# ECN CAPITAL CORP.

# NOTICE OF
# ANNUAL MEETING OF SHAREHOLDERS
# TO BE HELD ON APRIL 1, 2021

# AND

# MANAGEMENT INFORMATION CIRCULAR

March 1, 2021

**ECN CAPITAL CORP.**

**Invitation to Fellow Shareholders**

On behalf of the Board and Management, we are pleased to invite you to our annual meeting (the "Meeting") of common shareholders of ECN Capital Corp. ("ECN Capital" or the "Corporation"). The meeting will be held by way of a live audio webcast utilizing the LUMI meeting platform at https://web.lumiagm.com/214436268 on April 1, 2021 at 8:30 a.m. (Toronto time).

In 2020, in the face of an unprecedented global pandemic, ECN Capital demonstrated the resilience of its business model and the leadership, strength and capability of our management team. Although some of our program initiatives were deferred from 2020 into 2021 due to COVID-19, our three platforms, Service Finance Company, LLC ("Service Finance"), Kessler Financial Services LLC ("KG") and Triad Financial Services, Inc. ("Triad"), performed exceedingly well overall despite disruptions and uncertainties in the world economy and global financial markets. At Service Finance (Home Improvement Loan Portfolios) and Triad (Manufactured Home Loan Portfolios), approvals and originations rebounded strongly following initial COVID-related pullbacks in March and April 2020. The resilience of both of these business segments and the strength of their financial platforms allowed both of these businesses to capitalize on market opportunities presented by the pandemic. Service Finance's originations increased by 29% to $2.1 billion, while Triad's originations increased by 15% to $696 million, year-over-year. At KG (Consumer Credit Card Portfolios), although the pandemic impacted consumer spending patterns, credit card balances – which declined through 2020 – are expected to resume growth in 2021, and we believe KG is well-positioned for the opportunities emerging from the disruption.

As a high growth, asset-light business service provider that originates, manages and advises on consumer credit portfolios for more than 90 U.S. and Canadian financial institution investing partners, ECN Capital originated $2.8 billion in home improvement and manufactured housing loans in 2020, up from $2.4 billion in 2019. ECN Capital reported $103 million of pre-tax adjusted operating income. Earning and Managed Assets at year-end 2020 were $32 billion. ECN Capital's pandemic-tested 2020 results provide a foundational level of confidence in Management's ability to execute on its business plan while also proving out (even in an unprecedented and unexpected pandemic) the credibility of ECN Capital's forecasts.

The best measure of the resilience of ECN Capital's business model is demonstrated in our share price. Over the course of 2020, despite the COVID-19 pandemic, our share price rose by 35%, closing the year at C$6.47 per share. The market's confidence in ECN Capital's business plan and proven results has seen the share price continue to increase in 2021. As further demonstration of ECN's commitment to prudent capital management and enhancing value for our shareholders, on February 25, 2020 the Board approved a dividend increase to an annual dividend of $0.12 per common share. Common shareholders of record on March 15, 2021 will receive a quarterly dividend of $0.03 per common share, payable on March 31, 2021.

We are focused on executing ECN Capital's business plan for 2021. Our "pipelines" – measures of committed business activity – are very strong, which supports our favorable outlook. Management is invigorated with reinforced growth aspirations for 2021 and 2022, and the Board has great confidence in Management's ability to achieve continued success. We are excited about institutional partners' receptivity to our product offerings and new opportunities.

The Board and Management monitor and manage the Corporation's cash and capital requirements. ECN Capital has an investment grade credit rating, a committed term bank facility, and significant excess liquidity. Our operating cash flow supports organic growth initiatives and finances tuck-in investment opportunities.

Key to ECN Capital's business plan is to enable growth and margin expansion initiatives at our operating partners. This is achieved through innovative technology of complementary products and executing on "take share and make share" business opportunities. Success of this execution is driven by our relationships with our investing partners. In the second quarter of 2020, the strong credit performance of ECN Capital originated and managed portfolios allowed ECN to secure both new and incremental investing partners through 2020 and into 2021. Specifically, even with Service Finance's increased origination forecasts for 2021, Service Finance currently has committed funding to finance originations into 2022.

Service Finance's market leadership position, which is driven by leading technology and underpinned by origination and servicing efficiency, encouraged home improvement dealers to join the Service Finance Network from competitors impacted by weaker operating models. Service Finance's Dealer Network grew to more than 13,000 across the country, a 23% compound annual growth rate since being acquired by ECN Capital.

ECN Capital has invested, and will continue to invest, in technology and people initiatives, including the successful implementation of a leading-edge enterprise resource planning (ERP) system across each of our operating companies. These initiatives include: a leading origination and servicing system at Triad; the hiring of a new team to enable Triad's new land and home lending program; and the build-out of a direct marketing platform at Service Finance to drive new origination growth and solidify relationships with key dealers. ECN Capital has also invested in upgrading its internal processes to improve internal controls and drive margin improvement through scale achievement.

Looking forward, ECN Capital is working to monetize opportunities from our origination channels. For example, Service Finance has developed a technology enabled multi-lender platform for credit applications which fall short of our investing partner's credit requirements. In 2020, approximately $2.0 billion of credit applications were rejected, but through the new multi-lender platform, these declined credit applications are referred to other lenders. The initiative produces more satisfied customers, higher close rates for dealers, and attractive loans for new lenders. Service Finance earns an introduction fee on a non-recourse basis.

KG's reputation and strong leadership make it a significant player in a very large and concentrated segment within the specialty finance sector. Although KG experienced a period of transitional business slowdown during 2020, the market has since recovered. KG is well positioned to participate in this improving market, in particular, by sourcing, underwriting, managing and investing in credit card portfolios as retailers and other businesses seek to develop and enhance their businesses as the economy re-emerges from the COVID-19 pandemic.

ECN Capital remains cognizant of the economic environment and the resilience of its business model. While our investing partners have no recourse to ECN Capital for credit losses, these losses are mitigated by our customer's Prime and Super-Prime credit worthiness profiles, as well as the underwriting and continuous reviews we conduct on our network of dealers. Contractual deferments at both Service Finance and Triad were modest by comparison to industry experience during 2020. Non-recourse origination fees are earned by ECN Capital with no risk of adjustment for loan performance, including interest rate changes, prepayment or delinquency.

ECN Capital benefits from a deeply experienced management team with significant equity ownership in the Corporation. A majority of the "target" compensation of our senior management is share based and performance aligned, promoting equity ownership as well as attracting, retaining and incentivizing management. 2020 was a year of leadership affirmation and transition at our operating companies including retention, succession, and performance-aligned compensation arrangements. Within the ECN Capital executive group, long-term compensation arrangements were established to solidify the leadership team and ensure alignment of success with that of ECN Capital and its operating businesses. The CEO is one of the Corporation's largest shareholders, demonstrating his leadership and conviction in the business and prospects of the Corporation.

ECN Capital strongly supports the increased emphasis that investors are placing on Environmental, Social, and Corporate Governance ("ESG") strategy. Our CEO became a founding member of the Canadian chapter of the 30% Club in 2017, whose mission is for women to represent at least 30% of board members and C-suite executives. Of our 570 total employee group, including ECN Capital and our operating companies, 56% are female, and 45% are people of color.

Our operating businesses also fit squarely into the environmental shift. Service Finance finances energy efficient improvements to existing homes, while Triad finances "green" factory-built housing with minimal waste compared to site-built homes. Energy Star rated products factor prominently in our business model. Service Finance and Triad have indirect regulatory oversight with respect to Privacy and Compliance Standards through the regulation of our funding partners.

One of our corporate priorities is an open and transparent dialogue with our shareholders and stakeholders, supported by continuous shareholder engagement initiatives. On February 4, 2021, we hosted our third annual Investor Day, which was a virtual gathering this year due to the pandemic. Investor Day allows our stakeholders to hear first-hand about our three operating companies from the management teams that run them. Investor Day also provides a forum to learn about the value-adds and strategic direction that ECN Capital provides to our operating companies, as well as facilitates active dialogue and engagement with our shareholders. Shareholder input matters to us. We hope that in 2022 we will be able to return to an in-person Investor Day gathering.

We believe that shareholder engagement and strong governance is key to a partnership with our shareholders and we structure executive compensation to establish a direct link between performance and compensation. We provide our shareholders with an annual "Say-on-Pay" advisory vote in respect of our approach to executive compensation. Although the Say-on-Pay vote is advisory only, we believe the vote is important, as it allows our shareholders to express their views. The vote will influence how the Compensation and Corporate Governance Committee considers executive compensation matters in the future.

Following this letter is the formal Notice of the Meeting and our 2021 management information circular. The management information circular provides important information about the matters to be voted on at the Meeting.

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

**Shareholders should read the circular carefully and consult with their advisors before casting their vote.**

Thank you for your continued support. We look forward to welcoming you at our annual shareholders meeting on April 1, 2021.

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| **William Lovatt**<br>***Chairman of the Board*** | **Steven Hudson**<br>***Chief Executive Officer*** |

March 1, 2021

**ECN CAPITAL CORP.**

**Notice of Annual Meeting of Shareholders**
**April 1, 2021**

Notice is hereby given that the annual meeting of the holders of common shares of ECN CAPITAL CORP. ("ECN Capital" or the "Corporation") will be held by way of a live audio webcast utilizing the LUMI meeting platform at https://web.lumiagm.com/214436268 on April 1, 2021 at 8:30 a.m. (Toronto time) (the "Meeting") for the following purposes:

1. to receive the Corporation's audited annual consolidated financial statements as at and for the financial year ended December 31, 2020 and the auditors' report thereon;

2. to elect the directors of the Corporation;

3. to re-appoint auditors and to authorize the board of directors of the Corporation to fix their remuneration;

4. to consider and, if deemed advisable, approve the non-binding advisory resolution on the Corporation's approach to executive compensation; and

5. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Please refer to the accompanying Management Information Circular dated March 1, 2021 (the "Circular") and Virtual Meeting User Guide for specific details of the foregoing matters and for access details with respect to the Meeting, including the Meeting ID.

Out of an abundance of caution, to proactively deal with the public health impact of the novel coronavirus disease, also known as COVID-19, and to mitigate risks to the health and safety of our communities, shareholders, employees and other stakeholders, the Meeting will be held in a virtual-only format, which will be conducted via live audio webcast online at https://web.lumiagm.com/214436268. During the audio webcast, shareholders will be able to listen to the Meeting live, and registered shareholders and duly appointed and registered proxyholders will be able to submit questions and vote while the Meeting is being held. We hope that hosting the Meetings virtually helps enable greater participation by shareholders by allowing shareholders that might not otherwise be able to travel to a physical meeting to attend online, while minimizing the health risk that may be associated with large gatherings. Please refer to the accompanying Circular and Virtual Meeting User Guide for access details with respect to the Meeting, including the Meeting ID.

Shareholders are invited to attend the Meeting. The Circular includes important information about the items to be considered at the Meeting and how to exercise your vote. Registered shareholders and duly appointed and registered proxyholders will be able to virtually attend, participate in and vote at the Meeting at https://web.lumiagm.com/214436268, using password "ecn2021" (case sensitive). Non-registered shareholders who receive this notice of annual meeting of shareholders and related materials through their broker, investment dealer, bank, trust company, custodian, nominee or other intermediary, should carefully follow the instructions of their intermediary to ensure that their shares are voted at the Meeting in accordance with such shareholders' instructions. Please refer to the accompanying Circular and Virtual Meeting User Guide for access details with respect to the Meeting, including the Meeting ID.

Non-registered shareholders (being shareholders who hold their units through an investment dealer, trust company, custodian, nominee or other intermediary) are advised that voting through a proxyholder at the Meeting will include, as a result of the virtual nature of the Meetings, an additional step of registering proxyholders with the proxy agent of the Corporation, Computershare Investor Services Inc., after submitting their form of proxy or voting instruction form, as applicable. Failure to register the proxyholder with the proxy agent will result in the proxyholder not receiving a 15-digit "Control Number" to participate in the Meeting and only being able to attend as a guest. Non-registered shareholders who have not duly appointed themselves as proxyholder will be able to attend the Meeting as guests but will not be able to vote or submit questions at the Meeting.

If you plan to vote at a Meeting, it is important that you are connected to the internet at all times during such Meeting in order to vote when balloting commences. It is your responsibility to ensure internet connectivity for the duration of the Meeting. You should allow ample time to log in to the Meeting online and complete the check-in procedures.

Shareholders are encouraged to express their vote in advance of their Meeting by completing the form of proxy or voting instruction form provided to them.

The shares represented by properly executed proxies given in favour of the persons named in the form of proxy will be voted at the Meeting in accordance with the instructions indicated thereon. If no instructions are given, the shares represented by properly executed proxies given in favour of the persons named in the form of proxy will be voted **FOR** each of the directors, and to approve the advisory Say-on-Pay vote, each as further described in the Circular.

If you have any questions regarding the forms, please contact your broker or intermediary or the Corporation's strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, at 1-855-682-4840 (toll free in North America), or at 1-416-867-2272 (collect outside North America), or by email at contactus@kingsdaleadvisors.com.

**Your proxy or voting instruction form must be received not later than March 30, 2021 at 8:30 a.m. (Toronto time), or in the case of any adjournment or postponement of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjournment or postponement.**

DATED the 1st day of March, 2021.

By Order of the Board of Directors
Mary Beth Koenig
*Chief Legal Officer, General Counsel and*
*Corporate Secretary*

**ECN CAPITAL CORP.**

**Management Information Circular for Annual Meeting of Shareholders**
**April 1, 2021**

## 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 meeting of the holders of common shares of the Corporation (the "Common Shares") to be held on April 1, 2021 (the "Meeting") at 8:30 a.m. (Toronto time) or at any adjournment or postponement thereof.** The Meeting will be held in virtual-only format, which will be conducted by way of a live audio webcast at https://web.lumiagm.com/214436268. 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 Corporation has also retained Kingsdale Advisors as its strategic shareholder advisor and proxy solicitation agent and will pay, in addition to certain out-of-pocket expenses, fees of up to $36,000 for its proxy solicitation services. The cost of solicitation will be borne by the Corporation.

### Appointment of Proxyholder

The persons designated by management of the Corporation in the 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 form of proxy to attend and act on the shareholder's behalf at the Meeting or at any adjournment or postponement thereof.** Such right may be exercised by inserting the name of the person or company in the blank space provided in the 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 envelope provided or otherwise to the Chief Legal Officer, General Counsel and Corporate Secretary 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 Legal Officer, General Counsel and Corporate Secretary of the Corporation at the Corporation's registered office, which is located at c/o Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Toronto, Ontario, M5L 1A9, fax number 1-416-863-2653. 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 Legal Officer, General Counsel and Corporate Secretary of the Corporation not later than March 30, 2021 at 8:30 a.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 or postponement of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjournment**

**or postponement. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion without notice.**

**Registering the proxyholder is an additional step that must be taken once a shareholder has submitted the form of proxy.** Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a username from Computershare to participate in the meeting. To register a proxyholder after submitting the form of proxy, shareholders must visit http://www.computershare.com/ECNCapital and provide Computershare with their proxyholder's contact information **no later than March 30, 2021 at 8:30 a.m.** so that Computershare may provide the proxyholder with a username via email. **Without a username, proxyholders will not be able to vote at the Meeting.**

**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 or postponement of the Meeting, the last business day preceding the day of the adjournment or postponement, or with the Chair of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment or postponement 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 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 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 or postponement 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 or postponement thereof, the Common Shares represented by properly executed proxies given in favour of the persons designated by management of the Corporation in the form of proxy will be voted on such matters pursuant to the discretionary authority provided for in the form of proxy.

**Registered Shareholders**

A registered holder of Common Shares ("Registered Shareholder") may vote in any of the ways set out below.

**On the Internet**: A Registered Shareholder can go to the website at www.investorvote.com and follow the instructions on the screen. The Registered Shareholder's voting instructions are then conveyed electronically over the internet. The Registered Shareholder will need the 15-digit Control Number found on his or her proxy.

**By Telephone**: A Registered Shareholder can call the number located on such Registered Shareholder's proxy. The Registered Shareholder will need the 15-digit Control Number found on his or her proxy.

