



ECN CAPITAL CORP.

**NOTICE OF
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MARCH 25, 2020**

AND

MANAGEMENT INFORMATION CIRCULAR

February 26, 2020



ECN CAPITAL CORP.

Invitation to Fellow Shareholders

On behalf of the Board and Management, we are pleased to invite you to our annual meeting of common shareholders of ECN Capital Corp. (“ECN Capital” or the “Corporation”). The meeting will be held at the offices of Blake, Cassels and Graydon LLP, 199 Bay Street, Suite 4000, Commerce Court West, Toronto, M5L 1A9, Ontario, Canada on March 25, 2020 at 8:30 a.m. (Toronto time).

We are proud to report on what our Board and Management has accomplished in 2019. We are very focused on executing ECN Capital’s exciting business plans for 2020 and beyond. However, once a year we take a moment to reflect on the previous twelve months.

As we entered 2019, ECN Capital began its first full year with all three of our operating partners, specifically Service Finance (home improvement loans), Triad Financial (manufactured housing loans), and Kessler Group (credit card portfolios). As a high growth, asset light business services company providing consumer loans to more than 90 U.S. financial institutions, ECN Capital originated \$2.4 billion of home improvement and manufactured home consumer loans. ECN Capital reported \$62 million adjusted net income after taxes for common shareholders. Earning and Managed Assets at year end 2019 were \$33 billion.

ECN’s 2019 results provide a foundational level of confidence in Management in the execution of its business plan and demonstrated the credibility of its forecasts. At our inaugural Investor Day in January 2019, Management established thoughtful goals for 2019 and 2020. We are pleased to report that our 2019 goals have been met. One year later, Management has followed with reinforced growth aspirations for 2020 and 2021. The Board has great confidence in Management’s ability to continue to achieve success.

The Board and Management continuously monitor and manage the Corporation’s capital requirements. ECN Capital has an investment grade credit rating, a committed term bank facility, significant excess liquidity, and sufficient operating cash flow to support organic growth initiatives, finance tuck-in opportunities for our existing operating partners, and meet overall liquidity needs for all economic cycles.

ECN Capital’s strong capital position and asset light business model has allowed the Corporation to return capital to shareholders by way of two substantial issuer bids, the most recently completed in mid-January of 2019, and an active normal course issuer bid. Over the last two (2) years, ECN Capital has purchased 154 million common shares, representing approximately 40% of its common shares outstanding (based on the number of shares outstanding prior to commencement of ECN’s issuer bid and return of capital initiatives). In November 2019, ECN Capital also announced an increase in the common share dividend to 2.5 cents per quarter or 10 cents per year.

Key to ECN Capital’s business plan in 2019 was to enable the growth and margin expansion initiatives at our operating partners. This is achieved through innovative development of complementary products, and “take share and make share” business opportunities. In 2019, ECN Capital was able to apply its experiences in floorplan financing to support the implementation of a floorplan funding initiative at Triad. The intent was to drive significant new loan application volumes. In fact, Triad experienced three times the origination growth from its floorplan funded dealers relative to non-floorplan dealers.

ECN Capital's investor companies can expand and diversify relationships with our bank and financial institution partners, adding both new partners and expanding existing relationships. We successfully implemented technology initiatives, such as a leading-edge enterprise resource planning (ERP) common system across each of our investor companies and are in the process of implementing new servicing systems at Triad, to enable scale, improve internal controls and drive margin improvement.

Looking forward, ECN Capital is expending significant effort to expand originations and monetize opportunities from our existing origination "funnels". For example, ECN Capital is working with Service Finance to develop a technology enabled multi-lender platform for credit applications which fall short of ECN Capital's funding group's credit requirements. In 2019, approximately 1.6 billion credit applications at Service Finance were rejected. ECN Capital has supported Service Finance with a new program to refer the declined credit applications to other lenders. The initiative produces more satisfied customers, higher close rates for dealers, and attractive loans for partner lenders. Service Finance earns an introduction fee, on a non-recourse basis, and no ongoing servicing.

While there are presently no signs of a recession on the horizon, ECN Capital remains cognizant of the economic environment and the resilience of its business model. Consumer loan originations and credit losses are the primary exposures. Credit losses are mitigated by our customer's Prime and Super-Prime credit worthiness profiles, and the underwriting and continuous reviews we conduct on our dealer networks. 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 performance. Our CEO is one of the Company's largest shareholders, demonstrating his strong commitment and belief in the business and prospects of the Corporation.

One of our corporate priorities is an open and transparent dialogue with our shareholders and stakeholders, supported by continuous shareholder engagement initiatives. On January 28, 2020, we hosted our second annual Investor Day, which was broadly attended by all stakeholder groups. Investor Day allowed our stakeholders (i) to hear first-hand about our three investor companies from their management; (ii) to learn about the value-adds and strategic direction that ECN Capital provides to our investor companies; and (iii) to allow active dialogue and engagement with our shareholders. Shareholder input matters to us.

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. As a result, we continue to 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 C&CG Committee considers executive compensation matters in the future.

Following this letter is the formal Notice of the Meeting and 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, either in person 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 March 25th in Toronto.

William Lovatt
Chairman of the Board

Steven Hudson
Chief Executive Officer

February 26, 2020



**Notice of Annual Meeting of Shareholders
March 25, 2020**

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 at the offices of Blake, Cassels and Graydon LLP, 199 Bay Street, Suite 4000, Commerce Court West, Toronto, Ontario, M5L 1A9, Canada on March 25, 2020 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, 2019 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.

The specific details of the foregoing matters to be put before the Meeting are set forth in the Management Information Circular dated February 26, 2020 (the “Circular”) accompanying this Notice of Meeting.

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. If you are unable to attend the Meeting in person, you may vote by proxy by following the instructions on the form of proxy or voting instruction form. 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 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 23, 2020 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 26th day of February, 2020.

By Order of the Board of Directors
Mary Beth Koenig
*Senior Vice President, Chief Legal Officer and
Corporate Secretary*



ECN CAPITAL CORP.

Management Information Circular for Annual Meeting of Shareholders
March 25, 2020

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 March 25, 2020 (the “Meeting”) or at any adjournment or postponement thereof. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers or employees of the Corporation without special compensation, or by the Corporation’s transfer agent, Computershare Investor Services Inc. (“Computershare”) at nominal cost. The 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 \$33,000 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 Senior Vice President, Chief Legal Officer 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 Senior Vice President, Chief Legal Officer and Corporate Secretary of the Corporation at the Corporation’s registered office, which is located at 200 Bay Street, Suite 1625, Toronto, Ontario, M5J 2J1, fax number 1 (844) 402-1074. 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 Senior Vice President, Chief Legal Officer and Corporate Secretary of the Corporation not later than March 23, 2020 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.**

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 416-263-9524 or toll free (within North America) at 1-866-249-7775.

At the Meeting: If a Registered Shareholder plans to vote in person, such Registered Shareholder does not need to do anything except attend the Meeting. A Registered Shareholder should register with the representatives of Computershare upon arrival at the Meeting.

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

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

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

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 416-867-2272 (collect outside North America), or by email at contactus@kingsdaleadvisors.com.

VOTING SHARES

Voting Shares

As at February 21, 2020, the Corporation had 240,208,229 Common Shares outstanding, each carrying the right to one vote per share. A simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, will constitute approval of each matter to be acted upon at the Meeting.

Record Date

The Board has fixed February 21, 2020 as the record date for the purpose of determining holders of Common Shares entitled to receive notice of and to vote at the Meeting. Any holder of Common Shares of record at the close of business on the record date is entitled to vote the Common Shares registered in such shareholder's name at that date on each matter to be acted upon at the Meeting.

Principal Shareholders

To the knowledge of the directors and executive officers of the Corporation, as at February 21, 2020, no person beneficially owned, directly or indirectly, or exercised control or direction over, 10% or more of the voting rights attached to the outstanding Common Shares.

MATTERS TO BE ACTED UPON AT MEETING

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, 2019 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, 2019, and total compensation received in the 2019 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 29.

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 2020 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”, 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, 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 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 66	
	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.
	Board/Committee Memberships/2019 Attendance: Board (4/4), Audit (4/4), C&R (4/4), C&CGC (4/4)
	Public Board Memberships in last five (5) years: EFN
	2019 Votes For: 98.76%
	2019 Compensation: \$802,328 (100% in security based compensation)

Securities held at fiscal year end					
Fiscal Year	Shares (#)	DSUs (#)	Total Value of Shares ⁽¹⁾	Meets equity ownership policy ⁽²⁾	Multiple of Annual Retainer
2019	700,000	711,404	\$5,972,949	Yes	9.4

(1) Represents the value of Common Shares and DSUs based on the closing price of the Common Shares on the TSX on January 31, 2020.

(2) See page 14 for more information about equity ownership.

Steven Hudson – Director and Chief Executive Officer

Palm Beach, Florida, U.S. | Director since 2016 | Age 61



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. In 1984, Mr. Hudson founded Newcourt Credit Group Inc. and assumed the position of CEO. Under his leadership, Newcourt grew to become a worldwide leader in equipment and asset finance with owned and managed assets exceeding \$35 billion before the company was acquired in 1999. Mr. Hudson has been an active director on numerous boards of both public and private companies across several business sectors and an active community leader and philanthropist. Mr. Hudson received his Fellowship with the Institute of Chartered Accountants of Ontario in 2000 and graduated from York University in 1981 with an Honours Bachelor of Business Administration degree. In 1996, Mr. Hudson was named one of Canada's Top 40 Under 40. In 2016, Mr. Hudson was named Ernst & Young's Entrepreneur of the Year.

