product development initiatives in 2018.

#### **C. Long Term Incentive**

All NEOs earned cash bonuses in excess of \$50,000 in 2018. The Board exercised its discretion and granted no 10 year stock options. The Board did in 2018 exercise its discretion and awarded 5 year options to Darren Kirk, Drew Knight and Paul Robbins (see Summary Compensation Table for detail). The award of share options to Messers Kirk and Knight recognizes their leadership position at the corporate level and reinforces their interest in improving the long term financial performance of the Corporation. The award of 5 year share options to Mr. Robbins reinforces his long term commitment to product and intellectual property development in the Castool business. The remaining NEOs, (Mr. Brian Robbins and Mr. Schroers) are nearing retirement and it was felt that, in this circumstance, options were not satisfactory long-term motivators. Historic share option information for grants to NEOs are shown in the table "Outstanding Option-Based Awards".

### ***Managing Compensation Related Risk***

In 2018, the HRC Committee considered the implications of the risks associated with its compensation policies and procedures. The HRC Committee is actively involved in the risk oversight of its compensation policies and practices. Managing compensation risk within the context of a decentralized management structure such as Exco's is a critical component of the Corporation's overall risk mitigation process.

The Company uses the following practices to discourage or mitigate excessive risk-taking:

- The Board reviews and approves each business unit's annual plan and budgets before the start of each fiscal year. These annual plans and budgets include the determination of bonus pools although the allocation to individuals does not take place. Each quarter the annual plans and budgets (included bonus pools) are monitored and updated quarterly by corporate management, if business conditions require it, and reported to the Board.
- The Corporation now has employment contracts for all NEOs except the CEO and the VP & General Manager of the Castool group. These employment contracts are approved by the HRC Committee, and incorporate in detail

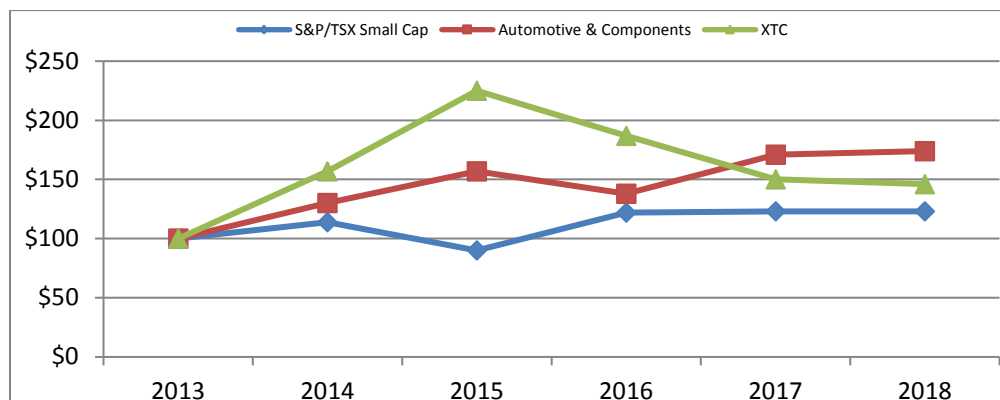
all the terms of compensation. The CEO's bonus is documented, determined by formula and capped at \$1.5 million as previously discussed herein (see "Elements of Compensation" above).

- Bonuses for NEOs other than the CEO are negotiated in the employment contract as a specific percentage of the fiscal year's pre-tax profits and the size of each business unit's bonus pool is capped. Also, at the individual NEO level there are caps no higher than 125% of base pay for all NEOs (other than the CEO); the negotiated percentages do not fluctuate, although the amount of bonus will fluctuate as profits and net investment fluctuate. The underlying objective of such bonus structure (including of executive officers, and for divisional general managers) is to encourage entrepreneurial management behavior and to link an officer's compensation to the profitability of the operations over which he or she is responsible. As profitability of the division or plant increases or decreases, so will such person's bonus.
- All equity based awards (for executives and non-executives) are approved by the HRC Committee and the Board of Directors; where not included in an employment contract, equity compensation is based on performance and is discretionary (as described above).
- The HRC Committee has delegated employment contract negotiations for its vice-presidents and general managers to the CEO and COO, using the same principles as utilized by the HRC Committee and all base salary and bonus awards and employment contracts are approved by the HRC Committee.
- In 2018 all those executive contracts that required renewal, were updated and reviewed by the HRC Committee. The Corporation does not have firm share ownership requirements for its NEOs; however, historically NEO share ownership is relatively high. The Corporation does not explicitly prohibit hedging of Exco shares and share based compensation awards, however, no NEO has entered into such arrangements in the past and none exist at the present time.
- The Corporation's long term incentive program includes options which vest over time (or a significant portion of which vest over time). This ensures that executives remain exposed to the risks of their decisions and vesting periods align with risk realization periods. The trading of Common Shares, whether obtained through option exercise or otherwise, is subject to specified black-out periods.
- The Audit Committee and Board of Directors are responsible for assessing and monitoring the Corporation's financial and enterprise risks. Accordingly, the Audit Committee has two members who are former partners with a national accounting firm with extensive and detailed knowledge of financial reporting and recent trends in both IFRS and accounting for the hedging of risk.
- The HRC Committee in some cases and the Board retains, in appropriate circumstances, the discretion to adjust annual incentive payments to take into account unexpected events. Where there are no pre-tax profits, no bonuses are payable to NEOs.