**By Mail**: A Registered Shareholder can complete the proxy as directed and return it in the business reply envelope provided to Computershare Trust Company of Canada, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, Ontario, L4B 4R5.

**By Fax**: A Registered Shareholder may submit his or her proxy by facsimile by completing, dating and signing the enclosed form of proxy and returning it by facsimile to Computershare Investor Services Inc. at 1-416-263-9524 or toll free (within North America) at 1-866-249-7775.

**At the Meeting**: If a Registered Shareholder plans to vote during the meeting, such Registered Shareholder does not need to do anything except attend the Meeting and vote via online ballot, when prompted, as outlined under "Participation at the Meeting" below.

**Non-Registered Shareholders**

**Only Registered 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, RRIFs, RESPs, RDSPs, TFSAs and similar plans; or (b) in the name of a clearing agency (such as CDS & Co.) of which the Intermediary is a participant.

A Non-Registered Holder may vote in any of the ways set out below.

**On the Internet**: A Non-Registered Holder can go to the website at www.proxyvote.com and follow the instructions on the screen. The Non-Registered Holder's voting instructions are then conveyed electronically over the internet. The Non-Registered Holder will need the 16-digit Control Number found on his or her voting instruction form.

**By Telephone**: A Non-Registered Holder can call the number located on such Non-Registered Holder's voting instruction form. The Non-Registered Holder will need the 16-digit Control Number found on his or her voting instruction form.

**By Mail**: A Non-Registered Holder can complete the voting instruction form as directed and return it in the business reply envelope provided by the Non-Registered Holder's nominee's cut-off date and time.

ECN Capital may utilize the Broadridge QuickVote™ service to assist beneficial shareholders with voting their ECN Capital shares over the telephone. Alternatively, Kingsdale Advisors may contact such beneficial shareholders to assist them with voting their Common Shares directly over the phone.

If you have any questions or require assistance, please contact the Corporation's strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, at 1-855-682-4840 (toll free in North America), or at 1-416-867-2272 (collect outside North America), or by email at contactus@kingsdaleadvisors.com.

***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 (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.**

**Registering a duly appointed proxyholder (whether the Non-Registered Holder itself or another person) is an additional step that must be taken once a Non-Registered Holder has submitted the form of proxy.** Failure to register the proxyholder will result in the proxyholder not receiving a username from Computershare to participate in the meeting. To register a proxyholder after submitting the form of proxy, shareholders must visit http://www.computershare.com/ECNCapital and provide Computershare with their proxyholder's contact information **no later than March 30, 2021 at 8:30 a.m.** so that Computershare may provide the proxyholder with a username via email. **Without a username, proxyholders will not be able to vote at the Meeting.**

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 Shareholders or Non-Registered Holders using notice-and-access delivery mechanisms defined under NI 54-101 and National Instrument 51-102 – *Continuous Disclosure Obligations.*

If you have any questions about the information contained in this Circular or require assistance, please contact the Corporation's strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, at 1-855-682-4840 (toll free in North America), or at 1-416-867-2272 (collect outside North America), or by email at contactus@kingsdaleadvisors.com.

***United States Beneficial Holders***

To attend and vote at the Meeting, a U.S.-resident beneficial holder must first obtain a valid legal proxy from their broker, bank or other agent appointing him or herself as proxyholder and subsequently register in advance of the Meeting.

If you are a U.S.-resident beneficial holder, follow the instructions from your broker or bank included with the meeting materials, or contact your broker or bank to request a legal proxy form. After obtaining a valid legal proxy from your broker, bank or other agent, you must submit a copy of your legal proxy appointing yourself as proxyholder to Computershare at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Canada or by email at uslegalproxy@computershare.com. **Requests for registering legal proxies must be labeled as "Legal Proxy" and be received not later than March 30, 2021 at 8:30 a.m.** You will receive a confirmation of your proxy registration by email.

After receiving confirmation of your proxy registration by email, you must visit http://www.computershare.com/ECNCapital and provide Computershare with your contact information **no later than March 30, 2021 at 8:30 a.m.** so that Computershare may provide you with a username via email. **Without a username, you will not be able to vote at the meeting.**

If you have any questions about the information contained in this Circular or require assistance, please contact the Corporation's strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors at 1-855-682-4840 (toll free in North America), or at 1-416-867-2272 (collect outside North America), or by email at contactus@kingsdaleadvisors.com.

**Participation at the Meeting**

The Meeting will be hosted online by way of a live audio-only webcast, in accordance with the Virtual Annual Meeting of Shareholders Code of Procedure, which was adopted by the Board and to the Circular attached as Schedule A. Shareholders will not be able to attend the Meeting in person. Please refer to the accompanying Virtual Meeting User Guide for the Meeting's access details, including the Meeting ID(s).

Registered shareholders and duly appointed and registered proxyholders will be able to virtually attend, participate and vote at the Meeting. Registered shareholders and duly appointed and registered proxyholders who participate in a Meeting online will be able to listen to such Meeting, submit questions and vote, all in real time, provided they are connected to the Internet, log in using their Control Number and complete a ballot virtually during the Meeting.

Non-Registered Holders who have not duly appointed themselves as proxyholders may still attend the Meeting as a guest. Guests will be able to listen to a Meeting but will not be able to submit questions or vote at such Meeting.

Registered shareholders, duly appointed and registered proxyholders and guests, including Non-Registered Holders who have not duly appointed themselves as proxyholder, can log in to a Meeting as set out below. Guests can listen to a Meeting but are not able to vote.

1. Log in online at https://web.lumiagm.com/214436268. We recommend that you log in at least 15 minutes before the Meeting starts. Please refer to the accompanying Virtual Meeting User Guide for access details with respect to the Meeting, including the Meeting ID.

2. Read and accept the Terms and Conditions.

3. Click "Login" and then enter your Control Number (see below) and password "ecn2021" (case sensitive),

   OR click "Guest" and then complete the online form.

Registered shareholders and duly appointed proxyholders may submit questions during the Meeting by utilizing the "Questions" icon on the web portal, prior to the opening of the polls. In order to facilitate a respectful and effective Meeting, only questions of general interest to all shareholders will be answered during the Meeting. General questions not relating directly to the formal business of the Meeting will be addressed by Management on the LUMI platform following the termination of the Meeting.

Management will acknowledge receipt of all questions prior to the opening of the polls and will address those questions which are pertinent to the formal business of the Meeting prior to voting. Management will confirm that general questions not relating to the formal business of the Meeting will be answered following termination of the Meeting on the LUMI platform. At this time, Management will also identify any questions relating to individual matters and confirm that a representative will directly respond to the Registered shareholder or duly appointed proxyholder following the Meeting.

***Registered Shareholders***

The 15-digit control number located on the form of proxy or in the email notification you received is your Control Number for the purposes of logging in to the Meeting.

*Duly Appointed Proxyholders*

The proxy agent will provide proxyholders with a username by email once the proxyholder has been duly appointed and registered in accordance with the instructions provided in the form of proxy.

*Remaining Connected and Troubleshooting*

If you attend a Meeting, it is important that you are connected to the Internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedures. Please refer to the accompanying Virtual Meeting User Guide for specific details of the foregoing matters and for access details with respect to the Meeting, including the Meeting ID.

## VOTING SHARES

### Voting Shares

As at February 23, 2021, the Corporation had 244,550,264 Common Shares outstanding, each carrying the right to one vote per share. A simple majority of the votes cast at the Meeting, whether by proxy or otherwise, will constitute approval of each matter to be acted upon at the Meeting.

### Record Date

The Board has fixed February 23, 2021 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 of February 23, 2021, there is one beneficial owner, North Peak Capital Management, LLC, that, directly or indirectly, exercises control or direction over, 10% or more (10.42%) of the voting rights attached to the outstanding Common Shares.

## MATTERS TO BE ACTED UPON AT MEETING

### 1. Financial Statements

No vote with respect to the Corporation's audited annual consolidated financial statements as at and for the financial year ended December 31, 2020 and the auditors' report thereon is required or proposed to be taken.

### 2. Election of Directors

The Corporation's articles provide for a minimum of 1 director and a maximum of 14 directors. The Board has fixed the number of directors to be elected at the Meeting at seven (7). 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 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 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, 2020, and total compensation received in the 2020 financial year, 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. 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 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.**

### 4. Advisory Vote on the Corporation's Approach to Executive Compensation

The governing objective of the Corporation's executive compensation program is to align executive interests with shareholders' interests. This objective is reflected in the Corporation's philosophy of pay for performance, based on competitive market practice, without encouraging excessive or inappropriate risk taking. You can find details of the Corporation's executive compensation program in this Circular, including the Compensation Discussion and Analysis starting on page 33.

The Corporation believes that its approach to executive compensation is in the shareholders' best interests, because executives and shareholders share the common goal of success and improved shareholder value.

At the Meeting, the holders of Common Shares will be requested to vote on the way the Corporation compensates its executives ("Say-on-Pay"). The Say-on-Pay vote is advisory only and non-binding on the Corporation and the Board. However, it will influence how the Compensation and Corporate Governance Committee ("C&CG Committee") considers executive compensation matters in the future. The ordinary resolution, which needs a majority vote to be approved, is:

> "RESOLVED, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in the

management information circular delivered in advance of the 2021 annual meeting of shareholders of the Corporation."

**In the absence of a contrary instruction, the persons designated by management of the Corporation in the form of proxy intend to vote FOR this advisory resolution.**

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

Certain statements in this Circular constitute "forward-looking statements" and "forward-looking information." When used in this Circular, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", "occur" and similar expressions, as they relate to the Corporation, or its management, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to inherent risks, uncertainties and numerous assumptions, including, without limitation, strategic plans, general economic and industry conditions, reliance on debt financing, dependence on borrowers, dependence on financing its business through funding commitments and the sale of loan portfolios to banks and other financial institutions, inability to recover receivables, competition, interest rates, regulation, demand for financing in the specialty finance sector, insurance, failure of key systems, debt service, future capital needs, the anticipated and potential impact of the novel coronavirus pandemic ("COVID-19") on the Corporation and such other risks or factors described from time to time in reports of ECN Capital.

By their nature, forward looking statements involve numerous assumptions, known and unknown, risks and uncertainties, both general and specific, which contribute to the possibility that predictions, forecasts, projections and other forms of forward-looking information may not be achieved. Many factors could cause our actual results, performance, or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements and readers are cautioned that the list of factors in the foregoing paragraph is not exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Accordingly, readers are cautioned not to place undue reliance on forward looking statements or interpret or regard forward-looking statements as guarantees of future outcomes. Except as may be required by applicable Canadian securities laws, we do not intend, and disclaim any obligation to update or rewrite any forward-looking statements whether oral or written as a result of new information, future events or otherwise.

## 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 67

Mr. Lovatt is the Chairman of ECN Capital's Board. 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 Management Corp. ("EFN") and continued as a director through 2018. 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.

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| Board/Committee Memberships/2020 Attendance: | Board (6/6), Audit (4/4), C&R (5/5), C&CG (4/4) |

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| | Public Board Memberships in last five (5) years: | EFN |
| | 2020 Votes For: | 99.46% |
| | 2020 Compensation: | $834,419 (100% in security-based compensation) (1) |

**Securities held at fiscal year end**

| Fiscal Year | Shares (#) | DSUs (#) | Total Value of Shares (2) | Meets equity ownership policy(3) | Multiple of Annual Retainer |
|---|---|---|---|---|---|
| 2020 | 800,000 | 968,089 | $9,409,880 | Yes | 12.0 |

(1) In the second quarter of 2020, the Board Chair was subject to a reduction in compensation as a precautionary response to the COVID-19 pandemic.
(2) Represents the total value of Common Shares and DSUs based on the closing price of the Common Shares on the TSX on January 31, 2021 and converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.
(3) See "*Director Compensation and Required Equity Ownership*" for more information about equity ownership.

**Steven Hudson – Director and Chief Executive Officer**
Palm Beach, Florida, U.S. | Director since 2016 | Age 62

Mr. Hudson is the Chief Executive Officer of ECN Capital and serves as a member of the Board as well as the Credit and Risk Committee of the Board. Mr. Hudson previously served as a member of EFN's board, and as its chief executive officer from March 2011 to October 2016. Mr. 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. For over three (3) decades, Mr. Hudson has lead an operating commercial finance business with assets exceeding $100 Billion. 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. In 2016, Mr. Hudson was named Ernst & Young's Entrepreneur of the Year.

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| | Board/Committee Memberships/2020 Attendance: | Board (6/6), C&R (5/5) |
| | Public Board Memberships in last five (5) years: | EFN |
| | 2020 Votes For: | 99.79% |
| | 2020 Compensation: | Board compensation is not paid to executive officers. See "*Summary Compensation Table*" for Mr. Hudson's compensation as CEO of ECN Capital on page 42. |

**Securities held at fiscal year end**

| Fiscal Year | Shares (#) | PSUs (#) | Total Value of Shares(1) | Meets equity ownership guideline | Multiple of Base Salary(2) |
|---|---|---|---|---|---|
| 2020 | 12,945,154 | 1,127,319 | $74,894,589 | Yes | 80.7 |

(1) Represents the value of Common Shares and PSUs based on the closing price of the Common Shares on the TSX on January 31, 2021 and converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.
(2) As Mr. Hudson is both a director and Chief Executive Officer of ECN Capital, the table above provides his equity holdings as a multiple of his base salary in order to provide a more meaningful measure to readers. See "*Director Compensation and Required Equity Ownership*" for more information about equity ownership.

**Paul Stoyan – Independent Director**
Toronto, Ontario, Canada | Director since 2016 | Age 62

Mr. Stoyan is the Chairman of Gardiner Roberts LLP, a Canadian law firm. He is Chairman of the C&CG Committee. Mr. Stoyan previously served as the Chairman of the C&CG Committee, member of the Audit Committee, and board member of EFN. 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 and is also the Chairman of the board of directors of Axis Auto Finance Inc., a TSXV specialty finance company. 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, 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

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| | 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/2020 Attendance: | Board (6/6), C&CG (4/4) |
| | Public Board Memberships in last five (5) years: | Axis Auto Finance Inc. (2018-present), Enghouse Systems Limited (2008-present) and EFN (2010-2016) |
| | 2020 Votes For: | 99.74% |
| | 2020 Compensation: | $188,951(1) (50.5% in security-based compensation) |

**Securities held at fiscal year end**

| Fiscal Year | Shares (#) | DSUs (#) | Total Value of Shares(2) | Meet equity ownership policy(3) | Multiple of Annual Retainer |
|---|---|---|---|---|---|
| 2020 | 616,298 | 151,887 | $4,088,329 | Yes | 26.4 |

(1) Directors were compensated quarterly, and compensation paid in the first quarter of 2020 was converted to U.S. dollars based on an exchange rate of 1.3391 USD/CAD on February 27, 2020. Subsequent payments were made in U.S. dollars. In the second quarter of 2020, all directors were subject to a reduction in compensation as a precautionary response to the COVID-19 pandemic.

(2) Represents the value of Common Shares and DSUs based on the closing price of the Common Shares on the TSX on January 31, 2021 and converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.

(3) See "*Director Compensation and Required Equity Ownership*" for more information about equity ownership.

**Pierre Lortie – Independent Director**

St-Lambert, Québec, Canada | Director since 2016 | Age 74

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 EFN from August 2011 to October 2016 and as director of Canam Group from 1989 to 2003 and from 2004 to 2017. 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 Universite catholique de Louvain, Belgium, and a Bachelor's degree in applied sciences (engineering physics) from Universite 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.

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| Board/Committee Memberships/2020 Attendance: | Board (6/6), C&R (5/5) |
| Public Board Memberships in last five (5) years: | EFN (2011-2016), Canam Group Inc. (2004-2017), Quest Rare Minerals Ltd. (2014-2017), Lamêlée Iron Ore Ltd. (2013-2016) and Tembec Inc. (2010-2014) |
| 2020 Votes For: | 99.95% |
| 2020 Compensation: | $185,218(1) (97.0% in security-based compensation) |

**Securities held at fiscal year end**

| Fiscal Year | Shares (#) | DSUs (#) | Total Value of Shares(2) | Meet equity ownership policy(3) | Multiple of Annual Retainer |
|---|---|---|---|---|---|
| 2020 | 410,737 | 222,117 | $3,368,091 | Yes | 21.8 |

(1) Directors were compensated quarterly, and compensation paid in the first quarter of 2020 was converted to U.S. dollars based on an exchange rate of 1.3391 USD/CAD on February 27, 2020. Subsequent payments were made in U.S. dollars. In the second quarter of 2020, all directors were subject to a reduction in compensation as a precautionary response to the COVID-19 pandemic.