Board/Committee Memberships/2019 Attendance:	Board (4/4), C&R (4/4)
Public Board Memberships in last five (5) years:	EFN
2019 Votes For:	99.82%
2019 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 40.

Securities held at fiscal year end							
Fiscal Year	Shares (#)	DSUs (#)	PSUs (#)	RSUs (#)	Total Value of Shares ⁽¹⁾	Meets equity ownership guideline	Multiple of Base Salary ⁽²⁾
2019	13,086,385	Nil	1,308,455	357,051	\$62,428,823	Yes	60.3

(1) Represents the value of Common Shares, DSUs, PSUs and RSUs based on the closing price of the Common Shares on the TSX on January 31, 2020 and converted to U.S. dollars based on a 1.3233 USD/CAD exchange rate on January 31, 2020.

(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 page 14 for more information about the Equity Ownership Requirements.

Paul Stoyan – Independent Director

Toronto, Ontario, Canada | Director since 2016 | Age 61



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 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/2019 Attendance:	Board (4/4), C&CGC (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)

2019 Votes For:	99.80%
2019 Compensation:	\$167,552 ⁽¹⁾ (50% 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
2019	600,149	122,619	\$3,058,696	Yes	20.3

- (1) Converted to U.S. dollars based on the dates of payment of director fees, 1.326, 1.342, 1.32 and 1.3223 USD/CAD exchange rate on March 1, 2019, May 10, 2019, August 9, 2019 and November 8, 2019, respectively.
- (2) Represents the value of Common Shares and DSUs based on the closing price of the Common Shares on the TSX on January 31, 2020 and converted to U.S. dollars based on a 1.3233 USD/CAD exchange rate on January 31, 2020.
- (3) See page 14 for more information about equity ownership.

Pierre Lortie – Independent Director

St-Lambert, Québec, Canada | Director since 2016 | Age 73



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 Proviso Inc., President and Chief Executive Officer of the Montréal Stock Exchange and a Senior Partner of Secor Inc. Mr. Lortie received a Master of Business Administration degree with honours from the University of Chicago, a license in applied economics from the Université catholique de Louvain, Belgium, and a Bachelor's degree in applied sciences (engineering physics) from Université Laval, Canada. He was awarded a Doctorate Honoris Causa in civil law from Bishop's University. He has earned the professional independent director designation (ICD.D) from the Institute of Corporate Directors and the McGill University Desautels Faculty of Management. Mr. Lortie is a Fellow of the Canadian Academy of Engineering and a member of the Order of Canada.

Board/Committee Memberships/2019 Attendance:	Board (4/4), C&R (4/4)
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)
2019 Votes For:	99.79%
2019 Compensation:	\$154,654 ⁽¹⁾ (86% 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
2019	337,460	165,271	\$2,127,517	Yes	14.1

- (1) Converted to U.S. dollars based on the dates of payment of director fees, 1.326, 1.342, 1.32 and 1.3223 USD/CAD exchange rate on March 1, 2019, May 10, 2019, August 9, 2019 and November 8, 2019, respectively.
- (2) Represents the value of Common Shares and DSUs based on the closing price of the Common Shares on the TSX on January 31, 2020 and converted to U.S. dollars based on a 1.3233 USD/CAD exchange rate on January 31, 2020.
- (3) See page 14 for more information about equity ownership.

David Morris – Independent Director

Beaconsfield, Québec, Canada | Director since 2016 | Age 65



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.

Board/Committee Memberships/2019 Attendance:	Board (4/4), Audit (4/4)
Public Board Memberships in last five (5) years:	Laurentian Bank of Canada (2017-present)
2019 Votes For:	98.28%
2019 Compensation:	\$155,550 ⁽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
2019	30,000	186,352	\$915,584	Yes	6.0

- (1) Converted to U.S. dollars based on the dates of payment of director fees, 1.326, 1.342, 1.32 and 1.3223 USD/CAD exchange rate on March 1, 2019, May 10, 2019, August 9, 2019 and November 8, 2019, respectively.
- (2) Represents the value of Common Shares and DSUs based on the closing price of the Common Shares on the TSX on January 31, 2020 and converted to U.S. dollars based on a 1.3233 USD/CAD exchange rate on January 31, 2020.
- (3) See page 14 for more information about equity ownership.

Carol E. Goldman – Independent Director

Des Peres, Missouri, USA | Director since 2017 | Age 62



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.

Board/Committee Memberships/2019 Attendance:	Board (4/4), C&CGC (4/4)
Public Board Memberships in last five (5) years:	Nil
2019 Votes For:	99.59%
2019 Compensation:	\$189,699 (100% in security based compensation)

Securities held at fiscal year end					
Fiscal Year	Shares (#)	DSUs (#)	Total Value of Shares ⁽¹⁾	Meet equity ownership policy ⁽²⁾	Multiple of Annual Retainer
2019	30,000	210,658	\$1,018,445	Yes	5.5

- (1) Represents the value of Common Shares and DSUs based on the closing price of the Common Shares on the TSX on January 31, 2020 and converted to U.S. dollars based on a 1.3233 USD/CAD exchange rate on January 31, 2020.
- (2) See page 14 for more information about equity ownership.

Karen Martin – Independent Director

Toronto, Ontario, Canada | Director since 2019 | Age 55



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 Element Fleet Management Corp. ("EFN") since 2012. 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.

Board/Committee Memberships/2019 Attendance:	Board (1/1) ⁽¹⁾ , Audit (1/1) ⁽¹⁾
Public Board Memberships in last five (5) years:	Nil
2019 Votes For:	N/A
2019 Compensation:	\$41,561 ⁽²⁾ (100% in security based compensation)

Securities held at fiscal year end					
Fiscal Year	Shares (#)	DSUs (#)	Total Value of Shares ⁽³⁾	Meet equity ownership policy ⁽⁴⁾	Multiple of Annual Retainer
2019	86,655	11,645	\$415,998	Yes	10

- (1) Ms. Martin attendance record reflects the fact that she joined the Board of ECN Capital in August 2019 and was appointed to the Audit Committee in November 2019; she attended all meetings of the Board that were held subsequent to the commencement of her term as director and all meetings of the Audit Committee subsequent to her appointment thereto.

- (2) Converted to U.S. dollars based on the dates of payment of director fees, 1.32 and 1.3223 USD/CAD exchange rate on August 9, 2019 and November 8, 2019, respectively.
- (3) Represents the value of Common Shares and DSUs based on the closing price of the Common Shares on the TSX on January 31, 2020 and converted to U.S. dollars based on a 1.3233 USD/CAD exchange rate on January 31, 2020.
- (4) See page 14 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.

2019 Director Attendance

ECN Capital had 100% director attendance for all Board and committee meetings in 2019. 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.

2019 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 2019 a director compensation package (for non-executive directors of the Corporation) comprised as follows:

Fee Description ⁽¹⁾	2019 Amount
Annual Board Chair Retainer	\$574,216
Annual Board Member Retainer ⁽²⁾⁽³⁾	\$124,338
Committee Chair Retainer ⁽²⁾	\$26,356
Committee Member Retainer ⁽²⁾⁽³⁾	\$15,061
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) Converted to U.S. dollars based on the dates of payment of the director fees, 1.326, 1.342, 1.32 and 1.3223 USD/CAD exchange rate on March 1, 2019, May 10, 2019, August 9, 2019 and November 8, 2019 respectively.
- (3) Ms. Goldman receives an annual Board Member Retainer of \$165,000 given her U.S. residency. Mr. Lovatt and Ms. Goldman receive Committee Member Retainers of \$20,000.

The following table sets forth all amounts of compensation paid to non-executive directors of the Corporation in fiscal 2019.

Name ⁽¹⁾	Cash fees earned (\$)	Option-based awards ⁽²⁾ (\$)	Share-based awards ⁽³⁾ (\$)	Total (\$)
William Lovatt ⁽⁴⁾	Nil	Nil	\$802,328	\$802,328
Paul Stoyan ⁽⁵⁾	\$64,733	Nil	\$102,820	\$167,553
Pierre Lortie ⁽⁵⁾	\$22,121	Nil	\$132,533	\$154,654
David Morris ⁽⁵⁾	Nil	Nil	\$155,550	\$155,550
Carol Goldman	Nil	Nil	\$189,699	\$189,699
Karen Martin ⁽⁶⁾	Nil	Nil	\$41,561	\$41,561
Donna Toth ⁽⁵⁾⁽⁷⁾	Nil	Nil	\$100,635	\$100,635

- (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) The amount reported in respect of Mr. Lovatt's compensation includes a one-time DSU award granted to Mr. Lovatt in March 2019 in respect of incremental additional compensation paid to reflect additional ad hoc duties performed as Chairman in the first quarter of fiscal 2019 that were outside the scope of his typical responsibilities.
- (5) Converted to U.S. dollars based on the dates of payment of the director fees, 1.326, 1.342, 1.32 and 1.3223 USD/CAD exchange rate on March 1, 2019, May 10, 2019, August 9, 2019 and November 8, 2019 respectively.
- (6) Ms. Martin was appointed to the Board on August 7, 2019, which represents 40% of the 2019 Board Member Retainer.
- (7) Ms. Toth was director until her retirement from the Board in August 2019.