As a result of the HRC Committee's review of its compensation plans, it has concluded that there are no identified risks arising from its compensation programs which are reasonably likely to have a material adverse effect on the Corporation.

## PERFORMANCE GRAPH

The following graph illustrates the five-year cumulative total shareholder return (assuming reinvestment of dividends) of a \$100 investment in shares on September 30, 2013 to September 30, 2018 compared with the return on the S&P/TSX Small Cap Index and the Automotive & Components index.



As of September 30	2013	2014	2015	2016	2017	2018
S&P/TSX Small Cap	100	114	90	122	123	123
Automotive & Components	100	130	157	138	171	174
XTC	100	157	225	187	150	146

## Summary Compensation Table

The following table provides a summary of compensation earned during the last fiscal year by the CEO, CFO and the 3 most highly compensated executive officers who served as executive officers of the Corporation at the end of the fiscal year ended September 30, 2018 (the "Named Executive Officers").

Name and Principal Position	Year	Salary (\$)	Option Based Awards (\$)(2)	Annual Incentive Plan (\$)	All Other Compensation (\$) (1)	Total Compensation (\$)
Brian A. Robbins President & CEO	2016	500,000	-	1,500,000	69,090	2,069,090
	2017	500,000	-	800,000	65,846	1,365,846
	<b>2018</b>	<b>500,000</b>	-	<b>1,229,493</b>	<b>65,499</b>	<b>1,794,992</b>
Drew Knight VP Finance & Chief Financial Officer	2016	240,000	57,250	84,000	-	381,250
	2017	260,000	51,955	91,000	-	402,955
	<b>2018</b>	<b>280,000</b>	<b>52,000</b>	<b>112,000</b>	-	<b>444,000</b>
Darren M. Kirk Executive VP & Chief Operating Officer	2016	250,000	57,250	125,000	-	432,250
	2017	275,000	51,955	137,500	-	464,455
	<b>2018</b>	<b>325,000</b>	<b>52,000</b>	<b>243,750</b>	-	<b>620,750</b>
William Schroers President and CEO, Automotive Solutions Group (3)	2016	470,880	-	470,880	327,000	1,268,760
	2017	482,760	-	482,760	-	965,520
	<b>2018</b>	<b>449,280</b>	-	<b>561,600</b>	-	<b>1,010,880</b>
Paul Robbins Vice President, General Manager, Castool Group	2016	290,000	45,800	290,000	67,000	692,800
	2017	350,000	41,564	53,000	122,000	566,564
	<b>2018</b>	<b>350,000</b>	<b>41,600</b>	<b>100,000</b>	<b>90,000</b>	<b>581,600</b>

(1) The value of annual perquisites and benefits for each of the Named Executive Officers is shown only when the value exceeds the lesser of \$50,000 and 10% of the total annual salary and bonus.

(2) Fair value of the awards earned in fiscal 2018 on the grant date calculated based on Black-Scholes option pricing model with the following assumptions:

Risk-free rate	1.64%
Expected dividend yield	3.125%
Expected volatility	29.7%
Expected time until exercise	5.5 years
Weighted average fair value of the options granted	\$2.08

(3) Mr. Schroers' Salary, Annual Incentive Plan and All Other Compensation is paid in \$USD. The exchange rate is the rate at the beginning of the fiscal year - \$1.248.

Note: None of the Named Executive Officers are covered by a pension plan or received any share based awards or long-term incentive plan awards as defined in National Instrument Form 51-102F6 and accordingly, the columns have been deleted for presentation purposes.

## INCENTIVE PLAN AWARDS

### Outstanding Option-Based Awards

Name	Number of Securities Underlying Unexercised Options (#)	Option Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options as at September 30, 2017 (1) (\$)	Option-based awards - Value vested during the year (\$)
Brian A. Robbins	-	-	-	-	-
Drew Knight	25,000	14.58	2-Mar-2021	-	
	25,000	10.48	30-May-2022	-	
	25,000	10.15	29-May-2023	-	
	<b>75,000</b>				<b>30,631</b>

Darren M. Kirk	25,000	14.44	22-Apr-2021	-	
	25,000	10.48	30-May-2022	-	
	25,000	10.15	29-May-2023	-	
	<b>75,000</b>			-	<b>30,596</b>
William Schroers	25,000	7.09	29-Apr-2019	70,500	
	25,000	14.58	02-Mar-2021	-	
	<b>50,000</b>			<b>70,500</b>	<b>34,263</b>
Paul Robbins	25,000	7.09	29-Apr-2019	70,500	
	10,000	14.58	02-Mar-2021	-	
	20,000	10.48	30-May-2022	-	
	20,000	10.15	29-May-2023	-	
	<b>75,000</b>			<b>70,500</b>	<b>31,913</b>

(1) Difference between the market value of the securities underlying the instruments at the end of the year, and the exercise or base price of the option.

#### Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-Based Awards - Value Vested during the Year (\$)	Non-Equity Incentive Plan Compensation - Value Earned during the Year (\$)
Brian A. Robbins	-	1,794,992
Drew Knight	30,632	392,000
Darren M. Kirk	30,596	568,750
William Schroers	34,263	1,010,880
Paul Robbins	31,913	540,000

Note: None of the Named Executive Officers has received any share based awards as defined in NI Form 51-102F6 and accordingly, the column has been deleted for presentation purposes.