(2) Represents the value of Common Shares and DSUs based on the closing price of the Common Shares on the TSX on January 31, 2021 and converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.

(3) See "*Director Compensation and Required Equity Ownership*" for more information about equity ownership.

**David Morris – Independent Director**
Beaconsfield, Québec, Canada | Director since 2016 | Age 66

Mr. Morris retired as a senior audit partner at Deloitte LLP after serving over 41 years with the firm, and was appointed to ECN Capital's Board in October 2016. He is Chairman of the Audit Committee of the Board. He is also a director of Laurentian Bank of Canada. Mr. Morris 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. Mr. Morris is a graduate of McGill University.

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| Board/Committee Memberships/2020 Attendance: | Board (6/6), Audit (4/4) |
| Public Board Memberships in last five (5) years: | Laurentian Bank of Canada (2017-present) |
| 2020 Votes For: | 99.67% |
| 2020 Compensation: | $185,218[(1)] (78.2% in security-based compensation) |

**Securities held at fiscal year end**

| Fiscal Year | Shares (#) | DSUs (#) | Total Value of Shares[(2)] | Meet equity ownership policy[(3)] | Multiple of Annual Retainer |
|---|---|---|---|---|---|
| 2020 | 30,000 | 233,176 | $1,400,641 | Yes | 9.1 |

(1) Directors were compensated quarterly, and compensation paid in the first quarter of 2020 was converted to U.S. dollars based on an exchange rate of 1.3391 USD/CAD on February 27, 2020. Subsequent payments were made in U.S. dollars. In the second quarter of 2020, all directors were subject to a reduction in compensation as a precautionary response to the COVID-19 pandemic.
(2) Represents the value of Common Shares and DSUs based on the closing price of the Common Shares on the TSX on January 31, 2021 and converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.
(3) See "*Director Compensation and Required Equity Ownership*" for more information about equity ownership.

**Carol E. Goldman – Independent Director**
Des Peres, Missouri, USA | Director since 2017 | Age 63

Ms. Goldman serves on the Board of Directors of Youth-In-Need and is a member of the Finance Committee, and the Board of Directors of The Sheldon Concert Hall. Ms. Goldman is a Human Resource Professional with over 30 year's executive leadership within healthcare, manufacturing and telecommunications industries during periods of high organic and M&A driven organizational growth. Experienced in hiring and talent acquisition, performance management, benefits strategies, employee relations and organizational development, Ms. Goldman brings strong experience in coaching and consulting to clients and customers. She retired in 2018 from an 18-year career with Centene Corporation, a multi-line healthcare enterprise, as Executive Vice President and Chief Administrative Officer. During her tenure, Centene Corporation grew from 300 to 50,000 employees and $300 million to $60 billion in annual revenue, achieving #51 on the Fortune 500. She was nominated as one of St. Louis Business Journal Most Influential Business Woman. Ms. Goldman is a graduate of Missouri State University with a Bachelor of Science in Psychology and Education, Cum Laude and Lindenwood University with a Master of Business in Human Resources Management, Magna Cum Laude.

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| Board/Committee Memberships/2020 Attendance: | Board (6/6), C&CG (4/4) |
| Public Board Memberships in last five (5) years: | Nil |
| 2020 Votes For: | 99.74% |
| 2020 Compensation: | $178,392[(1)] (100% in security-based compensation) |

**Securities held at fiscal year end**

| Fiscal Year | Shares (#) | DSUs (#) | Total Value of Shares[(2)] | Meet equity ownership policy[(3)] | Multiple of Annual Retainer |
|---|---|---|---|---|---|
| 2020 | 30,000 | 268,630 | $1,589,328 | Yes | 10.0 |

(1) Directors were compensated quarterly, and compensation paid in the first quarter of 2020 was converted to U.S. dollars based on an exchange rate of 1.3391 USD/CAD on February 27, 2020. Subsequent payments were made in U.S. dollars. In the second quarter of 2020, all directors were subject to a reduction in compensation as a precautionary response to the COVID-19 pandemic.
(2) Represents the value of Common Shares and DSUs based on the closing price of the Common Shares on the TSX on January 31, 2021 and converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.
(3) See "*Director Compensation and Required Equity Ownership*" for more information about equity ownership.

**Karen Martin – Independent Director**
Toronto, Ontario, Canada | Director since 2019 | Age 56

Karen Martin was appointed to ECN Capital's Board in August 2019. Prior to joining ECN Capital's Board, Ms. Martin was Executive Vice President & Treasurer of EFN since 2012. In this role, Ms. Martin was responsible for the balance sheet and risk management, funding strategy, treasury operations, acquisition financing and related strategic initiatives on the business, engineering and implementing highly complex debt and capital structures. Ms. Martin has served in executive management, treasury and finance positions in public and private financial services companies for over 25 years, including Xceed Mortgage and Canadian Imperial Bank of Commerce.

Ms. Martin is a Chartered Financial Analyst (CFA) and a Chartered Professional Accountant (CPA), and holds the professional independent director designation (ICD.D) from the Institute of Corporate Directors and the University of Toronto's Joseph L. Rotman School of Management. Ms. Martin earned her bachelor's degree in finance and economics from the University of Western Ontario.

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| Board/Committee Memberships/2020 Attendance: | Board (6/6), Audit (4/4) |
| Public Board Memberships in last five (5) years: | Nil |
| 2020 Votes For: | 99.69% |
| 2020 Compensation: | $169,024(1) (100% in security-based compensation) |

**Securities held at fiscal year end**

| Fiscal Year | Shares (#) | DSUs (#) | Total Value of Shares(2) | Meet equity ownership policy(3) | Multiple of Annual Retainer |
|---|---|---|---|---|---|
| 2020 | 86,655 | 57,288 | $766,072 | Yes | 5.1 |

(1) Directors were compensated quarterly, and compensation paid in the first quarter of 2020 was converted to U.S. dollars based on an exchange rate of 1.3391 USD/CAD on February 27, 2020. Subsequent payments were made in U.S. dollars. In the second quarter of 2020, all directors were subject to a reduction in compensation as a precautionary response to the COVID-19 pandemic.

(2) Represents the value of Common Shares and DSUs based on the closing price of the Common Shares on the TSX on January 31, 2021 and converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.

(3) See "*Director Compensation and Required Equity Ownership*" for more information about equity ownership.

## 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) (the "BIA") 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 BIA; 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. The following description is a summary only and is qualified in its entirety by the full text of ECN Capital's majority voting policy which is available on ECN Capital's SEDAR profile at www.sedar.com and on ECN Capital's website at www.ecncapitalcorp.com.

Pursuant to the majority voting 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 and on ECN Capital's website at www.ecncapitalcorp.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 and given the relatively short tenure of the ECN Capital Board since inception of the Corporation, 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. There are no public company board interlocks among the directors.

**2020 Director Attendance**

ECN Capital had 100% director attendance for all Board and committee meetings (held virtually due to the COVID-19 pandemic) in 2020. The attendance record 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** | **Paul Stoyan** | **Pierre Lortie** | **David Morris** | **Carol Goldman** | **Karen Martin** |
|---|---|---|---|---|---|---|---|
| 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 (5) 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 (4) years from the date of becoming a director. All directors are currently in compliance with the equity ownership policy relative to the time each director was elected to the Board. Until the minimum shareholding is achieved, each non-executive 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. In line with best practices for security-based compensation arrangements, effective as of October 3, 2016, the granting of Options to non-employee directors under the Option Plan was discontinued, and amendments to the Option Plan, effective March 26, 2019, prohibit the issuance of Options to non-employee directors.

## 2020 Directors' Compensation

Based on advice from GGA on director compensation and comparable public company director fees, the C&CG Committee and the Board approved for fiscal 2020 a director compensation package (for non-executive directors of the Corporation) comprised as follows:

| Fee Description(1) | 2020 Amount |
|---|---|
| Annual Board Chair Retainer | $890,000 |
| Annual Board Member Retainer(2) | $165,000 |
| Committee Chair Retainer(2) | $35,000 |
| Committee Member Retainer(2) | $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) Directors were compensated quarterly, and compensation paid in the first quarter of 2020 was converted to U.S. dollars based on an exchange rate of 1.3391 USD/CAD on February 27, 2020. Subsequent payments were made in U.S. dollars.

The following table sets forth all amounts of compensation paid to non-executive directors of the Corporation in fiscal 2020.

| Name(1) | Cash fees earned ($) | Option-based awards(2) ($) | Share-based awards(3) ($) | Total ($)(4)(5) |
|---|---|---|---|---|
| William Lovatt | Nil | Nil | $834,419 | $834,419 |
| Paul Stoyan | $93,616 | Nil | $95,335 | $188,951 |
| Pierre Lortie | $5,484 | Nil | $179,734 | $185,218 |
| David Morris | $40,391 | Nil | $144,827 | $185,218 |
| Carol Goldman | Nil | Nil | $178,392 | $178,392 |
| Karen Martin | Nil | Nil | $169,024 | $169,024 |

(1) Compensation disclosure for Steven Hudson provided under the heading "Compensation Discussion and Analysis – Summary Compensation Table".

(2) The granting of Options to non-employee directors is prohibited under the Option Plan.

(3) 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.

(4) Directors were compensated quarterly, and compensation paid in the first quarter of 2020 was converted to U.S. dollars based on an exchange rate of 1.3391 USD/CAD on February 27, 2020. Subsequent payments were made in U.S. dollars.

(5) In the second quarter of 2020, all directors were subject to a reduction in compensation as a precautionary response to the COVID-19 pandemic. See "*Nominees for Election to the Board of Directors*" for further details.

## 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, 2020 for all non-executive directors of the Corporation. Except as set out in the footnotes to the table below, outstanding options of ECN Capital held by directors were issued in connection with the October 3, 2016 separation transaction from EFN (the "Separation Transaction"). Effective October 3, 2016, ECN Capital no longer issued Options to non-executive directors for any reason and the amendments to the Option Plan, effective March 26, 2019, prohibit the issuance of Options to non-employee directors.

| Option-based Awards | | | | | Share-based Awards | | |
|---|---|---|---|---|---|---|---|
| **Name** | **Number of securities underlying unexercised options (#)** | **Option exercise price (C$)** | **Option expiration dates** | **Value of unexercised in-the-money options[(1)] ($)** | **Number of shares or units that have not vested (#)** | **Market or payout value of share-based awards that have not vested ($)** | **Market or payout value of share-based awards not paid out or distributed[(2)] ($)** |
| William Lovatt | Nil | N/A | N/A | N/A | N/A | N/A | $5,152,229 |
| Paul Stoyan | 106,190 | $2.68 | 2021-2024 | $342,415 | N/A | N/A | $808,352 |
| Pierre Lortie | 100,589 | $2.70 | 2022-2024 | $322,664 | N/A | N/A | $1,182,123 |
| David Morris | 100,000 | $2.70 | 2022-2024 | $320,889 | N/A | N/A | $1,240,979 |
| Carol Goldman | Nil | N/A | N/A | N/A | N/A | N/A | $1,429,666 |
| Karen Martin | Nil | N/A | N/A | N/A | N/A | N/A | $304,889 |

(1) Represents the intrinsic value of all Options (whether vested or unvested) based on the closing price of the Common Shares on the TSX on January 31, 2021 and converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.

(2) The market or payout value of DSUs that are payable after the director resigns from the Board. Noted amount is based on the closing price of the Common Shares on the TSX on January 31, 2021 and converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.

## Value Vested or Earned During the Year

The table below sets out all Options vested during the year and DSUs held by non-executive directors of the Corporation that vested but have not been paid out as of January 31, 2021.

| Name | Option-based awards – Value vested during the year[(1)] | Share-based awards – Value vested during the year[(2)] |
|---|---|---|
| William Lovatt | Nil | $834,419 |
| Paul Stoyan | Nil | $95,335 |
| Pierre Lortie | Nil | $179,734 |
| David Morris | Nil | $144,827 |
| Carol Goldman | Nil | $178,392 |
| Karen Martin | Nil | $169,024 |

(1) Options vested during the year based on the intrinsic value of options based on the closing price of the Common Shares on the TSX on January 31, 2021 and converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.

(2) DSUs were issued to directors based on the 10-day volume weighted average price of the Common Shares preceding the grant date, pursuant to the terms of the DSU Plan.

## 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 seven directors: William Lovatt, Steven Hudson, Paul Stoyan, Pierre Lortie, David Morris, Carol Goldman and Karen Martin. As detailed under "Matters to be Acted Upon – 2. Election of Directors", if each of the director nominees are elected at the Meeting, the Board will be comprised of the same seven directors.

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 (the "Audit Committee"), the C&CG Committee and a Credit and Risk Committee (the "C&R Committee"). See "*Audit Committee*", "*Compensation and Corporate Governance Committee*" and "*Credit and Risk Committee*" for 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 financial reporting and compliance 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 seven members, a majority of whom are “independent directors” within the meaning of NI 58-101. The six independent directors are William Lovatt (Chairman), Paul Stoyan, Pierre Lortie, David Morris, Carol Goldman and Karen Martin. Steven Hudson is not independent for the purposes of NI 58-101 because he is part of management of ECN Capital.

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 seven members, consisting of six independent directors as well as Steven Hudson who, as set out above, is 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) 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 Schedule B.

**Position Descriptions**

The Board has written position descriptions for the 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 Corporation. 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 is 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. The C&CG Committee also recommends changes to the director selection and nomination process as appropriate, to meet the Corporation's internal target of 30% women Board members, which is aligned with the Corporation's support of the 30% Canada Club. In keeping with the Board's continued commitment to its 30% internal target for women represented on its Board, two women directors are also nominees for election at this Meeting. Assuming that all nominees for director are elected, two of seven directors (29%) on the Board will continue to be women. The Board recognizes the value of the contribution of members with diverse attributes on the Board and is 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% Canada Club believes that gender balance on boards encourages better leadership and governance and contributes to better all-round board performance. The 30% Canada 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 Corporation. This approach accelerates progress towards better gender balance, and ultimately, improved performance for the Corporation 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 continues to build on its strategy 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 and its operating subsidiaries available to fill vacancies in executive officer and other leadership positions.

In appointing individuals to its leadership teams, both at the corporate level and business 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. Several highly capable and accomplished women are represented in executive roles at ECN Capital and its operating subsidiaries.

**Environmental, Social and Corporate Governance**

Following numerous discussions and engagement with shareholders, the Board determined it was in the best interests of the Corporation to establish an environmental, social, and corporate governance ("ESG") management committee (the "ESG Committee") in 2020. The ESG Committee has developed ECN Capital's 2021 ESG strategies and priorities with the Board. These include diversity initiatives with respect to Board management and overall employee representation.

**Environmental**

ECN Capital is dedicated to protecting the environment and advancing environmental sustainability for future generations. Our Environmental Health and Safety management system and framework includes robust policies and standards to guide our operations. Our employees collaborate and brainstorm to motivate and empower all staff around environmental sustainability, focusing on identifying and implementing environmentally sustainable-based projects, such as waste diversion initiatives, resource conservation and pollution prevention.

**Social**

Diversity of thought is integral to our Corporation and all employees are empowered to be their authentic selves each and every day. Through policy and practice, ECN Capital ensures that a safe and healthy working environment is provided to all employees. By creating an inclusive environment where employees are engaged and feel valued, we allow each employee's unique characteristics and life experiences to shine through and form the basis that drives our Corporation.

Everyone at ECN Capital is responsible for protecting the health and safety of our employees, our customers, and the communities in which we operate. We employ a risk reduction philosophy through our commitment to strong management system to improve the efficiency of our operations and our processes. ECN Capital also works with individuals in the local communities to strengthen relationships with local people and businesses and to give back to the communities where our employees live and work.