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, 2019 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 (CAD\$)	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	100,000	\$2.70	2022-2024	\$423,192	N/A	N/A	\$3,010,605
Paul Stoyan	112,339	\$2.70	2020-2024	\$475,410	N/A	N/A	\$518,914
Pierre Lortie	173,866	\$2.87	2020-2024	\$735,787	N/A	N/A	\$699,414
David Morris	100,000	\$2.70	2022-2024	\$423,192	N/A	N/A	\$788,627
Carol Goldman	Nil	N/A	N/A	N/A	N/A	N/A	\$891,487
Karen Martin ⁽³⁾	Nil	N/A	N/A	N/A	N/A	N/A	\$41,561
Donna Toth ⁽⁴⁾	Nil	N/A	N/A	N/A	N/A	N/A	\$677,894

(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, 2020 and the 1.3233 USD/CAD exchange rate on January 31, 2020.

(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, 2020 (\$5.60) and converted to U.S. dollars based on a 1.3233 USD/CAD exchange rate on January 31, 2020.

(3) Ms. Martin was appointed to the Board on August 7, 2019, which represents 40% of 2019.

(4) Ms. Toth was director until her retirement from the Board August 2019.

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, 2020.

Name	Option-based awards – Value vested during the year ⁽¹⁾	Share-based awards – Value vested during the year ⁽²⁾
William Lovatt	\$138,458	\$802,328
Paul Stoyan	\$138,458	\$102,820
Pierre Lortie	\$138,458	\$132,533
David Morris	\$138,458	\$150,691
Carol Goldman	Nil	\$189,699
Karen Martin ⁽³⁾	Nil	\$41,561
Donna Toth ⁽⁴⁾	Nil	\$100,635

(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, 2020 and converted to U.S. dollars based on a 1.3233 USD/CAD exchange rate on January 31, 2020.

(2) DSU's vested during the year based on the CAD value of DSU's awarded converted to U.S. dollars based on the dates of payment of the director fees 1.326, 1.342, 1.32 and 1.322 USD/CAD exchange rate on March 1, 2019, May 10, 2019, August 9, 2019 and November 8, 2019 respectively.

(3) Ms. Martin was appointed to the Board on August 7, 2019.

(4) Ms. Toth was director until her retirement from the Board in August 2019.

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, a C&CG Committee and a Credit and Risk Committee (the “C&R Committee”). See “*ECN Capital’s Directors and Executive Officers*” for a chart setting out the membership of each of the committees of the Board.

The Board has delegated to the applicable committee those duties and responsibilities set out in each committee’s mandate. The primary mandate of the Audit Committee is to provide assistance to the Board in fulfilling its 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. Mr. 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 Exhibit A.

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. This resulted in the Board appointing two women directors in 2017. 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, including the Board's most recent appointee, Karen Martin, who was identified, recruited and selected as a new Board member to replace Donna Toth, following her retirement from the Board in August 2019. 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. Following the departure of the former Chief Financial Officer and the former Senior Vice President, General Counsel in 2019, an important criterion in the selection process for candidates as well as candidates for other senior management positions is the identification of qualified women candidates. This selection process resulted in the appointment of Mary Beth Koenig, as Senior Vice President and Chief Legal Officer, one of the two newest members of the Corporation's senior management team.

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.

During the year, Steven K. Hudson, our Chief Executive Officer, announced his intention to extend the term of his current contract with ECN Capital. Under his new employment arrangements, Mr. Hudson has agreed to remain Chief Executive Officer until 2023.

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 continuous education programs through key business area presentations, business updates and operations site visits as appropriate. The table below provides highlights of our continuing education program and site visits for directors in 2019 and to date in 2020:

Session	Description	Date	Attendees
Business and Operations			
Site Visit Service Finance 555 S. Federal Highway Boca Raton, FL 33432	Visited Service Finance headquarter in Boca Raton, Florida and attended an operational update business presentation.	June 2019	Steven Hudson William Lovatt
Operation Update Meeting ECN Capital Corp. 777 S. Flagler Drive West Palm Beach, Fl 33401	Reviewed operational updates for Service Finance, Triad and Kessler.	September 2019	Steven Hudson William Lovatt David Morris
Operation Update Meeting ECN Capital Corp. 777 S. Flagler Drive West Palm Beach, Fl 33401	Reviewed operational updates for Service Finance, Triad and Kessler.	November 2019	Steven Hudson William Lovatt
Operation Update Meeting ECN Capital Corp. 777 S. Flagler Drive West Palm Beach, Fl 33401	Reviewed operational updates for Service Finance, Triad and Kessler.	December 2019 and January 2020	Steven Hudson William Lovatt
Investor Day Boca Raton Resort 501 E Camino Real Boca Raton, Fl 33432	Presentation of ECN strategy and forecasting for the upcoming year 2019.	January 2019 and January 2020	Steven Hudson William Lovatt Karen Martin
Canadian Investor Meeting 200 King Street West Toronto, ON M5H 3T4	Presentation of ECN strategy and current events through September of 2019.	September 2019	Steven Hudson Pierre Lortie David Morris Paul Stoyan
Market Trends and Regulatory Updates			
Triad Presentation ECN Capital Corp. 777 S. Flagler Drive West Palm Beach, Fl 33401	Presentation of Triad company overview, operations and financing.	November 2019	Steven Hudson
Service Finance Presentation	Presentation of Service Finance company overview, operations and financing.	June 2019	Steve Hudson Bill Lovatt

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 2019, the Chairman of the Board, the Chairman of the C&CG Committee, the CEO and others on the senior leadership team, met 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, along with ongoing evaluation and discussions with the Board and senior executive management, following the successful completion of the Corporation's business transformation and relocation of its management and operations to the United States in 2019, the Board determined to restructure its corporate management team with a view to cost reduction and delivering long term value to shareholders. The principal components of the restructuring involved (i) the negotiation of the departure of three senior executives (and replacing only one of such officers), and (ii) extending the term of the Corporation's CEO to ensure continuity in management and to drive growth. While these restructuring steps resulted in certain one-time severance and other costs, it has allowed the Corporation to commit to long-term overall corporate level executive compensation reductions as part of its continued overall commitment to corporate cost reduction initiatives and enhancement of shareholder value. The Board and ECN Capital management intend to continue to engage with ECN Capital shareholders in 2020 via various planned and committed activities, including continued 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.

In late January 2020, the Corporation hosted its second annual Investor Day 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 200 Bay Street, Suite 1625, Toronto, Ontario, M5J 2J1.

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 15, 2019 (the "AIF"), 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 President, 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 "Executive Compensation - Compensation Discussion and Analysis" above.

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

- (i) developing and updating a long-term plan for the composition of the Board that takes into consideration the current strengths, competencies, skills and experience of the Board members, retirement dates and the strategic direction of ECN Capital, and reporting to the Board thereon at least annually;
- (ii) undertaking on an annual basis an examination of the size of the Board, with a view to determining the impact of the number of directors, the effectiveness of the Board, and recommending to the Board, if necessary, a reduction or increase in the size of the Board;
- (iii) endeavouring, in consultation with the Chairman, to ensure that an appropriate system is in place to evaluate the effectiveness of the Board as a whole, each of the committees of the Board and each individual director of the Board with a view to ensuring that they are fulfilling their respective responsibilities and duties;
- (iv) in consultation with the Chairman and the CEO, annually or as required, recruiting and identifying individuals qualified to become new board members and recommending to the Board new director nominees for the next annual meeting of ECN Capital Shareholders;
- (v) in consultation with the Chairman, annually or as required, recommending to the Board, the individual directors to serve on the various committees;
- (vi) conducting a periodic review of ECN Capital's corporate governance policies and making policy recommendations aimed at enhancing board and committee effectiveness;
- (vii) reviewing overall governance principles, monitoring disclosure and best practices of comparable and leading companies, and bringing forward to the Board a list of corporate governance issues for review, discussion or action by the Board or its committees;
- (viii) reviewing the disclosure in ECN Capital's public disclosure documents relating to corporate governance practices and preparing recommendations to the Board regarding any other reports required or recommended on corporate governance;
- (ix) proposing agenda items and content for submission to the Board related to corporate governance issues and providing periodic updates on recent developments in corporate governance to the Board;
- (x) conducting a periodic review of the relationship between management and the Board, particularly in connection with a view to ensuring effective communication and the provision of information to directors in a timely manner;
- (xi) reviewing annually the Board Mandate and the mandates for each committee of the Board, together with the position descriptions, if any, of each of the Chairman, the CEO, director and committee chairs, and where necessary, recommending changes to the Board;
- (xii) reviewing and recommending the appropriate structure, size, composition, mandate and members for the committees, and recommending for board approval the appointment of each to board committees;

- (xiii) recommending procedures to ensure that the Board and each of its committees function independently of management;
- (xiv) monitoring conflicts of interest (real or perceived) of both the Board and management in accordance with the Code, and other policies on conflicts of interest and ethics; and
- (xv) recommending procedures to permit the Board to meet on a regular basis without management or non-independent directors.