#### Executive Contracts

Mr. Kirk, Mr. Knight and Mr. Schroers are the Named Executive Officers with written employment contracts.

Mr. Kirk's employment contract provides for a base salary of \$325,000 plus a discretionary bonus of up to a maximum of 75% of the base salary. The employment contract has no fixed term, however, provides for notice, or payment in lieu of notice, in the event of termination without cause in the amount of twelve-month base pay. As of the date of the circular this amount would be approximately \$325,000. A change of control clause entitles Mr. Kirk, if on or before November 9, 2019 Mr. Brian Robbins' common share ownership in the Corporation fall below 10% of the issued and outstanding common shares, to elect within 90 days of such date to terminate his employment with the Corporation and receive as full and final compensation one year basic salary, the full pro rata discretionary annual bonus for that year and all outstanding stock options shall also vest immediately.

Mr. Knight's employment contract provides for a base salary of \$280,000 plus a discretionary bonus of up to a maximum of 40% of the base salary. The employment contract has no fixed term, however, provides for notice, or payment in lieu of notice, in the event of termination without cause in the amount of six-month base pay if terminated within six years of his start of employment date. If terminated after six years of service the contract provides for notice, or payment in lieu of notice, in the event of termination without cause in the amount of one month of base pay for every year of service up to a maximum of fifteen months. As of the date of the circular this amount would be approximately \$140,000. No change of control provision exists.

The Corporation has entered into a contract with WS Enterprises Inc. and William Schroers for management services relating to the management of the Automotive Solutions segment. The contract is for a minimum term to December 31, 2017. After expiry of the minimum term on December 31, 2017 the contract is terminable at any time by either party on twelve months prior written notice and a payment of US\$500,000. Both WS Enterprises Inc and William Schroers are domiciled in the State of Michigan, USA. The amount paid to WS Enterprises Inc. under this contract by the Corporation

for the fiscal year ended September 30, 2018 is set out in the compensation table above. There is no change of control provision.

## DESCRIPTION OF EQUITY COMPENSATION PLANS

### Securities Authorized for Issuance under Equity Compensation Plans

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options (#)	Weighted-Average Exercise Price of Outstanding Options (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (#))
Equity compensation plan approved by security holders ( <i>stock option plan</i> )	880,150	11.29	1,298,188
Equity compensation plans not approved by security holder	-	-	-
<b>Total</b>	<b>880,150</b>	<b>11.29</b>	<b>1,298,188</b>

### Stock Option Plan (“SOP”)

Pursuant to the terms of the Corporation’s SOP, the Board of Directors is authorized to issue options to officers and employees to acquire Common Shares at such prices as the Board may determine, provided the price is more than the minimum price permitted by the Toronto Stock Exchange. Directors who are not officers are not eligible to receive stock options under the SOP. At present, the TSX requires the price to be no less than the weighted average price of the Corporation’s Common Shares on the last 5 trading days before the day of the grant by the Board.

Options granted under the SOP must expire no later than 10 years after the date of grant and are not transferable or assignable other than by will or other testamentary instrument or the laws of succession. Options vest at the rate of 20% per annum. If a participant under the SOP is dismissed for cause, all unexercised options of the participant immediately terminate. If a participant under the SOP ceases to be a director, officer or employee of the Corporation or its subsidiaries, each option held by such participant will cease to be exercisable 30 days thereafter. If a participant under the SOP dies, the legal representative of the participant may exercise the participant’s options for a period of 6 months following the date of the participant’s death, but only up to the original option expiry date. The Board retains discretion to extend these time limits but has never done so.

The SOP provides that the number of Common Shares reserved for issuance to any one person under the Plan may not exceed 5% of the outstanding Common Shares at the relevant time. It also provides that no option will be granted to non-employee Directors if the grant would result in the number of shares reserved for issuance for all non-employee Directors collectively exceeding 1% of the number of issued and outstanding Common Shares at the proposed time of grant.

At the time the SOP was established, 820,177 Common Shares were reserved for issuance. Adjustments were made for a stock split in 1998 (3 for 2) and a stock dividend in 2003 (2 for 1). Additional Common Shares were reserved thereafter. Most recently, in January 2005 shareholders approved an amendment to the SOP to increase the number of Common Shares reserved thereunder by 760,000 to 6,080,118. The SOP provides that the Board may amend it with the prior approval of the TSX. The Corporation does not provide financial assistance in connection with the exercise of options under the SOP but retains the discretion to do so in appropriate circumstances.

At fiscal year-end, the Corporation had options outstanding under the SOP to purchase 880,150 Common Shares at exercise prices ranging from \$7.09 to \$14.58 per share, representing 2.1% of the Corporation’s outstanding Common Shares. 1,298,188 Common Shares (representing 3.1% of outstanding Common Shares) are available for future grants under the SOP as set forth in the table below:

	Common Shares
Common Shares currently reserved	6,348,227
Common Shares previously issued on exercise of options	(4,169,889)
Common Shares reserved for issue pursuant to outstanding options	(880,150)
<b>Common Shares available for future options</b>	<b>1,298,188</b>



## RATIFICATION OF THE ADVANCE NOTICE BY-LAW

On April 25, 2018, the Board adopted A By-law Relating to the Advance Nominations of Directors of the Corporation (the "**Advance Notice By-law**"). Among other things, the Advance Notice By-law (i) fixes a deadline by which shareholders of the Corporation must submit a notice of director nominations to the Corporation prior to any annual or special meeting of shareholders where directors are to be elected and (ii) sets forth the information that a shareholder must include in the notice for an effective nomination to occur (see Schedule C for the full text of the Advance Notice By-law).

