



ECN CAPITAL CORP.

NOTICE OF
ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 12, 2017

AND

MANAGEMENT INFORMATION CIRCULAR

April 10, 2017



ECN CAPITAL CORP.

Invitation to Shareholders

On behalf of the Board and management, we are pleased to invite you to join us at our first annual general meeting of common shareholders of ECN Capital Corp. The meeting will be held at the offices of Blake, Cassels and Graydon LLP, 199 Bay Street, Suite 4000, Commerce Court West, Toronto, M5L 1A9, Ontario, Canada on May 12, 2017 at 8:30 a.m. (Toronto time).

As a holder of our common shares, you have the right to vote your shares on the matters that are considered at the meeting. Please take the time to consider the information in this circular. It is important that you exercise your vote, either in person at the meeting, or by Internet, telephone or completing and sending in your proxy.

Thank you for your continued support and we look forward to welcoming you at the meeting.

A handwritten signature in black ink, appearing to read 'W Lovatt'.

William Lovatt
Chairman of the Board

A handwritten signature in black ink, appearing to read 'S. K. Hudson'.

Steven Hudson
Chief Executive Officer

April 10, 2017



ECN CAPITAL CORP.

**Notice of Annual General Meeting of Shareholders
May 12, 2017**

Notice is hereby given that the first annual general meeting of the holders of common shares of ECN CAPITAL CORP. (the "Corporation") will be held at the offices of Blake, Cassels and Graydon LLP, 199 Bay Street, Suite 4000, Commerce Court West, Toronto, Ontario, M5L 1A9, Canada on May 12, 2017 at 8:30 a.m. (Toronto time) (the "Meeting") for the following purposes:

1. to receive the Corporation's audited consolidated financial statements as at and for the year ended December 31, 2016 and the auditors' report thereon, a copy of which is enclosed herewith;
2. to elect the Directors of the Corporation;
3. to re-appoint auditors and to authorize the Board of Directors to fix their remuneration; and
4. to transact such other business as may properly come before the Meeting or any adjournment thereof.

The specific details of the foregoing matters to be put before the Meeting are set forth in the Management Information Circular accompanying this Notice of Meeting.

Shareholders are invited to attend the Meeting. The Management Information Circular includes important information about the items to be considered at the Meeting and how to exercise your vote. If you are unable to attend the Meeting in person, you may vote by proxy by following the instructions in this Circular. Proxies must be received not later than May 10, 2017 at 5:00 p.m. (Toronto time), or in the case of any adjournment of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjournment.

DATED the 10th day of April, 2017.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read 'JNK', is written over a horizontal line.

Jim Nikopoulos
Chief Operating Officer



ECN CAPITAL CORP.

**Management Information Circular for Annual General Meeting of Shareholders
May 12, 2017**

PROXIES

Solicitation of Proxies

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation, by or on behalf of the management of ECN Capital Corp. (“ECN Capital” or the “Corporation”), of proxies to be used at the Corporation’s annual general meeting of the holders of common shares of the Corporation (the “Common Shares”) to be held on May 12, 2017 (the “Meeting”) or at any adjournment thereof. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers or employees of the Corporation without special compensation, or by the Corporation’s transfer agent, Computershare Investor Services Inc. (“Computershare”) at nominal cost. The cost of solicitation will be borne by the Corporation.

Appointment of Proxyholder

The persons designated by management of the Corporation in the enclosed form of proxy are directors or officers of the Corporation. **Each shareholder has the right to appoint as proxyholder a person or company (who need not be a shareholder of the Corporation) other than the persons designated by management of the Corporation in the enclosed form of proxy to attend and act on the shareholder’s behalf at the Meeting or at any adjournment thereof.** Such right may be exercised by inserting the name of the person or company in the blank space provided in the enclosed form of proxy or by completing another form of proxy.

In the case of *registered shareholders*, the completed, dated and signed form of proxy should be sent in the enclosed envelope or otherwise to the Chief Operating Officer of the Corporation c/o Computershare Investor Services Inc., 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, M5J 2Y1, fax number 1 (888) 453-0330 or to the Chief Operating Officer of the Corporation at the Corporation’s registered office, which is located at 181 Bay Street, Suite 2830, Toronto, Ontario, M5J 2T3, fax number 1 (888) 772-8129. In the case of *non-registered shareholders* who receive these materials through their broker or other intermediary, the shareholder should complete and send the form of proxy in accordance with the instructions provided by their broker or other intermediary. To be effective, a proxy must be received by Computershare Investor Services Inc. or the Chief Operating Officer of the Corporation not later than May 10, 2017 at 5:00 p.m. (Toronto time) (unless such proxy submission deadline is waived by the Board of Directors of the Corporation (the “Board”)), or in the case of any adjournment of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjournment.

Revocation of Proxy

A shareholder who has given a proxy may revoke it by depositing an instrument in writing signed by the shareholder or by the shareholder’s attorney, who is authorized in writing, or by transmitting, by telephonic or electronic means, a revocation signed by electronic signature by the shareholder or by the shareholder’s attorney, who is authorized in writing, to or 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 in the case of any adjournment of the Meeting, the last business day preceding the day of the adjournment, or with the Chair of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment thereof. A shareholder may also revoke a proxy in any other manner permitted by law.

Voting of Proxies

On any ballot that may be called for, the Common Shares represented by a properly executed proxy given in favour of the persons designated by management of the Corporation in the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions given on the form of proxy, and if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment thereof. As of the date of this Circular, management of the Corporation is not aware of any such amendment, variation or other matter to come before the Meeting. However, if any amendments or variations to matters identified in the accompanying Notice of Meeting or any other matters which are not now known to management should properly come before the Meeting or any adjournment thereof, the Common Shares represented by properly executed proxies given in favour of the persons designated by management of the Corporation in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

Non-Registered Shareholders

Only registered holders of Common Shares (“Shareholders”) or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares.

A holder of Common Shares is a non-registered (or beneficial) shareholder (a “Non-Registered Holder”) if the shareholder’s Common Shares are registered either: (a) in the name of an intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIAs, RESPs, RDSPs, TFSAAs and similar plans; or (b) in the name of a clearing agency (such as CDS & Co.) of which the Intermediary is a participant.

Appointment of Proxy

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about them to the Corporation are referred to as non-objecting beneficial owners (“NOBOs”). Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about them to the Corporation are referred to as objecting beneficial owners (“OBOs”). In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), the Corporation has elected to send copies of the proxy-related materials, including a form of proxy or voting instruction form (“VIF”, collectively, the “meeting materials”) directly to the NOBOs and indirectly through Intermediaries for onward distribution to the OBOs. ECN Capital will also pay the fees and costs of Intermediaries for their services in delivering the meeting materials to OBOs in accordance with NI 54-101. Intermediaries must forward the meeting materials to each Non-Registered Holder (unless the Non-Registered Holder has waived the right to receive such materials), and often use a service company (such as Broadridge Investor Communication Solutions, Canada), to permit the Non-

Registered Holder to direct the voting of the Common Shares held by the Intermediary on behalf of the Non-Registered Holder.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- (a) be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Computershare, as described above under “Registered Shareholders”; or
- (b) more typically, be given a VIF which must be completed and signed by the Non-Registered Holder in accordance with the directions on the VIF. Non-Registered Holders should submit VIFs to Intermediaries in sufficient time to ensure that their votes are received from the Intermediaries by the Corporation.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder 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 behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the form of proxy and insert their own (or such other person’s) name in the blank space provided in the form of proxy or, in the case of a VIF, follow the corresponding instructions on the VIF, to appoint themselves as proxyholders, and deposit the form of proxy or submit the VIF in the appropriate manner noted above. Non-Registered Holders should carefully follow the instructions on the form of proxy or VIF that they receive from their Intermediary in order to vote the Common Shares that are held through that Intermediary. **Therefore, Non-Registered Holders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate persons, as required.**

These meeting materials are being sent to both registered and non-registered owners of the Common Shares. If you are a Non-Registered Holder, and the Corporation or its agent has sent these meeting 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 meeting materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these meeting materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

The Corporation is not sending the meeting materials to registered or non-registered shareholders using notice-and-access delivery mechanisms defined under NI 54-101 and National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102”).

**CAUTIONARY NOTE REGARDING
FORWARD-LOOKING STATEMENTS AND INFORMATION**

This Circular includes forward-looking statements and forward-looking information regarding ECN Capital and its business. Such statements and information are based on the current expectations and views of future events of ECN Capital's management. In some cases the forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "plan", "anticipate", "intend", "potential", "estimate", "believe" or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The forward-looking events and circumstances discussed in this Circular may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting ECN Capital, including, the expected effects related thereto and risks regarding the equipment finance industry, economic factors and many other factors beyond the control of ECN Capital. No forward-looking statement can be guaranteed.

Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statement or information. Accordingly, readers should not place undue reliance on any forward-looking statements or information. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and ECN Capital undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

VOTING SHARES

Voting Shares

As at April 9, 2017, the Corporation had 388,121,782 Common Shares outstanding, each carrying the right to one vote per share. A simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, will constitute approval of any matter submitted to a vote.

Record Date

The Board has fixed April 11, 2017 as the record date for the purpose of determining holders of Common Shares entitled to receive notice of and to vote at the Meeting. Any holder of Common Shares of record at the close of business on the record date is entitled to vote the Common Shares registered in such shareholder's name at that date on each matter to be acted upon at the Meeting.

Principal Shareholders

To the knowledge of the directors and executive officers of the Corporation, as at April 9, 2017, no person beneficially owned, directly or indirectly, or exercised control or direction over, 10% or more of the voting rights attached to the outstanding Common Shares.

MATTERS TO BE ACTED UPON AT MEETING

All dollar amounts in this Circular are expressed in Canadian dollars unless otherwise indicated.

1. **Financial Statements**

No vote with respect to the Financial Statements is required or proposed to be taken.

2. **Election of Directors**

The Corporation's articles provide for a minimum of 1 directors and a maximum of 14 directors. The Board has fixed the number of directors to be elected at the Meeting at 8. Under the by-laws of the Corporation, directors of the Corporation are elected annually. Each director will hold office until the next annual meeting or until the successor of such director is duly elected or appointed, unless such office is earlier vacated in accordance with the by-laws.

In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the election as directors of each of the proposed nominees whose names are set forth below. Management does not contemplate that any of the proposed nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the Common Shares represented by properly executed proxies given in favour of such nominee(s) may be voted by the persons designated by management of the Corporation in the enclosed form of proxy, in their discretion, in favour of another nominee.

The director nominee profiles set out in this Circular provide detailed information about each nominee for election to the Board, including their expertise, committee memberships, meeting attendance, public board memberships and voting results for last year's director elections, the number of securities beneficially owned, directly or indirectly, or over which control or direction was exercised, by such person or the person's associates or affiliates as of December 31, 2016, and 2016 total compensation, as applicable. The information as to securities beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees individually.

3. **Re-appointment of Auditors**

Ernst & Young LLP are the current auditors of the Corporation. Ernst & Young LLP were first appointed as auditors of the Corporation on October 3, 2016. Ernst & Young LLP were first appointed as auditors of Element Financial Corporation on August 11, 2010 and served as auditors of Element Financial Corporation until completion of the Separation Transaction (as defined below). At the Meeting, the holders of Common Shares will be requested to re-appoint Ernst & Young LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders or until a successor is appointed, and to authorize the Board to fix the auditors' remuneration.

In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the re-appointment of Ernst & Young LLP as auditors of the Corporation to hold office until the next annual meeting of shareholders or until a successor is appointed and the authorization of the Board to fix the remuneration of the auditors.

DIRECTORS

Nominees for Election to the Board of Directors

William Lovatt – Chairman of the Board and Independent Director					
Winnipeg, Manitoba, Canada Director since 2016 Age 63					
	<p>Mr. Lovatt is the Chairman of ECN Capital's Board and is a member of the board of directors of Element Fleet Management Corp. (previously Element Financial Corporation) (“Element Fleet”). Mr. Lovatt serves as a member of the Audit Committee, the Compensation and Corporate Governance Committee (“C&CG Committee”) and the Credit and Risk Committee of the Board. Mr. Lovatt previously served as Chairman of the board of directors for Element Fleet. He brings with him 40 years of investment and senior management expertise. Mr. Lovatt is one of Canada’s most respected financial services executives having served as Executive Vice President and Chief Financial Officer of Great-West Lifeco Inc., Great-West Life Assurance Company, London Life Insurance Company and Canada Life Assurance Company. Mr. Lovatt joined Great West-Life in 1979 serving in various positions in the insurer’s investments department prior to being appointed Chief Financial Officer. Mr. Lovatt served as a member of the Accounting Standards Oversight Council from 2000 to 2008 and in 2009, following the global financial crisis, was asked to serve the Canadian Government on the Department of Finance’s Advisory Committee on Liquidity in the Financial Markets. Mr. Lovatt received his Bachelor of Commerce (Hons.) degree from the University of Saskatchewan in 1975, his Chartered Financial Analyst designation in 1983 and became a Fellow Certified General Accountant in 2003.</p>				
	Board/Committee Memberships/2016 Attendance:		Board (1/1 100%), Audit (1/1 100%), C&R (1/1 100%), C&CGC (1/1 100%)		
	Public Board Memberships in last five (5) years:		Element Fleet Management Corp.		
	2016 Compensation:		\$372,712 (100% in share-based compensation)		
Securities held at fiscal year end					
Fiscal Year	Shares (#)	DSUs (#)	Options (#)	Total Value of Securities	Multiple of Annual Retainer
2016	300,000	96,952	100,000	\$1,369,942	2.1x

Steven Hudson – Director and Chief Executive Officer						
Toronto, Ontario, Canada Director since 2016 Age 58						
	<p>Mr. Hudson is the Chief Executive Officer of ECN Capital and serves as a member of the Credit and Risk Committee of the Board. Mr. Hudson is a member of Element Fleet’s board and previously served as its chief executive officer from March 2011 to October 2016. Steven Hudson is also the founder and principal of Cameron Capital Corporation, a private investment firm established more than 20 years ago. An entrepreneur, investor and operator of successful businesses, Mr. Hudson has a distinguished track record across several business sectors. In 1984, Mr. Hudson founded Newcourt Credit Group Inc. and assumed the position of CEO. Under his leadership, Newcourt grew to become a worldwide leader in equipment and asset finance with owned and managed assets exceeding \$35 billion before the company was acquired in 1999. Mr. Hudson has been an active director on numerous boards of both public and private companies across several business sectors and an active community leader and philanthropist. Mr. Hudson received his Fellowship with the Institute of Chartered Accountants of Ontario in 2000 and graduated from York University in 1981 with an Honours Bachelor of Business Administration degree. In 1996, Mr. Hudson was named one of Canada’s Top 40 Under 40.</p>					
	Board/Committee Memberships/2016 Attendance:		Board (1/1 100%), C&R (1/1 100%)			
	Public Board Memberships in last five (5) years:		Element Fleet Management Corp.			
	2016 Compensation:		Board compensation is not paid to executive officers. See “Summary Compensation Table” for Mr. Hudson’s compensation as CEO of ECN Capital.			
Securities held at fiscal year end						
Fiscal Year	Shares (#)	DSUs (#)	PSUs (#)	Options (#)	Total Value of Securities	Multiple of Annual Retainer
2016	10,241,727	Nil	Nil	5,449,946	\$39,077,901	N/A

Bradley Nullmeyer – Vice-Chairman

Toronto, Ontario, Canada | Director since 2016 | Age 57



Mr. Nullmeyer is the Chief Executive Officer of Element Fleet and a member of the Element Fleet board of directors and Vice-Chairman of ECN Capital's Board. Mr. Nullmeyer serves as a member of the Credit and Risk Committee of the Board. Mr. Nullmeyer served as President of Element Fleet and as a director from September 2012 to October 2016. Mr. Nullmeyer was the Co-CEO of OTEC Research Limited, a Canadian health products research enterprise, from 2007 to 2012. He served as President of Vendor Finance for CIT USA until 2001. Prior to joining CIT USA, Mr. Nullmeyer was a co-founder of Newcourt Credit Group in 1984, where he had lead responsibility for corporate acquisitions and the development of Newcourt's major international vendor finance programs and joint ventures. Mr. Nullmeyer currently serves as chair of the audit committee of the board of directors of DH Corporation, a North American financial services technology firm, and is Vice-Chair of the board of directors of ECN Capital Corp., a North American commercial finance business. Mr. Nullmeyer also serves as a member of the board of directors of The Holland Bloorview Kids Rehabilitation Hospital Foundation. Mr. Nullmeyer earned a Bachelor of Commerce degree from McMaster University in 1982 and became a member of the Institute of Chartered Accountants of Ontario in 1984.