The C&CG Committee makes recommendations for candidates to the Board and candidates for appointment to various Board committees, and in making such recommendations considers the competencies and skills that the Board considers to be necessary for the Board as a whole to possess, the competencies and skills that the Board considers each existing director to possess, and the competencies and skills each new nominee will bring to the boardroom. The responsibility for approving new nominees to the Board will fall to the full Board.

The C&CG Committee may also, where appropriate, recommend for Board approval the removal of a director from the Board or from a Board committee if he or she is no longer qualified to serve as a director under applicable requirements or for any other reason the C&CG Committee considers appropriate.

Credit and Risk Committee

The C&R Committee is 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, 2020.

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 – ECN Capital Share Unit Plan", the long-term incentive plan grant size can be increased based on exceptional performance. Short, medium and long-term incentives have base targets for payout, as well as a maximum target.

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 2019 financial year, with particular emphasis on the process for determining compensation paid to the named executive officers for the 2019 financial year ("NEOs"), being Messrs. Steven Hudson, Michael Lepore, Scott Shaw and Mark Berch. In addition, each of Jim Nikopoulos (former President of ECN Capital) and Grier Colter (former CFO of ECN Capital) is considered an NEO of ECN Capital for the 2019 financial year.

Summary of Key Commitments and Changes Regarding Executive Compensation

The Corporation committed to implementing cost reduction initiatives targeted at executive compensation reductions, corporate cost reductions, change to our annual bonus performance metrics, and tying executive's performance bonus to the Corporation's financial targets. The Corporation achieved these targets in 2018 and was able to maintain and improve them in 2019, including as a result of the restructuring of the Corporation's senior executive team in 2019.

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 2019.

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, reward our shareholders, and help 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 2019 annual meeting of Shareholders, the Corporation's Say on Pay vote resulted in 86.13% 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 2019, our compensation structure and decision-making process are 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 2019, 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 2019, GGA was retained to provide the C&CG Committee with advice and recommendations related to executive and director compensation programs for fiscal 2019. GGA's fees incurred for these services in 2019 and 2018 are as follows:

Fiscal Year	Executive Compensation-Related Fees	All Other Fees
2019	\$11,231	Nil
2018	\$29,101	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 2019, 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 Company 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 2019 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	<ul style="list-style-type: none"> Awarded based on performance, the executive’s position in the Corporation and relative to our peer group.
(i) Base Salary	<ul style="list-style-type: none"> Forms the basis for attracting, comparing and remaining competitive with the market. Fixed, and used to determine other elements of compensation and benefits. Established at the beginning of the year taking into account the recommendations of our independent consultant.
(ii) Annual Cash Bonus	<ul style="list-style-type: none"> Links pay to individual and corporate achievements. Variable, and paid in cash at the end of the year based on the previous year’s performance. Bonuses are not paid unless a threshold level of performance is achieved with performance benchmarks being specified in detailed scorecards for each NEO.

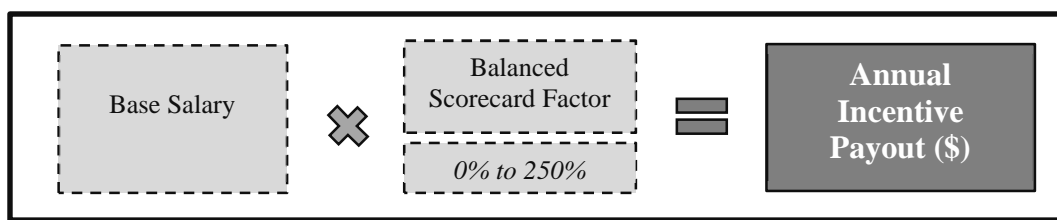
Component	Objective/Rationale
	<ul style="list-style-type: none"> • Typical target range of less than 1.0x base salary to 2.5x base salary.
(B) Long-term Compensation	<ul style="list-style-type: none"> • Links pay to long-term performance and promotes equity ownership. • Awarded based on corporate performance, the executive’s potential to contribute to our future success and the executive’s position in the Corporation. • Ultimate value is based on our share price over time. • Options, RSUs, DSUs and PSUs. • Target of 2.5x base salary and maximum of 4.0x base salary.
(C) Other Compensation	<ul style="list-style-type: none"> • Participation in ECN Capital’s comprehensive group benefit plan. • a taxable cash allowance for specific perquisites is provided to certain NEOs. • There is no formal pension plan for the NEOs. • Awarded based on the executive’s position in the Corporation and relative to our peers. • 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.

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 2019, 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 2019 fiscal year were as follows:

For the CEO:

Metric	Target (100%, 1.5x) ⁽¹⁾	Max (200%, 2.5x)	Actual Result
Strategic Execution	60%	120%	105%
<ul style="list-style-type: none"> • Strategic leadership • Capital deployment • Stakeholder relations • Credit/liquidity enhancements 			
2019 Adjusted net income – applicable to common shareholders	20% (\$58,100,000)	40% (\$62,750,000)	40% (\$65,955,000)
2019 Adjusted earnings per share (after prefs)	20% (\$0.241)	40% (\$0.261)	40% (\$0.272)
Payout			185% \$2,400,000

(1) Achievement below a target level may result in the awarding of 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 individual and the level of achievement in respect of the particular metric.

As set forth in the above chart, based on the achievement of prescribed goals in 2019 the CEO realized an achievement level of 185% resulting in a maximum bonus payout of 2.35x of base salary for 2019, which was rounded to \$2,400,000. The Company determined not to include a total cost target for 2019 in the Compensation Performance Scorecard for the CEO as each of the financial metrics included in the Compensation Performance Scorecard reflect the achievement of overall cost targets and the Company wanted to reduce the potential for overlap in the performance metrics. 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	30%	60%	54%
<ul style="list-style-type: none"> • Strategic leadership • Capital deployment • Stakeholder relations • Credit/liquidity enhancements 			
Credit rating maintenance	10% (maintain rating)	20% (improve rating)	10%
2019 Corporate operating expenses	10% (\$22,000,000)	20% (\$20,000,000)	11% (\$21,800,000)
2019 Income tax management	10% (maintain effective tax rate on adjusted operating income of 22%)	20% (achieve effective tax rate on adjusted income below 20%)	15% (actual rate 21%)
2019 Internal controls	10% (maintain score as prepared by internal audit)	20% (50% improvement on previous year’s test score results as prepared by internal audit)	20%

2019 Adjusted net income – applicable to common shareholders	15% (\$58,100,000)	30% (\$62,750,000)	30% (\$65,955,000)
2019 Adjusted earnings per share (after prefs)	15% (\$0.241)	30% (\$0.261)	30% (\$0.272)
Payout			170% \$1,040,000

(1) Achievement below a target level may result in the awarding of 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 individual and the level of achievement in respect of the particular metric.

As set forth in the above chart, based on the achievement of prescribed goals in 2019 the CFO realized an achievement level of 170% resulting in a bonus payout equal to 2.2x of base salary for 2019 which was rounded to \$1,040,000.

For other NEOs:

- Mr. Shaw’s annual performance bonus is comprised of (i) a discretionary bonus, as determined by the Board, based on The Kessler Group 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 performance targets for The Kessler Group, including the achievement of certain revenue and management income amounts for credit card partnership programs 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 pre-tax net income 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 adjusted operating income measures over which he has executional responsibility.
- Following the completion of the Company’s business transformation and related transactions, as part of the restructuring of the management team, the Board negotiated the cessation of Mr. Nikopoulos’ employment with the Corporation, pursuant to the terms of a separation agreement between ECN Capital, ECN Holdings and Mr. Nikopoulos dated April 30, 2019 (the “Separation Letter”). Accordingly, a summary of the performance metrics applicable to him for 2019 are no longer applicable.

Our Scorecard Metric “Strategic Execution” is directly linked to the Corporation’s 2019 strategic priorities and core principles.

Strategic Execution Metrics	Target	Actual Performance	% Achievement ⁽¹⁾
Strategic Leadership	<p>Corporate Strategy</p> <ul style="list-style-type: none"> • Executing adaptive strategy, including transition to asset light asset management model. • Recognizing and responding to market changes to maximize profitability and scale while maintaining robust risk management. • Support of the investor companies, through strategic use of ECN’s balance sheet, introducing new programs and developing new strategies. 	<p>Corporate Strategy</p> <ul style="list-style-type: none"> • With the completion of the Corporation’s strategic initiative, ECN Capital had over \$33 billion in managed and advisory portfolios, following originations in 2019 of \$2.2 billion. These originations under the Corporation’s new asset light business model in its three new business verticals contributed adjusted operating income before tax of \$96.7 million in 2019, and adjusted EBITDA of \$127.1 million for 2019. • Developing take and make share strategies, introducing new foundation products (floorplan financing at Triad, multi-lender platform at SFC, leveraging underwriting expertise, expanding funding partners) to further improve operating leverage. 	100%