**Governance**

ECN Capital is led by a highly experienced board of directors and management team who are committed to innovative, transparent, and ethical business operation. The Corporation is driven by our commitment to operational excellence, integrity and adherence to our Code (as defined below).

Our Code highlights the critical policies and regulations that impact our business operations and guide our daily activities. We instill in our employees an unwavering commitment to uncompromising values when achieving business objectives. ECN Capital is committed to ongoing compliance with all applicable securities laws and regulations, accounting standards, accounting controls and audit practices.

**Ethics, Compliance and Sustainability Oversight**

Our Board is responsible for overseeing our ethics and compliance programs and activities related to corporate citizenship, responsibility and sustainability. More particularly, the C&CG Committee is charged with this oversight and assists the Board in managing our ethics and business conduct programs, our environmental, health and safety programs and our charitable, civic, educational and philanthropic activities. The C&CG Committee also monitors and takes appropriate action with respect to strategic issues relating to environmental, social and governance efforts and corporate citizenship and responsibility that could affect our operations, financial performance or public image.

**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. Board members are also encouraged to pursue further studies in corporate governance, for example, by enrolling in director education courses such as those in the Directors Education Program at the Institute of Corporate Directors. These courses and educational programs are funded by ECN Capital and several board members have enrolled in them.

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, including senior executives within ECN Capital's operating subsidiaries, to discuss ECN Capital's business and activities. In addition, new directors receive copies of Board materials, corporate policies and procedures, industry reports and other information regarding the business and operations of ECN Capital. ECN Capital's Board orientation and education programs include periodic Board visits to the headquarters of its operating subsidiaries during which the Board receives detailed management presentations from senior management of such subsidiaries and are given an opportunity to tour each of the facilities.

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 continuing education programs through key business area presentations, business updates and operations site visits as appropriate. Due to the global COVID-19 pandemic, in order to keep board members and employees safe and to comply with pandemic-related restrictions, the Corporation cancelled a number of planned education programs but was able to hold certain programs virtually or via telephone in 2020. Despite the pandemic-related disruptions, the Corporation remains committed to its continuing education mandate and will resume active pursuit of this mandate after the pandemic restrictions have been lifted. The table below provides highlights of our continuing education programs and virtual site visits for directors in 2020 and to date in 2021:

| Session | Description | Date | Board Attendees |
|---|---|---|---|
| **Business and Operations** | | | |
| Site Visit<br>Service Finance<br>555 S. Federal Highway<br>Boca Raton, FL 33432 | Visited Service Finance headquarters in Boca Raton, Florida and attended an operational update business presentation. | January 10, 2020 | Steven Hudson<br>William Lovatt |
| Kentucky Exposition Center<br>937 Phillips Ln<br>Louisville, KY 40209 | Annual Manufactured Housing Expo. | January 15, 2020 | Steven Hudson<br>William Lovatt |
| Investor Day<br>EAU Resort<br>100 S. Ocean Blvd<br>Manalapan, FL 33462 | Presentation regarding ECN strategy and forecasting for the current and upcoming years (2020 – 2021). | January 28, 2020 | Steven Hudson<br>William Lovatt |
| Triad Financial Services, Inc.<br>13901 Sutton Park Dr S<br>Suite #300<br>Jacksonville, FL | Triad Management Transition Meeting. | February 5, 2020 | Steven Hudson<br>William Lovatt |
| Operation Update Meeting<br>(via telephone) | Reviewed operational updates for Service Finance, Triad and Kessler Financial Services LLC ("KG"). | April 8, 2020 | Steven Hudson<br>William Lovatt |
| Operation Update Meeting<br>(via telephone) | Reviewed operational updates for Service Finance, Triad and KG. | November 10, 2020 | Steven Hudson<br>William Lovatt |
| Operation Update Meeting<br>ECN Capital Corp.<br>777 S. Flagler Drive<br>West Palm Beach, FL 33401 | Reviewed operational updates for Service Finance, Triad and KG. | December 8, 2020 | Steven Hudson<br>William Lovatt |
| Investor Day<br>(virtual) | Presentation regarding ECN strategy and forecasting for the current and upcoming years (2021 – 2022). | February 4, 2021 | Steven Hudson<br>William Lovatt |
| **Market Trends and Regulatory Updates** | | | |
| Service Finance Presentation<br>(via telephone) | Presentation regarding Service Finance company overview, operations and financing. | June 18, 2020 | Steven Hudson<br>William Lovatt |
| Triad Presentation<br>ECN Capital Corp.<br>777 S. Flagler Drive<br>West Palm Beach, FL 33401 | Presentation regarding Triad company overview, operations and financing. | November 17, 2020 | Steven Hudson |

### 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.

## Shareholder Engagement

The Board is committed to active engagement with ECN Capital's shareholders. The Corporation regularly meets with its shareholders at conferences, industry events, and in one-on-one meetings. This dialogue with the Corporation's shareholders allows the Corporation to better understand its shareholders' perspectives and provides the Corporation with useful feedback to calibrate its priorities. In addition to ECN Capital management's regular engagement with ECN Capital's shareholders throughout 2020, the Chairman of the Board, the Chairman of the C&CG Committee, the CEO and others on the senior leadership team, met virtually with a number of ECN Capital shareholders to obtain feedback on key topics, including corporate governance practices, executive compensation, financial performance and other matters. The Corporation was able to once again engage in discussions with shareholders who represent at least 10% of our shareholders and 30% of our actively managed institutional shareholder base. In response to shareholder feedback and ongoing evaluation and discussions with the Board and senior executive management, the Board determined to establish an ESG Committee and, as a precautionary response to the COVID-19 pandemic, enacted temporary salary and bonus reductions for key management and executive teams. The Board and ECN Capital management intend to continue to engage with ECN Capital shareholders in 2021 via various planned virtual (or, if permitted, in-person) activities, including one-on-one sessions with our shareholder base, in order to continue to understand and appreciate shareholder perspectives and to ensure that these perspectives are taken into account in future decisions.

On February 4, 2021, the Corporation hosted its third annual Investor Day via virtual webcast for shareholders and stakeholders, providing a forum to allow shareholders to better understand our three investor companies, to meet the management teams of the investor companies, and to engage directly with shareholders on the Corporation's business, prospects and strategic direction.

The Board encourages shareholders who have any questions regarding the Corporation's governance practices to directly contact the Board via mail or email at the following addresses:

***Mail:***

Chairman of the Board
ECN Capital Corp.
200 Bay Street, Suite 1625
Toronto, ON M5J 2J1

***Email:***

board@ecncapitalcorp.com

## 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 via ECN Capital's information email at info@ecncapitalcorp.com, ECN's website at www.ecncapitalcorp.com or by mail at c/o Blakes, 199 Bay Street, Suite 4000, Toronto, Ontario, M5L 1A9.

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. Consistent with its mandate to periodically monitor and review the Code, on February 27, 2019 the Board approved a series of updates to its Whistleblower Policy in order to align the Code's provisions with current best practices.

***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 "Insider Trading Policy"). Among other things, the following is prohibited by the 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 Insider Trading Policy do not permit an 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 an 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 Karen Martin, all of whom are independent and financially literate for purposes of NI 52-110, and no member of the Audit Committee receives, directly or indirectly, any compensation from the Corporation other than for service as a member of the Board and its committees. 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.

The Audit Committee is responsible for overseeing the accounting and financial reporting practices of the Corporation, the audits of the Corporation's financial statements, establishing and overseeing of any internal audit function and exercising the responsibilities and duties set out in the Corporation's Audit Committee Mandate, the text of which is included as Appendix A to the Corporation's Annual Information Form dated March 27, 2020, a copy of which is available on SEDAR at www.sedar.com.

***Pre-Approval Policies and Procedures***

The Audit Committee adopted requirements regarding pre-approval of non-audit services as part of its Audit Committee Mandate. The Audit Committee Mandate requires that the Audit Committee must approve in advance any retainer of the auditors to perform any non-audit service for the Corporation (together with all non-audit service fees) that it deems advisable in accordance with applicable requirements and Board-approved policies and procedures. The Audit Committee must consider the impact of such service and fees on the independence of the auditor. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee; however, the decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

**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 security-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 "Compensation Discussion and Analysis".

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 currently comprised of three directors, Pierre Lortie (Chair), William Lovatt, 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:

(i) 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;

(ii) reviewing quarterly reports on a number of the identified material risks;

(iii) considering emerging industry and regulatory risks issues and their potential impact on ECN Capital;

(iv) 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;

(v) reviewing with management the conceptual framework for the assessment of material risks and the plans and policies to mitigate their impact on ECN Capital;

(vi) 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;

(vii) 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;

(viii) 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;

(ix) 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;

(x) ensuring that those managing risk within ECN Capital have adequate authority, independence and resources to perform their mandates;

(xi) ensuring that independent reviews of the risk management functions are conducted as needed; and

(xii) reviewing the effectiveness of those managing risk in ECN Capital and of the risk management functions annually.

## COMPENSATION DISCUSSION AND ANALYSIS

*All dollar amounts in this section are expressed in U.S. dollars unless otherwise indicated. In general, conversion from Canadian dollars to U.S. dollars is effective as of either the date of payment or, with respect to holdings, January 31, 2021.*

### Introduction

The components of direct 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 primarily awarded through grants of ECN Capital PSUs and RSUs. 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 – 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.

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 based on the targets and criterion established by the C&CG Committee.

The following discussion describes the significant elements of the Corporation's executive compensation program for the 2020 financial year, with particular emphasis on the process for determining compensation paid to the named executive officers for the 2020 financial year ("NEOs"), being Steven Hudson, Michael Lepore, Scott Shaw, Mary Beth Koenig and Mark Berch.

### Summary of Key Commitments and Changes Regarding Executive Compensation

The Corporation is committed to implementing cost reduction initiatives targeted at executive compensation reductions, corporate cost reductions, changes to the annual bonus performance metrics and tying each executive's performance bonus to the Corporation's financial targets. The Corporation achieved these goals in 2019 and was able to maintain and improve them in 2020, including as a result of the reconfiguration of the Corporation's senior executive team in 2020. In addition, as a precautionary response to the COVID-19 pandemic, the Corporation enacted temporary salary and bonus reductions for key management and executive teams.

Please see "*Statement of Corporate Governance Practices – Shareholder Engagement*" for additional information regarding the Corporation's on-going engagement with and feedback from ECN Capital's shareholders in 2020.

### 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 are a highly qualified and proven leadership team with a substantial track record of success in the financial services industry.

We 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 make sure compensation is in line with market practices, so we can attract executive talent when we need to and retain 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, thereby 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 align pay with performance using a rigorous process. We strive to achieve superior performance relative to our industry (in the top quartile) and pay our executives at the same level. This motivates our executives, rewards our shareholders, and helps keep the focus on our long-term success.

*Say on Pay*

The Board determined to provide an advisory Say-on-Pay vote for shareholders in respect of its approach to executive compensation and believes that shareholders should be guided by the information set out in the Compensation Discussion and Analysis section when considering how to vote on the resolution. At the 2020 annual meeting of Shareholders, the Corporation’s Say on Pay vote resulted in 97.43% in favour of the Corporation’s executive compensation plan. The Board believes that the Corporation’s compensation philosophy and system will be viewed positively by shareholders again this year.

## Compensation Structure and Decision-Making Process

Our compensation process starts at the beginning of every year, when we assess and confirm our philosophy, program guidelines and structure. At the end of every year, we apply a rigorous process to assess performance and award compensation. This includes individual, group and corporate performance reviews for each NEO, in consultation with our independent compensation consultant.

In 2020, our compensation structure and decision-making process were further guided by the Corporation's commitment and implementation of certain corporate cost reduction initiatives and increased emphasis on, and weighting of, quantitative metrics.

### *At the beginning of the year*

*Review Structure*

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

*Confirm Peer Group*

- We 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. For this exercise, ECN Capital draws on the independent external governance and executive compensation advice of GGA in confirming the appropriateness of the peer group. See "*Use of Independent Compensation Consultants*" for additional information.

*Establish Performance Measures*

- The C&CG Committee works 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 monitor the Corporation's performance against these measures throughout the year.

*Assess Risk and Confirm Approach*

- We 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 review corporate performance at mid-year and at the end of the year. The Board and/or the C&CG Committee 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, completes a review of each NEO's individual performance (other than his own) against corporate and personal objectives and against targets.

*Consider Competitive Positioning*

- The independent consultant prepares 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 reviews proposed compensation for each NEO using our pay for performance protocol, and recommends their annual bonuses, equity grants and the following year's salary.

- The C&CG Committee reviews each NEO's annual performance, competitive positioning, past compensation and the recommendations from the CEO, and discusses total compensation based on performance, market practice and board-approved compensation philosophy, consulting with our independent consultant.

- The C&CG Committee then recommends compensation for the CEO and other NEOs for final approval by the Board.

The C&CG Committee and Board believe the above process is comprehensive 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 reviews 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 engages 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. In 2020, GGA has assisted the C&CG Committee by (i) providing compensation research and data, and education on emerging trends and best practices, (ii) reviewing and making recommendations for ECN Capital's performance peer group, (iii) providing performance management planning, (iv) reviewing and designing incentive plans, and (v) 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 ECN Capital. 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 2020, GGA was retained to provide the C&CG Committee with advice and recommendations related to executive and director compensation programs for fiscal 2020. GGA's fees incurred for these services in 2020 and 2019 are as follows:

| Fiscal Year | Executive Compensation-Related Fees | All Other Fees |
|---|---|---|
| 2020 | $15,770 | Nil |
| 2019 | $11,231 | Nil |

**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 and carried out its strategic objectives, it has become largely U.S. centric, thus impacting the recruitment and comparative needs, respectively.

During 2020, ECN Capital continued to implement its high growth, asset light business services strategy. The peer group, was developed based on a multiple criteria approach, summarized below, that was forward looking to where the Board and Management view ECN Capital competing in the future rather than historically. In addition to the business transformation, the Board also factored in the limited availability of senior experienced executive leaders with specific North American sector experience of the depth and calibre of ECN Capital's executive team. The deep entrepreneurial profile and proven track record of the executive team adds significant rarity which limits "comparable" data availability. For this reason, U.S. companies are included in the benchmark group. ECN Capital is aware that shareholder advisory firm policy prohibits the addition of U.S. peers as the Corporation does not file on a U.S. exchange and that may present a disconnect in the shareholder advisory firm's conclusions on executive compensation.

The ECN Capital Board has determined that it is more appropriate to establish the peer group based on the real competitive landscape ECN Capital competes within, and as a result, shareholders will see that since ECN Capital is a largely U.S. centric company, with 96% of revenue from continuing operations coming from the U.S., and the peer group is, accordingly, comprised of U.S. peers. In addition, all of ECN Capital's current NEOs now reside in the U.S.

The Board recognizes that there are few publicly traded companies whose scope of operations are directly comparable to ECN Capital, or that have a similar profile of being a U.S.-focused TSX listed issuer. As a result, the formation of the comparator group takes into account peers meeting the majority, but not all, of the following criteria: (i) the company's scope of operations; (ii) companies that compete within the North American specialty finance industry; (iii) companies of similar size and/or complexity (generally with reference to peer group companies with relative market capitalizations, total revenues and total assets ranging from between 0.25x to 4.0x of ECN Capital's market capitalization, total revenues and total assets); (iv) companies that have comparable financial characteristics that investors view similarly; (v) companies that are founder operated/controlled; and (vi) companies that are listed on a stock exchange in the United States.

Additional considerations relating to the formation of the peer group included input from GGA (see "*Use of Independent Compensation Consultants*") and the peer group universe used by financial service industry analysts covering the Corporation. In addition to the criteria, potential peers are selected or removed from the screening results based on excess market cap volatilities (high or low) and/or whether they fall within ECN Capital's core service line.