Board/Committee Memberships/2016 Attendance:	Board (1/1 100%), C&R (1/1 100%)
Public Board Memberships in last five (5) years:	DH Corporation and Element Fleet Management Corp.
2016 Compensation:	\$146,748 (100% in share-based compensation)

Securities held at fiscal year end

Fiscal Year	Shares (#)	DSUs (#)	Options (#)	Total Value of Securities	Multiple of Annual Retainer
2016	1,417,461	25,624	2,622,678	\$7,328,786	44.4x

Paul Stoyan – Independent Director

Toronto, Ontario, Canada | Director since 2016 | Age 58



Mr. Stoyan is the Chairman of Gardiner Roberts LLP, a Canadian law firm. He is Chairman of the C&CG Committee and a member of the Audit Committee of the Board. Mr. Stoyan previously served as the Chairman of the C&CG Committee and board member of Element Fleet. Mr. Stoyan practices business law with a special emphasis on mergers and acquisitions, corporate finance and corporate governance. Mr. Stoyan has worked extensively with various companies in the technology sector and has assisted such companies in various cross-border transactions, in going public and in establishing and enforcing corporate governance regimes. Mr. Stoyan serves on the board of directors of Enghouse Systems Limited, a publicly-traded software company listed on the TSX. He is a past director of the National Ballet School of Canada, and the Canadian Centre for Ethics and Corporate Policy. Mr. Stoyan is also Past Chair of the Business Law Section of the Ontario Bar Association. Mr. Stoyan has previously served as a director of Open Text Corporation from 1998 to 2002, a publicly-traded software company listed on the NASDAQ and TSX. Mr. Stoyan holds a bachelor of laws from the University of Toronto and a bachelor of arts from the University of Toronto, where Mr. Stoyan was the Gold Medalist. Mr. Stoyan has earned the professional independent director designation (ICD.D) from the Institute of Corporate Directors and the University of Toronto's Rotman School of Management.

Board/Committee Memberships/2016 Attendance:	Board (1/1 100%), Audit (1/1 100%), C&CGC (1/1 100%)
Public Board Memberships in last five (5) years:	Enghouse Systems Limited and Element Financial Corporation (2010-2016)
2016 Compensation:	\$169,007 (100% in share-based compensation)

Securities held at fiscal year end

Fiscal Year	Shares (#)	DSUs (#)	Options (#)	Total Value of Securities	Multiple of Annual Retainer
2016	485,149	38,139	112,339	\$1,802,391	10.9x

Pierre Lortie – Independent Director

St-Lambert, Québec, Canada | Director since 2016 | Age 70



Mr. Lortie is Senior Business Advisor at Dentons Canada LLP, a major Canadian law firm. He is Chairman of the Credit and Risk Committee of the Board. Previously, Mr. Lortie served as a director of Element Fleet from August 2011 to October 2016. He is currently a director of Canam Group Inc. and Quest Rare Minerals Ltd. Mr. Lortie also served as President of the Transition Committee of the Agglomeration of Montréal from its inception in June 2004 to the end of its mandate in December 2005. Mr. Lortie served as President and Chief Operating Officer of Bombardier Transportation, Bombardier Capital, Bombardier International, and as President of Bombardier Aerospace, Regional Aircraft. He has also served as Chairman of Canada's Royal Commission on Electoral Reform and Party Financing. He has been Chairman of the Board, President and Chief Executive Officer of Provigo Inc., President and Chief Executive Officer of the Montréal Stock Exchange and a Senior Partner of Secor Inc. Mr. Lortie received a Master of Business Administration degree with honours from the University of Chicago, a license in applied economics from the Université catholique de Louvain, Belgium, and a Bachelor's degree in applied sciences (engineering physics) from Université Laval, Canada. He was awarded a Doctorate Honoris Causa in civil law from Bishop's University. He has earned the professional independent director designation (ICD.D) from the Institute of Corporate Directors and the McGill University Desautels Faculty of Management. Mr. Lortie is a Fellow of the Canadian Academy of Engineering and a member of the Order of Canada.

Board/Committee Memberships/2016 Attendance:	Board (1/1 100%), C&R (1/1 100%)
Public Board Memberships in last five (5) years:	Element Financial Corporation (2011-2016), Canam Group Inc., Quest Rare Minerals Ltd., Lamêlée Iron Ore Ltd. (2013-2016), Ariane Phosphate Inc. (2012-2013) and Tembec Inc. (2010-2014)
2016 Compensation:	\$172,007 (100% in share-based compensation)

Securities held at fiscal year end

Fiscal Year	Shares (#)	DSUs (#)	Options (#)	Total Value of Securities	Multiple of Annual Retainer
2016	89,809	39,005	421,517	\$1,181,933	7.2x

David Morris – Independent Director

Beaconsfield, Québec, Canada | Director since 2016 | Age 62



Mr. Morris recently retired as a senior audit partner at Deloitte LLP after serving over 41 years with the firm. Mr. Morris is a graduate of McGill University. He has extensive experience auditing global financial institutions and public companies. Mr. Morris has worked closely with audit committees on a number of special engagements including those relating to mergers and acquisitions, regulatory reporting, due diligence and accounting for complex transactions. Mr. Morris also has a strong background with U.S. Securities and Exchange Commission registrants, including internal controls over financial reporting. Mr. Morris has acted as an advisor to senior management and directors throughout his career.

Board/Committee Memberships/2016 Attendance:	Board (1/1 100%), Audit (1/1 100%)
Public Board Memberships in last five (5) years:	Nil
2016 Compensation:	\$165,995 (100% in share-based compensation)

Securities held at fiscal year end

Fiscal Year	Shares (#)	DSUs (#)	Options (#)	Total Value of Securities	Multiple of Annual Retainer
2016	1,000	34,535	100,000	\$177,267	1.1x

Donna Toth – Independent Director

Toronto, Ontario, Canada | Director since 2017 | Age 57



Ms. Toth is a Corporate Director of LOGiQ Asset Management Inc. since December 2016, and has been a director of the Children’s Aid Foundation (“CAF”) since September 2013. She was appointed to ECN Capital’s Board in April 2017. She sits on the Audit Committee and Governance, Nomination and Compensation Committee for LOGiQ Asset Management Inc. She has been a member of the CAF Finance and Audit Committee since September 2014, Chair of the CAF Investment Committee and member of the CAF Executive Committee since September 2016 and a member of the CAF Campaign Leadership Council since February 2013. Ms. Toth was the Managing Director of Global Equity Sales, Scotia Capital Inc. from December 2009 to May 2016. Ms. Toth is a graduate of Wilfrid Laurier University.

Board/Committee Memberships/2016

Board (N/A)

Attendance:

Public Board Memberships in last five (5) years:

LOGiQ Asset Management Inc.

2016 Compensation:

N/A

Carol E. Goldman – Independent Director

Missouri, USA | Director since 2017 | Age 59



Ms. Goldman is the Executive Vice President and Chief Administrative Officer of Centene Corporation, a multi-line healthcare enterprise and has held this position since January 2006. She was appointed to ECN Capital’s Board in April 2017. Previously, Ms. Goldman served as Centene Corporation’s Senior Vice President from January 2003 to December 2005 and as Director of Human Resources from September 2001 to December 2002. She served as Human Resources Manager at Mallinckrodt Inc., a medical device and pharmaceutical company, from July 1998 to August 2001 and as Compensation Analyst for Mallinckrodt from June 1996 to June 1998.

Board/Committee Memberships/2016

Board (N/A)

Attendance:

Public Board Memberships in last five (5) years:

Nil

2016 Compensation:

N/A

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of ECN Capital, no proposed nominee for election as a director of ECN Capital has been, at the date of this Circular or within the last 10 years: (a) a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days; except that Pierre Lortie as a Director of Quest Rare Minerals Ltd. (“QRM”) was subject to a management cease trade order (“MCTO”) issued on January 31, 2017 by the Autorité des marchés financiers under National Policy 12-203 – *Cease Trade Orders for Continuous Disclosure Defaults*, pursuant to which QRM’s directors and senior officers could not trade in QRM’s securities. The MCTO was issued following the filing by QRM of an annual information form for the fiscal year ended October 31, 2016 that was not compliant with *Regulation 51-102 respecting Continuous Disclosure Obligations* (Québec) and the failure by QRM to file a technical report compliant with *Regulation 43-101 respecting Standards of Disclosure for Mineral Projects* (Québec) supporting the scientific and technical information relating to QRM’s Strange Lake project, the MCTO was lifted on March 14, 2017; or (ii) was the subject of an event that resulted, after that person ceased to be a director or chief executive officer or chief financial officer, in the company being the subject of such an order; (b) a director or executive of a company that, while that person was acting in that capacity or within a year of that person

ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; except that: (i) Steven Hudson was a director of Herbal Magic Inc. which was deemed to have made an assignment in bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada) in August, 2014 and Mr. Hudson was a director until March 18, 2015 of 8942595 Canada Inc., the successor business to Herbal Magic Inc., which made a voluntary assignment into bankruptcy on August 17, 2015; and (ii) Pierre Lortie who until June 2015 was Chairman of Biocean Canada Inc. which, on October 10, 2014, filed a Notice of Intention to make a proposal under the *Bankruptcy and Insolvency Act* (Canada); or (c) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Majority Voting Policy

ECN Capital has adopted a majority voting policy. Pursuant to the policy, shareholders vote for the election of individual directors at each annual meeting of shareholders, rather than for a fixed slate of directors. Further, in an uncontested election of directors at an applicable meeting of shareholders, the votes cast in favour of the election of a director nominee must represent a majority of the shares voted and withheld for the election of the director. If that is not the case, that director must tender his or her resignation to the Chairman of the Board (the “Chairman”). The C&CG Committee will promptly consider such tendered resignation and recommend to the Board the action to be taken with respect to such tendered resignation, and the Board shall accept the resignation absent exceptional circumstances and it must promptly disclose its decision via press release.

If the Board determines not to accept the resignation, the press release must fully state the reasons for that decision. In making its recommendation to the Board, the C&CG Committee will consider the reasons why the votes were withheld, the skills and expertise of that director, the overall composition of the Board, including the skills and the expertise of the other directors and also whether accepting the resignation would cause ECN Capital to fail to meet any applicable securities laws and rules of any provincial securities commissions or stock exchange and whether the resignation of the Director could result in the triggering of change in control or similar provisions under any contract by which ECN Capital is bound or any benefit plan of ECN Capital and, if so, the potential impact thereof. If a resignation is accepted, the Board may leave the resultant vacancy in the Board unfilled until the next annual meeting of shareholders, fill the vacancy through the appointment of a Director whom the Board considers to merit the confidence of ECN Capital’s shareholders, reduce the size of the Board, or call a special meeting of the shareholders to consider the election of a nominee recommended by the Board to fill the vacant position.

Advance Notice Provisions

ECN Capital’s by-laws contain advance notice provisions pertaining to shareholders (who meet the necessary qualifications outlined in the by-laws) seeking to nominate candidates for election as directors (a “Nominating Shareholder”) at any annual meeting of shareholders, or for any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors (the “Advance Notice Provisions”). The following description is a summary only and is qualified in its entirety by the full

text of the applicable provisions of ECN Capital's by-laws which are available on ECN Capital's SEDAR profile at www.sedar.com.

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 ECN Capital. To be timely, a Nominating Shareholder's notice to the corporate secretary must be made: (i) in the case of an annual meeting of shareholders (including an annual and special meeting), not less than 30 days prior to the date of the annual meeting of Shareholders; provided, however, that in the event that the annual meeting of shareholders 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 annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting of shareholders (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes as well), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made. ECN Capital's by-laws also prescribe the proper written form for a Nominating Shareholder's notice.

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

Notwithstanding the foregoing, the directors of ECN Capital may, in their sole discretion, waive any requirement in the Advance Notice Provisions.

Director Term Limits/Mandatory Retirement

The Board has actively considered the matters of term limits and mandatory retirement and will continue to do so. At this time, the Board feels that these types of policies would not be appropriate for our Board. In fact, the Board feels that its rigorous self-evaluation process combined with input from the Corporation's external third party governance firm, Global Governance Advisors ("GGA"), is a more effective and transparent manner to ensure Directors continue to add value and remain strong contributors, and the current constitution of the Board reflects these objectives.

Director Interlocks

The Board does not set a formal limit on the number of interlocking board memberships. The C&CG Committee reviews director interlock as part of its annual evaluation of director independence. As of the date hereof, Messrs. Hudson, Nullmeyer and Lovatt each sit on the board of directors for Element Fleet. There are no other public company board interlocks among the directors.

2016 Director Attendance

The attendance record from October 3, 2016 (the effective date of the Separation Transaction) to December 31, 2016 for each individual director standing for re-election at this Meeting is set out in the director profiles above. At each Board and committee meeting, *in camera* sessions of the independent directors were held to permit members who are considered independent of management to meet without the presence of management.

The C&CG Committee reviews the attendance record of each director as part of the nomination process. The Board has implemented a director attendance policy pursuant to which a director would be

required to tender his or her resignation if such director did not meet a minimum attendance requirement (75% of meetings in a given year), subject to a review of extenuating circumstances for such director.

Director Skills Assessment

The Board has constituted the C&CG Committee to annually conduct a self-assessment of the Board’s performance, an assessment of Board members and its committees, with each committee assessing its members, and to recommend to the Board nominees for appointment of new directors to fill vacancies or meet additional needs of the Board. Through the Board evaluation process and ongoing monitoring of the needs of the Corporation, desired expertise and skill sets are identified and individuals that possess the required experience and skills are contacted by the Chair of the C&CG Committee. Prospective new director nominees are interviewed by the Chair of the C&CG Committee, the Chairman of the Board and the Chief Executive Officer and considered by the entire C&CG Committee for recommendations to the Board as potential nominee directors.

The matrix below illustrates the mix of experience, knowledge and understanding possessed by the members of the Board in the categories that are relevant to the Corporation that enable the Board to better carry out its fiduciary responsibilities.

	William Lovatt	Steven Hudson	Bradley Nullmeyer	Paul Stoyan	Pierre Lortie	David Morris	Donna Toth	Carol Goldman
Accounting	√	√	√	-	√	√	√	-
Financial Literacy	√	√	√	√	√	√	√	√
Corporate Finance / M&A	√	√	√	√	√	√	√	√
Executive Leadership	√	√	√	√	√	√	√	√
Economics/Business	√	√	√	√	√	√	√	√
Governance	√	√	√	√	√	√	√	√
Government/Regulatory	√	√	√	-	√	√	-	√
International Business	√	√	√	√	√	√	√	-
Legal	-	-	-	√	-	-	-	-
Risk Management	√	√	√	√	√	√	√	√
Strategic Planning	√	√	√	√	√	-	√	√
Other Board Experience	√	√	√	√	√	-	√	√
Human Resources/Compensation	√	√	-	√	√	-	-	√

Director Compensation and Required Equity Ownership

The Board has established a formal equity ownership policy requiring that each non-employee director hold at least five times his or her annual director remuneration in Common Shares and/or deferred share units (“DSUs”) based on the closing price of the Common Shares at the end of the most recently completed fiscal year. Each director is required to comply with this equity ownership requirement by no later than four years from the date of becoming a director. All directors are currently in compliance with the equity ownership policy. Until the minimum shareholding is achieved, a director must take all remuneration paid to him or her in the form of DSUs. Directors are also required to receive a minimum of 50% of their annual retainer fee in DSUs.

2016 Directors’ Compensation

Having regard to discussions with GGA in connection with advice on director compensation, the C&CG Committee and the Board approved for fiscal 2016 a director compensation package (for non-executive directors of the Corporation) comprised as follows:

Fee Description ⁽¹⁾	Amount ⁽²⁾
Annual Board Chair Retainer	US\$475,000
Annual Board/Vice-Chair Retainer	\$165,000
Committee Chair Retainer	\$35,000
Committee Member Retainer	\$20,000
Meeting Fee	Nil

(1) 50% of the directors’ compensation is payable in DSUs and directors elect to take the remainder of their annual compensation in the form of DSUs and/or cash, provided that new directors must receive DSUs until they comply with the shareholding requirements of the Corporation’s equity ownership policy for directors.

(2) In 2016, the directors were paid *pro-rated* amounts for their service from October 3, 2016 to December 31, 2016 (being the period in which ECN Capital was a public company in fiscal 2016).

The following table sets forth all amounts of compensation paid to non-executive directors of the Corporation in fiscal 2016.

Name ⁽¹⁾	Cash fees earned (\$)	Option-based awards (\$)	Share-based awards ⁽²⁾ (\$)	Total (\$)
William Lovatt	0	57,997	314,715	372,712
Bradley Nullmeyer	0	57,997	88,751	146,748
Gordon Giffin ⁽³⁾	75,000	57,997	42,169	175,166
Pierre Lortie	0	57,997	114,010	172,007
David Morris	0	57,997	107,998	165,995
Paul Stoyan	0	57,997	111,011	169,007

- (1) Disclosure of compensation for Steven Hudson provided under the heading “Compensation Discussion and Analysis – Summary Compensation Table”.
- (2) DSUs were issued to directors based on the 10-day volume weighted average price of the Common Shares preceding the grant date, as per the terms of the Corporation’s Deferred Share Unit Plan.
- (3) Mr. Giffin will not stand for re-election as a director for the ECN Capital Board.

Outstanding Option-Based and Share-Based Awards

The following table sets out all option-based and share-based (DSU) awards outstanding as of December 31, 2016 for all non-executive directors of the Corporation.