Strategic Execution Metrics	Target	Actual Performance	% Achievement ⁽¹⁾
	<p>Technology Enhancements</p> <ul style="list-style-type: none"> Integrate reporting process for all operating subsidiaries into a single ERP system. Upgrade IT systems, control environment and implement redundancy. <p>Operational Improvements</p> <ul style="list-style-type: none"> Increase profitability by driving operating leverage improvements across each of our operating subsidiaries. 	<p>Technology Enhancements</p> <ul style="list-style-type: none"> Implemented a new ERP system in 2019 Upgraded IT systems and implemented a disaster recovery plan. <p>Operational Improvements</p> <ul style="list-style-type: none"> The Corporation's commitment to, and implementation of, certain corporate cost reduction initiatives enabled each investor company to improve operating margins in 2019, with continued improvements forecast for 2020. 	
Capital Deployment Initiatives	<p>General</p> <ul style="list-style-type: none"> Redeploying capital into higher return, higher growth businesses that require less capital. Focused on acquiring business services providers with origination and servicing franchises that offer unique value propositions. 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. Providing origination and servicing partners modest capital and the knowledge and scale to help grow their businesses within their large addressable markets. <p>Liquidity and Balance Sheet Management</p> <ul style="list-style-type: none"> Maintain investment grade rating and access to liquidity to ensure achievement of annual business plan objectives. 	<p>General</p> <ul style="list-style-type: none"> Reassessed the Corporation's capital requirements following its transition to an asset-light business and successfully completing a CAD\$265 substantial issuer bid on January 15, 2019. Completed the Corporation's acquisition of the remaining minority interests in The Kessler Group. The Corporation increased its annual common share dividend in 2019 to \$0.8 per share and further increased it to \$1.0 per share for 2020 based on the improved and growing earnings profile following successful transition to asset-light business model. <p>Liquidity and Balance Sheet Management</p> <ul style="list-style-type: none"> Maintained investment grade rating. Renegotiated and extended credit facility, with significant improvements to covenant package to enhance liquidity. 	100%
Stakeholder Relations	<p>Shareholder Value</p> <ul style="list-style-type: none"> A consistent focus on specialty finance, principally originating, managing and advising on prime credit portfolios, resulting in unequalled industry experience and relationships. Grow adjusted net income applicable to common shareholders and adjusted EPS to drive increase in share price. <p>Relationship Building</p> <ul style="list-style-type: none"> 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. Building partnerships and developing relationships with manufacturers and dealer networks to drive origination growth at Service Finance and Triad. 	<p>Shareholder Value</p> <ul style="list-style-type: none"> Following completion of the business transformation, ECN Capital now has managed and advisory assets of approximately \$33 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. 2019 adjusted net income applicable to common shareholders of \$64.5 million, or \$0.27 per share. <p>Relationship Building</p> <ul style="list-style-type: none"> Successfully deepening relationships with key partners with a view to expanding partnership relationships to more than one solution. Added two new banks to senior lending syndicate. Added new life insurance and investment fund partners to purchase flow from both Service Finance and Triad which diversified our funding base away from FDIC-insured institutions. Continuing to develop its exclusive manufacturer relationships in attractive end market verticals that bring proven dealer networks to drive volume at low cost. 	100%

Strategic Execution Metrics	Target	Actual Performance	% Achievement ⁽¹⁾
	<p>Shareholder Engagement</p> <ul style="list-style-type: none"> Continuing active engagement with the Corporation's shareholders. 	<p>Shareholder Engagement</p> <ul style="list-style-type: none"> 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. Second annual Investor Day hosted in January 2020. Effecting the restructuring of its corporate management team and negotiating the departures of certain senior executive management members, following the completion of the Corporation's business transformation, which will allow the Corporation to commit to long-term overall corporate level executive compensation reductions as part of its continued overall commitment to corporate cost reduction initiatives Share price increase of over 41% in 2019. 	

(1) Refer to "Key Business Developments" section of the Management Discussion & Analysis publicly filed on February 26, 2020 for a summary of the Corporation's strategic progress and achievements in 2019. Refer also to the Corporation's "Investor Day" presentation publicly filed on January 28, 2020 for an overview of ECN Capital's core U.S. business operations.

By placing a significant weighting on achieving our key financial objectives and execution of key strategic objective, each of which ultimately drive the Company'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.

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 The Kessler Group 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 2019, the primary consideration in measuring the performance of Mr. Berch was the performance of Service Finance focusing on originations and adjusted operating income. 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, including development of the multi-lender platform.

For 2019, Mr. Shaw's performance metrics were a blend of strategic matters and performance measures of The Kessler Group business. On strategic matters, Mr. Shaw exceeded objectives through (i) the successful leadership transition at Kessler completed in Q1, with Mr. Shaw being named CEO of The Kessler Group and the related acquisition of the founder's minority equity interest by ECN; and (ii) transitioning the business mix at Kessler into a longer term, recurring revenue model, with annuity revenue having a greater focus than one-time transaction revenue. On financial measures, Mr. Shaw met his performance objectives given the management changes at The Kessler Group and the transition of the business model to long-term, recurring, fee-based revenue, positioning The Kessler Group for future growth and success.

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 the majority 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. Please see "Additional Disclosure – Longer-Term Incentive Plan Descriptions – ECN Capital Share Unit Plan" for a detailed description of ECN Capital's PSU and RSU plan.

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. With respect to the adjusted after tax earnings per share to common shareholders metric, as set out in the table below, achievement below target and at or above threshold will be paid on a proportionate basis between threshold (50% payout) and target (100% payout). Achievement below threshold will typically result in a payout of 0%; however, in certain limited circumstances and solely in the discretion of the Board, achievement below threshold may result in a partial payout between 0% and below 50%. Any determination to award such a payout is on a purely discretionary basis, as determined by the Board, based upon the achievement of individual and the level of achievement in respect of the metric. With respect to the total shareholder return metric, achievement below target will result in a payout of 0%. With respect to both metrics, achievement above target will be paid on a proportionate basis up to maximum (200% payout).

Annual Metrics	Weight	Threshold	Target	Maximum
Adjusted after tax earnings per share to common shareholders (after pref share dividends) ⁽¹⁾	50%	2020 – US\$0.18 ⁽²⁾ (50% achievement)	2020 – US\$0.36 ⁽²⁾ (100% achievement)	2020 – US\$0.72 ⁽²⁾ (200% achievement)
Total shareholder return (ECN vs. S&P/TSX Composite Index) ⁽³⁾	50%	N/A	Equal to S&P/TSX Composite Index (100% achievement)	+10% (110% achievement)

(1) Achievement below target and at or above threshold will be paid on a proportionate basis between threshold (50% payout) and target (100% payout). 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, 2019 for a description of how ECN Capital calculates adjusted after tax earnings per share and for a reconciliation to net income per share.

(3) Achievement above target will be paid on a proportionate basis up to maximum (200% payout).

For the year ended December 31, 2019, common shareholders of ECN Capital achieved a 3-year total shareholder return of approximately 51% (for 2017 to 2019), compared to an approximately 22% total shareholder return for the S&P/TSX Composite Index over that same period, thereby exceeding the total shareholder return for the S&P/TSX Composite Index by approximately 29%.

Additional Benefit Plans

Pension Plan Benefits

As at December 31, 2019, 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, including ECN Capital's comprehensive group benefit plan administered by Manulife Financial.

Risk Assessment of Compensation Programs

The Board (through the C&R Committee) has overall responsibility for the oversight of the Corporation's risk management, including in relation to all aspects of compensation. In this regard, the Board oversees the Corporation's compensation programs to ensure they do not encourage individuals to take inappropriate or excessive risks that could have a materially adverse effect on the Corporation. The Board, together with the C&CG Committee, considered the compensation programs of the Corporation to ensure that controls are in place to monitor and separate decision authorities related to key risks associated with 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	\$62,428,823	60.3x
Michael Lepore ⁽²⁾	\$2,842,162	6.0x
Scott Shaw	\$3,105,713	5.2x
Mark Berch	\$4,173,913	10.4x

(1) Represents total number of Common Shares, PSUs and RSUs held by the NEO as at January 31, 2020. 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, 2020 and converted to U.S. dollars based on a 1.3233 USD/CAD exchange rate on January 31, 2020.

(2) Mr. Lepore served as Senior Vice President, Controller of ECN Capital until he succeeded Mr. Colter as CFO of ECN Capital on March 26, 2019, following the departure of Mr. Colter.

Clawbacks

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

Anti-Monetization

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

Summary Compensation Table

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 (\$) ⁽²⁾⁽³⁾	Non-equity incentive plan compensation (\$) ⁽⁴⁾		All other compensation (\$) ⁽⁵⁾	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans		
Current NEOs								
Steven K. Hudson ⁽⁶⁾ <i>Chief Executive Officer</i>	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
	2017	674,114	1,636,661	1,029,272	1,704,855	—	264,006	5,044,902
Michael Lepore ⁽⁷⁾ <i>Chief Financial Officer</i>	2019	475,000	743,750	—	1,040,000	—	—	2,258,750
	2018	250,744	755,173 ⁽⁸⁾	73,132	350,000	—	—	1,429,049
	2017	125,193 ⁽⁹⁾	350,783	87,665	93,985	—	—	657,626
Scott Shaw ⁽¹⁰⁾ <i>CEO, Kessler Financial Services, LLC</i>	2019	600,000	1,650,000	—	2,100,000	—	525,000	4,875,000
	2018	350,000 ⁽¹¹⁾	1,500,000	—	1,459,980	—	—	3,309,980
	2017	—	—	—	—	—	—	—
Mark Berch <i>President, Service Finance, LLC</i>	2019	400,000	1,000,000	—	1,692,640	—	—	3,092,640
	2018	400,000	—	—	894,480	—	—	1,294,480
	2017	400,000	3,250,000	—	—	—	—	3,650,000
Former NEOs								
Jim Nikopoulos ⁽¹²⁾ <i>Former President</i>	2019	301,049	2,131,250	—	705,684	—	8,259,386 ⁽¹³⁾	11,397,369
	2018	657,742	1,169,044	414,412	1,644,355	—	—	3,885,553
	2017	587,442	1,202,556	1,152,784	1,510,015	—	—	4,452,797
Grier Colter ⁽¹⁴⁾ <i>Former Chief Financial Officer</i>	2019	136,596	—	—	—	—	4,987,147	5,123,743
	2018	601,323	935,235	97,509	660,876 ⁽¹⁶⁾	—	—	2,294,943
	2017	424,371	783,259	329,367	1,095,978	—	—	2,632,975