The comparator group used in fiscal year 2020 for compensation benchmarking purposes was composed of the following companies:

| Compensation Peer Group | | |
|---|---|---|
| Affiliated Managers Group, Inc. | Alliance Data Systems, Inc. | Enova International, Inc. |
| Envestnet, Inc. | Evercore Inc. | Greenhill & Co., Inc. |
| GreenSky, Inc. | Jones Lang LaSalle Inc. | Houlihan Lokey, Inc. |
| LendingTree, Inc. | Moelis & Company | On Deck Capital |
| PJT Partners, Inc. | Walker & Dunlop, Inc. | |

The Board also recognizes that its third-party analysts use similar criteria in determining ECN Capital's peer group for comparison and evaluative purposes, underlining the importance of a focus on U.S. based peers within its comparator group. 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 ECN Capital. Together, the peer comparator group and general survey data from GGA inform the C&CG Committee's compensation decisions having regard to practices and actual payouts by peer group comparators.

The C&CG Committee annually reviews the approach to compensation benchmarking for the NEOs and make any necessary adjustments to the comparator group in order to ensure proper alignment.

## 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** | • Awarded based on performance, the executive's position in the Corporation and relative to our peer group. |
| **(i) Base Salary** | • Forms the basis for attracting, comparing and remaining competitive with the market.<br>• Fixed, and used to determine other elements of compensation and benefits.<br>• Established at the beginning of the year taking into account the recommendations of our independent consultant. |
| **(ii) Annual Cash Bonus** | • Links pay to individual and corporate achievements.<br>• 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.<br>• Typical target range of less than 1.0x base salary to 2.5x base salary. |
| **(B) Long-term Compensation** | • Links pay to long-term performance and promotes equity ownership.<br>• Awarded based on corporate performance, the executive's potential to contribute to our future success and the executive's position in the Corporation.<br>• Ultimate value is based on our share price over time.<br>• Options, RSUs, DSUs and PSUs.<br>• Target of 2.5x base salary and maximum of 4.0x base salary. |
| **(C) Other Compensation** | • Participation in ECN Capital's comprehensive group benefit plan. |

| Component | Objective/Rationale |
| --- | --- |
| | • a taxable cash allowance for specific perquisites is provided to certain NEOs.<br>• There is no formal pension plan for the NEOs.<br>• Awarded based on the executive’s position in the Corporation and relative to our peers.<br>• Other compensation is 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. ECN Capital differentiates salary levels to reflect an NEO’s performance, experience and responsibilities. Base salaries are reviewed annually, with any increases approved based on merit 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 an NEO’s role and responsibilities.

As a precautionary response to the COVID-19 pandemic, the Corporation enacted temporary salary and bonus reductions for key management and executive teams. Pursuant to the temporary salary reductions to executives mandated by the Board, the base salaries of Mr. Hudson, Mr. Lepore and Ms. Koenig were reduced in the second quarter of 2020.

**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.


In 2020, the C&CG Committee approved a Compensation Performance Scorecard for the CEO and CFO, based on performance measures in some or all the following categories: (i) strategic execution objectives; (ii) cost reduction; (iii) successful divestiture of non-core (legacy) assets; (iv) operational enhancements at our investor companies; and (v) financial 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 publicly reported measures that are readily understood by shareholders.

The overall Compensation Performance Scorecard metrics and their relative weighting for the 2020 fiscal year were as follows:

For the CEO:

| Metric | Target (100%, 1.5x)[1] | Max (200%, 2.5x) | Actual Result |
|---|---|---|---|
| **Strategic Execution**<br>• Strategic leadership<br>• Capital deployment<br>• Stakeholder relations<br>• Credit/liquidity enhancements<br>• Succession/Retention planning | 60% | 120% | **100%** |
| 2020 Adjusted net income – applicable to common shareholders | 20%<br>*($85,920,000)* | 40%<br>*($97,320,000)* | **20%[2]**<br>*($85,438,000)* |
| 2020 Adjusted earnings per share (after prefs) | 20%<br>*($0.358)* | 40%<br>*($0.406)* | **20%[2]**<br>*($0.353)* |
| **Payout** | | | **140%**<br>*$1,900,000* |

(1) Achievement below a target level may result in the awarding of a partial bonus between a 0% payout and below the target 100% payout. Any determination to award such a bonus is on a discretionary basis, as determined by the Board, based upon the achievement of the individual and the level of achievement in respect of the particular metric.

(2) In 2020, ECN Capital made a strategic decision, with the approval of the Board, to secure significant funding commitments through 2021 to enable Service Finance to continue to execute on its "take share and make share" growth strategy through the COVID-19 pandemic. In order to secure this funding, Service Finance granted temporary origination and servicing fee concessions, which negatively impacted net income in 2020 but resulted in the creation of significant long-term franchise value for shareholders. Consequently, the C&CG Committee determined that, with respect to the adjusted net income applicable to common shareholders and adjusted earnings per share performance metrics, it was appropriate to adjust for the impact of these fee concessions for purposes of the CEO and CFO scorecards. After giving effect to the $11.22 million after-tax impact of the fee concessions, reported adjusted net income applicable to common shareholders of $74,421,000 was deemed to be $85,438,000 for the scorecards and reported adjusted earning per share of $0.308 was deemed to be $0.353 for the scorecards, which resulted in a deemed at target performance for those two metrics.

As set forth in the above chart, based on the achievement of prescribed goals in 2020, the CEO realized an achievement level of 140%, resulting in a maximum bonus payout of 1.9x his base salary. See "*Summary of Key Commitments and Changes Regarding Executive Compensation*" and "*Statement of Corporate Governance Practices – Shareholder Engagement*" for additional information.

For the CFO:

| Metric | Target (100%, 1.5x)[1] | Max (200%, 2.5x) | Actual Result |
|---|---|---|---|
| **Strategic Execution**<br>• Capital deployment<br>• Stakeholder relations<br>• Credit/liquidity enhancements | 30% | 60% | **40%** |
| Credit rating maintenance | 10%<br>*(maintain rating)* | 20%<br>*(improve rating)* | **10%** |
| 2020 Corporate Operating Expenses | 10%<br>($22,000,000) | 20%<br>($21,000,000) | **10%**<br>($22,123,000) |
| 2020 Income Tax Management | 10%<br>(maintain effective tax rate on adjusted operating income of 22%) | 20%<br>(achieve effective tax rate on adjusted income below 20%) | **20%**<br>(actual rate 18.6%) |
| 2020 Internal Controls | 10%<br>*(maintain overall performance test from previous year as prepared by internal audit)* | 20%<br>*(significant improvement on previous year's performance as prepared by internal audit)* | **15%** |
| 2020 Adjusted net income – applicable to common shareholders | 15%<br>*($85,920,000)* | 30%<br>*($97,320,000)* | **15%[2]**<br>*($85,438,000)* |

| | | | |
|---|---|---|---|
| 2020 Adjusted earnings per share (after prefs) | 15%<br>*($0.358)* | 30%<br>*($0.406)* | **15%**[(2)]<br>*($0.353)* |
| **Payout** | | | **125%**<br>$780,000 |

(1) Achievement below a target level may result in the awarding of a partial bonus between a 0% payout and below the target 100% payout. Any determination to award such a bonus is on a discretionary basis, as determined by the Board, based upon the achievement of the individual and the level of achievement in respect of the particular metric.

(2) In 2020, ECN Capital made a strategic decision, with the approval of the Board, to secure significant funding commitments through 2021 to enable Service Finance to continue to execute on its "take share and make share" growth strategy through the COVID-19 pandemic. In order to secure this funding, Service Finance granted temporary origination and servicing fee concessions, which negatively impacted net income in 2020 but resulted in the creation of significant long-term franchise value for shareholders. Consequently, the C&CG Committee determined that, with respect to the adjusted net income applicable to common shareholders and adjusted earnings per share performance metrics, it was appropriate to adjust for the impact of these fee concessions for purposes of the CEO and CFO scorecards. After giving effect to the $11.22 million after-tax impact of the fee concessions, reported adjusted net income applicable to common shareholders of $74,421,000 was deemed to be $85,438,000 for the scorecards and reported adjusted earning per share of $0.308 was deemed to be $0.353 for the scorecards, which resulted in a deemed at target performance for those two metrics.

As set forth in the above chart, based on the achievement of prescribed goals in 2020, the CFO realized an achievement level of 125% resulting in a bonus payout equal to 1.75x his base salary.

For the Chief Legal Officer, Ms. Koenig's annual performance bonus is comprised of (i) a discretionary bonus, as determined by the Board, based on the Corporation achieving certain targeted pre-tax net income results, and (ii) an incremental performance-based bonus, which is based on the achievement of certain Board established strategic and operational performance targets for the Corporation.

Our Scorecard Metric "Strategic Execution" is directly linked to the Corporation's 2020 strategic priorities and core principles.

| Strategic Execution Metrics | Target | Actual Performance[(1)] |
|---|---|---|
| **Strategic Leadership** | **Corporate Strategy**<br>• Executing adaptive strategy, including transition to asset light asset management model and COVID-19.<br>• Recognizing and responding to market changes to maximize profitability and scale while maintaining robust risk management.<br>• Support of the investor companies, through strategic use of ECN's balance sheet, introducing new programs and developing new strategies. | **Corporate Strategy**<br>• ECN Capital had approximately $32 billion in managed and advisory portfolios, and originations in 2020 of $2.8 billion. The Corporation produced adjusted operating income before tax of $103.1 million in 2020, and adjusted EBITDA of $132.8 million for 2020.<br>• In response to the COVID-19 pandemic and its associated impacts, the Corporation proactively secured over $2 billion in funding for 2020 and 2021, enabling Service Finance to execute on its growth strategy, sign up new dealers at a record pace and continue to grow its originating and servicing assets. These strategic decisions positioned Service Finance for continued growth in 2021.<br>• Entered into long-term retention arrangements with the business segment lenders as well as key corporate executives, ensuring leadership stability through 2024.<br>• Continued to implement "take share and make share" strategies, including Land Home and bronze programs at Triad, complementary flow loans and Dealer Advance progress/pay programs at Service Finance, and continued growth of its credit card investment management platform at KG. |
| | **Technology Enhancements**<br>• Integrate reporting process for all operating subsidiaries into a single ERP system.<br>• Upgrade IT systems, control environment and implement redundancy.<br>• Delayed KG 2020 initiatives into 2021. | **Technology Enhancements**<br>• Completed implementation of a new ERP system in 2020<br>• Upgraded IT systems and implemented a disaster recovery plan, enabling ECN Capital to successfully transition to a remote work environment in response to the pandemic.<br>• Implemented a leading-edge servicing platform at Triad, which enabled the launch of Triad's Land Home growth initiative |

| Strategic Execution Metrics | Target | Actual Performance[1] |
|---|---|---|
| | **Operational Improvements**<br>• Increase profitability by driving operating leverage improvements across each of our operating subsidiaries. | **Operational Improvements**<br>• The Corporation's commitment to, and implementation of, certain corporate cost reduction initiatives enabled each investor company to maintain strong operating margins in 2020, with continued improvements forecast for 2021. |
| **Capital Management** | **Capital Management Initiatives**<br>• Maintain investment grade rating and access to liquidity to ensure achievement of annual business plan objectives.<br>• Providing origination and servicing partners modest capital and the knowledge and scale to help grow their businesses within their large addressable markets.<br>• Redeploying capital into higher return, higher growth businesses that require less capital.<br>• Focused on acquiring business services providers with origination and servicing franchises that offer unique value propositions.<br>• Capturing the opportunity for the Corporation to reassess capital requirements following its transition to an asset-light business and returning capital to shareholders in an equitable and efficient manner. | **Capital Management Initiatives**<br>• Maintained investment grade rating, despite the economic impacts associated with the COVID-19 pandemic.<br>• Issued C$75 million in 5-year senior unsecured debentures, which diversified the Corporation's sources of financing and significantly enhanced liquidity.<br>• Secured multi-year funding commitments for Service Finance enabling the execution of Service Finance's "take share and make share" growth strategies.<br>• Secured 14 new funding partners in 2020 at Triad, including the first insurance partner.<br>• Completed a corporate reorganization which will result in tax and expense efficiencies. |
| **Stakeholder Relations** | **Shareholder Value**<br>• A consistent focus on specialty finance, principally originating, managing and advising on prime credit portfolios, resulting in unequalled industry experience and relationships.<br>• Grow adjusted net income applicable to common shareholders and adjusted EPS to drive increase in share price.<br><br>**Relationship Building**<br>• Building partnerships and developing relationships (rather than competing) with U.S. financial institutions ranging from large national banks, credit unions, local community banks and institutional investment funds through the Corporation's transition to an asset-light model that provides business services to partners through its portfolio companies.<br>• Building partnerships and developing relationships with manufacturers and dealer networks to drive origination growth at Service Finance and Triad. | **Shareholder Value**<br>• Following completion of business transformation, ECN Capital now has managed and advisory assets of approximately $32 billion and has grown its customer base to include more than 90 banks and credit union partners, who it partners with rather than competes against.<br>• 2020 adjusted net income applicable to common shareholders of $103.1 million, or $0.31 per share.<br>• Share price increase of over 35% in 2020.<br><br>**Relationship Building**<br>• Successfully deepening relationships with key partners with a view to expanding partnership relationships to more than one solution.<br>• Added Canada Pension Plan Investment Board as a new funding partner of Service Finance with committed liquidity of over $1 billion over 2 years.<br>• Added new life insurance and investment fund partners to purchase Triad loan originations which diversified our funding base away from FDIC-insured institutions.<br>• Continuing to develop its exclusive manufacturer relationships in attractive end market verticals that bring proven dealer networks to drive volume at low cost. |

| Strategic Execution Metrics | Target | Actual Performance[(1)] |
|---|---|---|
| | **Shareholder Engagement**<br>• Continuing active engagement with the Corporation's shareholders.<br>• Rapidly evolving ESG concerns | **Shareholder Engagement**<br>• On-going engagement with stakeholders, including meeting with shareholders representing approximately 10% of our overall shareholders and 30% of our actively managed institutional shareholder base, to obtain feedback on key topics relating to corporate governance practices, executive compensation, financial performance and other matters, and reflecting shareholder feedback in the Corporation's goals, initiatives and commitment. Third annual Investor Day hosted in February 2021.<br>• Successfully established the ESG Committee and introduced an ESG policy, enabling the Corporation to improve its impact and growth plans including with respect to disclosure of ESG issues to its stakeholders. |

(1) Refer to "Key Business Developments" section of the Management Discussion & Analysis publicly filed on February 25, 2021 for a summary of the Corporation's strategic progress and achievements in 2020. Refer also to the Corporation's "Investor Day" presentation publicly filed on February 4, 2021 for an overview of ECN Capital's core U.S. business operations.

For the other NEOS:

- Mr. Shaw's annual performance bonus is comprised of (i) a discretionary bonus, as determined by the Board, based on KG achieving certain targeted adjusted operating income before tax results, and (ii) an incremental performance-based bonus, which is based on the achievement of certain Board established performance targets for KG, including the achievement of certain revenue and assets under management amounts for the credit card investment management platform and return on equity invested in KG over which he has executional responsibility.

- Mr. Berch's annual performance bonus is comprised of (i) a discretionary bonus, as determined by the Board, based on Service Finance achieving certain targeted adjusted operating income before tax results, and (ii) an incremental performance-based bonus, which is based on the achievement of certain Board established performance targets for Service Finance, including the achievement of certain originations and return on equity invested in Service Finance measures over which he has executional responsibility.

The Compensation Performance Scorecards for Messrs. Berch and Shaw are based principally on the performance of the investor companies for which they are responsible: Service Finance for Mr. Berch and KG for Mr. Shaw. A component of their Scorecard is also tied to integration and possible cross-selling support that each executive officer can provide to the Corporation's other investor companies.

For 2020, the primary consideration in measuring the performance of Mr. Berch was originations and adjusted operating income at Service Finance. Other strategic performance metrics related to strengthening Service Finance for the future through maintenance of credit quality, expansion of partners and product offerings and innovation. In 2020, Mr. Berch was instrumental in diversifying and securing funding commitments that enabled Service Finance to execute on its "take share and make share" opportunities that arose due to the COVID-19 pandemic. As a result, Service Finance is well positioned for continued growth in 2021 and beyond.