Option-based Awards					Share-based Awards		
Name ⁽¹⁾	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration dates	Value of unexercised in-the-money options ⁽²⁾ (\$)	Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards not paid out or distributed ⁽³⁾ (\$)
William Lovatt	100,000	2.70	2022-2024	60,000	0	N/A	319,942
Bradley Nullmeyer	2,622,678	2.32	2018-2024	2,566,605	0	N/A	84,559
Gordon Giffin	157,021	2.51	2019-2024	123,541	0	N/A	40,178
Pierre Lortie	421,517	1.50	2017-2024	756,846	0	N/A	128,717
David Morris	100,000	2.70	2022-2024	60,000	0	N/A	113,967
Paul Stoyan	112,339	2.63	2020-2024	75,540	0	N/A	125,859

- (1) Disclosure of compensation for Steven Hudson provided under the heading “Compensation Discussion and Analysis – Summary Compensation Table”.
- (2) Represents the intrinsic value of all Options (whether vested or unvested) based on the closing price of the Common Shares on the TSX on December 30, 2016.
- (3) The market or payout value of DSUs that are payable after the director resigns from the Board and the noted amount is based on the closing price of the Common Shares on the TSX on December 30, 2016 (\$3.30).

Value Vested or Earned During the Year

The table below sets out all DSUs held by non-executive directors of the Corporation that vested but have not been paid put as of December 31, 2016.

Name ⁽¹⁾	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)
William Lovatt	0	314,715
Bradley Nullmeyer	0	88,751
Gordon Giffin	0	42,169
Pierre Lortie	0	114,010
David Morris	0	107,999
Paul Stoyan	0	111,011

- (1) Compensation disclosure for Steven Hudson is provided under the heading “Compensation Discussion and Analysis – Summary Compensation Table”.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation's corporate governance disclosure obligations are set out in the Canadian Securities Administrators' National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"), National Policy 58-201 – *Corporate Governance Guidelines* and National Instrument 52-110 – *Audit Committees* ("NI 52-110"). These instruments set out a series of guidelines and requirements for effective corporate governance (collectively, the "Guidelines"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. NI 58-101 requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines.

Set out below is a description of the Corporation's approach to corporate governance in relation to the Guidelines.

Board of Directors

The Board is currently comprised of 9 directors: William Lovatt, Steven Hudson, Bradley Nullmeyer, Gordon Giffin, Pierre Lortie, David Morris, Paul Stoyan, Donna Toth and Carol Goldman. As detailed under "Matters to be Acted Upon – 2. Election of Directors", if the director nominees are elected at the Meeting, the Board will be comprised of eight of the same directors, with Mr. Giffin not standing for re-election.

The primary function of the Board is to supervise the management of the business and affairs of ECN Capital, and includes the responsibility for succession planning, disclosure and communication policy, setting risk management and internal controls, corporate governance, senior management compensation and oversight, director compensation and assessment and approving material transactions and contracts. The Board is also responsible for reviewing the succession plans for ECN Capital, including appointing, training and monitoring senior management to ensure that the Board and management have appropriate skill and experience. The Board has established an Audit Committee, a C&CG Committee and a Credit and Risk Committee (the "C&R Committee"). See "ECN Capital's Directors and Executive Officers" for a chart setting out the membership of each of the committees of the Board.

The Board has delegated to the applicable committee those duties and responsibilities set out in each committee's mandate. The primary mandate of the Audit Committee is to provide assistance to the Board in fulfilling its responsibility to the shareholders, potential shareholders and the investment community, to oversee the work and review the qualifications and independence of the external auditors of ECN Capital, to review the financial statements of ECN Capital and public disclosure documents containing financial information and to assist the Board with the legal compliance and ethics programs as established by management and by the Board and as required by law.

The primary mandate of the C&CG Committee with respect to compensation is to approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer (the "CEO") and to make recommendations with respect to the CEO's compensation based on its evaluation, to recommend compensation arrangements for the directors, committee members and chairs, and the Chairman, to administer and interpret the incentive compensation and equity compensation plans, and to approve the appointment, compensation and terms of employment for the Chief Financial Officer (the "CFO") and senior management of ECN Capital. The primary mandate of the C&CG Committee with respect to corporate governance is to assess the effectiveness of the Board, of committees of the Board and of the directors of the Board, to recommend to the Board candidates for election as directors and candidates for appointment to Board committees and to advise the Board on enhancing ECN Capital's corporate governance through a continuing assessment of ECN Capital's approach to corporate governance.

The primary mandate of the C&R Committee is: (i) to review ECN Capital's portfolio and origination strategies and plans, to approve ECN Capital's credit risk assessment and management policies, to monitor interest rate risk in connection with ECN Capital's portfolio, and to provide advice and input respecting various matters relating to mergers and acquisitions and other strategic initiatives and investments; and (ii) to assist the Board in fulfilling its responsibilities for defining ECN Capital's risk appetite and overseeing ECN Capital's risk profile and performance against the defined risk appetite. The C&R Committee will be also responsible for overseeing the identification, measurement, monitoring and controlling of ECN Capital's principal business risks.

Independence of the Board

NI 58-101 defines an "independent director" as a director who has no direct or indirect material relationship with the Corporation. A "material relationship" is in turn defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgment. In determining whether a particular director is an "independent director" or a "non-independent director", the Board considers the factual circumstances of each director in the context of the Guidelines.

The Board is currently comprised of 9 members, a majority of whom are "independent directors" within the meaning of NI 58-101. The 7 independent directors are William Lovatt (Chairman), Paul Stoyan, Pierre Lortie, Gordon Giffin, David Morris, Donna Toth and Carol Goldman. Mr. Hudson is not independent for the purposes of NI 58-101 because he is part of management of ECN Capital. Mr. Nullmeyer is not independent for the purposes of NI 58-101 because he was, prior to the Separation Transaction, an executive officer of Element Financial Corporation, ECN Capital's predecessor company.

If the proposed nominees are elected to the Board (see "Matters to be Acted Upon – 2. Election of Directors"), the Board will be comprised of 8 members, consisting of 6 independent directors as well as Steven Hudson and Bradley Nullmeyer, who are not independent for the purposes of NI 58-101.

Independent Chairman

The roles of the Chairman and CEO are separate. William Lovatt serves as Chairman of ECN Capital. The Chairman is independent and responsible for the management, development and effective functioning of the Board and provides leadership in every aspect of its work. The position description for the Chairman sets out the Chairman's key responsibilities, which include setting the Board meeting agenda in consultation with the CEO and chairing all Board meetings. In the absence of the Chairman, an independent director chosen by the Board will assume the responsibilities of the Chairman. The Chairman provides leadership to the directors and ensures the Board is independent from management. The Chairman and each committee can also engage outside consultants without consulting management. This helps ensure they receive independent advice as they feel necessary.

Meeting in-camera

The Board and Board committees meet without management and non-independent directors at the end of all meetings and, in some cases, at the beginning of meetings. These discussions generally form part of the committee chairs' reports to the Board. The Chairman encourages open and candid discussions among the independent directors by providing them with an opportunity to express their views on key topics before decisions are taken.

Succession planning

The C&CG Committee (with the advice of the Chairman and the Vice-Chairman) has primary oversight of succession planning for senior management, the performance assessment of the CEO, and the

CEO's assessments of the other senior officers. The C&CG Committee conducts in-depth reviews of succession options relating to senior management positions and, when appropriate, approves the rotation of senior executives into new roles to broaden their responsibilities and experiences and deepen the pool of internal candidates for senior management positions.

An emergency succession plan and contingency plan has been adopted by the C&CG Committee and the Board that contemplates a scenario in which the CEO suddenly and unexpectedly is unable to perform his duties for an extended period.

The independent directors participate in the assessment of the CEO's performance every year. The board approves all appointments of executive officers.

Board Mandate

The Board is responsible for the overall stewardship of the Corporation. The Board discharges this responsibility directly and through delegation of specific responsibilities to Board committees, the Chairman, and officers of the Corporation, all as more particularly described in the Board Mandate adopted by the Board.

As set out in the Board Mandate, the Board has established three committees to assist with its responsibilities: the Audit Committee, the C&CG Committee and the C&R Committee. Each of the Audit Committee, the C&CG Committee and the C&R Committee has a mandate defining its responsibilities. The Board Mandate also provides for the establishment of additional committees of the Board. The Board Mandate is attached as Exhibit A.

Position Descriptions

The Board has written position descriptions for the Chairman and Vice-Chairman, chairs of each of the committees of the Board, and the CEO. The Board Mandate and the committee mandates for the Audit Committee, C&CG Committee and the C&R Committee set out in writing the responsibilities of the Board and the committees for supervising management of the Corporation.

Diversity

Board of Directors

ECN Capital recognizes the benefits that diversity brings to the company. The Board aims to be comprised of directors who have a range of perspectives, insights and views in relation to the issues affecting ECN Capital. This belief in diversity is reflected in a written diversity policy adopted by the Board. The diversity policy states that the Board should include individuals from diverse backgrounds, having regard to, among other things, gender, status, age, business experience, professional expertise, education, nationality, race, culture, language, personal skills and geographic background. Accordingly, consideration of whether the diverse attributes highlighted in the policy are sufficiently represented on the Board will be an important component of the selection process for new Board members.

The C&CG Committee has emphasized the Board's commitment to the recruitment of women by making the identification of candidates who are women a key search criterion in the director selection and nomination process. This resulted in the Board appointing two female directors in 2017. These directors are also nominees for directors at this meeting. Following the annual general meeting and assuming that all nominees for director are elected, two of eight directors (25%) on the Board will be women. The Board recognizes the value of the contribution of members with diverse attributes on the Board and will be committed to ensuring that there is representation of women on the Board.

Board Member and CEO, Steven Hudson is a Member of the 30% Canada Club. The 30% Club believes that gender balance on boards encourages better leadership and governance, and contributes to better all round board performance. The 30% Club does not believe mandatory quotas are the right approach. It supports a voluntary approach based on developing gender diverse talent pools throughout all levels of the Company. This approach accelerates progress towards better gender balance, and ultimately, improved performance for the company and its shareholders.

Management

ECN Capital believes that a diversity of backgrounds, opinions and perspectives and a culture of inclusion helps to create a healthy and dynamic workplace, which improves overall business performance. ECN Capital recognizes the value of ensuring that the Corporation has leaders who are women. The Corporation prides itself on developing its employees internally and providing them with opportunities to advance their careers. ECN Capital is building a strategy and execution plan to work towards increasing the representation of women in leadership roles at all levels of the organization. One of the objectives of this initiative is to ensure that there are highly-qualified women within ECN Capital available to fill vacancies in executive officer and other leadership positions. In appointing individuals to its leadership team, both at the corporate level and business vertical level, ECN Capital weighs a number of factors, including the skills and experience required for the position and the personal attributes of the candidates.

The Corporation believes that the most effective way to achieve its goal of increasing the representation of women in leadership roles at all levels of the organization is to identify high-potential women within the Corporation and work with them to ensure they develop the skills, acquire the experience and have the opportunities necessary to become effective leaders.

Orientation and Continuing Education

As set out in the Board Mandate, ECN Capital has a policy of making a full initial orientation and continuing education process available to Board members. The Board is responsible for director orientation and continuing education. All new directors are provided with an initial orientation regarding the nature and operation of ECN Capital's business and the affairs of ECN Capital and as to the role of the Board and its committees, as well as the legal obligations of a director of ECN Capital. Existing directors are periodically updated on these matters.

In order to orient new directors as to the nature and operation of ECN Capital's business, they are given the opportunity to meet with key members of the management team to discuss ECN Capital's business and activities. In addition, new directors receive copies of Board materials, corporate policies and procedures, and other information regarding the business and operations of ECN Capital.

ECN Capital's Board members are expected to keep themselves current with industry trends and developments and are encouraged to communicate with management and, where applicable, auditors, advisors and other consultants of ECN Capital. Board members have access to ECN Capital's in-house and external legal counsel in the event of any questions or matters relating to the Board members' corporate and director responsibilities and to keep themselves current with changes in legislation. ECN Capital's Board members have full access to ECN Capital's records.

The Corporation provides ongoing continuous education programs through key business area presentations, business updates and operations site visits as appropriate.

Nomination of Directors

The C&CG Committee is responsible for recommending to the Board candidates for election as directors and candidates for appointment to Board committees as set out in the C&CG Committee Mandate. See “- Compensation and Corporate Governance Committee”. The Chairman is also responsible for consulting with the C&CG Committee regarding candidates for nomination or appointment to the Board.

Ethical Business Conduct

The Board has adopted a Code of Business Conduct and Ethics (the “Code”), a written code of business conduct and ethics for the Corporation’s directors, officers and employees that sets out the Board’s expectations for the conduct of such persons in their dealings on behalf of the Corporation. The Board has established confidential reporting procedures in order to encourage employees, directors and officers to raise concerns regarding matters addressed by the Code on a confidential basis free from discrimination, retaliation or harassment. Employees who violate the Code may face disciplinary actions, including dismissal.

The Code is designed to deter wrongdoing and promote honest and ethical conduct; avoidance of conflicts of interests; confidentiality of corporate information; protection and proper use of corporate assets and opportunities; compliance with applicable governmental laws, rules and regulations; prompt internal reporting of any violations of the Code; accountability for adherence to the Code; and ECN Capital’s culture of honesty and accountability. A copy of the Code may be obtained by contacting ECN Capital and requesting a copy from its investor relations contact on ECN Capital’s website at www.ecncapitalcorp.com or by mail at 181 Bay Street, Suite 2830, Toronto, Ontario, M5J 2T3.

The Board monitors compliance with the Code by delegating responsibility for investigating and enforcing matters related to the Code to management, who will report breaches of the Code to the Corporation’s Secretary. Any such investigations and resolutions of complaints will be reviewed by the Corporation’s Secretary who will report annually to the Board thereon. Certain of the matters covered by the Code are also subject to Audit Committee oversight. Any employee who becomes aware of a violation of the Code must report the violation to a member of management. Directors and executive officers are required by applicable law and the Code to promptly disclose any potential conflict of interest that may arise. If a director or executive officer has a material interest in an agreement or transaction, applicable law, the Code and principles of sound corporate governance require them to declare the interest in writing or request to have such interest entered in the minutes of meetings of directors and where required by applicable law abstain from voting with respect to the agreement or transaction. The C&CG Committee is responsible for monitoring such conflicts of interest under the Code. The Board has delegated the communication of the Code to employees to management who are expected to encourage and promote a culture of ethical business conduct.

Insider Trading Policy

In addition to the Code, ECN Capital has a comprehensive Insider Trading Policy relating to the trading in securities of ECN Capital by officers, directors, and employees of ECN Capital and its subsidiaries (the “ECN Capital Insider Trading Policy”). Among other things, the following is prohibited by the ECN Capital Insider Trading Policy: (i) short sales of ECN Capital’s securities; (ii) transactions in puts, calls or other derivative securities, on an exchange or in any other organized market; (iii) hedging or monetization transactions that allow an individual to continue to own the covered securities, but without the full risks and rewards of ownership; and (iv) the resale of securities of ECN Capital purchased in the open market prior to the expiration of three months from the purchase date. Consequently, the foregoing prohibitions in the ECN Capital Insider Trading Policy does not permit a ECN Capital executive officer or director to purchase financial instruments that are designed to hedge or offset a decrease in market value of ECN Capital’s equity

securities granted as compensation or held, directly or indirectly, by a ECN Capital executive officer or director.

Board and Committee Assessment

The C&CG Committee is responsible for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors. The assessment includes two detailed annual questionnaires that each director must complete. The annual questionnaires cover a range of topics including: (i) individual self-assessment; (ii) assessment of the Board and committee performance and effectiveness; and (iii) an assessment of peer performance at the Board level and at the committee level. The Board's independent advisor, GGA, is engaged to review and analyze the completed questionnaires and provide to the C&CG Committee a presentation and a detailed written report of the responses to the questionnaire and an analysis of those responses. Additional feedback is often sought and received from directors. GGA attends at a meeting of the C&CG Committee to present their report, address any questions the C&CG Committee may have and make recommendations as appropriate. The written analysis from the consulting firm together with any issues or concerns raised by the questionnaire and during the meeting with the independent management consultant constitutes part of the report to the Board. The C&CG Committee presents the detailed report to the Board and makes recommendations to improve the effectiveness of the Board in light of the results of the performance evaluation.

Audit Committee

The Audit Committee is comprised of three directors of the Corporation, David Morris (Chair), William Lovatt and Donna Toth, all of whom are independent and financially literate for purposes of NI 52-110. The responsibilities and operation of the Audit Committee are set out in the Corporation's Audit Committee Charter, the text of which is included as Appendix A to the Corporation's Annual Information Form dated March 30, 2017 (the "AIF"), a copy of which is available on SEDAR at www.sedar.com. Please refer to the section entitled "Audit Committee" in the AIF for further information.

The members of the Audit Committee are appointed annually by the Board, and each member of the Audit Committee serves at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

Compensation and Corporate Governance Committee

The C&CG Committee is comprised of three directors, Paul Stoyan (Chair), William Lovatt and Carol Goldman, each of whom is considered to be "independent" as defined in NI 58-101. The C&CG Committee conducts its business on the basis of majority approval, which encourages an objective process for determining compensation.