- (1) Salary amounts are converted to U.S. dollars based on a 1.329, 1.296, and 1.298 average USD/CAD exchange rate in 2019, 2018 and 2017, respectively.
- (2) Where applicable, amounts have been converted to U.S. dollars based on a 1.3233 USD/CAD exchange rate on January 31, 2020.
- (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. 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 CAD\$0.64 (assuming an average exercise price of CAD\$3.53, a 4 year term, a risk free rate of 2.2%, volatility of 22%, and an expected annual dividend yield of CAD\$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) During the 2017, 2018 and 2019 fiscal years, no NEO received perquisites that, in the aggregate, were in excess of (i) 10% of base salary or (ii) CAD\$50,000 other than amounts paid to Mr. Hudson during fiscal 2017 as part of ex patriate relocation program and in respect of travel and other costs incurred in connection with execution of the Corporation's business plan in 2017, including acquisitions and related integration. This arrangement ended effective January 1, 2018.
- (6) 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 CAD\$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, CAD\$8.550 million and \$1.975 million of Mr. Hudson's retirement allowance has vested and is payable upon cessation of his employment with the Corporation.
- (7) Mr. Lepore succeeded Mr. Colter as CFO of ECN Capital on March 26, 2019, following the departure of Mr. Colter.
- (8) Converted to U.S. dollars based on a 1.324 USD/CAD exchange rate on November 14, 2018. In 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 planned relocation to the United States in the Spring of 2019 and is intended to reward his performance in 2018 and promotion within the finance group.
- (9) Mr. Lepore's compensation for 2017 reflects a July 1, 2017 start date.
- (10) Mr. Shaw joined ECN Capital as President of The Kessler Group on June 1, 2018 upon the completion of the acquisition of The Kessler Group by the Corporation. Following the reorganization of The Kessler Group in early 2019, Mr. Shaw was appointed CEO of The Kessler Group on March 21, 2019. Mr. Shaw received

a one-time long term retention PSU grant in the amount of \$750,000 in connection with his promotion to CEO of The Kessler Group, which is included in his share-based awards total for 2019.

- (11) Mr. Shaw's 2018 base salary was pro-rated from his June 1, 2018 start date.
- (12) Mr. Nikopoulos served as President of ECN Capital until May 8, 2019. Following completion of the Corporation's business transformation and relocation of its management and operations to the U.S., the Board negotiated the cessation of Mr. Nikopoulos' employment with the Corporation. The Board determined that this constituted termination without cause under the terms of his employment agreement and paid his severance and other amounts in accordance with the terms of his employment agreement, outstanding equity awards and other employment arrangements, pursuant to the Separation Letter.
- (13) Amount reflects the separation allowance and the payment in advance for continuing consulting services that Mr. Nikopoulos will provide to the Corporation. In addition, such amounts reflect all payments, payables and benefits to J. Nikopoulos that were triggered upon his departure and agreed to in his Separation Letter dated effective as of April 30, 2019, including consulting payments. The amount reported for Mr. Nikopoulos reflects the incremental value relating to the early vesting, payment, acceleration or waiver of the performance goal or similar conditions, in respect of compensation for Mr. Nikopoulos reported or previously reported in the Corporation's summary compensation table for the most recently completed financial year or previous years. Additionally, pursuant to the terms of his Separation Letter, the exercise periods for all outstanding options held by Mr. Nikopoulos were extended until the end of their applicable terms. Pursuant to the terms of the Separation Letter and the set-off agreement between ECN Capital and ECN Holdings, effective December 31, 2018 (the "Set-Off Agreement"), CAD\$4,900,000 (representing Mr. Nikopoulos' retirement allowance and payment in lieu of consulting fees) was set-off (net of applicable taxes) against the outstanding amount of his securities purchase loans on May 8, 2019. In addition, pursuant to the terms of the Separation Letter, Mr. Nikopoulos is required to make additional instalment payments against his outstanding securities purchase loans, including the set-off of any non-competition payments received. See "Indebtedness of Directors and Executive Officers" and "Indebtedness of Directors and Executive Officers – Indebtedness under Securities Purchase Program" for further information.
- (14) Mr. Colter served as CFO of ECN Capital from March 7, 2017 until March 26, 2019. Following completion of the Corporation's business transformation and relocation of its management and operations to the U.S., the Board negotiated the cessation of Mr. Colter's employment with the Corporation. The Board determined that this constituted termination without cause under the terms of his employment agreement. As a result, Mr. Colter was entitled to receive his severance in accordance with the terms of his employment agreement, outstanding equity awards and other employment arrangements, on a "without cause" basis. Such payments reflect a recognition of his service to ECN Capital, of which approximately 90% was paid on his departure date and the remaining 10% will be paid on the first anniversary of his departure date. In addition, in connection with his departure, Mr. Colter received additional payments aggregating CAD\$800,000 pursuant to the finalization of his arrangements with the Corporation. Mr. Colter was also entitled to continued participation in ECN Capital benefit plans in which he previously participated (excluding disability coverage) prior to the effective date of his departure for a period of six months following such date.
- (15) Converted to U.S. dollars based on a 1.324 USD/CAD exchange rate on February 15, 2019.

Incentive Plan Awards

Outstanding option-based and share-based awards

The following table sets out, for each NEO, information concerning all option-based awards outstanding as of January 31, 2020.

Option-based Awards					Share-based Awards		
Name	Number of securities underlying unexercised options (#)	Average option exercise price (CAD\$)	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	3,363,025	3.36	2020-2026	\$5,715,650	1,447,336	\$6,242,362	\$7,363,918
Michael Lepore ⁽²⁾	300,000	3.73	2023-2026	\$426,136	446,235	\$1,924,610	\$2,455,271
Scott Shaw	Nil	N/A	N/A	Nil	734,082	\$3,166,096	\$3,166,097
Mark Berch	Nil	N/A	N/A	Nil	87,271	\$376,402	\$493,869
Jim Nikopoulos ⁽³⁾	4,361,616	3.19	2020-2026	\$7,959,000	Nil	N/A	N/A
Grier Colter ⁽⁴⁾	Nil	N/A	N/A	Nil	Nil	N/A	N/A

(1) Represents the intrinsic value of all vested Options based on the closing price of the Common Shares on the TSX on January 31, 2020 and converted to U.S. dollars based on a 1.323 USD/CAD exchange rate on January 31, 2020.

(2) Mr. Lepore served as Senior Vice President, Controller of ECN Capital until he succeeded Mr. Colter as CFO of ECN Capital on March 26, 2019, following the departure of Mr. Colter.

(3) Mr. Nikopoulos served as President of ECN Capital until his departure on May 8, 2019. Pursuant to the terms of his Separation Letter dated effective April 30, 2019, the exercise periods for all outstanding options held by Mr. Nikopoulos were extended until the end of their applicable terms.

(4) Mr. Colter served as CFO of ECN Capital until his departure on March 26, 2019.

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 2019.

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	\$2,962,344	\$3,996,278	Nil	Nil
Michael Lepore ⁽⁴⁾	\$423,192	Nil	\$1,118,660	Nil
Scott Shaw	Nil	Nil	\$494,876	Nil
Mark Berch	Nil	Nil	\$1,580,647	Nil
Jim Nikopoulos ⁽⁵⁾	\$9,662,887	\$44,621	N/A ⁽⁷⁾	Nil
Grier Colter ⁽⁶⁾	\$1,974,897	\$538,098	N/A ⁽⁷⁾	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, 2020 and converted to U.S. dollars based on a 1.323 USD/CAD exchange rate on January 31, 2020.
- (2) The actual gain realized by NEOs who have exercised options.
- (3) Converted to U.S. dollars based on a 1.2988 USD/CAD exchange rate on December 31, 2019.
- (4) Mr. Lepore served as Senior Vice President, Controller of ECN Capital until he succeeded Mr. Colter as CFO of ECN Capital on March 26, 2019, following the departure of Mr. Colter.
- (5) Mr. Nikopoulos served as President of ECN Capital until his departure on May 8, 2019.
- (6) Mr. Colter served as CFO of ECN Capital until his departure on March 26, 2019.
- (7) In connection with the respective departures of Mr. Nikopoulos and Mr. Colter, all of their respective outstanding PSU awards accelerated, vested in full and were settled in fiscal 2019 in accordance with their applicable terms. The value of such settled awards for Mr. Nikopoulos and Mr. Colter were \$4,729,420 and \$874,610, respectively.