In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than thirty 30 days prior to the date of the Meeting, provided, however, that in the event that the meeting is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the meeting was made, notice by the Nominating Shareholder shall be made not later than the close of business on the 10<sup>th</sup> day following the Notice Date. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of the meeting was made.

The notice deadlines mentioned above are subject to a carve out if notice-and-access (as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in the applicable meetings.

The Advance Notice By-law will allow the Corporation to receive adequate prior notice of director nominations, as well as sufficient information on the nominees. The Corporation will thus be able to evaluate the proposed nominees' qualifications and suitability as directors. It will also facilitate an orderly and efficient meeting process.

At the Meeting, shareholders will be asked to review and, if deemed appropriate, to adopt the following resolution to ratify the Advance Notice By-law (the "**Advance Notice By-law Resolution**"):

"BE IT RESOLVED, as an ordinary resolution of the shareholders of Exco Technologies Limited (the "**Corporation**):

THAT the Advance Notice By-Law adopted by the Board of Directors of the Corporation, the full text of which is reproduced in Schedule C to the Corporation's management information circular dated December 6, 2018, be ratified.

THAT any director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to do all acts and things, as such director or officer may determine necessary or advisable to give effect to this resolution.

THAT notwithstanding the passing of this resolution by the shareholders, the Board of Directors of the Corporation may revoke this resolution before it is acted upon, without further approval of the shareholders, if the Board of Directors determines, in its sole and absolute discretion, that such revocation is in the best interests of the shareholders."

To be adopted, this resolution must be approved by a majority of the votes cast by the holders of the Shares. The Board of Directors of the Corporation unanimously recommends to the Shareholders to vote FOR the approval of the Advance Notice By-law Resolution.

If you do not specify how you want your Shares voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting FOR the approval of the Advance Notice By-law Resolution.

## NORMAL COURSE ISSUER BID

On May 5, 2005 the Toronto Stock Exchange approved the Corporation's request to implement a normal course issuer bid.

The complete issuer bid share purchase history for each fiscal year since inception is as follows:

Fiscal Year	Shares Purchased	\$ Per Share	\$ Paid
2005	8,800	\$4.00	\$35,200
2006	183,400	\$3.79	\$695,086
2007	156,700	\$3.86	\$604,862
2008	530,200	\$3.45	\$1,829,190
2009	282,100	\$1.88	\$530,348
2010	11,600	\$2.08	\$24,128
2011	-	-	-
2012	777,180	\$3.53	\$2,743,445
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	151,100	\$9.66	\$1,459,867
2018	696,400	9.56	6,656,058
<b>Total</b>	<b>2,797,480</b>	<b>5.21</b>	<b>\$14,578,184</b>

The normal course issuer bid was allowed to lapse on May 9, 2011 and was reinstated on October 5, 2011. Thereafter the normal course issuer bid was again allowed to lapse on October 6, 2014 and was not renewed until February 13, 2017. During the 2018 fiscal year 696,400 common shares were purchased pursuant to the normal course issuer bid at a purchase price of \$6,656,058 or average price of \$9.56 per share. Since inception of the normal course issuer bid an average price of \$5.21 per share was paid to repurchase Exco shares. All shares were cancelled.

#### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Corporation holds directors' and officers' liability insurance in the aggregate amount of \$15,000,000 for annual premiums of approximately \$41,000. The Corporation will pay the first \$100,000 of any claim made under the policy.

#### **GENERAL**

Information contained herein is given as of December 6, 2018. The management of the Corporation knows of no matter to come before the Meeting of shareholders other than the matters referred to in the Notice of Meeting. The contents and the sending of this management information circular have been approved by the Board of Directors of the Corporation.

Additional financial information is provided in the Corporation's comparative financial statements and Management Discussion & Analysis for fiscal 2018. Further information relating to the Corporation is available on SEDAR at 'www.sedar.com'. Security holders may request copies of the Corporation's financial statements and management discussion and analysis for fiscal 2018 by contacting the Corporation at its corporate office at 130 Spy Court, 2<sup>nd</sup> Floor, Markham, Ontario, L3R 5H6, Phone 905-477-3065, Fax 905-477-2449.

Toronto, Ontario  
December 6, 2018

Drew Knight  
VP Finance, CFO & Secretary

## Schedule A

### **CHAIRMAN'S TERMS OF REFERENCE**

The principal role of the Chairman of the Board of Directors ("Board") of Exco Technologies Limited (the "Corporation") is to provide leadership to the Board. The Chairman is responsible for effectively managing the affairs of the Board and ensuring that the Board is properly organized and that it functions efficiently and, in cases where the Chairman is an independent director, independent of management. Where the role of Chairman and President and Chief Executive Officer is not combined, the Chairman also advises the President and Chief Executive Officer in all matters concerning the interests of the Corporation, the Board and the relationships between management and the Board.