The members of the C&CG Committee are appointed annually by the Board, and each member of the C&CG Committee serves at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

To fulfill its responsibilities and duties in developing the Corporation's approach to compensation issues, the C&CG Committee shall:

- (i) review and approve corporate goals and objectives relevant to CEO compensation;
- (ii) (evaluate the CEO's performance in light of those corporate goals and objectives, and make recommendations to the Board with respect to the CEO's compensation level based on its evaluation;

- (iii) review the recommendations to the C&CG Committee of the CEO respecting the appointment, compensation and other terms of employment of the CFO, all senior management reporting directly to the CEO and all other officers appointed by the Board and, if advisable, approve and recommend for board approval, with or without modifications, any such appointment, compensation and other terms of employment;
- (iv) administer and interpret ECN Capital's share compensation agreements and its policies respecting the grant of options or other share-based compensation or the sale of shares thereunder, and review and recommend for approval of the Board the grant of options thereunder and the terms thereof;
- (v) review ECN Capital's pension and retirement arrangements in light of the overall compensation policies and objectives of ECN Capital;
- (vi) review employment agreements between ECN Capital and the CEO, and between ECN Capital and executive officers, and amendments to the terms of such agreements shall be subject to review and recommendation by the C&CG Committee and approval by the Board;
- (vii) review management's policies and practices respecting ECN Capital's compliance with applicable legal prohibitions, disclosure requirements or other requirements on making or arranging for personal loans to senior officers or directors or amending or extending any such existing personal loans or arrangements;
- (viii) recommend to the Board for its approval the terms upon which directors shall be compensated, including the Chairman (if applicable) and those acting as committee chairs and committee members;
- (ix) review on a periodic basis the terms of and experience with ECN Capital's executive compensation programs for the purpose of determining if they are properly coordinated and achieving the purpose for which they were designed and administered;
- (x) review executive compensation disclosure before ECN Capital publicly discloses this information;
- (xi) submit a report to the Board on human resources matters at least annually; and
- (xii) prepare an annual report for inclusion in ECN Capital's management information circular to ECN Capital Shareholders respecting the process undertaken by the committee in its review of compensation issues and prepare a recommendation in respect of CEO compensation.

Further information regarding the activities and recommendations of the C&CG Committee is provided in "Executive Compensation - Compensation Discussion and Analysis" above.

As set out in the C&CG Committee Mandate, the C&CG Committee is responsible for, with respect to corporate governance, among other things:

- (i) developing and updating a long-term plan for the composition of the Board that takes into consideration the current strengths, competencies, skills and experience of the Board members, retirement dates and the strategic direction of ECN Capital, and reporting to the Board thereon at least annually;

- (ii) undertaking on an annual basis an examination of the size of the Board, with a view to determining the impact of the number of directors, the effectiveness of the Board, and recommending to the Board, if necessary, a reduction or increase in the size of the Board;
- (iii) endeavouring, in consultation with the Chairman, to ensure that an appropriate system is in place to evaluate the effectiveness of the Board as a whole, each of the committees of the Board and each individual director of the Board with a view to ensuring that they are fulfilling their respective responsibilities and duties;
- (iv) in consultation with the Chairman and the CEO, annually or as required, recruiting and identifying individuals qualified to become new board members and recommending to the Board new director nominees for the next annual meeting of ECN Capital Shareholders;
- (v) in consultation with the Chairman, annually or as required, recommending to the Board, the individual directors to serve on the various committees;
- (vi) conducting a periodic review of ECN Capital's corporate governance policies and making (policy recommendations aimed at enhancing board and committee effectiveness);
- (vii) reviewing overall governance principles, monitoring disclosure and best practices of comparable and leading companies, and bringing forward to the Board a list of corporate governance issues for review, discussion or action by the Board or its committees;
- (viii) reviewing the disclosure in ECN Capital's public disclosure documents relating to corporate governance practices and preparing recommendations to the Board regarding any other reports required or recommended on corporate governance;
- (ix) proposing agenda items and content for submission to the Board related to corporate governance issues and providing periodic updates on recent developments in corporate governance to the Board;
- (x) conducting a periodic review of the relationship between management and the Board, particularly in connection with a view to ensuring effective communication and the provision of information to directors in a timely manner;
- (xi) reviewing annually the Board Mandate and the mandates for each committee of the Board, together with the position descriptions, if any, of each of the Chairman, the CEO, director and committee chairs, and where necessary, recommending changes to the Board;
- (xii) reviewing and recommending the appropriate structure, size, composition, mandate and members for the committees, and recommending for board approval the appointment of each to board committees;
- (xiii) recommending procedures to ensure that the Board and each of its committees function independently of management;
- (xiv) monitoring conflicts of interest (real or perceived) of both the Board and management in accordance with the Code, and other policies on conflicts of interest and ethics; and
- (xv) recommending procedures to permit the Board to meet on a regular basis without management or non-independent directors.

The C&CG Committee makes recommendations for candidates to the Board and candidates for appointment to various Board committees, and in making such recommendations considers the competencies and skills that the Board considers to be necessary for the Board as a whole to possess, the competencies and skills that the Board considers each existing director to possess, and the competencies and skills each new nominee will bring to the boardroom. The responsibility for approving new nominees to the Board will fall to the full Board. The C&CG Committee may also, where appropriate, recommend for Board approval the removal of a director from the Board or from a Board committee if he or she is no longer qualified to serve as a director under applicable requirements or for any other reason the C&CG Committee considers appropriate.

Credit and Risk Committee

The C&R Committee is comprised of four directors, Pierre Lortie (Chair), William Lovatt, Bradley Nullmeyer and Steven Hudson. Pierre Lortie and William Lovatt are considered to be “independent” as defined in NI 58-101. The C&R Committee reports to and assists the Board in: (i) overseeing and reviewing information regarding ECN Capital’s credit risk management framework, including the significant policies, procedures and practices employed to manage credit risk; and (ii) overseeing and reviewing information regarding ECN Capital’s risk management framework, including the significant policies, procedures and practices employed to manage risk.

The members of the C&R Committee are appointed annually by the Board, and each member of the C&R Committee serves at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

The responsibilities, powers and operation of the C&R Committee are set out in the C&R Committee Mandate. As set out in the C&R Committee Mandate, the C&R Committee is responsible for, among other things:

- (i) reviewing and assessing the effectiveness of and compliance with ECN Capital’s asset and liability management, interest rate and market risk, liquidity, investment, hedging, cash management and treasury policies and/or strategies, and other asset and liability matters as the C&R Committee deems appropriate;
- (ii) reviewing the quality of ECN Capital’s investment portfolio, liquidity and cash management;
- (iii) overseeing ECN Capital’s credit practices, policies and procedures;
- (iv) monitoring the development, origination and performance of ECN Capital’s asset portfolio from a credit risk perspective, including taking into account existing and expected market and economic trends;
- (v) reviewing recommendations of management, and considering, evaluating and approving on behalf of the Board, specified transactions above the hold limits established by the Board as a ceiling on the approval authority of ECN Capital’s Chief Credit Officer; and
- (vi) providing advice and input relating to mergers and acquisitions, the integration of acquired businesses, and other strategic initiatives and investments.

In addition, as set out in the proposed C&R Committee Mandate, the C&R Committee, with respect to ECN Capital's general management of risk, will be responsible for, among other things:

- (vii) reviewing annually the report from management identifying on an enterprise basis current and emerging material risks confronting ECN Capital in terms of gross risks, measures taken and controls being applied to mitigate risks and the net of residual risks faced and ECN Capital's responses to trends affecting those exposures;
- (viii) reviewing quarterly reports on a number of the identified material risks;
- (ix) considering emerging industry and regulatory risks issues and their potential impact on ECN Capital;
- (x) reviewing ECN Capital's Treasury and Financial Risk Management Policy and other material risk management policies annually and, if considered appropriate, recommending such policies to the Board for approval;
- (xi) reviewing with management the conceptual framework for the assessment of material risks and the plans and policies to mitigate their impact on ECN Capital;
- (xii) reviewing annually and approve changes when appropriate to the policies implemented for the mitigation, management and control of risk, including risk appetite, underwriting management, asset-liability risk management, capital risk, operational risk management, and mergers and acquisitions;
- (xiii) reviewing and considering with senior management ECN Capital's risk capacity, risk taking philosophy and approach to determining an appropriate balance between risk and reward;
- (xiv) reviewing and evaluating ECN Capital's current exposures to funding, currency, interest rate and other market risks in relation to its capacity to bear risk, and the management of such risks;
- (xv) reviewing and discussing with senior management ECN Capital's significant financial and non-financial risk exposures, including market, credit, liquidity, operational, reputational, strategic, regulatory, and business risks, and the steps senior management has taken to mitigate, monitor and control such risk exposures;
- (xvi) ensuring that those managing risk within ECN Capital have adequate authority, independence and resources to perform their mandates;
- (xvii) ensuring that independent reviews of the risk management functions are conducted as needed; and
- (xviii) reviewing the effectiveness of those managing risk in ECN Capital and of the risk management functions annually.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

On October 3, 2016, ECN Capital became a reporting issuer following the completion of the reorganization of Element Financial Corporation into two separate publicly-traded companies (the “Separation Transaction”). ECN Capital’s executive officers’ compensation is of a similar character to the compensation which the executive officers of ECN Capital were entitled to in their positions as executive officers of Element Fleet or its subsidiaries, as applicable, however scaled down to reflect the smaller size of ECN Capital following the Separation Transaction.

Based on shareholder feedback, in mid-2016, Element Financial Corporation’s Board and management developed a compensation structure intended to “right size” to the scale of each of the separated businesses while continuing to provide strong incentive for growth. This culminated in approved post-separation compensation changes intended to bring compensation in line with conventional market terms, including:

- 1. Reduced salary and total compensation packages tied to corporate performance, not acquisitions. The 2016 total compensation paid to Steven Hudson, for example, is approximately 82% less than 2015 and approximately 48% less than 2014 compensation numbers.**
- 2. Short-term incentives (annual bonus) based on the results of the executive’s Compensation Performance Scorecard (focused on operational performance measures, not transformational acquisitions).**
- 3. Long-term incentives comprising PSUs will be inclusive of a 3-year Total Shareholder Return measure, as well as other appropriate operational measures.**
- 4. Total annual compensation opportunity (base salary, short-term incentives plan and long-term incentives plan) will include an equity component of at least 50%.**

The ECN Capital executives did not receive any special compensation for the Separation Transaction or as a result of cessation of employment with Element Fleet.

The components of compensation for executive officers of ECN Capital are base salary, short-term incentives and medium and long-term incentives. The short-term incentives are based on the results of an executive’s scorecard and focused on operational performance measures. Medium and long-term compensation are mainly awarded through grants of ECN Capital PSUs and options. ECN Capital PSUs have defined multi-year objectives including a component tied to total shareholder returns, as well as other appropriate operational measures. As discussed below under the heading “Long-Term Incentive Plan Descriptions – ECN Capital Share Unit Plan”, the long-term incentive plan grant size can be increased based on exceptional performance. Short, medium and long-term incentives have base targets for payout, as well as a maximum target. The difference between the target award and the maximum award includes allowance for M&A opportunities, which will eliminate the need for transactional bonuses in the normal course.

Overall compensation for executive officers will be evaluated and calculated based on a “total annual opportunity” and evaluated with reference to the executive officer’s scorecard. The “total annual opportunity” is comprised of base salary, short-term incentives and long-term incentives, and will emphasize equity compensation components tied to the long-term performance of ECN Capital.

The C&CG Committee determined to award the NEOs with short-term incentives and long-term incentives in recognition of their combined full year of service in the 2016 financial year to Element Fleet (for the first nine months) and ECN Capital (for the remaining three months). The NEOs did not receive any short-term incentives or long-term incentives from Element Fleet. The C&CG Committee determined to award the NEOs with short-term incentives and long-term incentives based on the targets and criterion established by Element Financial Corporation.

The following discussion describes the significant elements of the Corporation’s executive compensation program for the period of time during which the Corporation was a reporting issuer in 2016 and the 2017 financial year, with particular emphasis on the process for determining compensation payable to the named executive officers for the 2016 financial year (“NEOs”), being Messrs. Steven Hudson, Michel Béland (former Chief Financial Officer of the Corporation), Jim Nikopoulos, David McKerroll and Stephen Sands.

Approach to Compensation

ECN Capital’s success is expected to be in large part due to the entrepreneurial drive of its management team, and we will structure executive compensation to maintain that spirit. The senior team members are not typical “employees for hire”.

We will motivate ECN Capital executives to focus on the success of the Corporation by establishing a strong link between performance and compensation while building equity ownership. At the same time, we will make sure compensation is in line with market practices, so we can attract executive talent when we need to, and keep and motivate the highly qualified and experienced team we have now and reward them appropriately. We have adopted the following principles:

- Focus on retaining highly qualified and experienced executives who have a proven track record of performance.
- Make sure compensation is fair, reasonable to shareholders, and takes into consideration what comparable organizations are paying for similar positions.
- Make a significant portion of total compensation variable and link it to individual, group and corporate goals and performance.
- Make an appropriate portion of total compensation equity based, further aligning the interests of our executives and shareholders.
- Foster pay for performance in order to deliver long-term results for our shareholders and compensate our executives competitively.
- Award a significant amount of equity-based compensation with performance based-vesting hurdles, further enhancing the pay for performance philosophy, and ensuring payouts are not guaranteed solely on the lapse of time.
- Emphasize long-term performance to better reflect the business and take the focus away from short-term performance that may not create long-term benefits and to mitigate risk.

- Maintain internal pay equity so executives in similar positions and locations are treated fairly.
- Give consideration to the Diversity Policy in our approach to compensation.
- Make sure compensation is transparent to the NEOs and to our shareholders.
- Make sure compensation programs are flexible to adjust to changing business needs, competitive environments and market practices.

We will align pay with performance using a rigorous process. We will strive to achieve superior performance relative to our industry (in the top quartile), and pay our executives at the same level. This will motivate our executives, reward our shareholders, and help keep the focus on our long-term success.

Compensation Structure and Decision-Making Process

ECN Capital became a reporting issuer on October 3, 2016, and as a result the 2017 fiscal year will be our first full financial year as an independent public company. Our compensation process will start at the beginning of every year, when we assess and confirm our philosophy, program guidelines and structure. At the end of every year, we will apply a rigorous process to assess performance and award compensation. This will include individual, group and corporate performance reviews for each NEO, in consultation with our independent compensation consultant.

At the beginning of the year

Review Structure

- We will review our overall compensation philosophy and structure for NEOs and recommend any changes to the Board for approval.

Confirm Peer Group

- We will review and confirm the peer group of companies we use to: (i) compare our compensation structure and levels, and (ii) assess our performance when making compensation decisions.

Establish Performance Measures

- The C&CG Committee will work with the CEO and the Chairman to develop performance measures and levels that will be used to assess corporate performance and determine annual bonus payouts for the NEOs, including the detailed business plan approved by the Board. We will monitor the Corporation's performance against these measures throughout the year.

Assess Risk and Confirm Approach

- We will review the overall incentive plan design and the selected performance measures to: (i) consider potential payouts under different scenarios, (ii) ensure a balanced approach to risk, and (iii) ensure our decision-making process, incentive plans and compensation governance do not give executives incentive to take excessive risks or make inappropriate decisions.

At the mid-year and end of each year

Review Performance

- We will review corporate performance at mid-year and at the end of the year. The Board and/or the C&CG Committee will assess the performance of the NEOs throughout the year, during specific business reviews and Board committee meetings.
- The CEO, in conjunction with the Chairman and the C&CG Committee, will complete a review of each NEO's individual performance (other than his own) against corporate and personal objectives and against targets.

Look at Competitive Positioning

- The independent consultant will prepare a comprehensive report that includes: (i) market salary forecasts, (ii) compensation levels of our peer group at the 25th, 50th, 75th and 90th percentiles, and (iii) a comparison of each NEO's compensation against the market, to determine the executive's market position.

Awards

- The CEO will review proposed compensation for each NEO using our pay for performance protocol, and will recommend their annual bonuses, equity grants and the following year's salary.
- The C&CG Committee will review each NEO's annual performance, competitive positioning, past compensation and the recommendations from the CEO, and will discuss total compensation based on performance, market practice and board-approved compensation philosophy, consulting with our independent consultant.
- The C&CG Committee then will recommend compensation for the CEO and other NEOs for final approval by the Board.

The C&CG Committee and Board believe the above process is holistic in providing a great amount of market intelligence and data to the C&CG Committee, while providing multiple touchpoints for the C&CG Committee and Board to review compensation levels and corresponding performance to ensure the approach and awards remain appropriate and defensible.

Use of Independent Compensation Consultants

The C&CG Committee will review NEO compensation packages annually to ensure that NEOs are being compensated in line with industry practices. To assist in executing its responsibilities, the C&CG Committee will engage with independent compensation advisors.

The C&CG Committee has engaged GGA, an independent compensation advisor with significant executive compensation experience. GGA is independent of management, well qualified and represents the interests of shareholders when working for the C&CG Committee and the Board. GGA has assisted the C&CG Committee by (i) providing compensation research and data, and education on emerging trends and best practices, (ii) providing performance management planning, (iii) reviewing and designing incentive plans, and (iv) conducting comprehensive compensation reviews of the compensation levels for the directors and officers. All work conducted by GGA is pre-approved by the C&CG Committee and GGA does not provide any non-Board approved services to the organization. The C&CG Committee takes GGA's reports

and recommendations, as provided, into consideration when assessing compensation structure and awards, but ultimately makes its own decisions and recommendations for the Board to approve.