Equity Compensation Plan Information

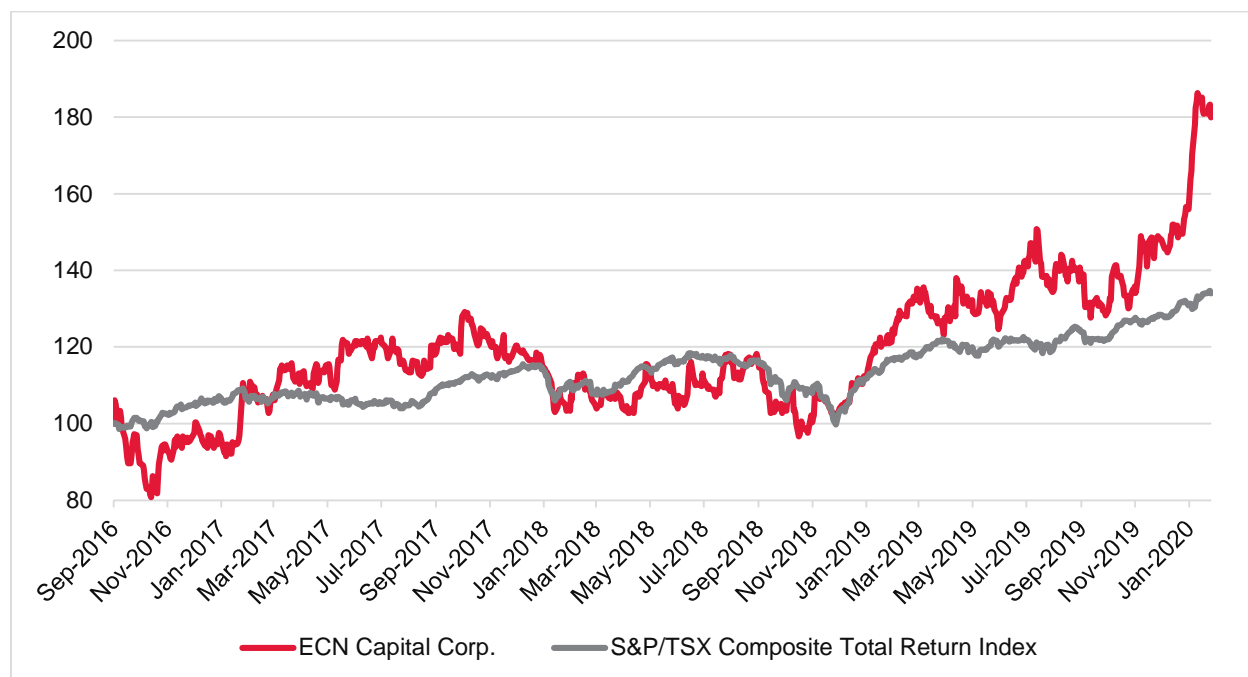
The following table sets out the number of Common Shares issuable pursuant to the Option Plan, and the weighted-average exercise price of the outstanding Options.

Plan Category	Number of Securities to be Issued upon Exercise of Options (as at December 31, 2019) (a)	Weighted – Average Exercise Price of Outstanding Options (as at December 31, 2019) (CAD\$) (b)	Number of Securities Remaining Available for Future Issuance Under the Option Plan (excluding securities reflected in (a)) (as at December 31, 2019) (c)
Equity Compensation Plans Approved by Securityholders	15,797,165	2.390	Nil
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 21, 2020 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 period from September 28, 2016 (when the Common Shares began trading on a “*when issued*” basis on the TSX) to February 21, 2020, total shareholder returns for ECN Capital increased by 79.94%. In 2018, ECN Capital committed to, and implemented, certain corporate cost reduction initiatives which resulted in executive compensation reductions of between 12.5% to 20% for the Corporation’s senior executive management team in 2018. Compensation levels for ECN Capital’s NEOs increased slightly in 2019, reflecting ECN Capital’s strong financial performance reflected in its increasing share price and overall total shareholder return during the year and in accordance with the Corporation’s placing significant weighting on achieving its key financial objectives and execution of key strategic objective as a component of compensation. Accordingly, total shareholder return, as shown in the performance graph below, is aligned and consistent with the total compensation received by ECN Capital’s NEOs.

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 described below for Mr. Hudson.

Employment Agreement of Mr. Hudson

In connection with the Separation Transaction, effective October 3, 2016, Steven K. Hudson entered into an executive employment contract with ECN Capital, for a five-year term ending on October 2, 2021. This contract was amended and restated in early 2018 in connection with ECN Capital’s shift to more U.S. focused operations.

Effective May 1, 2019, concurrent with a restructuring of the management team that resulted in senior executive changes at the Corporation, at the request of the Board, Mr. Hudson agreed to extend his term as Chief Executive Officer until 2023. In connection with this extension, Mr. Hudson entered into a new executive employment agreement (the “Employment Agreement”) with ECN Holdings (US) Corp. (“ECN Holdings”). The 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; the fact he is the founder of the Corporation’s business; and is 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”). 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 paid by ECN Capital to Mr. Hudson. This obligation was funded and settled by EFN in 2017 at the net present value of \$8.248 million.

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 CAD\$8.550 million and \$1.975 million, and (ii) an amount of \$1.975 million for each of the three years ending December 31, 2020, 2021 and 2022, which shall vest annually. Annual vesting shall be subject to the achievement of prescribed performance metrics. Based on the achievement of certain performance metrics by Mr. Hudson in 2019 (including meeting or exceeding the applicable rolling 3-year total shareholder return target established by the Board), Mr. Hudson achieved full vesting of the 2019 amount at risk. For the year ended December 31, 2019, common shareholders of ECN Capital achieved a 3-year total shareholder return of approximately 51% (for 2017 to 2019), compared to an approximately 22% total shareholder return for the S&P/TSX Composite Index over that same period, thereby exceeding the total shareholder return for the S&P/TSX Composite Index by approximately 29%. The vesting of the applicable amounts is measured against the achievement of the prescribed performance scorecard metrics and includes a rolling 3-year total shareholder return target.

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 (including interest accrued thereon) 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 (the “Set-Off Provisions”). 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, 2019, then Mr. Hudson would have been entitled to receive a payment equal to an estimated \$4,081,290, 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, 2019, then Mr. Hudson would have been entitled to receive, among other benefits as described below, a payment equal to an estimated \$21,543,036.

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 pro-rated 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, 2019, Mr. Hudson would hold Options, RSUs and PSUs with an estimated combined “in-the-money” value of \$6,296,837.

Employment Arrangements of Mr. Lepore

Michael Lepore became CFO of ECN Capital on March 26, 2019 and entered into new employment arrangements in connection with his appointment and relocation to the United States. Mr. Lepore’s employment arrangements permit the Corporation to terminate his employment without notice or pay in lieu thereof, at any time, for just cause. In such event ECN Capital shall pay Mr. Lepore his base salary up to the date of termination of employment.

Pursuant to the terms and conditions of his employment arrangements, if the employment of Mr. Lepore is terminated without just cause or due to a change of control, then ECN Capital must provide Mr. Lepore with a payment equal to two times his base salary and bonus actually earned for the bonus year last completed prior to termination, with the minimum payment being not less than Mr. Lepore’s 2019 target salary and bonus if termination occurs in 2019 or 2020. If the foregoing termination would have occurred on December 31, 2019, then Mr. Lepore would have been entitled to receive, in addition to other benefits as described below, a payment equal to an estimated \$5,451,641.

If the employment of Mr. Lepore is terminated without just cause or due to a change of control in the first two years after his appointment and relocation to the United States, he will also be provided with price protection on his Florida residence up to a maximum of \$250,000.

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

Employment Agreement of Mr. Shaw

Scott Shaw joined ECN Capital as President of The Kessler Group on June 1, 2018 upon the completion of the strategic investment in The Kessler Group by the Corporation (the “Kessler Acquisition”). Mr. Shaw’s employment agreement permits ECN Capital to terminate his 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 the 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 (the “Accrued Benefit”).

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, 2019, 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, 2019, 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 Company LLC, a material subsidiary of ECN Capital. Mr. Berch signed an executive employment agreement on September 7, 2017 upon the closing of ECN Capital's acquisition of Service Finance. 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.

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 receive 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 CAD\$100,000 (converted to \$75,570 based on a 1.3233 exchange rate on January 31, 2020) 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 CAD\$150,000 (converted to \$113,355 based on a 1.3233 USD/CAD exchange rate on January 31, 2020).