More specifically, the Chairman shall:

#### **A. Strategy**

1. Provide leadership to enable the Board to act effectively in carrying out its duties and responsibilities as described in the Mandate of the Board and as otherwise may be appropriate.
2. Work with the Board, the President and Chief Executive Officer and other management to monitor progress on the Corporation's business plans, annual budgets, policy implementation and succession planning.
3. Assist the President and Chief Executive Officer in presenting the corporate vision and strategies to the Board, large shareholders, partners and the outside world.

#### **B. Advisor to President and Chief Executive Officer**

4. In the case where the roles of the Chairman and President and Chief Executive Office is not combined:
  - a. Provide advice, counsel and mentorship to the incumbent President and Chief Executive Officer; and
  - b. In consultation with the President and Chief Executive Officer, ensure that there is an effective relationship between management personnel and the members of the Board.

#### **C. Board Structure and Management**

5. Preside over Board meetings and annual and special meetings of shareholders.
6. Provide advice, counsel and mentorship to fellow members of the Board.
7. Execute the responsibilities of a company director according to the lawful and ethical standards and in accordance with the Corporation's policies.
8. Take a leading role, together with the Governance and Nominating Committee, in determining the composition of the Board and its committees to achieve maximum effectiveness.
9. In consultation with the President and Chief Executive Officer, the Corporate Secretary and the chairs of the Board committees, as appropriate, determine the frequency, dates and locations of meetings of the Board, of Board committees and of the shareholders.
10. In consultation with the President and Chief Executive Officer and Corporate Secretary, review the annual work plan and the meeting agendas to ensure all required business is brought before the Board to enable it to efficiently carry out its duties and responsibilities.
11. Ensure the proper flow of information to the Board and review, with the President and Chief Executive Officer and Corporate Secretary, the adequacy and timing of materials in support of management personnel's proposals.

#### **D. Compensation Matters and Succession Planning**

The Chairman shall, in conjunction with the Human Resources Committee:

12. Recommend compensation awards for President and Chief Executive Officer and be available to advise the Board on general compensation matters.
13. Advise the Board on performance of the President and Chief Executive Officer and succession planning of the President and Chief Executive Officer.
14. Together with the President and Chief Executive Officer, develop executive succession planning options to support the

Corporation's strategies and to capitalize on opportunities for growth and/or acquisition.

If the Chairman is not independent, a Lead Director shall in conjunction with the Human Resources Committee:

15. Recommend compensation awards for Executive Chairman/President/CEO and be available to advise the Board on general compensation matters.
16. Advise the Board on performance of the Executive Chairman/President/CEO and succession planning of the Executive Chairman/President/CEO.
17. Together with the Executive Chairman/President/CEO, develop executive succession planning options to support the Corporation's strategies and to capitalize on opportunities for growth and/or acquisition.

#### **LEAD DIRECTOR'S TERMS OF REFERENCE**

The principal role of the Lead Director of the Board of Directors ("**Board**") of Exco Technologies Limited (the "**Corporation**") is to facilitate the functioning of the Board independent of management and the Executive Chairman of the Board/President/CEO ("**Management**") and serve as an independent leadership contact for the directors and senior executives.

The Lead Director is appointed annually from among the independent directors, and may be removed, by a majority of the independent directors if Management is not independent. The Lead Director shall be recommended by the Governance and Nominating Committee.

In addition to the duties of all directors, in fulfilling his or her responsibilities, the Lead Director will:

#### ***Meetings***

1. Preside over *in camera* independent director sessions, including overseeing the distribution of information to independent directors for the purposes of such sessions.
2. Call, where necessary, the holding of special meetings of the Board or independent directors, with appropriate notice, and establish the agenda for such meetings in consultation with the other independent directors, as applicable.
3. Preside over Board meetings in the absence of the Chairman or in circumstances where Management is (or may be perceived to be) in conflict.

#### ***Evaluations***

4. In consultation with the Chair of the Governance and Nominating Committee, provide Management with an annual performance evaluation.

#### ***Communication with the Chairman and Management***

5. Act as a liaison between Management and the independent directors.
6. Debrief Management on decisions reached and suggestions made at meetings of independent directors or during *in camera* sessions.
7. Work with Management to ensure that the appropriate committee structure is in place and assist the Governance and Nominating Committee in making recommendations for appointments to such committees.
8. Consult and meet with any or all of the independent directors, at the discretion of either party, and represent such director in discussions with Management of the Corporation on corporate governance issues and other matters.

#### ***Other***

9. Have the authority to retain independent advisors on behalf of the Board as the Board or independent directors may deem necessary or appropriate.
10. Have such authority as the independent directors may designate from time to time.