Specifically, during the period of October 3, 2016 to December 31, 2016 (being the period in which ECN Capital was a public company in fiscal 2016), GGA was retained to provide the C&CG Committee with advice and recommendations related to executive and director compensation programs for fiscal 2016. GGA’s fees incurred for these services are as follows:

Executive Compensation-Related Fees	All Other Fees
\$1,695	\$0

Benchmarking Compensation and Comparator Group

The market for talent for ECN Capital’s NEOs is largely North American as ECN Capital historically was equally likely to recruit executives from Canadian or U.S. companies. As the Corporation has grown, it has become more U.S. centric, thus impacting the recruitment and comparative needs, respectively.

The availability of senior experienced executive leaders with specific sector experience of the depth and calibre of ECN Capital’s executive team is limited. Adding the deep entrepreneurial status of the executive team adds significant rarity which limits “comparable” data availability. For this reason, U.S. and Canadian companies are included in the benchmark group. The Board recognizes that there are few publicly traded companies that are directly comparable to ECN Capital’s scope of operations and thus the formation of the comparator group takes into account the following items: (i) ECN Capital’s scope of operations; (ii) companies that compete within the same industry; (iii) companies of similar size and/or complexity; (iv) companies that have comparable financial characteristics that investors view similarly; (v) companies that may be subject to similar external factors; and (vi) geographical scope – North American in scope.

ECN Capital became a new public company on October 3, 2016 and given the short time period for 2016, it was determined that ECN Capital would use the comparator group previously used by Element Fleet for peer group analysis. The comparator groups used in 2016 for Element Financial Corporation compensation benchmarking purposes was composed of the following companies:

Performance Peer Group		
Aercap Holdings N.V .	Fleetcor Technologies, Inc.	Santander Consumer USA Holdings Inc.
Air Lease Corporation	GATX Corp.	The Toronto-Dominion Bank
Ally Financial	IGM Financial	Wex Inc.
Bank of Montreal	One Main Holdings Inc.	
CIT Group Inc.	Ryder System, Inc.	

General survey data is incorporated within the benchmarking process to provide an added perspective. The survey data is used to complement the custom industry-specific analysis of the comparator group. General financial industry data provides an overview of compensation levels in the marketplace utilizing companies based on comparable size to Element Financial Corporation.

The C&CG Committee will annually review the approach to compensation benchmarking for the NEOs and make any necessary adjustments to the comparator group in order to ensure proper alignment. For example, we used Element Financial Corporation’s 2016 peer group for the 2016 fiscal year and made the

appropriate adjustments to reflect, among other things, ECN Capital’s size, industry, financial characteristics and geographical scope.

Compensation Components

The executive compensation plan includes short-term and long-term compensation, and a benefits and perquisites package. There are no formal pension or other retirement plans at ECN Capital.

The following table explains how each component supports our compensation philosophy. We assess each element separately, and together these are considered total compensation. Short-term and long-term compensation together make up each executive’s total direct compensation.

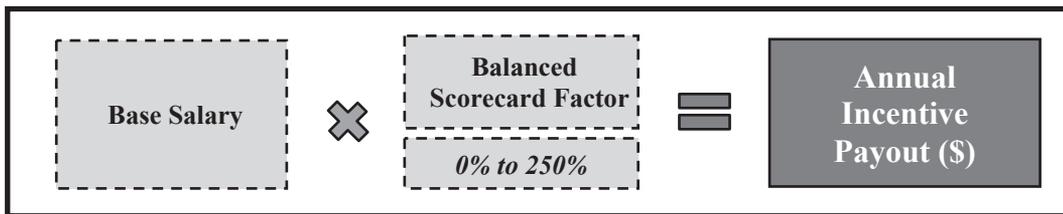
Component	Objective/Rationale
(A) Short-term Compensation	<ul style="list-style-type: none"> • Awarded based on performance, the executive’s position in the company and relative to our peer group.
(i) Base Salary	<ul style="list-style-type: none"> • Forms the basis for attracting, comparing and remaining competitive with the market. • Fixed, and used to determine other elements of compensation and benefits. • Established at the beginning of the year taking into account the recommendations of our independent consultant.
(ii) Annual Cash Bonus	<ul style="list-style-type: none"> • Links pay to individual and corporate achievements. • Variable, and paid in cash at the end of the year based on the previous year’s performance. Bonuses are not paid unless a threshold level of performance is achieved with performance benchmarks being specified in detailed scorecards for each NEO. • Target of 1.5x base salary and maximum of 2.5x base salary.
(B) Long-term Compensation	<ul style="list-style-type: none"> • Links pay to long-term performance and promotes equity ownership. • Awarded based on corporate performance, the executive’s potential to contribute to our future success and the executive’s position in the company. • Ultimate value is based on our share price over time. • Options, RSUs, DSUs and PSUs. • Target of 2.5x base salary and maximum of 4.0x base salary.
(C) Other Compensation	<ul style="list-style-type: none"> • Participation in ECN Capital’s comprehensive group benefit plan and a taxable cash allowance for specific perquisites is provided to each NEO. • There is no formal pension plan for the NEOs. • Awarded based on the executive’s position in the company and relative to our peers. • Designed to be competitive overall with equivalent positions, to promote greater executive satisfaction through choice, and to manage program and administrative costs.

Base Salary

Base salaries are intended to provide ECN Capital’s NEOs with competitive base salaries. See “– Compensation Philosophy”. Based on shareholder feedback, in mid-2016, Element Financial Corporation’s Board and management developed a compensation structure intended to “right size” to the scale of each of the separated businesses while continuing to provide strong incentive for growth. This culminated in approved post-separation compensation changes intended to bring compensation in line with conventional market terms, including reduced salary and total compensation packages tied to corporate performance, not acquisitions. Mr. Hudson’s base salary, for example, was reduced from \$1,320,000 in 2016 to \$875,000 in 2017. ECN Capital will differentiate salary levels to reflect a NEO’s performance, experience and responsibilities. Base salaries will be reviewed annually and increased for merit reasons and in response to market changes. Additionally, base salaries may be changed as warranted throughout the year for promotions or other changes in the scope of a NEO’s role and responsibilities.

Short-Term Incentives – Annual Incentive

An annual performance bonus is a short-term component of compensation. Annual performance bonus payments are linked to the performance of ECN Capital and the NEO’s contribution to that performance, as well as personal performance of individual NEOs. This component is capped at 250% of base salary.



From October 3, 2016 to December 31, 2016 (being the period in which ECN Capital was a public company in fiscal 2016), the C&CG Committee approved a Compensation Performance Scorecard for senior executives based on performance measures in the following categories: (i) financial objectives; (ii) key priorities; and (iii) individual objectives.

The Compensation Performance Scorecard was designed to:

- Align with our strategic plan;
- Provide clear focus on key measures that will drive continued success of the business;
- Increase the proportion of quantitative measures; and
- Utilize measures that are readily understood by shareholders and publicly reported.

The financial objectives for 2016 included achieving the following key annual operating results based on the 2016 budgets for Element Financial Corporation (Q1-Q3 2016) and ECN Capital (Q4 2016):

Financial Objective	2016 Target	2016 Actual	Variance
Adjusted Operating Income (before taxes)	3.49%	3.23%	-7.4%
Earnings per Share (adjusted)	\$1.49	\$1.40	-\$0.09

Key priorities for the NEOs were primarily focused on operational performance.

By placing a significant weighting (over 50%) on achieving our key financial objectives for the majority of our NEOs (other than the CFO), the C&CG Committee believes that the annual incentive plan is closely aligned with shareholder interests. For the CFO, the majority of performance objectives are tied to increasing overall operational performance, ensuring appropriate cost savings and ensuring comprehensive financial reporting and compliance.

Longer-Term Incentives (PSUs, DSUs, RSUs and Options)

Medium-term and long-term incentives are intended to provide ties between executive compensation and performance of the Corporation. These incentives also strengthen retention and reinforce alignment with shareholder value. PSUs, DSUs, RSUs and/or Options are granted annually to executives based on level, individual performance, potential and market competitiveness. As these incentives comprise the majority of a senior executive's total compensation, target award levels will be benchmarked annually to ensure competitiveness with the external market.

ECN Capital can issue PSUs and RSUs as medium-to-longer term incentives. PSUs are phantom shares that fluctuate with the price of Common Shares. PSUs vest within three years and pay out at the end of the vesting period, subject to the achievement of performance conditions. PSUs are designed to focus executives on key measures of business success. Please see "Additional Disclosure – Longer-Term Incentive Plan Descriptions – ECN Capital Share Unit Plan" for a detailed description of ECN Capital's PSU and RSU plan.

PSU performance measures will be inclusive of a three-year total shareholder return measure as well as other operational measures. Medium-term and long-term incentives are targeted at 2.5x base salary with a capped component of 4.0x base salary.

Additional Benefit Plans

Pension Plan Benefits

As at December 31, 2016, ECN Capital did not have a formal pension plan or any other plan that provides payment or benefits at, following or in connection with retirement.

Perquisites

The NEOs are entitled to participate in all employee benefit plans offered by ECN Capital to its employees, including ECN Capital's comprehensive group benefit plan administered by Manulife Financial.

Risk Assessment of Compensation Programs

The Board (through the C&R Committee) has overall responsibility for the oversight of the Corporation's risk management, including in relation to all aspects of compensation. In this regard, the Board

oversees the Corporation's compensation programs to ensure they do not encourage individuals to take inappropriate or excessive risks that could have a materially adverse effect on the Corporation. The Board, together with the C&CG Committee, considered the compensation programs of the Corporation to ensure that controls are in place to monitor and separate decision authorities related to key risks associated with Corporation's compensation and incentive plans. The Board and the C&CG Committee each also sought to ensure that the size of the rewards related to any given metric within the influence of a key decision maker was not significant enough to encourage excessive risk taking, and that the Corporation's compensation policies and practices are unlikely to have a materially adverse impact on the Corporation.

Equity Ownership Requirements

In respect of the executives, the Corporation has adopted a formal equity ownership policy to ensure that senior executives of the Corporation acquire and hold a meaningful equity ownership interest in the Corporation. Executives governed by the policy include the NEOs and such other executives as designated by the C&CG Committee. Under the policy, each executive shall attain and maintain the following equity ownership levels in the Corporation:

Position	Multiple of Base Salary
CEO	5.0x
CFO and COO	3.0x
Other named executives	2.0x

Executives have one year from becoming subject to the policy to meet these requirements. When calculating the value of any Common Share held, the share price to be used will be the greater of the original cost and the volume weighted market price for the Common Shares for the five trading days preceding the measurement date. DSUs and RSUs count toward satisfying the minimum holdings above.

Executives who have passed their achievement due date and who have not achieved their ownership requirements by the end of that year will automatically have 50% of their annual incentive compensation for the upcoming performance year paid in Common Shares or DSUs. All executives subject to the policy are currently in compliance with the equity ownership requirements, holding in each case equity ownership interests which significantly exceed the policy's equity ownership requirements.

NEO	Total Value of Securities (Common Shares/DSUs/PSUs) ⁽¹⁾	Total as Multiple of Base Salary
Steven K. Hudson	\$33,797,699	25.6x
Michel Béland	\$2,428,949	n/a ⁽²⁾
Jim Nikopoulos	\$2,551,778	7.3x
David McKerroll	\$2,808,409	3.1x
Stephen Sands	\$3,122,543	9.9x

- (1) Represents total number of Common Shares, DSUs and PSUs held by the NEO as at December 31, 2016. The market value of Common Shares, DSUs and PSUs is based on the closing price of the Common Shares on the TSX on December 30, 2016, which was \$3.30 per Common Share.
- (2) Mr. Béland did not receive a base salary from ECN Capital in fiscal 2016. He received compensation from Element Fleet and provided ECN Capital with the services of an interim CFO, on a transitional basis. See "Summary Compensation Table" below.

Clawbacks

The Corporation has a clawback policy which provides the Board with discretion to recover any and all incentive compensation received or realized by a NEO if there is an incidence of misconduct by such executive resulting in the need for the Corporation to publicly issue an accounting restatement of all or a portion of its interim or annual financial statements. Misconduct is characterized as gross negligence, intentional misconduct, fraud or other misconduct or wilful act engaged in by the applicable executive which resulted in the financial restatement by the Corporation.

Anti-Monetization

Pursuant to ECN Capital's Insider Trading Policy, directors and executive officers of ECN Capital are expressly prohibited from, directly or indirectly, undertaking any activities or engaging in trades in securities whereby the interests of such person making the trade are not aligned with those of ECN Capital (or would raise a particular concern regarding the same), including, but not limited to, purchasing financial instruments that are designed to hedge or offset a decrease in the market value of ECN Capital's Common Shares or other equity securities granted as compensation or otherwise held.

Summary Compensation Table

As ECN Capital became a reporting issuer on October 3, 2016, it is required to disclose the actual compensation earned by each NEO during 2016. Accordingly, the following summary compensation table sets forth the compensation earned by each NEO during this three-month period.

Name and principal position	Fiscal Year ⁽¹⁾	Salary (\$) ⁽²⁾	Share-based awards (\$)	Option-based awards (\$) ⁽³⁾	Non-equity incentive plan compensation (\$)		All other compensation (\$) ⁽⁵⁾	Total compensation (\$)
					Annual incentive plans ⁽⁴⁾	Long-term incentive plans		
Steven K. Hudson, <i>Chief Executive Officer</i>	2016	330,000	—	1,014,939	975,000	—	—	2,319,939
Michel Béland ⁽⁶⁾ , <i>Former Chief Financial Officer</i>	2016	—	—	870,000	860,000	—	—	1,730,000
Jim Nikopoulos, <i>Chief Operating Officer</i>	2016	87,500	—	870,000	860,000	—	—	1,817,500
David McKerroll <i>President, Rail & Aviation</i>	2016	225,000	—	870,000	750,000	—	—	1,845,000
Stephen Sands, <i>Chief Credit Officer</i>	2016	78,750	—	290,000	150,000	—	—	518,750

- (1) ECN Capital was incorporated on July 22, 2016. Accordingly, the 2016 fiscal year begins on July 22, 2016 and ends on December 31, 2016.
- (2) Base salary amounts have been prorated to each NEO's start date which was October 3, 2016. Mr. Hudson's total 2016 compensation was \$3,490,000, including a base salary of \$1,320,000. Mr. Hudson did not receive any short-term or long-term incentive payments from Element Fleet in 2016. Effective January 1, 2017, Mr. Hudson's base salary was reduced to \$875,000.
- (3) ECN Capital determined the grant date fair values using the Black-Scholes option valuation model. The Black-Scholes option valuation model takes into account an option's exercise price, its expected life, a risk-free interest rate and the expected volatility. For the fiscal year ended December 31, 2016, the grant date fair values were determined based on a Black-Scholes option value of \$0.58 (assuming an average exercise price of \$2.70), a 7 year term, a risk free rate of 0.94%, volatility of 33.1%, and an expected annual dividend yield of \$0.04 per share).
- (4) As determined by the C&CG Committee of the Board based on a full year of service in the 2016 financial year at Element Fleet (nine months) and ECN Capital (three months). See section entitled "Compensation Discussion and Analysis" – Compensation Components."
- (5) During the fiscal year ended December 31, 2016, no NEO received perquisites that, in the aggregate, were in excess of (i) 10% of base salary or (ii) \$50,000.
- (6) For the period from October 3, 2016 and ending December 31, 2016, Mr. Béland provided ECN Capital with the services of an interim CFO, on a transitional basis, pursuant to the transition services agreement, dated as of October 3, 2016, between Element Financial Corporation (the predecessor to Element Fleet) and ECN Capital. Mr. Béland received compensation paid by Element Fleet, including salary, bonus and other compensation attributable to services provided to ECN Capital, however such amounts were determined by Element Fleet and not by ECN Capital. The amounts allocated in the table were determined by Element Fleet based on the role, responsibility and time spent by Mr. Béland to fulfill the requirements of interim CFO. On January 9, 2017, Mr. Béland was appointed CFO of ECN Capital before retiring in March, 2017. Effective March 7, 2017, Grier Colter was appointed as the Corporation's new Chief Financial Officer.

Incentive Plan Awards

Outstanding option-based and share-based awards

The following table sets out, for each NEO, information concerning all option-based awards outstanding as of December 31, 2016. No share-based awards (DSUs and PSUs) were issued or are outstanding as of December 31, 2016.

Option-based Awards				
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration dates	Value of unexercised in-the-money options ⁽²⁾ (\$)
Steven K. Hudson	5,449,946	2.33	2018-2024	5,280,202
Michel Béland	3,305,959	2.54	2017-2024	2,517,495
Jim Nikopoulos	2,147,425	2.85	2019-2024	956,344
David McKerroll	2,773,913	2.85	2021-2024	1,261,478
Stephen Sands	962,778	2.45	2017-2024	814,422

Value Vested or Earned During the Year

The table below sets out the option-based, share-based and non-equity based incentive plan amounts vested or earned in 2016.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Steven K. Hudson	1,014,939	—	975,000
Michel Béland	869,948	—	860,000
Jim Nikopoulos	869,948	—	860,000
David McKerroll	869,948	—	750,000
Stephen Sands	289,983	—	150,000

Equity Compensation Plan Information

The following table sets out the number of Common Shares issuable pursuant to the Option Plan, and the weighted-average exercise price of the outstanding Options.