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 24,012,759, 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 2019, the Corporation did not grant any Options and a total of 15,797,165 Options remained issued and outstanding as of December 31, 2019 (representing approximately 6.57% of the Common Shares outstanding) and there were 8,215,594 Common Shares (representing approximately 3.42% 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 6,093,580 Common Shares have been issued pursuant to the exercise of Options, representing approximately 2.59% 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 CAD\$150,000 (converted to \$\$115,485 based on a 1.2988 USD/CAD exchange rate on December 31, 2019). 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 24,012,759, 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, 2019, 1,532,498 DSUs

remained issued and outstanding (representing approximately 1% of the Company 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

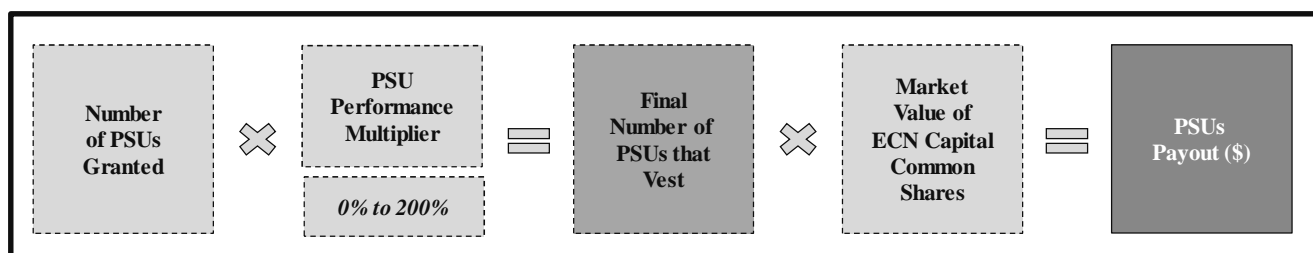
The Board has adopted the ECN Capital Share Unit Plan (the “Unit Plan”). Under the Unit Plan, both restricted share units (“RSUs”) and performance share units (“PSUs”) may be granted. Eligible participants under the Unit Plan are individuals employed by ECN Capital or its subsidiaries, or other controlled 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 24,012,759, 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, 2019, 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

	2017			2018			2019		
	Options	DSUs	PSUs/ RSUs	Options	DSUs	PSUs/ RSUs	Options	DSUs	PSUs/ RSUs
Overhang ⁽¹⁾⁽⁴⁾	9.2%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%
Dilution ⁽²⁾⁽⁴⁾	8.2%	0.2%	0.7%	10.0%	0.4%	1.6%	6.4%	0.6%	2.5%
Burn Rate ⁽³⁾⁽⁴⁾	1.4%	0.2%	0.7%	0.8%	0.2%	1.3%	N/A none granted	0.2%	1.7%

- (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, 2019 and December 31, 2018 to Ernst & Young LLP and its affiliates were approximately US\$1.3 million and US\$1.5 million respectively, as follows:

	2019 (US\$)	2018 (US\$)
Audit Fees	821,750	859,000
Audit-Related Fees	14,000	38,000
Tax Fees	462,000	583,000
Other Fees	Nil	Nil
TOTAL	1,297,750	1,480,000

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, 2019 and December 31, 2018. 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 2019 and in 2018 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, 2020.

Purpose	Aggregate Indebtedness to the Corporation or its Subsidiaries⁽¹⁾	Set-Off Adjusted Aggregate Indebtedness to the Corporation or its Subsidiaries⁽¹⁾⁽²⁾
Securities Purchase Program	\$40,704,416	\$10,172,622
Other	\$1,437,303	Nil

(1) Converted to U.S. dollars based on a 1.312 USD/CAD exchange rate on January 31, 2020.

(2) In order to accurately reflect the accounting treatment of the indebtedness of Mr. Hudson under IFRS, the aggregate indebtedness amount set forth in this column includes the indebtedness of Mr. Hudson, as 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 February 26, 2020. The full amount of the Retirement Allowance shall be automatically set-off against the then outstanding amount of Mr. Hudson's shareholder loan (consisting of principal and any accrued and unpaid interest), at the time such payments become payable, pursuant to the Set-Off Provisions.

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, 2019, 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, 2019 and as at February 21, 2020 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 2019⁽¹⁾	Amount Outstanding as at January 31, 2020⁽²⁾	Set-Off Adjusted Amount Outstanding as at January 31, 2020⁽²⁾
		(a)	(b)	(c)
Indebtedness Under Securities Purchase Program				
<i>Current Directors and Executive Officers</i>				
Steven K. Hudson <i>Chief Executive Officer</i>	Creditor	\$22,860,412	\$22,860,412	\$10,172,622 ⁽³⁾
Michael Lepore <i>Chief Financial Officer</i>	Creditor	\$1,872,485	\$1,859,864	N/A

Name and Principal Position	Involvement of Issuer	Largest Amount Outstanding in 2019 ⁽¹⁾	Amount Outstanding as at January 31, 2020 ⁽²⁾	Set-Off Adjusted Amount Outstanding as at January 31, 2020 ⁽²⁾
		(a)	(b)	(c)
Indebtedness Under Securities Purchase Program				
<i>Current Directors and Executive Officers</i>				
Scott Shaw <i>President – The Kessler Group</i>	Creditor	\$10,986,001	\$11,004,662	N/A
<i>Former Executive Officers</i>				
Jim Nikopoulos <i>Former President – ECN Capital</i>	Creditor	\$8,916,089	\$3,899,544	N/A ⁽⁴⁾
Grier Colter <i>Former Chief Financial Officer</i>	Creditor	\$1,774,358	\$0	N/A
Loreto Grimaldi <i>Former Senior Vice President, General Counsel & Corporate Secretary</i>	Creditor	\$1,890,866	\$0	N/A
Other Indebtedness				
<i>Former Executive Officers</i>				
Jim Nikopoulos <i>Former President – ECN Capital</i>	Creditor	\$1,545,124	\$1,548,077	N/A

(1) Converted to U.S. dollars based on a \$1.323 USD/CAD exchange rate on January 31, 2020.

(2) Converted to U.S. dollars based on a \$1.323 USD/CAD exchange rate on January 31, 2020.

(3) In order to accurately reflect the accounting treatment of the indebtedness of Mr. Hudson under IFRS, the aggregate indebtedness amount set forth in this column includes the indebtedness of Mr. Hudson, as 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 February 21, 2020. The full amount of the Retirement Allowance (the Canadian dollar denominated portion of which is converted to U.S. dollars based on a \$1.323 USD/CAD exchange rate on January 31, 2020), shall be automatically set-off against the then outstanding amount of Mr. Hudson's shareholder loan (consisting of principal and any accrued and unpaid interest), at the time such payments become payable, pursuant to the Set-Off Provisions.

(4) Pursuant to the terms of the Set-Off Agreement and the Separation Letter, CAD\$4,900,000 (representing Mr. Nikopoulos' retirement allowance and payment in lieu of consulting fees) was set-off (net of applicable taxes) against the outstanding amount of his Securities Purchase Loans on May 8, 2019. Pursuant to the Separation Letter: (i) on March 31, 2020, Mr. Nikopoulos will make a payment representing 15% of the then outstanding amount of his Securities Purchase Loans and (ii) the non-competition payment of CAD\$430,000, which became payable on January 30, 2020, was automatically set-off (net of applicable taxes) against his then outstanding Securities Purchase Loans on such date. Subject to compliance with his non-competition covenants in his employment agreement, the non-competition payment of CAD\$430,000 to be paid on October 30, 2020 shall be set-off (net of applicable taxes) against his then outstanding Securities Purchase Loans on such date. Beginning January 1, 2020, Mr. Nikopoulos will repay the remaining balance of his Securities Purchase Loans in equal monthly installments over a thirty-six-month period from December 31, 2019 (as adjusted, assuming the set-off of his October 30, 2020 non-competition payment on such date).

Indebtedness Under Securities Purchase Program

The indebtedness reflected in the above table under “Securities Purchase Program” (the “Securities Purchase Loans”) reflects 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.

In 2018 and 2019, ECN Capital established new arrangements to reduce indebtedness of its directors and officers to the Corporation in connection with its securities purchases program while continuing to ensure management's alignment with ECN Capital's shareholders through equity holdings. ECN Capital has achieved an overall reduction of 12% of aggregate indebtedness to the Corporation in connection with its securities purchases program as of February 26, 2020, compared to such indebtedness as of March 19, 2018 (the date of the management information circular in connection with the 2018 annual meeting of shareholders) and 12% compared to such indebtedness as of February 27, 2019 (the date of the management information circular in connection with the 2018 annual meeting of shareholders).

Other Indebtedness

The indebtedness of Mr. Nikopoulos, former President of the Corporation, reflected in the above table under "Other Indebtedness" reflects a loan provided to Mr. Nikopoulos as further described below.

Prior to Mr. Nikopoulos' departure from ECN Capital, he had committed to the purchase of a Florida residence relating to his contemplated relocation to the United States in connection with his duties as President of the Corporation and the Corporation had agreed to provide financial assistance to Mr. Nikopoulos in connection with this property purchase. ECN Holdings provided Mr. Nikopoulos a \$1,118,052 loan, together with a \$400,000 payment advanced in respect of the deposit on the Florida residence, which is evidenced by a promissory note in the aggregate amount of \$1,518,052. This loan was due December 31, 2019 but its maturity has been extended by the Corporation until March 31, 2020. Mr. Nikopoulos' obligations under the loan are secured by a mortgage and security interest on the Florida residence, second in ranking to the primary mortgage provider.

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 Senior Vice President, Chief Legal Officer and Corporate Secretary of the Corporation by email mkoenig@ecncapitalcorp.com or by mail at 200 Bay Street, Suite 1625, Toronto, Ontario, M5J 2J1.

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 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 February 26, 2020.

Mary Beth Koenig
*Senior Vice President, Chief Legal
Officer and Corporate Secretary*

EXHIBIT A

ECN CAPITAL CORP. BOARD OF DIRECTORS MANDATE

As of October 3, 2016

1. Purpose

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

2. Composition

General

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

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

Independence

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

Chair of the Board

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

3. Duties and Responsibilities

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

Strategic Planning

(a) Strategic Plans

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

(b) Business and Capital Plans

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

(c) Monitoring

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

Risk Management

(a) General

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

(b) Verification of Controls

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

Human Resource Management

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

(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 constituting 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.