## **Role of the President and CEO**

The President and CEO of Exco Technologies Limited (the "Company") provides leadership of the Company and, subject to approved policies and direction by the Board of Directors (the "Board"), manages the business and affairs of the Company and oversees the execution of its strategic plan. In addition, to managing the business and affairs of the Company, the CEO performs the following functions:

1. presents to the Board for approval a strategic plan for the Company including the strategies to achieve that plan, the risks and alternatives to these strategies and specific steps and performance indicators, which will enable the Board to evaluate progress on implementing such strategies;
2. proposes to the Board for approval annual capital and operating plans to implement the Company's strategies together with key financial and other performance goals for the Company's activities and reports regularly to the Board on the progress against these goals;
3. acts as primary spokesperson for the Company and all its stakeholders;
4. assesses the senior management of the Company and provides for the orderly succession of senior management including the recruitment, training and development required;
5. recommends to the Board the appointment or termination of any officer of the Company other than the Chair;
6. together with the Company's CFO, establishes and maintains disclosure controls and procedures, and internal controls and procedures for financial reporting appropriate to ensure the accuracy and integrity of the Company's financial reporting and public disclosures; and
7. ensures that the Company is in full compliance with applicable laws and regulations and with its own policies.

**Schedule B**  
**Board of Directors Charter**

**1. Role of the Board**

The Board of Directors of Exco Technologies Ltd. (the “Company”) is elected by the Company’s shareholders to supervise directly and through its committees, the management of the business and affairs of the Company, which are conducted by its officers and employees under the direction of the President and Chief Executive Officer (“CEO”).

The primary stewardship responsibility of the Board of the Company is to ensure that Management conducts the business and affairs of the Company with the main objectives to enhance shareholder value in a manner that recognizes the concerns of other stakeholders in the Company, including its employees, suppliers, customers and the communities in which it operates, to continuously improve the Company’s performance and quality of its products and services, and to ensure its continuous growth and development.

**2. Duties and Responsibilities of the Board**

The Board shall meet regularly to review reports by management on the performance of the Company. In addition to the general supervision of Management, the Board performs the following functions:

- a) **strategic planning** –overseeing the strategic planning process within the Company and reviewing, approving and monitoring the Company’s strategic plan, including fundamental financial and business strategies and objectives, taking into account, among other things, the opportunities and risks of the business, market and product global trends, and growth potential;
- b) **risk assessment** – monitoring and assessing the principal risks of the Company’s business and ensuring the implementation of appropriate systems to manage these risks;
- c) **integrity of CEO and other executive officers** –to the extent feasible, satisfying itself as to the integrity of the CEO and other executive officers and satisfying itself that the CEO and other executive officers create a culture of integrity throughout the organization.
- d) **senior management** – overseeing the selection, evaluation and compensation of the CEO and senior management and monitoring succession planning;
- e) **maintaining integrity** –reviewing and monitoring the controls and procedures within the Company to maintain the integrity and accuracy of its financial reporting, internal controls, disclosure controls, management information systems and compliance with its Conflict of Interest Policy.
- f) **expectations** –ensuring that its expectations of Management are understood, that the appropriate matters come before the Board and that the Board is kept informed of shareholder feedback
- g) **CEO** –reviewing and approving, upon the recommendation of the Human Resource and Compensation Committee (‘HRC Committee’), the appointment, compensation, and performance of the CEO and the succession plan for him and senior managers;
- h) **Selection of Board nominees** –selecting, upon the recommendation of the Governance and Nominating Committee nominees for election as directors;
- i) **Compensation of non-management directors** –reviewing and approving upon the recommendation of the HRC Committee, the compensation of non-management directors, and ensuring that their compensation adequately reflects the risks and responsibilities, and time commitment involved in being an effective director;
- j) **Independent functioning** –ensuring that appropriate structures and procedures are in place so that the Board and its committees can function independently of Management.
- k) **Approval of key policies** –reviewing and approving the key policy statements developed by Management for issues such as conflicts of interest, compliance, communications, environment, health and safety, and public disclosure;
- l) **Approval of disclosure documents** –reviewing and approving the contents of the annual information form, annual and quarterly management’s discussion and analysis, news releases in connection with quarterly and annual financial results and the corresponding financial statements, and the management proxy circular;
- m) **Approval of financial activities**- reviewing and approving significant capital expenditures, raising of capital, significant loans and other major financial activities;
- n) **Approval of significant operations** –reviewing and approving significant reorganizations, restructuring, acquisitions, and divestitures; and

- o) **Corporate governance monitoring** –developing and monitoring, through the Governance and Nominating Committee, the systems of corporate governance of the Company.