Plan Category	Number of Securities to be Issued upon Exercise of Options (as at December 31, 2016)	Weighted – Average Exercise Price of Outstanding Options (as at December 31, 2016)	Number of Securities Remaining Available for Future Issuance Under the Option Plan (excluding securities reflected in (a)) (as at December 31, 2016)
	(a)	(b)	(c)
Equity Compensation Plans Approved by Securityholders	30,953,592	2.64	7,757,657
Equity Compensation Plans Not Approved by Securityholders	—	—	—

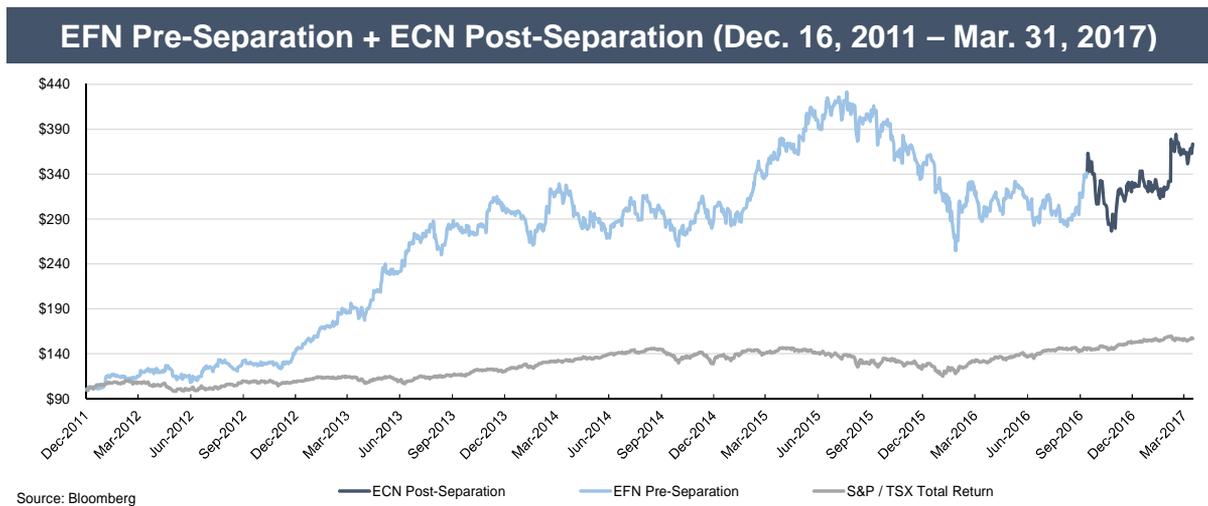
Performance Graph

The following graph shows the changes in the cumulative total shareholder return for \$100 invested in the Common Shares on September 28, 2016, when the Common Shares were listed and posted for trading on a “when issued” basis on the TSX, to March 31, 2017 and is compared against the cumulative total shareholder returns of the S&P/TSX Composite Index, assuming the reinvestment of all dividends. The performance as set out in the graph does not necessarily indicate future price performance.



During the period from September 28, 2016 (when the Common Shares began trading on a “when issued” basis on the TSX) to March 31, 2017, total shareholder returns for ECN Capital increased by 9.8%.

The following additional graph illustrates the changes in the cumulative total shareholder return for a scenario where \$100 was initially invested in Element Financial Corporation common shares on December 16, 2011 (when Element Financial Corporation became a reporting issuer) and held to and including September 27, 2016 (the day prior to the “*ex-distribution*” date for the Separation Transaction), following which a shareholder would fully divest all of its Element Financial Corporation common shares and reinvest the gross proceeds thereof into Common Shares on September 28, 2016 (the “*ex-distribution*” date) and continue to hold such Common Shares to and including March 31, 2017. Such total shareholder return assumes the reinvestment of all gross proceeds from the sale on September 27, 2016, the reinvestment of all dividends and excludes any potential transaction costs. The graph is compared against the cumulative total shareholder returns of the S&P/TSX Composite Index.



Total shareholder returns from December 16, 2011 to March 31, 2017 in respect of the scenario described above increased by 273.4%.

Termination, Retirement and Change of Control Benefits for NEOs

The employment agreements that ECN Capital has entered into with its NEOs may require ECN Capital to make certain types of payments and provide certain types of benefits to the NEOs upon retirement, termination or expiry of the employment agreements, including following a change of control of the Corporation. Such employment agreements are substantially similar to the form of agreements between the NEOs and Element Fleet prior to the Separation Transaction, except for a reduction in salary commensurate with the size and scale of ECN Capital and the recognition of their prior employment with Element Fleet (as reflected in the retiring allowances described below). No other amounts are payable to the NEOs other than as described below. There are no formal pension or other retirement plans at ECN Capital.

Employment Agreements of Messrs. Hudson and Nikopoulos

Steven K. Hudson (former Chief Executive Officer of Element Fleet) and Jim Nikopoulos (former Senior Vice President, General Counsel & Corporate Secretary of Element Fleet) each agreed to enter into new executive employment contracts with ECN Capital in connection with the Separation Transaction. Each employment agreement provided for a five-year term and recognized the service and certain rights and entitlements each executive had in respect of his prior employment with Element Fleet. Messrs. Hudson and Nikopoulos entered into employment agreements with ECN Capital effective October 3, 2016.

Each employment agreement will continue until October 2, 2021 (the “Term”), subject to early termination of employment (including following a change of control) prior to the end of the Term. The employee agreements for Messrs. Hudson and Nikopoulos will expire at the end of the Term. In recognition of their prior service at Element Fleet¹ and their employment with ECN Capital under the new employment agreements, each of Messrs. Hudson and Nikopoulos will be provided with, among other benefits, a retiring allowance upon expiry of the agreements. Specifically, in connection with the cessation of employment at the end of the Term, ECN Capital will provide each of Messrs. Hudson and Nikopoulos with the following compensation and benefits: (a) certain accrued but outstanding amounts that have been accrued up to the end of the Term but remain unpaid; (b) a lump sum retiring allowance in the amount of \$950,000 multiplied by twelve years for Mr. Hudson (representing the seven years Mr. Hudson served as an executive of Element Fleet together with the five years he has agreed to serve as an executive for ECN Capital) and \$525,000 multiplied by ten years for Mr. Nikopoulos (representing the five years Mr. Nikopoulos served as an executive of Element Fleet together with the five years he has agreed to serve as an executive for ECN Capital); (c) consulting fees of \$900,000 and \$437,500 per year for a four-year period following the expiry of the Term for Messrs. Hudson and Nikopoulos, respectively; and (d) a cash bonus for the year during which the Term ends prorated to the end of the Term, calculated and paid by ECN Capital in the normal course. In the circumstances where a NEO’s employment agreement expires at the end of the Term, the NEO will also continue to participate in the ECN Capital benefit plans (excluding disability coverage) in which such NEO participated on the date immediately preceding the end of the Term, until the second anniversary of the end of the Term, and will receive \$50,000 for career transition and related services.

ECN Capital is permitted to terminate the employment of Mr. Hudson or Mr. Nikopoulos without notice or pay in lieu thereof, at any time, for just cause. In such event, ECN Capital will pay the applicable NEO his base salary, accrued vacation and outstanding expenses up to the date of termination of employment. However, in the event that ECN Capital terminates the employment agreement of Mr. Hudson or Mr. Nikopoulos, as applicable, for just cause on grounds other than a malfeasance event (defined as an event where as a result of the gross negligence, intentional misconduct, fraud or other misconduct or wilful act engaged in by the NEO, the Corporation is required to publicly issue an accounting restatement due to material non-compliance with any financial reporting requirement), the Corporation will provide a lump sum retiring allowance equal to \$950,000 and \$525,000 to Messrs. Hudson and Nikopoulos, respectively, for each full or partial year such NEO served as an executive of ECN Capital or Element Fleet. If the foregoing termination would have occurred on December 31, 2016, then Messrs. Hudson and Nikopoulos would have been entitled to receive a payment equal to an estimated \$950,000 multiplied by seven years and \$525,000 multiplied by five years, respectively.

In the event that Mr. Hudson or Mr. Nikopoulos resigns without Good Reason (as defined in their employment agreements) beginning January 1, 2017 and every January 1st thereafter until and including January 1, 2021, Mr. Hudson and Mr. Nikopoulos shall be entitled to a lump sum retiring allowance of \$1,995,000 and \$930,000, respectively, for each year from January 1, 2017 to January 1, 2020 and \$3,420,000 and \$1,530,000, respectively, for January 1, 2021, including the *pro-rata* portions of any entitlement for any partially completed year.

Pursuant to the terms and conditions of their employment agreements, if the employment of Mr. Hudson or Mr. Nikopoulos is terminated without just cause, as a result of disability or the NEO resigns for Good Reason, then ECN Capital must provide such NEO with a payment equal to the sum of: (a) certain accrued but outstanding amounts that have been accrued up to the date of termination but remain unpaid; (b) a retiring allowance for Messrs. Hudson and Nikopoulos in the same amounts payable at the end of the Term (in one lump sum payment); and (c) a cash bonus for the year of termination, calculated as follows: (i) if the

¹ Mr. Hudson served as Chief Executive Officer of Element Fleet for seven years and Mr. Nikopoulos served as Senior Vice President and General Counsel of Element Fleet for five years.

termination date occurs during the first nine months of a calendar year, the pro-rated amount equal to the average of the cash bonuses paid by ECN Capital to such NEO in the two fiscal years prior to the date of termination of employment, or (ii) if the termination date occurs during the last three months of a calendar year, the pro-rated amount calculated and paid by ECN Capital to such NEO in the normal course. In the circumstances where a NEO is terminated without just cause or due to disability or resigns for Good Reason, the NEO will also continue to participate in the ECN Capital benefit plans (excluding disability coverage) in which such NEO participated on the date immediately preceding the date of termination of employment until the second anniversary of such date of termination of employment, and receive \$50,000 for career transition and related services. If the foregoing termination would have occurred on December 31, 2016, then Messrs. Hudson and Nikopoulos would have been entitled to receive, among other benefits, a retiring allowance in the same amounts payable at the end of the Term.

In the event that Mr. Hudson or Mr. Nikopoulos is terminated without cause or resigns with Good Reason within 12 months of a Change of Control, then such NEO will be entitled to receive a payment equal to the sum of: (a) certain accrued but outstanding amounts that have been accrued up to the date of termination but remain unpaid; (b) a retiring allowance for Messrs. Hudson and Nikopoulos in the same amounts payable at the end of the Term (with the exception of Mr. Nikopoulos who would be entitled to an additional \$1.2 million); and (c) a cash bonus for the year of termination, calculated as follows: (i) if the termination date occurs during the first nine months of a calendar year, the pro-rated amount equal to the average of the cash bonuses paid by ECN Capital to such NEO in the two fiscal years prior to the date of termination of employment, or (ii) if the termination date occurs during the last three months of a calendar year, the pro-rated amount calculated and paid by ECN Capital to such NEO in the normal course. In the circumstances where a NEO is terminated without cause or resigns for Good Reason within 12 months of a Change of Control, the NEO will also continue to participate in ECN Capital's benefit plans (excluding any disability coverage which shall be continued only for the statutory notice period following the date of termination) in which the NEO participated on the date immediately preceding the date of termination of employment for 24 months following the date of termination of employment, and receive \$50,000 for career transition and related services.

Further, unvested outstanding Options held by Mr. Hudson and Mr. Nikopoulos will be treated in accordance with the terms and conditions of the plan applicable to the Change of Control. Giving effect to the immediate vesting of all Options upon a Change of Control on December 31, 2016, Messrs. Hudson and Nikopoulos would hold Options with an estimated combined in-the-money value of \$5,280,202 and \$956,344, respectively.

Employment Agreements of Messrs. McKerroll and Sands

The respective employment agreements of David McKerroll and Stephen Sands permit ECN Capital to terminate their employment without notice or pay in lieu thereof, at any time, for just cause. In such event, ECN Capital shall pay such NEO their base salary up to the date of termination of employment.

Pursuant to the terms and conditions of their employment agreements, if the employment of Mr. McKerroll or Mr. Sands is terminated without just cause or in circumstances constituting constructive dismissal, then ECN Capital must provide such NEO with a payment equal to the sum of: (a) two times their annual base salary; and (b) two times the average of the bonuses paid by ECN Capital to such NEO in the two fiscal years prior to the date of termination of employment. In such circumstances, such NEO will continue to participate in ECN Capital's benefit plans (excluding disability coverage) in which such NEO participated on the date immediately preceding the date of termination of employment until the second anniversary of such date of termination of employment. If termination without just cause or in matters constituting constructive dismissal would have occurred on December 31, 2016, then Messrs. McKerroll and Sands would have been entitled to receive payments equal to an estimated \$3,550,000 and \$1,384,000, respectively.

In the event that Mr. McKerroll or Mr. Sands is terminated due to disability, such NEO will be entitled to receive amounts earned, but not yet paid, to the NEO through to the last day of active service preceding the disability and a payment equal to the sum of: (a) one and one half times their annual base salary; and (b) one and one half times the average of the bonuses paid by the Corporation to such NEO in the two fiscal years prior to the date of termination of employment. If termination due to disability would have occurred on December 31, 2016, then Messrs. McKerroll and Sands would have been entitled to receive payments equal to an estimated \$2,662,500 and \$1,038,000, respectively.

In the event that Mr. McKerroll or Mr. Sands is terminated without cause or is constructively dismissed within 12 months of a Change of Control, then such NEO will be entitled to receive a payment equal to the sum of: (a) two and one half times their annual base salary; and (b) two and one half times the average of the bonuses paid by ECN Capital to such NEO in the two fiscal years prior to the date of termination of employment. In such event, such NEO will continue to participate in ECN Capital's benefit plans (excluding any disability coverage which shall be continued only for the statutory notice period following the date of termination) in which the NEO participated on the date immediately preceding the date of termination of employment for 30 months following the date of termination of employment. If termination without just cause or in circumstances constituting constructive dismissal within 12 months of a Change of Control occurred on December 31, 2016, then Messrs. McKerroll and Sands would have been entitled to receive payments equal to an estimated \$4,437,500 and \$1,730,000, respectively.

Further, unvested outstanding Options and DSUs held by a NEO will immediately vest prior to the Change of Control and will be immediately exercisable pursuant to the terms of their employment agreements. Such automatic vesting provision triggered by a Change of Control is supplemental to a similar automatic vesting provision applicable to all Options issued pursuant to the Option Plan and the DSU Plan, respectively. Giving effect to the immediate vesting of all Options and DSUs upon a Change of Control on December 31, 2016, Messrs. McKerroll and Sands would hold Options and DSUs with an estimated combined in-the-money value of \$1,261,478 and \$814,422, respectively.

For the purposes of the employment agreements of the NEOs, a "Change of Control" means (a) the acquisition of control in law (whether by sale, transfer, merger, amalgamation, take-over, arrangement, consolidation or otherwise in a transaction or series of transactions) of ECN Capital by a third party (that is, the acquisition of control of over 50.1% of the issued and outstanding Common Shares); or (b) the direct or indirect sale, transfer or other disposition of all or substantially all of the assets of ECN Capital to one or more third parties in a transaction or series of transactions.

Notwithstanding any other term or condition of the ECN Capital Option Plan, options to purchase common shares of ECN Capital held by the NEO shall immediately vest in a number of circumstances, including, as applicable, at the end of the Term, on the date of termination of employment without cause or resignation by the NEO for Good Reason, or on the termination of employment as a result of death or disability. The NEO will have two years from the end of the Term to exercise the vested options. In the case of termination of employment without cause or resignation for Good Reason, the NEO will have the greater of two years from the termination date or until the end of the Term to do so. If employment terminates due to disability or death, the NEO will have two years from the termination date to exercise the vested options. Stock options will be treated in accordance with the terms and conditions of the stock option plan that apply in the event of a Change of Control.

All of the NEOs are subject to a non-competition clause and non-solicitation covenants for a period of 18 months and 24 months, respectively, following the end of the Term or the date of the termination of their employment (whichever is earlier), for any reason. If the employment of Mr. Hudson or Mr. Nikopoulos ceases (but only where such NEO is also eligible to receive a lump sum retiring allowance), such NEO will be entitled to receive additional payments in the amount of \$1,450,000 and \$860,000, respectively,

paid in two equal instalments on or about nine and eighteen months following the termination date, in consideration for such NEO's compliance with the non-competition clause.

Michel Béland retired as the CFO of ECN Capital on March 7, 2017. Mr. Béland received a retiring allowance of \$10,000,000 in recognition of his prior service at Element Fleet and for his service to ECN Capital, of which \$9,000,000 was paid on his retirement date and \$1,000,000 of which is payable on the first anniversary of his retirement date. Pursuant to the Separation Agreement between Element Financial Corporation, 2510204 Ontario Inc. and ECN Capital, dated October 3, 2016 (the "Separation Agreement") and entered into as part of the closing of the Separation Transaction, Element Fleet reimbursed ECN Capital for 75% of the \$9,000,000 paid to Mr. Béland on his retirement date and will reimburse 75% of the \$1,000,000 to be paid on the first anniversary of his retirement date.

Pursuant to the Separation Agreement, Element Fleet agreed to reimburse 75% of any amounts paid by ECN Capital to Messrs. Hudson and Nikopoulos in respect of any retiring allowance under their employment agreements with ECN Capital, up to a maximum of \$11,250,000 and \$6,150,000, respectively, in recognition of such executives' prior service with Element Fleet.

