

BRITISH COLUMBIA DISCOVERY FUND (VCC) INC.

PROXY VOTING POLICY

Background

Discovery Capital Management Corp. (“DCMC”) is the investment manager of British Columbia Discovery Fund (VCC) Inc. (“BCDF”). BCDF is a venture capital corporation having an investment mandate to provide venture capital funds to eligible small businesses (“Investees”) in accordance with the provisions of the British Columbia *Small Business Venture Capital Act*. As part of this investment mandate, DCMC provides day to day management of investment positions in Investees, and actively works with the management of Investees to advance the business plans and prospects of the Investees through, where warranted and practicable, representation on the Boards of Investees.

Accordingly, this Proxy Voting Policy reflects the investment mandate of BCDF and will differ substantially from a mutual fund or other type of investment fund that may not play as active a role with the investee companies in which it invests and where the application of broader corporate governance principles and issues may be more relevant, such as in the case of funds that invest in securities of larger, more established public companies listed on stock exchanges in Canada or the United States.

Included in DCMC’s duties of monitoring the financial and operating performance of Investees, DCMC acts on behalf of BCDF to exercise the voting rights attached to securities held by BCDF and has an obligation to act in the best interests of BCDF in doing so.

Procedures for Proxy Voting

DCMC will ensure that all proxy materials received by BCDF for meetings of shareholders of Investees (“Meetings”) are reviewed on a timely basis and that proxies authorizing voting at a Meeting of a particular Investee are reviewed with and completed under instruction of the individual investment manager (“Responsible Manager”) of DCMC responsible for oversight of that Investee. The Responsible Manager will usually be the proxy appointee of BCDF, authorized to attend and vote in person at the Meeting of a particular Investee. If the Responsible Manager is unavailable for any reason, another member of DCMC’s management team will be so authorized.

Any proxy of an Investee must be executed by one of the executive officers of DCMC.

Where an Investee requires evidence of the authorization of a particular proxy appointee of BCDF, DCMC will complete the necessary authorization documents, including obtaining consent resolutions of the directors of BCDF, as may be applicable.

Recording of Proxy Voting

DCMC will ensure that a record is kept of the votes cast on behalf of BCDF at a Meeting of an Investee, whether in person or by proxy. These records may be kept by either keeping a copy of any proxy duly submitted in respect of any Investee in BCDF’s investment file for that Investee or by having the Responsible Manager or other person authorized to attend a Meeting of an Investee record, in legible form, the votes cast at the Meeting of the particular Investee in a written document and placing that document in the investment file for that Investee.

The records regarding Investees that are reporting issuers shall include the following information:

- (a) the name of the Investee;
- (b) the exchange ticker symbol of the securities held by BCDF unless this information is not readily available to BCDF;
- (c) the CUSIP number, if applicable, of the securities held by BCDF;
- (d) the Meeting date;
- (e) a brief identification of the matter or matters to be voted on at the Meeting;
- (f) whether the matter or matters voted on were proposed by the Investee, its management or another person or company;
- (g) whether BCDF voted on the matter or matters;
- (h) if applicable, how BCDF voted on the matter or matters; and
- (i) whether votes cast by BCDF were for or against the recommendations of the management of the Investee.

These records must be kept for a minimum period of seven (7) years.

Disclosure of Proxy Voting Records

DCMC will ensure preparation of an annual proxy voting record (“PV Record”) for BCDF for the period ending on June 30 of each year. DCMC will, on behalf of BCDF, post the PV Record on BCDF’s website on or before August 31 of each year. DCMC will ensure that BCDF promptly sends the most recent PV Record and BCDF’s proxy voting policy, without charge, to any shareholder of BCDF, upon a request made by the shareholder after August 31.

Proxy Voting Policies

The guiding principle and policy of DCMC will be to exercise the voting rights of BCDF in a manner which it believes to be in the best interests of BCDF in accordance with the guidelines set forth below.

A decision to invest in an Investee is based in part on an assessment of the management of an Investee. Since a decision to invest is *generally* an endorsement of management of an Investee, DCMC will generally have BCDF vote with management of an Investee on routine matters. DCMC must be aware of the potential investment implications of any issue on which shareholders of an Investee are asked to vote, and exercise the voting rights of BCDF in the best interests of BCDF.

Routine Matters

Proxies of Investees most frequently contain proposals to elect corporate directors and to appoint external auditors and set their compensation. DCMC's voting guidelines for these routine matters are as follows:

(1) **Boards of Directors**

In the case of private Investees, BCDF, other shareholders and founders of an Investee will generally have in place a shareholders' agreement under which major shareholders have agreed, with relevant terms and conditions, to the composition of the Board of Directors, and to vote their shares in order to ensure that composition is maintained. As a result, with respect to the election of directors, DCMC will exercise the voting rights of BCDF in accordance with the requirements of any shareholders' agreement pertaining to an Investee.

In the case of public Investees, or in the case of private Investees where there happens not to be a shareholders' agreement governing the election of directors, shares will generally be voted in favour of the election of directors proposed by management of the Investee for slates which meet the corporate governance requirements that may be applicable to the Investee.

(2) **Auditors and Auditors Compensation**

In the case of private Investees, DCMC will generally recommend voting in favour of the appointment of auditors and the approval of their compensation if the composition of the audit committee and any other requirements that may be contained in the shareholders' agreement pertaining to the Investee have been satisfied.

In the case of public Investees, or in the case of private Investees where there happens not to be a shareholders' agreement in place, DCMC will generally recommend voting in favour of the appointment of auditors and the approval of their compensation to comply with the corporate governance requirements that may be applicable to the particular Investee.

Other Matters

Other issues, including those business issues specific to an Investee or those raised by shareholders of an Investee, will be voted on or not voted on, on a case by case basis, in a manner which DCMC believes is in the best interests of BCDF having regard to the information available to it.

Conflicts of Interest

DCMC is aware that, from time to time, apparent conflicts of interest may arise with respect to the exercise of voting rights of BCDF. These conflicts may include where an officer of DCMC is also a director of a particular Investee. DCMC will ensure that its authorized voting representatives only exercise voting rights of BCDF uninfluenced by considerations other than the best interests of BCDF. Voting is to be done solely in the capacity as representative of BCDF and not in any other legal capacity.