For 2020, Mr. Shaw's performance metrics consisted of a blend of strategic matters and performance measures of KG's business. On strategic matters, Mr. Shaw focused on transitioning the business mix at KG into a longer term, recurring revenue model, with a greater focus on recurring fee-based revenue as opposed to one-time transaction revenue. In 2020, KG was negatively affected by the economic impact of the COVID-19 pandemic and, in particular, the reduction in marketing expenditures at credit card issuing banks and the decline in credit card receivables balance and related credit card portfolio activity.

These reductions impacted marketing services revenue, partnership services and asset management services and transaction services revenues. Despite these impacts, which were beyond the control of management, Mr. Shaw was successful in continuing the transition of KG's business model.

By placing a significant weighting on achieving our key financial objectives and execution of key strategic objective, each of which ultimately drive the Corporation's share price and overall total shareholder return which creates value for the Corporation's shareholders, the C&CG Committee believes that the annual incentive plan is closely aligned with shareholder interests.

**Longer-Term Incentives (PSUs, 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, RSUs and/or Options are granted annually to executives based on level, individual performance, potential and market competitiveness. As these incentives comprise a significant component of a senior executive's total compensation, target award levels are benchmarked annually to ensure competitiveness with the external market having regard to practices and actual payouts by peer group comparators.

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 four 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.

As a result of the reduction in ECN Capital's issued and outstanding Common Shares over a period from 2017 to 2019 pursuant to the normal course issuer bids conducted in 2017 and 2018 and two substantial issuer bids completed in 2018 and 2019, the number of Common Shares issuable under the Option Plan during 2018 and a substantial part of 2019 exceeded such number which represents 10% of the issued and outstanding Common Shares and no further Options were available to be granted. Consequently, the Corporation's pay-mix of long-term incentives to named executive officers in 2019 did not include the issuance of any Options, and consisted solely of PSU and RSU awards.

ECN's 2019 pay-mix is not reflective of the Corporation's philosophy on compensation and pay-mix long-term. In 2020, ECN Capital had availability under its Option Plan to issue Options as part of its long-term incentive compensation and the NEOs received approximately 50% of their compensation in PSUs, RSUs and/or Options based on level, individual performance, potential and market competitiveness. ECN Capital expects to continue to include PSUs, RSUs and/or Options as part of its overall long-term incentive pay-mix to executive officers going-forward, subject to vesting schedules of at least three years and, where applicable, the achievement of performance conditions, other than in limited and exceptional circumstances, based on level, individual performance, potential and market competitiveness. Please see "*Additional Disclosure – Longer-Term Incentive Plan Descriptions – Share Unit Plan*" for a detailed description of ECN Capital's PSU and RSU plan.

In line with executive compensation best practices, the Corporation intends to issue all long-term equity incentive awards subject to vesting schedules of at least three years and, where applicable, the achievement of performance conditions, other than in limited and exceptional circumstances. As set out in the table below, achievement below the stipulated target shareholder return will typically result in a payout of 0% for that performance component.

| Annual Metrics | Weight | Threshold | Target | Maximum |
|---|---|---|---|---|
| Adjusted earnings per share to common shareholders(1) | 50% | 2021 – US$0.23(2)<br>(50% achievement) | 2021 – US$0.46(2)<br>(100% achievement) | 2021 – US$0.92(2)<br>(200% achievement) |
| Total shareholder return (ECN vs. S&P/TSX Composite Index) | 50% | 0%<br>(Below Target) | Equal to S&P/TSX Composite Index<br>(100% achievement) | +10%<br>(110% achievement) |

(1) Achievement above target will be paid on a proportionate basis up to maximum 200% payout.
(2) 2021 and 2022 to be determined based on Board approved annual budget for each year. Please refer to "Non-IFRS and Other Performance Measures" in ECN Capital's Annual MD&A for the year ended December 31, 2020 for a description of how ECN Capital calculates adjusted after tax earnings per share and for a reconciliation to net income per share.

In 2020, the common shareholders of the Corporation achieved a rolling 3-year total shareholder return (for 2018 to 2020) of approximately 73%, more than 4.1x the total shareholder return for the S&P/TSX Composite Index over the same period of approximately 18%, which is above the maximum achievement factor for total shareholder return.

In 2020, ECN Capital made a strategic decision, with the approval of the Board, to secure significant funding commitments through 2021 to enable Service Finance to continue to execute on its "take share and make share" growth strategy through the COVID-19 pandemic. In order to secure this funding, Service Finance granted temporary origination and servicing fee concessions, which negatively impacted net income in 2020 but resulted in the creation of significant long-term franchise value for shareholders. Consequently, the C&CG Committee determined that, with respect to the adjusted earnings per share to common shareholders performance metric, it was appropriate to adjust for the impact of these fee concessions for purposes of the CEO and CFO scorecards. After giving effect to the $11.22 million after-tax impact of the fee concessions, reported adjusted net income applicable to common shareholders of $74,421,000 was deemed to be $85,438,000 for the scorecards and reported adjusted earning per share of $0.308 was deemed to be $0.353 for the scorecards. Accordingly, for vesting purposes, the Corporation achieved 98.9% of its target for adjusted earnings per share to common shareholders.

**Additional Benefit Plans**

*Pension Plan Benefits*

As at December 31, 2020, 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. However, the Corporation does provide retirement allowances and paid severance where applicable. The Corporation also implemented a 401(k) program which was rolled out in January 2020.

*Perquisites*

The NEOs are entitled to participate in all employee benefit plans offered by ECN Capital to its Canadian and U.S. employees, as applicable.

**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 the 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 President | 3.0x |
| Other NEOs | 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 (5) trading days preceding the measurement date. PSUs 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, PSUs or RSUs. 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/PSUs/RSUs)(1) | Total as Multiple of Base Salary |
|---|---|---|
| Steven K. Hudson | $74,894,589 | 80.7x |
| Michael Lepore | $5,255,063 | 11.8x |
| Scott Shaw | $32,618,643 | 54.4x |
| Mary Beth Koenig | $3,680,816 | 9.8x |
| Mark Berch | $11,382,965 | 28.5x |

(1) Represents total number of Common Shares, PSUs and RSUs held by the NEO as at January 31, 2021. The market value of Common Shares, PSUs and RSUs is based on the closing price of the Common Shares on the TSX on January 31, 2021 and converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.

**Clawbacks**

The Corporation has a clawback policy which provides the Board with discretion to recover any and all incentive compensation received or realized by an 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

The following table sets forth information regarding compensation earned by the NEOs for the Corporation's last three (3) fiscal years.

| Name and principal position | Fiscal Year | Salary ($)[1] | Share-based awards ($)[2] | Option-based awards ($)[3] | Non-equity incentive plan compensation ($)[4] | | All other compensation ($) | Total compensation ($) |
|---|---|---|---|---|---|---|---|---|
| | | | | | Annual incentive plans | Long-term incentive plans | | |
| Steven K. Hudson[5] *Chief Executive Officer* | 2020 | 1,000,000 | 1,175,000 | 1,325,000 | 1,900,000 | — | — | 5,400,000 |
| | 2019 | 1,035,625 | 2,306,250 | — | 2,400,000 | — | — | 5,741,875 |
| | 2018 | 962,500 | 1,285,948 | 414,412 | 1,584,266 | 59,375 | — | 4,306,501 |
| Michael Lepore *Chief Financial Officer* | 2020 | 445,325 | 425,000 | 475,000 | 780,000 | — | — | 2,125,325 |
| | 2019 | 475,000 | 743,750 | — | 1,040,000 | — | — | 2,258,750 |
| | 2018 | 250,744 | 755,173[6] | 73,132 | 350,000 | — | — | 1,429,049 |
| Scott Shaw *Chief Executive Officer Kessler Financial Services, LLC* | 2020 | 600,000 | 4,438,764[7] | — | — | 525,000[8] | — | 5,563,764 |
| | 2019 | 600,000 | 1,650,000[9] | — | 2,100,000 | 525,000 | — | 4,875,000 |
| | 2018 | 350,000[10] | 1,500,000 | — | 1,459,980 | — | — | 3,309,980 |
| Mary Beth Koenig *Chief Legal Officer, General Counsel and Corporate Secretary* | 2020 | 375,000 | 375,000 | 125,000 | 300,000 | — | — | 1,175,000 |
| | 2019 | 140,625[11] | 250,000 | — | 187,500 | — | — | 578,125 |
| | 2018 | — | — | — | — | — | — | — |
| Mark Berch *President, Service Finance, LLC and Executive Vice President, ECN Capital* | 2020 | 400,000 | 5,997,775[12] | — | — | 2,035,000[13] | — | 8,432,775 |
| | 2019 | 400,000 | 1,000,000 | — | — | 1,692,640 | — | 3,092,640 |
| | 2018 | 400,000 | — | — | — | 894,480 | — | 1,294,480 |

(1) Salary amounts are converted to U.S. dollars based on a 1.329 and 1.296 average USD/CAD exchange rate in 2019 and 2018, respectively. In 2020, all salary amounts were paid entirely in U.S. dollars. Pursuant to temporary salary reductions to executives mandated by the Board as a precautionary response to the COVID-19 pandemic, the base salaries of Mr. Hudson, Mr. Lepore and Ms. Koenig were reduced in the second quarter of 2020.

(2) Where applicable, amounts have been converted to U.S. dollars based on 1.2777 USD/CAD exchange rate on January 31, 2021.

(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, 2020, the grant date fair values were determined based on a Black-Scholes option value of C$0.99 (assuming an average exercise price of C$5.16, a 4 year term, a risk free rate of 0.37%, volatility of 26%, and an expected annual dividend yield of C$0.10 per share) and converted to U.S. dollars based on a 1.3047 USD/CAD exchange rate on August 31, 2020. ECN Capital did not issue any stock options in 2019. For the fiscal year ended December 31, 2018, the grant date fair values were determined based on a Black-Scholes option value of C$0.64 (assuming an average exercise price of C$3.53, a 4-year term, a risk free rate of 2.2%, volatility of 22%, and an expected annual dividend yield of C$0.04 per share) and converted to U.S. dollars based on a 1.313 USD/CAD exchange rate on August 13, 2018.

(4) As determined by the C&CG Committee of the Board. See section entitled "*Compensation Discussion and Analysis' – Compensation Components*".

(5) In early 2019, at the request of the Board, Mr. Hudson agreed to extend his term as Chief Executive Officer until 2023 (his original contract was to expire on October 2, 2021). As part of his agreement to extend, Mr. Hudson entered into a new executive employment agreement with ECN Holdings (as defined below) effective as of May 1, 2019. Under these new terms, Mr. Hudson received a modest increase in his base salary, effective April 1, 2019, to C$1,060,000, with his short- and long-term incentive plan entitlements remaining the same, and subject to achievement of performance-based conditions in the case of the long-term incentive plan. As noted under "*Termination, Retirement and Change of Control Benefits for NEOs*", Mr. Hudson's termination entitlements were adjusted to reflect the extended term, but with such entitlements still subject to performance-based conditions established by the Board. Based on the satisfaction of such performance conditions, C$8.55 million and $3.95 million of Mr. Hudson's retirement allowance has vested and is payable upon cessation of his employment with the Corporation.

(6) Converted to U.S. dollars based on a 1.324 USD/CAD exchange rate on November 14, 2018. Mr. Lepore received a one-time grant of PSUs in the amount of $771,605, of which one third ($257,202) vested and was paid in 2018. This one-time award is part of a relocation package relating to Mr. Lepore's relocation to the United States in the Spring of 2019 and was intended to reward his performance in 2018 and promotion within the finance group.
(7) In 2020, Mr. Shaw and ECN Capital reached an agreement in principle to extend Mr. Shaw's employment with KG until the end of fiscal 2024. In connection with such extension of his employment, Mr. Shaw received a one-time grant of PSUs as a retention incentive. These PSUs shall vest on an annual basis based upon and subject to the achievement of specified adjusted operating income measures at KG and certain performance requirements for Mr. Shaw. Vesting is dependent on the operating performance of the KG business segment. In addition, Mr. Shaw agreed to acquire additional ECN shares, further aligning interest with ECN Capital shareholders.
(8) Mr. Shaw received an incentive payment of $525,000 related to the long-term management incentive plan that was entered into at the time KG was acquired by ECN Capital in May 2018.
(9) Mr. Shaw received a one-time long term retention PSU grant in the amount of $750,000 in connection with his promotion from President to CEO of KG on March 21, 2019, which is included in his share-based awards total for 2019.
(10) Mr. Shaw's 2018 base salary of $600,000 was pro-rated from his June 1, 2018 start date.
(11) Ms. Koenig's 2019 base salary of $375,000 was prorated from her September 3, 2019 start date.
(12) In 2020, Mr. Berch and ECN Capital reached an agreement in principle to extend Mr. Berch's employment with Service Finance until the end of fiscal 2024. In connection with such extension of his employment, Mr. Berch received a one-time grant of PSUs as a retention incentive. These PSUs shall vest on an annual basis based upon and subject to the achievement of specified adjusted operating income measures at Service Finance and certain performance requirements for Mr. Berch. Vesting is dependent on the operating performance of the Service Finance business segment. In addition, Mr. Berch agreed to acquire additional ECN shares, further aligning interest with ECN Capital shareholders.
(13) In 2020, Mr. Berch received incentive compensation consideration payments of $2,035,000 related to the long-term deferred purchase consideration plan that was entered into at the time Service Finance was acquired by ECN Capital in September 2017.

### *Outstanding option-based and share-based awards*

The following table sets out, for each NEO, information concerning all option-based awards outstanding as of January 31, 2021.

| Option-based Awards | | | | | Share-based Awards | | |
|---|---|---|---|---|---|---|---|
| **Name** | **Number of securities underlying unexercised options (#)** | **Average option exercise price (C$)** | **Option expiration dates** | **Value of unexercised in-the-money options(1) ($)** | **Number of shares or units that have not vested (#)** | **Market or payout value of share-based awards that have not vested ($)** | **Market or payout value of share-based awards not paid out or distributed ($)** |
| Steven K. Hudson | 4,407,887 | 4.13 | 2022-2028 | $6,240,300 | 658,580 | $3,505,002 | $5,999,663 |
| Michael Lepore | 924,730 | 4.69 | 2023-2028 | $593,645 | 171,966 | $915,216 | $2,258,225 |
| Scott Shaw | Nil | N/A | N/A | Nil | 1,837,125 | $9,777,296 | $14,040,720 |
| Mary Beth Koenig | 164,403 | 5.15 | 2026-2028 | Nil | 91,303 | $485,922 | $715,629 |
| Mark Berch | Nil | N/A | N/A | Nil | 1,446,788 | $7,699,895 | $9,624,869 |

(1) Represents the intrinsic value of all vested Options based on the closing price of the Common Shares on the TSX on January 31, 2021 and converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.

### *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 2020.

| **Name** | **Option-based awards** | | **Share-based awards –Value vested during the year(3) ($)** | **Non-equity incentive plan compensation – Value earned during the year ($)** |
|---|---|---|---|---|
| | **Value vested during the year(1) ($)** | **Value received during the year(2)** | | |
| Steven K. Hudson | $1,803,501 | $1,322,141 | $4,159,545 | Nil |
| Michael Lepore | $240,667 | Nil | $1,343,010 | Nil |
| Scott Shaw | Nil | Nil | $4,263,424 | Nil |
| Mary Beth Koenig | Nil | Nil | $229,707 | Nil |
| Mark Berch | Nil | Nil | $1,924,974 | Nil |

(1) Options vested during the year based on the intrinsic value of options based on the closing price of the Common Shares on the TSX on January 31, 2021 and converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.
(2) The actual gain realized by NEOs who have exercised options.
(3) Converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.