ADDITIONAL DISCLOSURE

Longer-Term Incentive Plan Descriptions

Option Plan

The Board has adopted the ECN Capital stock option plan ("Option Plan"). Options issued thereunder will allow participants to purchase Common Shares at a specified exercise price within a specified maximum exercise period of eight years. The purpose of the Option Plan is to advance the interests of ECN Capital through the motivation, attraction and retention of officers, directors and employees of ECN Capital and such other key individuals as the Board deems reasonably appropriate.

The following is a summary of the Option Plan:

- Eligible participants under the Option Plan will be the directors, officers and other key full-time employees of ECN Capital and its affiliates.
- Options will typically vest 33.3% per year over three years.
- Each vested portion will be exercisable for five years from the vesting date.
- Exercise price will be established by the Board at the time the Option is granted but shall not be less than the closing price of the Common Shares on the last trading day before the grant date.
- The Option Plan provides that the Board may make appropriate adjustments in the event of certain changes in the capital of ECN Capital.
- Maximum number of Common Shares that may be issued pursuant to the Option Plan and other security based compensation arrangements will not exceed 10% of the issued and outstanding Common Shares, calculated from time to time at the date Options are granted. The Board will take into account previous grants of Options when considering future grants.
- Common Shares subject to an Option that has been granted and that is subsequently cancelled or terminated for any reason without having been exercised will again be available for grant under the Option Plan.

- Options will be personal to the recipient and non-transferable except in accordance with the Option Plan and the regulations thereto.
- Subject to applicable law and upon notice to ECN Capital, a holder may transfer Options, or Common Shares received under the exercise of Options, to any registered retirement savings plan, registered retirement income fund, tax-free savings account or similar retirement or investment fund established by or for the holder or under which the holder is a beneficiary.
- Upon death of a holder, the holder's Option(s) will become part of his or her estate, and any right of the holder may be exercised by the deceased holder's legal representatives in accordance with the Option Plan, provided the legal representatives comply with all obligations of the deceased holder.
- Options will not be granted during "blackout periods" under the Insider Trading Policy. If an Option expires during a blackout period, the expiry date for such option will be automatically extended to the 10th business day following the end of such blackout period.
- In the case of termination of employment of any option-holder for cause, all granted Options then held by such person shall immediately terminate as of the date of termination of employment.
- In the case of termination of employment of any option-holder as a result of death or disability, all granted Options then held by such person shall terminate as of the earlier of the expiry date for such options or one year from the date of death or disability.
- In cases where the employment of any option-holder is terminated for reason other than cause, death or disability, all granted Options then held by such person shall terminate as of the earlier of the expiry date for such options or one year following the last day of employment.
- In the event of a change of control, the Board, having regard to its fiduciary duties and the best interests of ECN Capital, will address the economic value of the rights that participants, as a group, have in outstanding Options in whatever manner the Board deems to be reasonable.

The number of Common Shares issuable to insiders of ECN Capital, at any time, pursuant to the Option Plan and other security based compensation arrangements shall not exceed 10% of the issued and outstanding Common Shares. In addition, the number of Common Shares issued to insiders of ECN Capital, within a one-year period, pursuant to the Option Plan and other security based compensation arrangements shall not exceed 10% of the issued and outstanding Common Shares. The number of Common Shares issuable to non-employee directors pursuant to the Option Plan and other security based compensation arrangements shall not exceed 1% of the issued and outstanding Common Shares, and the aggregate dollar value of such Options shall not exceed \$100,000 within a one-year period. In addition, the aggregate equity value of all awards that are eligible to be settled in Common Shares granted to a non-employee director within a one year period, pursuant to all security based compensation arrangements (including the Option Plan) shall not exceed \$150,000.

The following types of amendments to the Option Plan will require shareholder approval: (i) an increase to the maximum number or percentage of securities issuable under the Option Plan; (ii) provisions granting additional powers to the Board to amend the Option Plan or entitlements thereunder; (iii) reduction in the exercise price of Options or other entitlements; (iv) any cancellation and reissue of Options or other entitlements; (v) any change to the categories of individuals eligible to be selected for grants of Options where such change may broaden or increase the participation of non-employee directors under the plan; (vi) an amendment to the prohibition on transfer of Options; (vii) an amendment to the amendment provisions under the plan; (viii) an extension to the term of Options; and (ix) changes to participation limits applicable to insiders or non-employee directors of ECN Capital.

The Board may make the following amendments to the Option Plan or an Option granted under the Option Plan without obtaining shareholder approval: (i) amendments to the terms and conditions of the Option Plan necessary to ensure that it complies with applicable law and regulatory requirements, including the requirements of any applicable stock exchange, in place from time to time; (ii) amendments to the provisions of the Option Plan respecting administration of, and eligibility for participation under, the plan; (iii) amendments to the provisions of the Option Plan respecting the terms and conditions on which Options may be granted (including the vesting schedule); (iv) the addition of, and any subsequent amendment to, any financial assistance provision; (v) amendments to the Option Plan that are of a “housekeeping” nature; (vi) amendments to the provisions relating to a change of control; and (vii) any other amendments not requiring shareholder approval under applicable laws or the requirements of an applicable stock exchange (such as the TSX). Amendments to the Option Plan or Options that are not subject to shareholder approval may be implemented by ECN Capital without shareholder approval, but will be subject to any approval required by the rules of the TSX and other requirements of applicable law. The Board will also have the right to amend, suspend or terminate the Option Plan or any portion of it at any time in accordance with applicable law and subject to any required regulatory, applicable exchange or shareholder approval.

Pursuant to the Option Plan, for purposes of compliance with Section 409A of the Internal Revenue Code of 1986, as amended (“Section 409A”), certain terms of the Options held by U.S. taxpayers may differ from those described above.

A maximum number of 38,711,249 Common Shares are available for issuance under the Option Plan (approximately 10% of the Common Shares outstanding) and there are 7,757,657 that remain available for issuance under the Option Plan (approximately 2% of the Common Shares outstanding). The maximum number of Common Shares issuable under the Option Plan shall not exceed such number which represents 10% of the issued and outstanding Common Shares from time to time, and the maximum number of Common Shares issuable under all security based compensation arrangements of ECN Capital, including the Option Plan, shall not exceed such number which represents 10% of the issued and outstanding Common Shares from time to time.

Deferred Share Unit Plan

Pursuant to the Separation Transaction, the Board has adopted the deferred shared plan (“DSU Plan”). Under the DSU Plan, the Board may grant DSUs to designated executives (being officers or employees designated by the Board as eligible) and non-employee directors of ECN Capital. A DSU is a right to receive an amount of shares or cash from ECN Capital equal to the value of one Common Share. DSU grants for directors and executives are approved by the Board based on the recommendation of the C&CG Committee. The C&CG Committee will take into account previous grants of DSUs when considering future grants.

The purpose of the DSU Plan is to attract and retain qualified persons to serve on the Board and executive team, to strengthen the alignment of interests between participants in the DSU Plan and shareholders by requiring participants to defer receiving a portion of their compensation until their retirement or resignation and having the value of such portion fluctuate with the value of the Common Shares and to provide a compensation system for non-employee directors that, together with the other director compensation mechanisms of ECN Capital, is reflective of the responsibility, commitment and risk accompanying membership on the Board and the performance of the duties required of the various committees of the Board.

Under the terms of the DSU Plan, the number of DSUs that a participant will receive will be calculated by dividing the portion of the participant’s eligible compensation by the volume-weighted average price of the Common Shares on the TSX for the 10 most recent preceding days on which they were traded on the grant date (the “DSU Fair Market Value”). Board members will be required to take a minimum of 50% of

their annual board retainer in the form of DSUs. If and when cash dividends are paid with respect to Common Shares during the term of a grant, a participant will be granted a number of dividend equivalent DSUs. Such dividend equivalents shall be converted into additional DSUs based on the DSU Fair Market Value as of the date on which the dividends are paid.

The maximum number of Common Shares which may be issued to insiders under the DSU Plan within a one year period or which may be issuable to insiders at any time, under all security based compensation arrangements of ECN Capital, shall be 10% of the Common Shares outstanding at the time of the issuance. Any increase in the Common Shares reserved shall be subject to the approval of the ECN Capital Shareholders in accordance with the rules of the TSX. The aggregate equity award value of any grants of DSUs that are eligible to be settled in Common Shares, in combination with the aggregate equity award value of any grants under any other security based compensation arrangements of ECN Capital that may be made to a non-employee director for a year shall not exceed \$150,000.

The redemption date of a participant's DSUs shall not occur until his or her resignation or retirement from ECN Capital. In such case, the participant will provide ECN Capital with a written redemption notice specifying a redemption date, which shall occur no later than December 15th of the calendar year following the year in which the participant resigned or retired.

The Board may grant awards of DSUs from time to time to each non-employee director or executive designated by the Board as eligible to participate in the plan. The DSUs are then credited to the participant's account on the award date. The DSU Plan provides that the Board may make appropriate adjustments to the DSUs in the event of certain changes in the capital of ECN Capital. In any particular year the Board may, in its sole discretion, determine not to make an award to a particular eligible director/executive or to all eligible directors/executives as a group.

The Board may specify in a DSU award agreement whether the DSUs subject to such agreement will be settled in cash or Common Shares, or a combination of both, provided that where an agreement does not provide for the settlement of the DSUs in Common Shares, such DSUs may only be settled in cash. On the redemption date, ECN Capital will: (a) pay cash, equal to the number of DSUs credited to the participant's account on the redemption date, multiplied by the DSU Fair Market Value (less any applicable withholding taxes), to the participant or the participant's legal representative, as the case may be; (b) issue one Common Share for each DSU to the participant or the participant's legal representative, as the case may be. No fractional Common Shares will be issued and any fractional vested DSUs shall be settled in cash based on the DSU Fair Market Value on the relevant settlement date.

The Board may, without Shareholder approval, make any amendments to the DSU Plan or DSUs granted thereunder as it deems necessary or appropriate including, but not limited to, (i) amendments to the terms and conditions of the DSU Plan necessary to ensure that it complies with applicable law and regulatory requirements, including the requirements of any applicable stock exchange, in place from time to time; (ii) amendments to the provisions of the DSU Plan respecting administration of, and eligibility for participation under, the plan; (iii) amendments to the provisions of the DSU Plan respecting the terms and conditions on which DSUs may be granted; (iv) amendments to the DSU Plan that are of a "housekeeping" nature; (v) amendments to the provisions relating to a change of control; and (vi) any other amendments not requiring shareholder approval under applicable laws or the requirements of an applicable stock exchange (such as the TSX). Amendments to the DSU Plan that are not subject to shareholder approval may be implemented by ECN Capital without shareholder approval, but are subject to any approval required by the rules of the TSX and other requirements of applicable law. The Board also has the right to amend, suspend or terminate the DSU Plan or any portion of it at any time in accordance with applicable law and subject to any required regulatory, applicable exchange or shareholder approval. No such amendment shall, without the consent of the eligible participant or unless required by law, adversely affect the rights of an eligible participant with

respect to any amount in respect of which an eligible participant has then elected to receive DSUs or DSUs which the eligible participant has been granted under the plan.

Notwithstanding the foregoing, the following changes to the DSU Plan will require Shareholder approval in accordance with the requirements of the TSX: (i) any increase to the maximum number or percentage of Common Shares issuable under the DSU Plan; (ii) a change in the term of any DSUs; (iii) an amendment to the amending provisions of the DSU Plan granting additional powers to the Board to amend the DSU Plan; (iv) a reduction in the DSU Fair Market Value in respect of any DSUs benefitting an insider; (v) any change to the categories of individuals eligible to be selected for grants of DSUs where such change may broaden or increase the participation of non-employee directors under the DSU Plan; (vi) any change to the insider participation limits set forth in the DSU Plan; (vii) any amendments that increase non-employee director participation limits set forth in the DSU Plan; (viii) an amendment to the prohibitions on assignment or transfer of DSUs; and (ix) an amendment to the amending provisions of the DSU Plan

Except as required by law, the rights of a participant under the DSU Plan will not be transferable or assignable other than by will or the laws of descent and distribution. An eligible participant may designate in writing a beneficiary to receive any benefits that are payable under the DSU Plan upon the death of such eligible participant.

The Board may terminate the DSU Plan at any time, but no such termination shall, without the consent of the eligible participant or unless required by law, adversely affect the rights of an eligible participant with respect to any amount in respect of which an eligible participant has elected to receive in DSUs, or has then been granted under the plan.

Upon a change of control, any unvested DSUs will immediately and automatically vest upon the date a change of control becomes effective. In the event an eligible participant's termination date is within twelve months following a change of control, the Board may, in its discretion, determine that the eligible participant or his or her beneficiary shall receive a payment in cash of an aggregate amount equal to the product of the price attributed to the Common Shares in connection with the transaction resulting in the change of control (as determined by the Board in good faith if no Common Share price was in fact established) multiplied by the number of DSUs being settled.

Pursuant to the DSU Plan, for purposes of compliance with Section 409A, certain terms of the DSUs held by U.S. taxpayers may differ from those described above.

The aggregate number of Common Shares reserved for issuance under the DSU Plan is 38,711,249, representing approximately 10% of the outstanding Common Shares on a non-diluted basis. The maximum number of Common Shares issuable under the DSU Plan shall not exceed such number which represents 10% of the issued and outstanding Common Shares from time to time, and the maximum number of Common Shares issuable under all security based compensation arrangements of ECN Capital, including the DSU Plan, shall not exceed such number which represents 10% of the issued and outstanding Common Shares from time to time. As a result, should issue additional Common Shares in the future, the number of Common Shares issuable under the DSU Plan will increase accordingly.

Share Unit Plan

The Board has adopted the ECN Capital Share Unit Plan ("Unit Plan"). Under the Unit Plan, both restricted share units ("RSUs") and preferred share units ("PSUs") may be granted. Eligible participants under the Unit Plan are individuals employed by ECN Capital or its subsidiaries, or other controlled entities that are determined by the C&CG Committee to be in a position to contribute to the success of ECN Capital. RSU and PSU grants are approved by the C&CG Committee. The C&CG Committee will take into account

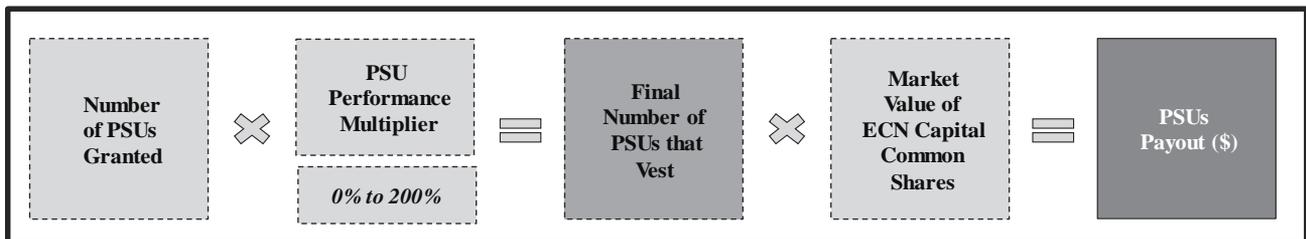
previous grants of RSUs and PSUs when considering future grants. The C&CG Committee, unless otherwise determined by the Board, has the sole and absolute discretion to administer the Unit Plan and to exercise all powers and authorities granted to it under the Unit Plan, or that are necessary and advisable in the administration of the Unit Plan.

RSUs and PSUs will vest in a period specified by the C&CG Committee, which shall not be later than December 15th of the third year following the year in which the eligible participant performed the services to which the grant related. PSUs will also be subject to performance conditions that are approved by the C&CG Committee. The Unit Plan will provide that the C&CG Committee may make appropriate adjustments to the RSUs and PSUs in the event of certain changes in the capital of ECN Capital.

PSUs granted will be a bonus for services in the year the award is granted. Depending on the specific purpose of the award, the C&CG Committee will determine the associated performance metrics, weightings and performance period.

Under the Unit Plan, the number of units that will vest will be based on performance against metrics that are tied to ECN Capital’s strategic priorities. The PSU performance multiplier under the plan design may range from 0% to 200% dependent on actual performance. The PSU payout will be zero if performance is below the minimum threshold.

Under the Unit Plan, the payout of PSUs will be determined by multiplying the number of PSUs that vest by volume weighted average trading price of the Common Shares for the 10 trading days preceding the vesting date (the “Share Unit Fair Market Value”).



On the vesting date, the Board, in its absolute discretion, can elect one or any combination of the following payment methods for the RSUs or PSUs credited to a participant’s account: (a) pay cash, equal to the Share Unit Fair Market Value on the relevant settlement date multiplied by the number of PSUs or RSUs, as applicable, credited to the participant’s account (less any applicable withholding taxes), to the participant or the participant’s legal representative, as the case may be; or (b) issue Common Shares to the participant or the participant’s legal representative, as the case may be. No fractional Common Shares will be issued and any fractional vested PSUs or RSUs shall be settled in cash based on the Share Unit Fair Market Value on the relevant settlement date.

Except as otherwise provided in a grant agreement relating to a grant of PSUs or RSUs, if and when cash dividends (other than extraordinary or special dividends) are paid with respect to Common Shares during the term of a grant, a participant will be granted a number of dividend equivalent PSUs or RSUs in an amount equal to the aggregate amount of dividends that would have been paid on such share units had they been Common Shares at the time of the dividend divided by the Share Unit Fair Market Value at the time of the dividend.