### 3. Composition and Procedures

- a) **Size of Board and selection process** – The size of the Board must be sufficient in number to ensure diversity of skills and perspectives and to provide useful experience to the Board supervising the management of the Company as well as to staff on the various Board committees, while allowing the Board to function efficiently and effectively. The Board reviews and approves the choice of candidates for nomination and election by the shareholders. Between annual meetings, the Board may appoint directors to service until the next annual meeting.
- b) **Qualifications** –Directors should have the highest personal and professional ethics and values and be committed to advancing the best interests of the shareholders of the Company. They should possess skills and competencies in areas that are relevant to the Company’s activities, solid business experience, good judgment, integrity, financial literacy and the ability to allocate the necessary time and effort to perform Board and committees duties. A majority of the Board shall be composed of independent directors within the meaning of section 1.4 of National Instrument 52-110 *Audit Committee*.
- c) **Majority Voting** – Forms of proxy for the vote by shareholders on the election of directors will list each nominee for director separately so as to enable shareholders to vote in favour of, or to withhold from voting for, each nominee, individually. The Board will promptly cause the outcome of each vote for the election of directors to be publicly disclosed by means of a news release or in such other manner as may be required by the Toronto Stock Exchange. If, with respect to any nominee, the number of votes withheld exceeds the number of votes in favour of the nominee, then such nominee (“Designated Nominee”) is required forthwith to submit to the Board his or her resignation, to take effect upon acceptance by the Board. The Board will promptly, and in any event within 90 days, absent exceptional circumstances, accept the resignation and in making this decision, the board may request and rely on a recommendation from the Governance and Nominating Committee. That Committee and the Board, may each consider any factors or other information that they consider appropriate and relevant in making their decision. A Designated Nominee will not participate in the deliberations of any committee or the Board with respect to his or her resignation. If the Designated Nominee is retained, the Company shall issue a news release to this effect in a timely manner which will disclose reasons for retaining the Designated Nominee. Subject to any applicable law, if the resignation of the Designated Nominee is accepted, the Board may leave the resultant vacancy unfilled until the next annual meeting of shareholders, or the board may fill the vacancy through the appointment of a new director. This majority voting policy does not apply to any nominee for election as a director of the Company for ‘contested’ elections; that is, where, the total number of persons nominated for election exceeds the total number of vacancies to be filled at such election of directors, as determined by the Board.
- d) **Term Limits** – Those directors of the Board who are independent (as defined in Section 1.4 of NI 52-110) shall be subject to term limits of fifteen years commencing from the date of first appointment to the Board and ending on the first annual shareholder meeting held after the fifteen year anniversary of appointment. Said independent directors will, effective February 28, 2019, also be required to resign from the Board upon attaining the age of seventy. Such resignation to be effective as of the first annual shareholder meeting held after such director attains the age of seventy.
- e) **Chairman of the Board** –The Board shall appoint a director to be Chairman of the Board. At all times the same person may not occupy the position of Chairman of the Board and of President and/or CEO.
- f) **Director orientation** –Management is responsible for providing an orientation and education program for new directors with a view to ascertaining that all new directors fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and energy that the Company expects from its directors), and the nature and operation of the Company’s business.
- g) **Meetings** –The Board has at least five scheduled meetings a year. Additional meetings may be held when required. The Board is responsible for its agenda. Materials for each meeting will be distributed to the directors in advance of the meetings. At each of the five scheduled meetings, the final agenda item is an “in-camera’ session which excludes management and non-independent directors.
- h) **Committees** –The Board has established three standing committees to assist the Board in discharging its responsibilities: the HRC Committee, the Governance and Nominating Committee and the Audit Committee. Special committees may be established from time to time to assist the Board in connection with specific matters. The chair of each committee reports to the Board following meetings of the committee.
- i) **Evaluation** –The HRC Committee bears the responsibility to assess the Board’s performance as a whole as well as that of individual directors, the committees of the Board and the contributions of individual directors.
- j) **Compensation** –The HRC Committee recommends to the Board the compensation for non-management directors. In reviewing the adequacy and form of compensation, the committee seeks to ensure that the compensation reflects the responsibilities and risks involved in being a director of the Company and aligns the interests of the directors with the best interests of the shareholders.

- k) **Access or independent advisors** –the Board, any committee and/or any director may at any time retain outside financial or legal advisors at the expense of the Company. The retention and the terms and conditions of the retention of external advisors shall receive prior approval by the HRC Committee.



## Schedule C

### EXCO TECHNOLOGIES LIMITED.

#### A By-law Relating to the Advance Nominations of Directors of the Corporation

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##### Section 1.1 Introduction.

The purpose of this by-law of Exco Technologies Limited (the "**Corporation**") is to provide shareholders and directors of the Corporation with guidance on the nomination of directors. This by-law is the framework by which the Corporation seeks to fix a deadline by which shareholders of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

It is the belief of the Corporation and the board of directors of the Corporation that this by-law is in the best interests of the Corporation. This by-law will be subject to periodic review and, subject to the Act, will reflect changes as required by securities regulatory or stock exchanges requirements and, at the discretion of the board of directors, amendments necessary to meet evolving industry standards.

##### Section 1.2 Definitions.

As used in this by-law, the following terms have the following meanings:

"**Act**" means the *Business Corporations Act* (Ontario) and the regulations under the Act, all as amended, re-enacted or replaced from time to time.

"**Applicable Securities Laws**" means the applicable securities legislation of each relevant province of Canada, as amended from time to time, the written rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each province of Canada.

"**Board**" means the board of directors of the Corporation.

"**person**" means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or governmental or regulatory entity, and pronouns have a similarly extended meaning.

"**public announcement**" means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com), or any system that is a replacement or successor thereto.

Terms used in this by-law that are defined in the Act have the meanings given to such terms in the Act.

##### Section 1.3 Nomination Procedures.

Subject only to the Act, Applicable Securities Laws and the articles of the Corporation, only persons who are nominated in accordance with the procedures set out in this by-law shall be eligible for election as directors

of the Corporation. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at a special meeting of shareholders if the election of directors is a matter specified in the notice of meeting:

- (a) by or at the direction of the Board, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of a shareholders meeting by one or more of the shareholders made in accordance with the provisions of the Act; or
- (c) by any person (a "**Nominating Shareholder**") who:
  - (i) at the close of business on the date of the giving of the notice provided for below in this by-law and on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Corporation; and
  - (ii) complies with the notice procedures set forth below in this by-law.