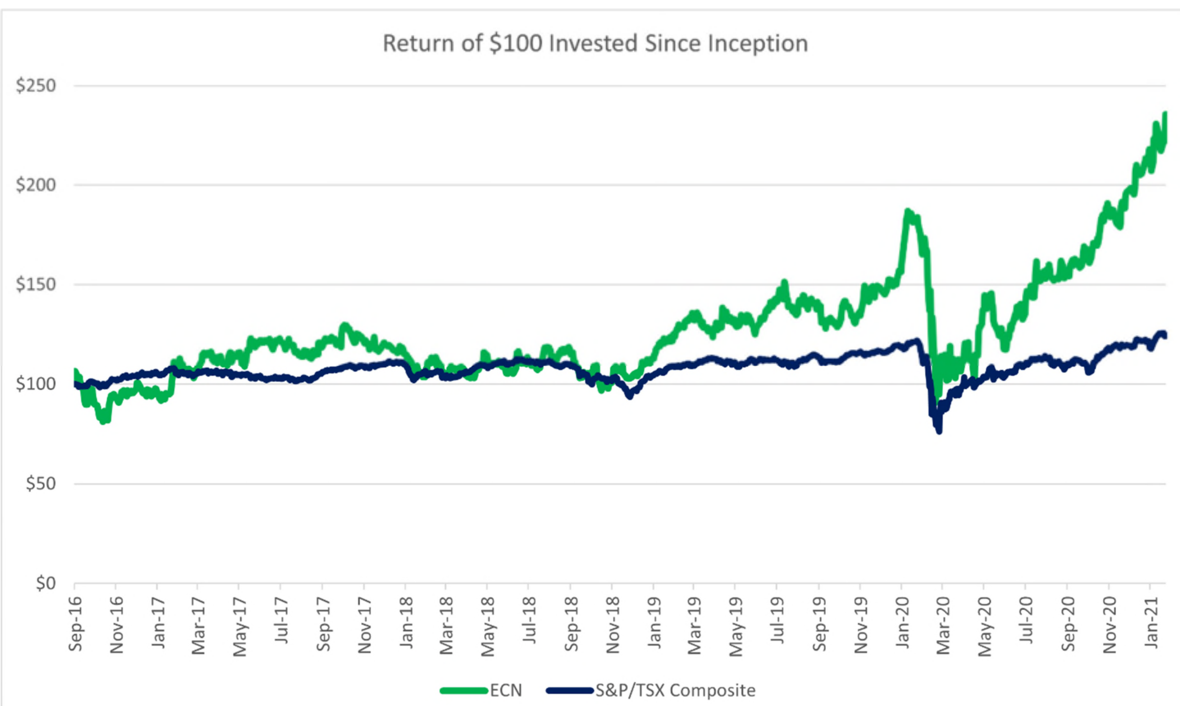
## Equity Compensation Plan Information

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, 2020) (a) | Weighted – Average Exercise Price of Outstanding Options (as at December 31, 2020) (C$) (b) | Number of Securities Remaining Available for Future Issuance Under the Option Plan (excluding securities reflected in (a)) (as at December 31, 2020) (c) |
|---|---|---|---|
| Equity Compensation Plans Approved by Securityholders | 13,735,737 | 3.86 | 10,718,312 |
| Equity Compensation Plans Not Approved by Securityholders | Nil | Nil | Nil |

## 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 February 19, 2021 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.




Source: Bloomberg

During the last three (3) year period from January 1, 2018 to December 31, 2020, total shareholder returns for ECN Capital were 73.47% assuming reinvestment of all dividends.

**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. 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, except for the Retirement Allowance for Mr. Hudson.

***Employment Agreement of Mr. Hudson***

Mr. Hudson is party to an executive employment agreement dated effective May 1, 2019 (referred to under this section as his "Employment Agreement") with ECN Holdings (US) Corp. ("ECN Holdings") pursuant to which he will serve as Chief Executive Officer until 2023. The Employment Agreement amended his initial contract with the Corporation dated effective October 3, 2016, which was previously amended and restated in early 2018. Mr. Hudson's Employment Agreement reflects, in part, the unique skills and experience that Mr. Hudson brings to the Corporation, including more than 30 years of senior executive experience in the asset finance industry and the fact that he is the founder of the Corporation's business and one of the Corporation's largest shareholders.

As part of his Employment Agreement, Mr. Hudson and the Corporation agreed to carry forward the retirement allowance provision from the initial contract to the end of the term of the Employment Agreement (the "Retirement Allowance").

Specifically, in connection with the cessation of employment at the end of the term of his Employment Agreement, ECN Holdings will provide Mr. Hudson with the following aggregate 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 Retirement Allowance from ECN Holdings comprised of (i) vested amounts of C$8.550 million and $3.95 million, and (ii) an amount of $1.975 million for each of the next two years ending December 31, 2021 and 2022, which shall vest annually. Pursuant to a separation agreement with EFN in 2016, and in recognition of Mr. Hudson's prior service with EFN, EFN agreed to reimburse 75% of the Retirement Allowance. This obligation was funded and settled by EFN in 2017 at the net present value of $8.248 million.

    Annual vesting shall be subject to the achievement of prescribed performance metrics. Based on the achievement of certain performance metrics by Mr. Hudson in 2020 (including meeting or exceeding the applicable rolling 3-year total shareholder return target established by the Board), Mr. Hudson achieved full vesting of the 2020 amount at risk. For the year ended December 31, 2020, common shareholders of ECN Capital achieved a rolling 3-year total shareholder return (for 2018 to 2020) of approximately 73%, more than 4.1x the total shareholder return for the S&P/TSX Composite Index over the same period of approximately 18%. Under his Employment Agreement, the full amount of the Retirement Allowance payable at the end of the term of the Employment Agreement will notionally accrue interest annually at the prime interest rate less 50 basis points, with such amount payable upon payment of the Retirement Allowance (subject to certain exceptions).

Pursuant to the terms of his Employment Agreement, the full amount of any Retirement Allowance payable to Mr. Hudson on cessation of employment shall be automatically set-off against the then outstanding amount of his shareholder loan (consisting of principal and any accrued and unpaid interest), at the time the Retirement Allowance becomes due and payable pursuant to the Employment Agreement. See "*Indebtedness of Directors and Executive Officers – Indebtedness under Securities Purchase Program*"; and

(c) a cash bonus for the year during which the term ends prorated to the end of the term, calculated and paid by ECN Holdings in the normal course.

In the circumstances where Mr. Hudson's Employment Agreement expires at the end of the term, he will also continue to participate in the applicable benefit plans (excluding disability coverage) in which he participated on the date immediately preceding the end of his employment, until the second anniversary of the end of the term, and will receive reimbursement for career transition and related services received within a period of two years following the end of the term, to a maximum annual amount of $100,000.

ECN Holdings is permitted to terminate the employment of Mr. Hudson without notice or pay in lieu thereof, at any time, for just cause. In such event, ECN Holdings will pay his base salary, accrued vacation, outstanding expenses and amounts pursuant to his perquisite package up to the date of termination of employment. If the foregoing termination would have occurred on December 31, 2020, then Mr. Hudson would have been entitled to receive a payment equal to an estimated $1,154,599, not including the vested portion of his Retirement Allowance.

In the event that Mr. Hudson resigns without Good Reason (as defined in his Employment Agreement) he shall be entitled to his then vested Retirement Allowance.

Pursuant to the terms and conditions of his Employment Agreement, if the employment of Mr. Hudson is terminated without just cause, as a result of disability or he resigns for Good Reason, then ECN Holdings must provide him 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) the Retirement Allowance for Mr. Hudson in the amount payable at the end of the term of his Employment Agreement (in one lump sum payment); 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 Holdings to him 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 Holdings, as applicable, to him in the normal course. In such circumstances, any of Mr. Hudson's unvested options will automatically vest, and he will be permitted to exercise any options until expiry thereof and any unvested share units (including PSUs) will automatically vest on termination. If the foregoing termination would have occurred on December 31, 2020, then Mr. Hudson would have been entitled to receive, among other benefits as described below, a payment equal to an estimated $26,239,741.

In the circumstances where Mr. Hudson is terminated without just cause, as a result of disability or he resigns for Good Reason, he will also continue to participate in the applicable benefit plans (excluding disability coverage) in which he participated on the date immediately preceding the date of termination of employment until the second anniversary of such date of termination of employment, and will receive reimbursement for career transition and related services received within a period of two years following termination of employment, to a maximum annual amount of $100,000.

In the event that Mr. Hudson, within 12 months of a Change of Control, is terminated without cause or resigns with Good Reason, then he 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) the Retirement Allowance payable at the end of the term of his Employment Agreement (in one lump sum payment); 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 Holdings to him 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 prorated amount calculated and paid by ECN Holdings to Mr. Hudson in the normal course. In the circumstances where Mr. Hudson is terminated without cause or resigns for Good Reason within 12 months of a Change of Control, he will also continue to participate in the applicable benefit plans (excluding disability coverage) in which he participated on the date immediately preceding the date of termination of employment until the second anniversary of such date of termination of employment, and will receive reimbursement for career transition and related services received within a period of two years following termination of employment, to a maximum annual amount of $100,000.

Further, unvested outstanding Options, RSUs and PSUs held by Mr. Hudson will automatically vest in such circumstances and he will be permitted to exercise any options until expiry thereof. Giving effect to the immediate vesting of all Options, RSUs and PSUs upon a Change of Control on December 31, 2020, Mr. Hudson would hold Options, RSUs and PSUs with an estimated combined "in-the-money" value of $8,031,399.

*Employment Agreement of Mr. Lepore*

Mr. Lepore is party to an executive employment agreement dated effective January 1, 2021 (referred to under this section as his "Employment Agreement") with ECN Holdings pursuant to which he will serve as Chief Financial Officer and Chief Administrative Officer until December 31, 2024. Mr. Lepore's Employment Agreement amended his initial contract with the Corporation dated effective May 16, 2017 and his Promotion and Relocation letter dated December 7, 2018.

ECN Holdings is permitted to terminate the employment of Mr. Lepore without notice or pay in lieu thereof, at any time, for just cause. In such event, ECN Holdings will pay his base salary, accrued vacation, outstanding expenses and amounts pursuant to his perquisite package up to the date of termination of employment. If the foregoing termination would have occurred on December 31, 2020, Mr. Lepore would not have been entitled to receive any further payments.

In the event that Mr. Lepore resigns without Good Reason (as defined in his Employment Agreement) he shall be entitled to payment of his base salary, plus pro-rated perquisite package and pro-rated vacation through the notice period.

Pursuant to the terms and conditions of his Employment Agreement, if the employment of Mr. Lepore is terminated without just cause, as a result of disability or he resigns for Good Reason, then ECN Holdings must provide him with a payment equal to the sum of: his base salary, perquisite package and vacation pay accrued up to the date of termination but remaining unpaid; aggregate bonuses accrued in the normal course of business following the end of the fiscal year during which termination occurred; two times his base salary plus two times the average of the total short-term incentive plan and long-term incentive plan aggregate bonuses awarded in the two fiscal years prior to the termination at a minimum target of 200%; continued participation in healthcare coverage for a period of two years to a maximum amount of $100,000; and the immediate vesting of all stock options. If the foregoing termination would have occurred on December 31, 2020, Mr. Lepore would have been entitled to receive a payment equal to an estimated $6,477,509.

Mr. Lepore holds Options, RSUs and PSUs with an estimated combined "in-the-money" value of $1,814,294.

Mr. Lepore is subject to non-competition and non-solicitation covenants, in each case, for a period of 18 months following the date of the termination of his employment, for any reason.

*Employment Agreement of Ms. Koenig*

Ms. Koenig is Chief Legal Counsel, General Counsel and Corporate Secretary of ECN Holdings and entered into a new employment agreement with ECN Holdings on January 1, 2021 (referred to under this section as her "Employment Agreement"). The term of employment under Ms. Koenig's Employment Agreement is a four-year period ending on December 31, 2024. Ms. Koenig's employment may be terminated without notice or pay in lieu thereof, at any time, for just cause.

Pursuant to the terms and conditions of her Employment Agreement, if the employment of Ms. Koenig is terminated without just cause or due to a change of control, she is entitled to a "Severance Allowance" payment equal to two times her base salary and the average of the total short-term incentive plan and awards paid by ECN Holdings in the two fiscal years prior to the termination date. If the foregoing termination would have occurred on December 31, 2020, Ms. Koenig would have been entitled to a payment equal to an estimated $2,834,000.

Ms. Koenig is subject to non-competition and non-solicitation covenants, in each case, for a period of 18 months following the date of the termination of her employment, for any reason.

*Employment Agreement of Mr. Shaw*

Scott Shaw joined ECN Capital as President of KG on June 1, 2018 upon the completion of the strategic investment in KG by the Corporation and entered into an amended employment agreement (referred to under this section as his "Employment Agreement"). In 2020, Mr. Shaw and the Corporation reached an agreement in principle to extend Mr. Shaw's employment with KG until the end of fiscal 2024. Mr. Shaw's Employment Agreement permits ECN Capital to terminate Mr. Shaw's employment without notice or pay in lieu thereof for just cause. In such circumstances, ECN Capital shall pay Mr. Shaw his base salary, accrued vacation and reimbursement of expenses up to date of termination of employment and Mr. Shaw shall receive any vested benefits to which he is entitled under any benefit plans in which he participated.

Pursuant to the terms and conditions of his Employment Agreement, if the employment of Mr. Shaw is terminated without just cause, then ECN Capital must provide Mr. Shaw with a payment equal to the sum of: (a) the Accrued Benefit; (b) two times his base salary (determined as of the date of termination of employment); and (c) two times his average annual bonus (determined as the average of the total annual bonuses he received for each of the two fiscal years immediately preceding the date of termination of employment). In such circumstances, Mr. Shaw will continue to be covered under any benefit plans in which he participated for 24 months commencing on the first day of the first month coincident or next following the date of termination of employment. If termination without cause would have occurred on December 31, 2020, then Mr. Shaw would have been entitled to receive payments equal to an estimated $4,676,298.

In the event that Mr. Shaw is terminated due to disability, then ECN Capital must provide Mr. Shaw with a payment equal to (a) the Accrued Benefit; and (b) his annual bonus that he would have otherwise received in the year in which termination due to disability occurs, pro-rated for the number of days that he worked in such fiscal year. If termination due to disability would have occurred on December 31, 2020, then Mr. Shaw would have been entitled to receive payments equal to an estimated $4,469,904.

Mr. Shaw is subject to non-competition covenants for a period of 12 months following the date of the termination of his employment and non-solicitation covenants for a period of 24 months following the date of the termination of his employment, in each case, for any reason.

*Employment Agreement of Mr. Berch*

Mr. Berch is President of Service Finance, a material subsidiary of ECN Capital. Mr. Berch entered into an executive employment agreement with ECN Holdings on September 7, 2017 (referred to under this section as his “Employment Agreement”) upon the closing of ECN Capital’s acquisition of Service Finance. In 2020, Mr. Berch and the Corporation reached an agreement in principle to extend Mr. Berch’s employment with Service Finance until the end of fiscal 2024. Mr. Berch’s employment with Service Finance is “at will”, and he can be terminated for any reason at any time with no severance payment. Moreover, a change of control of ECN Capital is not an event that triggers any additional obligations under Mr. Berch’s Employment Agreement.

Mr. Berch is subject to non-competition and non-solicitation covenants, in each case, for a period of 18 months following the date of the termination of his employment, for any reason.

## ADDITIONAL DISCLOSURE

### Longer-Term Incentive Plan Descriptions

ECN Capital utilizes a variety of equity tools as part of its total compensation programs, which are designed to align and incentivize management in a manner aligned with shareholder interests.

Non-employee directors are only permitted to received DSUs under the DSU Plan. Effective as of October 3, 2016, the granting of Options to non-employee directors under the Option Plan was discontinued and amendments to the Option Plan, effective March 26, 2019, prohibit the issuance of Options to non-employee directors. The Unit Plan does not permit issuances of PSUs or RSUs to non-employee directors.

***Option Plan***

The Board has adopted the ECN Capital stock option plan (the “Option Plan”). Options issued thereunder 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 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 are the employees, officers and consultants (including advisors) of ECN Capital and its affiliates.
- Options typically vest 25% per year over four years.
- Each vested portion is exercisable for five years from the vesting date.

- Exercise price is 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 all security-based compensation arrangements of ECN Capital, including the Option Plan, 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 are 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 are not 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 10 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 (unless an extended exercise period has been provided for in an executive's employment agreement).