The maximum number of Common Shares which may be issued to insiders under the Unit Plan within a one year period or which may be issuable to insiders at any time, under all security based compensation arrangements of ECN Capital, shall be 10% of the Common Shares outstanding at the time of the issuance. Any increase in the Common Shares reserved shall be subject to the approval of the

Shareholders in accordance with the rules of the TSX. The plan does not provide for a maximum number of Common Shares which may be issued to a non-insider participant pursuant to the Unit Plan and all other security compensation arrangements.

The Board may, without Shareholder approval, make any amendments to the Unit Plan including, but not limited to, (i) amendments to the terms and conditions of the Unit Plan necessary to ensure that it complies with applicable law and regulatory requirements, including the requirements of any applicable stock exchange, in place from time to time; (ii) amendments to the provisions of the Unit Plan respecting administration of, and eligibility for participation under, the plan; (iii) amendments to the provisions of the Unit Plan respecting the terms and conditions on which PSUs and RSUs may be granted (including the vesting schedule); (iv) amendments to the Unit Plan that are of a “housekeeping” nature; (v) amendments to the provisions relating to a change of control; and (vi) any other amendments not requiring shareholder approval under applicable laws or the requirements of an applicable stock exchange (such as the TSX). Amendments to the Unit Plan or PSUs or RSUs that are not subject to shareholder approval may be implemented by ECN Capital without shareholder approval, but are subject to any approval required by the rules of the TSX and other requirements of applicable law. The Board also has the right to amend, suspend or terminate the Unit Plan or any portion of it at any time in accordance with applicable law and subject to any required regulatory, applicable exchange or shareholder approval.

Notwithstanding the foregoing, the following changes to the Unit Plan will require Shareholder approval in accordance with the requirements of the TSX: (i) an increase to the maximum number or percentage of Common Shares reserved for issuance pursuant to the Unit Plan; (ii) changes to the amendment provisions to grant additional powers to the Board to amend the Unit Plan or entitlements thereunder; (iii) any change to the categories of individuals eligible for grants of PSUs or RSUs where such change may broaden or increase the participation of non-employee directors in the Unit Plan; (iv) any changes to the insider participation limits set forth in the Unit Plan; (v) an amendment to the prohibition on assignment or transfer of PSUs or RSUs; and (vi) an amendment to the amending provisions in the Unit Plan. The Board may also not make any amendments to the plan or grants made pursuant to the plan without the consent of a participant if it adversely alters or impairs the rights of the participant in respect of any grant previously granted to such participant under the plan. Consent will not be required where the amendment is required for purposes of compliance with applicable laws or regulatory requirements.

In the case of termination of employment of any participant for cause, or resignation of a participant, subject to the terms of any written employment agreement, and unless otherwise determined by the C&CG Committee, no PSUs or RSUs that have not yet vested and been settled prior to the date of such termination or resignation, as the case may be, including dividend equivalent PSUs and RSUs shall vest, and all such PSUs and RSUs shall be forfeited immediately.

In the case of termination of a participant without cause, subject to the terms of any written employment agreement and the relevant grant agreement, all PSUs and/or RSUs that have not previously vested shall vest on the effective date of such termination, provided that in the case of PSUs, the total number of PSUs that vest shall be the number of PSUs covered by the relevant grant without giving effect to any potential increase or decrease in such number as a result of graduated performance conditions permitting the vesting of more or less than 100% of such PSUs.

In the case of death or disability, subject to the terms of a participant’s written employment agreement and the relevant grant agreement, in the event a participant dies or experiences a disability prior to the end of a vesting period for the grant, a portion of the RSUs shall vest as of the date of such event and all other RSUs not so vested shall be forfeited immediately. The number of PSUs, if any, that vest shall be determined in accordance with the grant agreement governing such PSUs, and any PSUs that do not vest pursuant to the relevant grant agreement shall be forfeited immediately.

In the event of a change of control of ECN Capital, subject to the terms of any written employment agreement with ECN Capital, all PSUs and RSUs that have not previously vested shall vest on the effective date of the change of control, provided that in the case of PSUs, the total number of PSUs that vest shall be the number of PSUs covered by the relevant grant without giving effect to any potential increase or decrease in such number as a result of graduated performance conditions permitting the vesting of more or less than 100% of such PSUs. PSUs and RSUs that vest pursuant to a change of control shall be settled by a lump sum cash payment based on the price attributed to Common Shares in connection with the transaction giving rise to the change of control, or as determined by the C&CG Committee in good faith if no Common Share price was in fact established.

Except as required by law, and in accordance with the provisions of the plan allowing for the designation of a beneficiary, the assignment or transfer of the PSUs or RSUs or any other benefits under the plan shall not be permitted other than by operation of law. Pursuant to the Unit Plan, for purposes of compliance with Section 409A, certain terms of the PSUs and RSUs held by U.S. taxpayers may differ from those described above.

The aggregate number of Common Shares reserved for issuance under the Unit Plan is currently 38,711,249, representing approximately 10% of the outstanding Common Shares on a non-diluted basis. The maximum number of Common Shares issuable under the Unit Plan shall not exceed such number which represents 10% of the issued and outstanding Common Shares from time to time, and the maximum number of Common Shares issuable under all security based compensation arrangements of ECN Capital, including the Unit Plan, shall not exceed such number which represents 10% of the issued and outstanding Common Shares from time to time. As a result, should ECN Capital issue additional Common Shares in the future, the number of Common Shares issuable under the Unit Plan will increase accordingly.

Overhang, dilution and burn rates

	2016
Overhang ⁽¹⁾	9.8%
Dilution ⁽²⁾	7.9%
Burn Rate ⁽³⁾	2.3%

- (1) The total number of Common Shares reserved for issuance under the Corporation’s securities-based compensation arrangements, less the number of Options redeemed, expressed as a percentage of the total number of Common Shares outstanding as at December 31st of each year on a diluted basis.
- (2) The total number of Options outstanding, expressed as a percentage of the total number of Common Shares outstanding as at December 31st of each year on a diluted basis.
- (3) The number of Options granted annually, expressed as a percentage of the total number of Common Shares outstanding as at December 31st of each year on a diluted basis.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Aggregate Indebtedness

The following table sets forth the indebtedness incurred by all current directors, officers and employees of the Corporation and its subsidiaries for the purchase of securities of the Corporation and for other purposes as of March 31, 2017.

Purpose	Aggregate Indebtedness to the Corporation or its Subsidiaries
Share Purchases	\$38,136,020
Other	—

Indebtedness of Directors and Executive Officers under Securities Purchase Program

The following table sets out the indebtedness of directors and executive officers of the Corporation (including any person who, during the year-ended December 31, 2016, was, but is not at the date of this Circular, a director or executive officer of the Corporation), nominees for election as directors, and any associates of any of the foregoing persons, during the year-ended December 31, 2016 and as at March 31, 2017 to the Corporation or its subsidiaries, or to other entities if the indebtedness to such other entities is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

Name and Principal Position	Involvement of Issuer	Largest Amount Outstanding in 2016	Amount Outstanding as at March 31, 2017
Steven Hudson, <i>Chief Executive Officer</i>	Lender	\$20,333,540	\$19,829,368
Jim Nikopoulos, <i>Chief Operating Officer</i>	Lender	\$3,361,426	\$3,374,123
Grier Colter <i>Chief Financial Officer</i>	Lender	\$0	\$1,000,949
David McKerroll, <i>President, Aviation & Rail</i>	Lender	\$2,969,324	\$2,979,986
Todd Hudson <i>Chief Operating Officer (Canada)</i>	Lender	\$2,395,390	\$2,401,174
Stephen Sands <i>Chief Credit Officer, Vendor & Commercial Finance</i>	Lender	\$2,256,994	\$2,237,283
Bruce Ells <i>Chief Credit Officer, Aviation & Rail</i>	Lender	\$1,180,799	\$1,156,260

The indebtedness reflected in the above table reflects loans provided to executive officers of the Corporation to finance the acquisition of securities in Element Financial Corporation prior to the Separation Transaction and ECN Capital post-separation. All loans for ECN Capital executive officers were subsequently transferred to ECN Capital in accordance with the Separation Transaction. These loans were approved by the Board on the basis that it was important that management's interest be aligned with that of the Corporation's shareholders. Purchase of securities through the loan program will occur through the secondary market in compliance with the Corporation's insider trading policy and applicable TSX and securities laws. In accordance with the executive share accumulation program, loans will reflect arm's length terms, including a market rate of interest, principal repayment no later than seven years from advance, and the Corporation being granted a first-priority security interest in certain ECN Capital securities held by

the executive and having full recourse to the executive as security for payment of the full amount of their indebtedness. No portion of any outstanding loan amounts have ever been forgiven by the Corporation.

AVAILABLE INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Securityholders of the Corporation can, upon request, obtain a copy of any such document free of charge. Financial information about the Corporation is provided in the Corporation's comparative annual financial statements and MD&A for its most recently completed financial year.

Shareholders of the Corporation may request copies of the Corporation's financial statements and MD&A by contacting the Chief Operating Officer of the Corporation by email at jnikopoulos@ecncapitalcorp.com or by mail at 181 Bay Street, Suite 2830, Toronto, Ontario, M5J 2T3.

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DIRECTORS' APPROVAL

The contents and the sending of this Circular have been approved by the Board of Directors of the Corporation.

Dated as of April 10, 2017.



Jim Nikopoulos
Chief Operating Officer

EXHIBIT A

ECN CAPITAL CORP. BOARD OF DIRECTORS MANDATE

As of October 3, 2016

1. Purpose

The Board of Directors (the “Board”) has the duty to supervise the management of the business and affairs of ECN Capital Corp. (the “Corporation”). The Board, directly and through its committees and the chair of the Board (the “Chair”), shall provide direction to senior management, generally through the Chief Executive Officer, to pursue the best interests of the Corporation.

2. Composition

General

The composition and organization of the Board, including the number, qualifications and remuneration of directors, the number of Board meetings, Canadian residency requirements, quorum requirements, meeting procedures and notices of meetings are governed by the *Business Corporations Act* (Ontario), applicable Canadian securities laws, applicable stock exchange rules (including the rules of the Toronto Stock Exchange) and the articles and by-laws of the Corporation, in each case as they may be amended and/or replaced from time to time, subject to any exemptions or relief that may be granted from such requirements.

Each director must have an understanding of the Corporation’s principal operational and financial objectives, plans and strategies, and financial position and performance. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise the chair of the Compensation and Corporate Governance Committee.

Independence

A majority of the Board must be independent. “Independent” shall have the meaning, as the context requires, given to it in National Policy 58-201 *Corporate Governance Guidelines*, as it may be amended and/or replaced from time to time.

Chair of the Board

If the Chair of the Board is not independent, then the independent directors shall select from among their number a director who will act as “Lead Director” and who will assume responsibility for providing leadership to enhance the effectiveness and independence of the Board. The Chair, if independent, or the Lead Director if the Chair is not independent, shall act as the effective leader of the Board and ensure that the Board’s agenda will enable it to successfully carry out its duties.

3. Duties and Responsibilities

The Board shall have the specific duties and responsibilities outlined below.

Strategic Planning

(a) Strategic Plans

The Board shall adopt a strategic plan for the Corporation. At least annually, the Board shall review and, if advisable, approve the Corporation's strategic planning process and the Corporation's annual strategic plan. In discharging this responsibility, the Board shall review the plan in light of management's assessment of emerging trends, the competitive environment, the opportunities for the business of the Corporation, risk issues, and significant business practices and products.

(b) Business and Capital Plans

At least annually, the Board shall review and, if advisable, approve the Corporation's annual business and capital plans as well as policies and processes generated by management relating to the authorization of major investments and significant allocation of capital.

(c) Monitoring

At least annually, the Board shall review management's implementation of the Corporation's strategic, business and capital plans. The Board shall review and, if advisable, approve any material amendments to, or variances from, these plans.

Risk Management

(a) General

At least annually, the Board shall review reports provided by management and the Credit and Risk Committee of principal risks associated with the Corporation's business and operations, review the implementation by management of appropriate systems to manage these risks, and review reports by management relating to the operation of, and any material deficiencies in, these systems.

(b) Verification of Controls

The Board shall verify that internal, financial, non-financial and business control and management information systems have been established by management.

Human Resource Management

(c) General

At least annually, the Board shall review a report of the Compensation and Corporate Governance Committee concerning the Corporation's approach to human resource management and executive compensation.

(d) Succession Review

At least annually, the Board shall review the succession plans of the Corporation for the Chair, the Lead Director, the Chief Executive Officer and other executive officers, including the appointment, training and monitoring of such persons.

(e) **Integrity of Senior Management**

The Board shall, to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other executive officers of the Corporation and that the Chief Executive Officer and other senior officers strive to create a culture of integrity throughout the Corporation.

Corporate Governance

(f) **General**

At least annually, the Board shall review a report of the Compensation and Corporate Governance Committee concerning the Corporation's approach to corporate governance.

(g) **Director Independence**

At least annually, the Board shall review a report of the Compensation and Corporate Governance Committee that evaluates the director independence standards established by the Board and the Board's ability to act independently from management in fulfilling its duties.

(h) **Ethics Reporting**

The Board has adopted a written Code of Business Conduct and Ethics (the "Code") applicable to directors, officers and employees of the Corporation. At least annually, the Board shall review the report of the Compensation and Corporate Governance Committee relating to compliance with, or material deficiencies from, the Code and approve changes it considers appropriate. The Board shall review reports from the Compensation and Corporate Governance Committee concerning investigations and any resolutions of complaints received under the Code.

(i) **Board of Directors Mandate Review**

At least annually, the Board shall review and assess the adequacy of this Mandate to ensure compliance with any rules of regulations promulgated by any regulatory body and approve any modifications to this Mandate as considered advisable.

Communications

(j) **General**

The Board has adopted a Disclosure Policy for the Corporation. At least annually, the Board, in conjunction with the Chief Executive Officer, shall review the Corporation's overall Disclosure Policy, including measures for receiving feedback from the Corporation's stakeholders, and management's compliance with such policy. The Board shall, if advisable, approve material changes to the Corporation's Disclosure Policy.

(k) **Shareholders**

The Corporation endeavors to keep its shareholders informed of its progress through an annual report, annual information form, quarterly interim reports, periodic press releases and other continuous disclosure documentation, as applicable. Directors and management meet with the Corporation's shareholders at the annual meeting and are available to respond to questions at that time. In addition, the Corporation shall maintain a website that is regularly updated and provides investors with relevant information on the Corporation and an opportunity to communicate with the Corporation.

4. Committees of the Board

The Board has established the following committees: the Compensation and Corporate Governance Committee, the Audit Committee and the Credit and Risk Committee. Subject to applicable law and regulations, the Board may establish other Board committees or merge or dispose of any such Board committee.

Committee Mandates

The Board has approved mandates for each Board committee and shall approve mandates for each new Board committee. At least annually, each committee mandate shall be reviewed by the Compensation and Corporate Governance Committee and any suggested amendments brought to the Board for consideration and approval.

Delegation to Committees

The Board has delegated to the applicable committee those duties and responsibilities set out in each Board committee's mandate.

Consideration of Committee Recommendations

As required by applicable law, by applicable committee Mandate or as the Board may consider advisable, the Board shall consider for approval the specific matters delegated for review to Board committees.

Board/Committee Communication

To facilitate communication between the Board and each Board committee, each committee chair shall provide a report to the Board on material matters considered by the committee at the first Board meeting after the committee's meeting.

5. Meetings

The Board will meet at least once in each quarter, with additional meetings held as deemed advisable. The Chair (in conjunction with the Lead Director, as applicable) is primarily responsible for the agenda and for supervising the conduct of the meeting. Any director may propose the inclusion of items on the agenda, request the presence of, or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Meetings of the Board shall be conducted in accordance with the Corporation's constating documents.

Secretary and Minutes

The Corporation's Secretary, his or her designate or any other person the Board requests shall act as secretary of Board meetings. Minutes of Board meetings shall be recorded and maintained by the Secretary and subsequently presented to the Board for approval.

Meetings Without Management

The independent members of the Board shall hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-independent directors and members of management are not present.

Directors' Responsibilities

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. Directors will be expected to have read and considered the materials sent to them in advance of each meeting and to actively participate in the meetings.

Access to Management and Outside Advisors

In discharging the forgoing duties and responsibilities, the Board shall have unrestricted access to management and employees of the Corporation and to the relevant books, records and systems of the Corporation as considered appropriate. The Board shall have the authority to retain legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities. The Corporation shall provide appropriate funding, as determined by the Board, for the services of these advisors.

Service on Other Boards and Audit Committees

Directors may serve on the boards of other public companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chair in advance of accepting an invitation to serve on the board of another public corporation.

6. Director development and evaluation

Each new director shall participate in the Corporation's initial orientation program and each director shall participate in the Corporation's continuing director development programs. The Compensation and Corporate Governance Committee shall review with each new member: (i) certain information and materials regarding the Corporation, including the role of the Board and its committees; and (ii) the legal obligations of a director of the Corporation. At least annually, the Board with the assistance of the Compensation and Corporate Governance Committee, shall review the Corporation's initial orientation program and continuing director development programs.

7. No Rights Created

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Corporation. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's Articles and By-laws, it is not intended to establish any legally binding obligations.



ECN CAPITAL