#### **Section 1.4 Nominations for Election.**

For the avoidance of doubt, the procedures set forth in this by-law shall be the exclusive means for any person to bring nominations for election to the Board before any annual or special meeting of shareholders of the Corporation.

#### **Section 1.5 Timely Notice.**

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the corporate secretary of the Corporation in accordance with this by-law.

#### **Section 1.6 Manner of Timely Notice.**

To be timely, a Nominating Shareholder's notice to the corporate secretary of the Corporation must be made:

- (a) in the case of an annual meeting of shareholders (including an annual and special meeting), not less than thirty (30) days prior to the date of the meeting,

provided, however, that in the event that the meeting is to be held on a date that is less than fifty (50) days after the date (the "**Notice Date**") on which the first public announcement of the date of the meeting was made, notice by the Nominating Shareholder shall be made not later than the close of business on the tenth (10<sup>th</sup>) day following the Notice Date;

- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not also called for other purposes), not later than the close of business on the fifteenth (15<sup>th</sup>) day following the day on which the first public announcement of the date of the meeting was made;

provided that, in either instance, if notice-and-access (as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in respect of a meeting described in Section 1.6(a) or

(b) above, and the Notice Date in respect of the meeting is not less than fifty (50) days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the fortieth (40<sup>th</sup>) day before the applicable meeting (but in any event, not prior to the Notice Date); provided, however, that in the event that the meeting is to be held on a date that is less than 50 days after the Notice Date, notice by the Nominating Shareholder shall be made, in the case of an annual meeting of shareholders, not later than the close of business on the 10<sup>th</sup> day following the Notice Date and, in the case of a special meeting of shareholders, not later than the close of business on the 15<sup>th</sup> day following the Notice Date.

In the event of an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof, a new time period shall commence for the giving of a timely notice under this Section 1.6.

### **Section 1.7 Proper Form of Notice.**

To be in proper written form, a Nominating Shareholder's notice to the corporate secretary of the Corporation must be in writing and must set forth or be accompanied by, as applicable:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (each a "**Proposed Nominee**"):
  - (i) the name, age, business address and residential address of the Proposed Nominee;
  - (ii) the principal occupation, business or employment of the Proposed Nominee, both present and for the five years preceding the notice;
  - (iii) whether the Proposed Nominee is a resident Canadian within the meaning of the Act;
  - (iv) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by the Proposed Nominee, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - (v) a description of any relationship, agreement, arrangement or understanding (including financial, compensatory or indemnity related or otherwise) between the Nominating Shareholder and the Proposed Nominee, or any Affiliates or Associates of, or any person or entity acting jointly or in concert with the Nominating Shareholder or the Proposed Nominee, in connection with the Proposed Nominee's nomination and election as director;
  - (vi) whether the Proposed Nominee is party to any existing or proposed relationship, agreement, arrangement or understanding with any competitor of the Corporation or its Affiliates or any other third party which may give rise to a real or perceived conflict of interest between the interests of the Corporation and the interests of the Proposed Nominee; and
  - (vii) any other information relating to the Proposed Nominee that would be required to

be disclosed in a dissident's proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Act or any Applicable Securities Laws;

- (b) as to each Nominating Shareholder:
  - (i) the name, business and, if applicable, residential address of such Nominating Shareholder;
  - (ii) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by such Nominating Shareholder or any other person with whom such Nominating Shareholder is acting jointly or in concert with respect to the Corporation or any of its securities, as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - (iii) the interests in, or rights or obligations associated with, any agreement, arrangement or understanding, the purpose or effect of which may be to alter, directly or indirectly, such Nominating Shareholder's economic interest in a security of the Corporation or such Nominating Shareholder's economic exposure to the Corporation;
  - (iv) full particulars regarding any proxy, contract, arrangement, agreement, understanding or relationship pursuant to which such Nominating Shareholder, or any of its Affiliates or Associates, has any interests, rights or obligations relating to the voting of any securities of the Corporation or the nomination of directors to the Board; and
  - (v) any other information relating to such Nominating Shareholder that would be required to be disclosed in a dissident's proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws; and
- (c) a written consent duly signed by each Proposed Nominee to being named as a nominee for election to the Board and to serve as a director of the Corporation, if elected.

Reference to "Nominating Shareholder" in this Section 1.7 shall be deemed to refer to each shareholder that nominates or seeks to nominate a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making the nomination proposal.

#### **Section 1.8 Notice to be Updated.**

To be considered timely and in proper form, a Nominating Shareholder's notice shall be promptly updated and supplemented if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

#### **Section 1.9 Power of the Chair.**

The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this by-law and, if any proposed nomination is not in compliance with this by-law, to declare that such defective nomination shall be disregarded.

**Section 1.10 Delivery of Notice.**

Notwithstanding any other provision of this by-law, notice given to the corporate secretary of the Corporation pursuant to this by-law may only be given by personal delivery or facsimile transmission, and shall be deemed to have been given and made only at the time it is served by personal delivery or sent by facsimile transmission (provided that receipt of the confirmation of such transmission has been received) to the corporate secretary of the Corporation, at the address of the principal executive offices of the Corporation, provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

**Section 1.11 Board of Directors Discretion.**

Notwithstanding the foregoing, the board of directors may, in its sole discretion, waive any requirement in this by-law.

**Section 1.12 Effective Date.**

This by-law shall come into force on April 25, 2018.