- 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 maximum number of Common Shares which may be issued to insiders of ECN Capital within a one-year period, or are issuable to such insiders at any time, under all security-based compensation arrangements of the Corporation, including the Option Plan, shall be 10% of the Common Shares issued and outstanding at the time of the issuance. The number of Common Shares issuable to non-employee directors pursuant to all security-based compensation arrangements of the Corporation, including the Option Plan, shall not exceed 1% of the issued and outstanding Common Shares, and the aggregate dollar value of such Options shall not exceed C$100,000 (converted to $78,261 based on a 1.2777 exchange rate on January 31, 2021) 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 of the Corporation, including the Option Plan, shall not exceed C$150,000 (converted to $117,398 based on a 1.2777 USD/CAD exchange rate on January 31, 2021).

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 introduce, re-introduce, 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.

The aggregate number of Common Shares reserved for issuance under all security-based compensation arrangements of ECN Capital, including the Option Plan, is 24,454,049**,** representing approximately 10% of the outstanding Common Shares on a non-diluted basis. The maximum number of Common Shares issuable under all security-based compensation arrangements of the Corporation, including the Option 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 Option Plan and all other security-based compensation arrangements of the Corporation will increase accordingly. During 2020, the Corporation granted a total of 4,353,954 Options and canceled a total of 2,805,230 Options; therefore, 13,735,737 Options remained issued and outstanding as of December 31, 2020 (representing approximately 5.6% of the Common Shares outstanding) and there were 10,718,312 Common Shares (representing approximately 4.4% of the outstanding Common Shares on a non-diluted basis) that remained available for issuance under the Option Plan. Since the inception of the Option Plan, a total of 10,320,977 Common Shares have been issued pursuant to the exercise of Options, representing approximately 4.2% of the outstanding Common Shares on a non-diluted basis.

***Deferred Share Unit Plan***

The Board has adopted the ECN Capital Deferred Share Unit Plan (the "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 of ECN Capital within a one-year period, or are issuable to such insiders at any time, under all security-based compensation arrangements of the Corporation, including the DSU Plan, shall be 10% of the Common Shares issued and 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. Pursuant to the DSU Plan, 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 C$150,000 (converted to $117,878 based on a 1.2725 USD/CAD exchange rate on December 31, 2020). Since the inception of the DSU Plan, it has been the Corporation's practice to settle all DSUs in cash.

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.

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 all security-based compensation arrangements of ECN Capital, including the DSU Plan, is 24,454,049, representing approximately 10% of the outstanding Common Shares on a non-diluted basis. The maximum number of Common Shares issuable under all security-based compensation arrangements of the Corporation, 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 ECN Capital issue additional Common Shares in the future, the number of Common Shares issuable under the DSU Plan and all other security-based compensation arrangements of the Corporation will increase accordingly. As of December 31, 2020, 1,901,461 DSUs remained issued and outstanding (representing approximately 1% of the Common Shares outstanding), all of which were awarded in compliance with the 10% requirement at the time of such awards. Since the inception of the DSU Plan, it has been the Corporation's practice to settle all DSUs in cash.

On February 27, 2019, the Board resolved to restrict the terms of any grant of DSUs during any period in which the number of Common Shares issuable under all security-based compensation arrangements of ECN Capital, including the DSU Plan, exceeds such number which represents 10% of the issued and outstanding Common Shares to those that may be settled in cash only and to elect to settle in cash any outstanding DSU that vests during such period.

***Share Unit Plan***

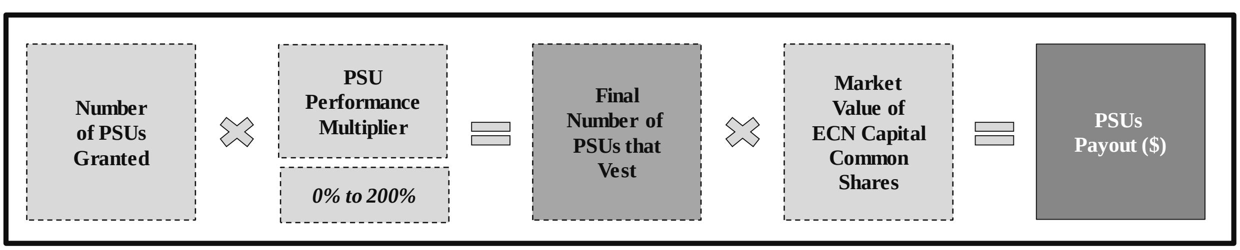
The Board has adopted the ECN Capital Share Unit Plan (the "Unit Plan"). Under the Unit Plan, both restricted share units ("RSUs") and performance share units ("PSUs") may be granted. Eligible participants under the Unit Plan are individuals employed by ECN Capital or its subsidiaries, or other controlled 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 of ECN Capital within a one-year period, or are issuable to such insiders at any time, under all security-based compensation arrangements of the Corporation, including the Unit Plan, shall be 10% of the Common Shares issued and 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 all security-based compensation arrangements of ECN Capital, including the Unit Plan, is 24,454,049, representing approximately 10% of the outstanding Common Shares on a non-diluted basis. The maximum number of Common Shares issuable under all security-based compensation arrangements of the Corporation, 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 and all other security-based compensation arrangements of the Corporation will increase accordingly. As of December 31, 2020, 6,105,396 PSUs and RSUs remained issued and outstanding (representing approximately 2.5% of the Common Shares outstanding), all of which were awarded in compliance with the 10% requirement at the time of such awards. Since the inception of the Unit Plan, it has been the Corporation's practice to settle all PSUs and RSUs in cash.

On February 27, 2019, the Board resolved to restrict the terms of any grant of PSUs and RSUs during any period in which the number of Common Shares issuable under all security-based compensation arrangements of ECN Capital, including the Unit Plan, exceeds such number which represents 10% of the issued and outstanding Common Shares to those that may be settled in cash only and to elect to settle in cash any outstanding PSU or RSU that vests during such period.

***Overhang, dilution and burn rates***

| | 2018 | | | 2019 | | | 2020 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Options** | **DSUs** | **PSUs/ RSUs** | **Options** | **DSUs** | **PSUs/ RSUs** | **Options** | **DSUs** | **PSUs/ RSUs** |
| Overhang(1)(4) | 9.8% | 9.8% | 9.8% | 9.8% | 9.8% | 9.8% | 9.8% | 9.8% | 9.8% |
| Dilution(2)(4) | 10% | 0.4% | 1.6% | 6.4% | 0.6% | 2.5% | 5.5% | 0.6% | 3.8% |
| Burn Rate(3)(4) | 0.8% | 0.2% | 1.3% | N/A (none granted) | 0.2% | 1.7% | 1.8% | 0.2% | 3.0% |

(1) The total number of Common Shares reserved for issuance under the Corporation’s security-based compensation arrangements 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 or units 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 or units granted annually, expressed as a percentage of the weighted average number of Common Shares outstanding for each financial year.

(4) Settlement of awards granted or issued pursuant to the Corporation’s security-based compensation arrangements, other than Options under the Option Plan, are typically settled with cash, and not the issuance of Treasury Stock. On February 27, 2019, the Board resolved to restrict the terms of any grant of DSUs, PSUs and RSUs during any period in which the number of Common Shares issuable under all security-based compensation arrangements of ECN Capital, including the Unit Plan, exceeds such number which represents 10% of the issued and outstanding Common Shares to those that may be settled in cash only and to elect to settle in cash any outstanding DUS, PSU or RSU that vests during such period.

## Audit Fees

Ernst & Young LLP serves as the Corporation’s auditing firm. Fees payable by ECN Capital for the fiscal years ended December 31, 2020 and December 31, 2019 to Ernst & Young LLP and its affiliates were approximately \$1.6 million and \$1.3 million respectively, as follows:

| | **2020 (\$)** | **2019 (\$)** |
|---|---|---|
| Audit Fees | 888,750 | 821,750 |
| Audit-Related Fees | 9,500 | 14,000 |
| Tax Fees | 704,000 | 462,000 |
| Other Fees | Nil | Nil |
| **TOTAL** | 1,602,250 | 1,297,750 |

The nature of each category of fees is described below.

***Audit Fees***

Audit fees were paid for professional services rendered by the auditor in connection with the audit of ECN Capital’s annual financial statements for the years ended December 31, 2020 and December 31, 2019. In addition, audit fees were paid for services provided in connection with translation services and statutory and regulatory filings.

***Audit-Related Fees***

Audit-related fees were paid for services that are reasonably related to the performance of the audit or review of ECN Capital's financial statements and are not reported under the audit fee items above. Audit-related fees in 2020 and in 2019 related to accounting and due diligence work on various matters.

***Tax Fees***

Tax fees were paid for tax compliance, including assistance with the completion of tax schedules and calculations, as well as research and advisory work on various corporate tax matters.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

### Aggregate Indebtedness

The following table sets forth the indebtedness incurred by all current directors, officers and employees, as well as former executive officers, of the Corporation and its subsidiaries for the purchase of securities of the Corporation and for other purposes as of January 31, 2021.

| Purpose | Aggregate Indebtedness to the Corporation or its Subsidiaries(1) | Set-Off Adjusted Aggregate Indebtedness to the Corporation or its Subsidiaries(1) |
|---|---|---|
| Securities Purchase Program | $47,553,000 | $35,933,000(2) |

(1) As at December 31, 2020 and converted to U.S. dollars based on a 1.2725 USD/CAD exchange rate on December 31, 2020. No additional indebtedness was incurred during the period beginning January 1, 2020 and ended January 31, 2021 by any director, officer or employee, or former executive officer, of the Corporation or any of its subsidiaries for the purchase of securities of the Corporation or for any other purpose.

(2) The indebtedness of Mr. Hudson is adjusted for the set-off of the vested portion of the Retirement Allowance due and payable to Mr. Hudson in the case of a termination of employment on December 31, 2020.

### Indebtedness of Directors and Executive Officers

The following tables set out the indebtedness of directors and executive officers of the Corporation (including any person who, during the year-ended December 31, 2020, 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, 2020 and as at January 31, 2021 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 2020(1)<br>(a) | Amount Outstanding as at January 31, 2021(2)<br>(b) |
|---|---|---|---|
| Steven K. Hudson<br>*Chief Executive Officer* | Creditor | $8,762,773(3) | $8,613,446(3) |
| Michael Lepore<br>*Chief Financial Officer* | Creditor | $1,924,608 | $1,927,877 |
| Scott Shaw<br>*President – KG* | Creditor | $11,021,321 | $11,030,280 |

| Name and Principal Position | Involvement of Issuer | Largest Amount Outstanding in 2020(1)<br><br>(a) | Amount Outstanding as at January 31, 2021(2)<br><br>(b) |
|---|---|---|---|
| Mary Beth Koenig<br>*Chief Legal Officer, General Counsel and Corporate Secretary* | Creditor | $1,635,955 | $1,638,773 |

(1) Converted to U.S. dollars based on a 1.2777 USD/CAD exchange rate on January 31, 2021.

(2) As at December 31, 2020 and converted to U.S. dollars based on a 1.2725 USD/CAD exchange rate on December 31, 2020. No additional indebtedness was incurred during the period beginning January 1, 2020 and ended January 31, 2021 by any director or executive officer of the Corporation (including any person who, during the year-ended December 31, 2020, was, but is not at the date of this Circular, a director or executive officer of the Corporation), nominee for election as director, or any associate of any such foregoing person, 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.

(3) The indebtedness of Mr. Hudson is adjusted for the set-off of the vested portion of the Retirement Allowance due and payable to Mr. Hudson in the case of a termination of employment on December 31, 2020.

### *Indebtedness Under Securities Purchase Program*

The Corporation established a loan program in support of securities purchase loans (the "Securities Purchase Loans"), which is capped at a maximum of $50 million. The indebtedness reflected in the above table reflects Securities Purchase Loans provided to executive officers of the Corporation to finance the acquisition of securities in EFN prior to the Separation Transaction and ECN Capital post-separation. All loans to ECN Capital executive officers relating to Common Shares of EFN were subsequently transferred to ECN Capital in accordance with the Separation Transaction. These loans were approved by the Board on the basis that it is important that management's interest be aligned with that of the Corporation's shareholders. Purchase of securities through the loan program 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, the Securities Purchase Loans reflect arm's length terms, including market rates 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 personal recourse to the executive as security for payment of the full amount of their indebtedness. No portion of any such outstanding loan amounts has 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 Legal Officer, General Counsel and Corporate Secretary of the Corporation by email mbkoenig@ecncapitalcorp.com or by mail at 777 S. Flagler Drive, Suite 800 East, West Palm Beach, Florida 33401.

## QUESTIONS AND FURTHER ASSISTANCE

All questions regarding the information contained in this Circular or requests for assistance in completing the form of proxy can be directed to the Corporation's strategic shareholder advisor and proxy solicitation agent, Kingsdale Advisors, at 1-855-682-4840 (toll free in North America), or at 1-416-867-2271 (collect outside North America), or by email at contactus@kingsdaleadvisors.com.

## DIRECTORS' APPROVAL

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

Dated as of March 1, 2021.

Mary Beth Koenig
*Chief Legal Officer, General Counsel*
*and Corporate Secretary*

## SCHEDULE A

## VIRTUAL ANNUAL MEETING OF SHAREHOLDERS
## CODE OF PROCEDURE
## (the "Code")

### 1. Application

This Code shall govern the conduct of virtual annual meetings of shareholders (each, a "**Meeting**") of ECN Capital Corp. (the "**Corporation**"). It is a complement to the provisions of the *Business Corporations Act (Ontario)*, including the regulations or guidelines thereunder (the "**Act**"), and to the Corporation's by-laws (the "**By-Laws**"). In any case of conflict between the Code and the Act and/or the By-Laws, the Act and/or the By-Laws, as applicable, shall prevail.

In order to facilitate a fair and productive Meeting, we ask the cooperation of shareholders ("**you**") in observing the following procedures:

### 2. Business of the Meeting

The business to be conducted at the Meeting will be set forth in the applicable Notice of Meeting and Management Proxy Circular (the "**Circular**") delivered to shareholders. The Corporation will follow the agenda of the Meeting as set out in the Circular.

### 3. Registered Shareholders and Non-Registered Shareholders

The board of directors of the Corporation (the "**Board**") has fixed the record date for the purpose of determining holders of Common Shares entitled to receive notice of and to vote at the Meeting and disclosed same within the Circular. Any holder of common shares ("**Common Shares**") of the Corporation of record at the close of business on the record date will be 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. Please follow the instructions provided in the Circular to participate at the Meeting. If you have voted your shares prior to the start of the Meeting, and your vote has been received by the Corporation's scrutineers, you do not need to vote those shares during the Meeting, unless you wish to revoke or change your vote.

Shareholders and duly appointed proxyholders entitled to vote at the Meeting may vote by proxy in advance of the Meeting. Non-registered shareholders who have not duly appointed themselves as proxyholders will be able to attend the Meeting as guests. Guests are able to attend the Meeting but are not able to submit questions or vote their shares (if any).

### 4. Questions

Shareholders and duly appointed proxyholders may submit questions during the Meeting using the "Ask a Question" field provided in the web portal. Questions may be submitted at any point in advance of, or during, the Meeting but must be submitted prior to the commencement of voting on the matter to which they relate. Subject to this Code, all questions relating to a matter subject to a vote at the Meeting will be addressed prior to the closing of voting on such matter.

Following termination of the formal business of the Meeting, the Corporation will address any appropriate general questions received from shareholders and duly appointed proxyholders regarding the Corporation.

**5. Pertinence and Good Order**

In order to facilitate a respectful and effective Meeting, only questions of general interest to all shareholders will be answered, if your question is related to an individual matter a Corporation representative will contact you after the Meeting.

**6. Specific Questions**

If there are any matters of individual concern to a shareholder and not of general concern to all shareholders, or if a question posed was not otherwise answered, such matters may be raised separately after the Meeting by contacting the Corporation's Investor Relations team by sending an e-mail to the Chairman of the Board at board@ecncapital.corp.

**7. Recording**

A recording of the webcast will be available on the Corporation's website for approximately one year from the date of the Meeting. Any other recording of the Meeting is prohibited.

**SCHEDULE B**

# 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*

(a) **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.

(b) **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.

(c) **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***

(a) **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.

(b) **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.

(c) **Ethics Reporting**

The Board has adopted the Code, which is 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.

(d) **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***

(a) **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.

(b) **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.

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