



# ELECTRAMECCANICA

## ELECTRAMECCANICA VEHICLES CORP.

### NASDAQ Corporate Governance

Electrameccanica Vehicles Corp.'s (the "**Corporation**") common shares are listed for trading in the United States on the NASDAQ Capital Market ("**NASDAQ**"). The Corporation is a "Foreign Private Issuer" as defined under Rule 3b-4 promulgated under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**").

Rule 5615(a)(3) of the NASDAQ Marketplace Rules provides that a Foreign Private Issuer may follow its home country practice in lieu of the requirements of the Rule 5600 Series, the requirement to disclose third party director and nominee compensation set forth in Rule 5250(b)(3) and the requirement to distribute annual and interim reports set forth in Rule 5250(d), provided, however, that such company shall: comply with the Notification of Noncompliance requirement (Rule 5625), the Voting Rights requirement (Rule 5640), have an audit committee that satisfies Rule 5605(c)(3) and ensure that such audit committee's members meet the independence requirement in Rule 5605(c)(2)(A)(ii).

A Foreign Private Issuer that elects to follow home country practice in lieu of a requirement of Rules 5600, 5250(b)(3), or 5250(d) shall submit to NASDAQ a written statement from an independent counsel in such company's home country certifying that the company's practices are not prohibited by the home country's laws. In addition, and in the interests of transparency, the rule requires a Foreign Private Issuer to make appropriate disclosure in the company's annual filings with the SEC (typically by way of Form 20-F or 40-F) to disclose each requirement that it does not follow and include a brief statement of the home country practice that the company follows in lieu of the NASDAQ corporate governance requirements. Companies that must file annual reports on Form 20-F are encouraged to provide these disclosures on their websites, in addition to the required Form 20-F disclosure, to provide maximum transparency about their practices. The Corporation has elected to follow home country practice in lieu of the NASDAQ corporate governance requirements for the corporate practices described below.

The Corporation's corporate governance practices differ from those followed by U.S. domestic companies pursuant to the NASDAQ Marketplace Rules in the following manner:

### **Shareholder Approval Requirements**

Nasdaq Marketplace Rule 5635 requires each issuer to obtain shareholder approval prior to certain dilutive events, including a transaction other than a public offering involving the sale of 20% or more of the issuer's common shares outstanding prior to the transaction for less than the greater of book or market value of the stock. The Corporation does not follow this Nasdaq Marketplace Rule. Instead, and in accordance with the Nasdaq exemption, the Corporation complies with British Columbia corporate and securities laws, which do not require shareholder approval for dilutive events unless the Corporation were to dispose of all or substantially all of its undertaking.

In addition, Nasdaq Marketplace Rule 5635 requires shareholder approval of most equity compensation plans and material revisions to such plans, as well as with respect to the sale of our securities at a discount to their market value to an officer, director, employee or consultant. The Corporation does not follow this Nasdaq Marketplace Rule. Instead, and in accordance with the Nasdaq exemption, the Corporation complies with British Columbia corporate and securities laws, which do not require shareholder approval of equity compensation plans or most discount to market offerings of securities unless otherwise indicated in the Articles of the Corporation, which is not the case for the Corporation.

### **Quorum Requirement**

NASDAQ Marketplace Rule 5620(c) requires that each company that is not a limited partnership shall provide for a quorum as specified in its by-laws for any meeting of holders of common stock; provided, however, that in no case shall such quorum be less than 33 1/3% of the outstanding shares of the company's common voting stock. The Corporation does not presently follow this NASDAQ Marketplace Rule. Instead, and in accordance with the NASDAQ exemption, the Corporation complies with British Columbia corporate and securities laws and its Articles which do not require a quorum of no less than 33 1/3% of the outstanding shares of the Corporation's common voting stock and provides that the quorum for the transaction of business at a meeting of shareholders is the quorum established by the Corporation's Articles, which is one or more persons, present in person or by proxy.

### **Executive Sessions**

NASDAQ Marketplace Rule 5605(b)(2) requires that the independent board members of a company have Executive Sessions which are regularly scheduled and at which only independent directors are present. Although the Corporation has previously followed this NASDAQ Marketplace Rule it may not do so in the future or on a consistent or regularly scheduled basis. Under applicable Canadian rules, customs and practice, the Corporation's independent directors are not required to hold executive sessions. However, the Corporation is subject to certain disclosure requirements prescribed in Canadian Form 58-101F1 - *Corporate Governance Disclosure*. In particular, the Corporation must disclose whether the independent directors hold executive sessions and, if such executive sessions are held, how many of these meetings have been held since the beginning of the Corporation's most recently completed financial year. If the Corporation does not hold executive sessions, the Corporation must describe what the Board does to facilitate open and candid discussion among its independent directors.

### **Proxy Delivery Requirements**

Nasdaq Marketplace Rule 5620(b) requires that a listed company that is not a limited partnership shall solicit proxies and provide proxy statements for all meetings of shareholders, and also provide copies of such proxy solicitation materials to Nasdaq. The Corporation is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Corporation are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Corporation solicits proxies in accordance with applicable rules and regulations in Canada.

## **Distribution of Annual and Interim Reports**

Nasdaq Marketplace Rule 5250(d)(1) requires that a listed company (including a limited partnership) make available to shareholders an annual report containing audited financial statements of the company and its subsidiaries (which, for example may be on Form 10-K, 20-F, 40-F or N-CSR) within a reasonable period of time following the filing of the annual report with the SEC. In addition, under Nasdaq Marketplace Rule 5250(d)(4)(A), each company that is not a limited partnership and is not subject to Rule 13a-13 under the Exchange Act and that is required to file with the SEC, or other regulatory authority, interim reports relating primarily to operations and financial position, shall make available to shareholders reports which reflect the information contained in those interim reports. Such reports shall be made available to shareholders either before or as soon as practicable following filing with the appropriate regulatory authority. If the form of the interim report provided to shareholders differs from that filed with the regulatory authority, the company shall file one copy of the report to shareholders with Nasdaq in addition to the report to the regulatory authority that is filed with Nasdaq pursuant to Rule 5250(c)(1).

The Corporation currently complies with Nasdaq Marketplace Rules 5250(d)(1) and 5250(d)(4)(A), however, the Corporation may not do so on a consistent basis. Instead, the Corporation may determine to comply with British Columbia corporate and securities laws which do not require the distribution of annual or interim reports to shareholders but do require the Corporation to place before the annual general meeting the annual financial statements that the Corporation is required to with the applicable securities commissions in Canada under the *Securities Act* (British Columbia) in relation to the most recently completed financial year, file annual and interim financial statements on SEDAR at [www.sedar.com](http://www.sedar.com), and send annually a request form to the registered holders and beneficial owners of its securities that can be used to request a paper copy of the Corporation's annual financial statements and management discussion and analysis for the annual financial statements, and a copy of the Corporation's interim financial reports and management discussion and analysis for the interim financial reports free of charge.

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