2021 ANNUAL INFORMATION FORM

– March 1, 2022 –

ELEMENT FLEET MANAGEMENT CORP.

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FORWARD-LOOKING INFORMATION

Certain statements in this Annual Information Form, other than statements of historical fact, are forward-looking statements within the meaning of applicable securities laws and may contain forward-looking information. Such statements are based upon Element Fleet Management Corp.'s ("**Element Fleet**" or the "**Corporation**") and its management's current internal expectations, estimates, projections, assumptions and beliefs. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of Element Fleet. Forward-looking statements include statements that are predictive in nature, and depend upon or refer to future events or conditions. In some cases, words such as "plan", "expect", "intend", "believe", "anticipate", "estimate", "target", "project", "forecast", "may", "improve", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements and forward-looking information. Forward-looking statements are provided for the purposes of assisting the reader in understanding Element Fleet and its business, operations, risks, financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information. In addition, this Annual Information Form may contain forward-looking statements and information attributed to third party industry sources. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the expectations, predictions, forecasts, projections, conclusions or other forward-looking statements will not occur or prove accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. Such forward-looking statements and information in this Annual Information Form speak only as of the date of this Annual Information Form. The forward-looking information and statements contained in this Annual Information Form reflect several material factors, expectations and assumptions of Element Fleet including, without limitation: the impact of the COVID-19 pandemic on industry and market conditions; the impact and duration of supply chain constraints, including vehicle production delays; that Element Fleet will conduct its operations in a manner consistent with its expectations and, where applicable, consistent with past practice; acceptable negotiations with third parties; the general continuance of current or, where applicable, assumed industry conditions; the continuance of existing (and in certain circumstances, the implementation of proposed) tax and regulatory regimes; certain cost assumptions; the continued availability of adequate debt and/or equity financing and cash flow to fund its capital and operating requirements as needed; the extent of its assets and liabilities; the Corporation's net interest margin; growth in lease receivables and service income; expectations regarding syndication; rate of cost inflation; applicable foreign exchange rates and applicable income tax rates; the Corporation's funding mix; the terms of any new instruments issued to refinance the 2019 Debentures (as defined herein); the reset rates for the Corporation's outstanding preferred shares; including the terms upon which idle assets can be sold or leased, and timing of same. Element Fleet believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

The COVID-19 pandemic has cast additional uncertainty on Element Fleet's internal expectations, estimates, projections, assumptions and beliefs. There can be no assurance that they will continue to be valid. Given the continued uncertainty with respect to the impact and duration of the COVID-19 pandemic, it is premature to make further assumptions about these matters. The duration, extent and severity of the impact the COVID-19 pandemic, including measures to prevent its spread, will have on Element Fleet's business remains uncertain and difficult to predict at this time.

Forward-looking statements and information in this Annual Information Form include, but are not limited to, statements with respect to:

- Element Fleet's expectations regarding its revenues, expenses, expense structure, run-rate and operations, and regarding future cash flows, financial condition, operating performance, financial ratios, projected asset base, capital structure and expenditures;
- Element Fleet's ability to renew or refinance credit and securitization facilities;
- Element Fleet's strategy to improve and optimize the client experience and client acquisition and retention;
- Element Fleet's anticipated cash needs, capital requirements and its needs for additional financing;

- Element Fleet’s plans for and timing of expansion of its services;
- Element Fleet’s future growth plans;
- Element Fleet’s expectations regarding the structure of its Chesapeake securitization programs;
- Element Fleet’s expectations regarding financial market conditions and the Company’s ability to access the senior unsecured and/or asset backed securitization markets;
- Element Fleet’s expectations regarding its origination volumes;
- Element Fleet’s anticipated delinquency rates and credit losses;
- Element Fleet’s ability to attract and retain personnel and changes to Element Fleet’s management;
- Element Fleet’s present intention to pay regular dividends on its common shares and preferred shares;
- Element Fleet’s expectations regarding the benefits of the Separation Transaction (as defined herein) and the tax-free nature of the Separation Transaction;
- Element Fleet’s Xcelerate™ solution and expected uses and benefits;
- Element Fleet’s Connected Data™ solution and expected uses and benefits;
- Element Fleet’s expectations regarding technological change;
- Element Fleet’s technology and data, and expected uses and benefits;
- Element Fleet’s competitive position and its expectations regarding competition;
- anticipated trends and challenges in Element Fleet’s business and the markets in which it operates;
- the evolution of Element Fleet’s business and the fleet management industry;
- Element Fleet’s growth prospects and the objectives, vision and strategies of Element Fleet;
- Element Fleet’s operations and ability to drive operational efficiencies;
- Element Fleet’s expectations regarding its assets, business strategy and demand for Element Fleet’s services;
- Element Fleet’s expectation regarding the availability of funds from operations, cash flow generation and capital allocation;
- Element Fleet’s business outlook and other expectations regarding financing or operating performance metrics;
- the evolution of operations and the development of performance indicators, and other financial performance metrics;
- the extent, nature and impact of any write-down of various fleet management businesses;
- the future financial reporting of Element Fleet;
- Element Fleet’s competitive position and the anticipated trends and challenges in Element Fleet’s business and the markets in which it operates;
- Element Fleet’s borrowing base;
- the implementation of Element Fleet’s systems integrations and organizational revisions;
- the extent, nature and impact of any value driver to create, and the ability to generate, pre-tax run-rate operating income;
- Element Fleet’s ability to increase total shareholder return;
- Element Fleet’s dividend policy and the payment of future dividends;
- Element Fleet’s proposed share purchases, including the number of common shares to be repurchased, the timing thereof and TSX acceptance of any renewal of the Normal Course Issuer Bid;
- Element Fleet’s ability to pre-fund redemption of its outstanding convertible debentures upon their maturity;
- the impact that the COVID-19 pandemic may have on Element Fleet’s financial condition, operating results and cash flows; the objectives, vision and strategies of Element; future cash flows, financial condition, operating performance, financial ratios, projected asset base, capital structure and capital expenditures and
- Element Fleet’s research and development investment plans and service offerings.

The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management’s perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances. Although Element Fleet believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Element Fleet cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither Element Fleet nor any other person assumes responsibility for the accuracy or completeness of the forward-looking statements and information.

Some of the risks and other factors, some of which are beyond Element Fleet's control, which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this Annual Information Form, include, but are not limited to, those set forth under "*Risk Factors*" in this Annual Information Form. Readers are cautioned that the factors described under "*Risk Factors*" is not exhaustive. **The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.** Other than as specifically required by applicable Canadian law, Element Fleet undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of Element Fleet's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including this Annual Information Form and Element Fleet's 2021 Management Discussion & Analysis ("**MD&A**"), filed with the securities regulatory authorities in Canada and available at www.sedar.com.

CORPORATE STRUCTURE

The Corporation was incorporated as "Element Financial Corporation" on May 11, 2007 under the *Business Corporations Act* (Ontario) (the "**OBCA**").

On August 23, 2011, the Corporation restated its Articles of Incorporation. On December 15, 2011, the Corporation filed Articles of Amalgamation under the OBCA, giving effect to the amalgamation of the Corporation and Mira II Acquisition Corp., a capital pool company listed on the TSX Venture Exchange. The entity continuing from the amalgamation was "Element Financial Corporation". On December 16, 2011, the common shares of the Corporation ("**Common Shares**") were listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the trading symbol "EFN".

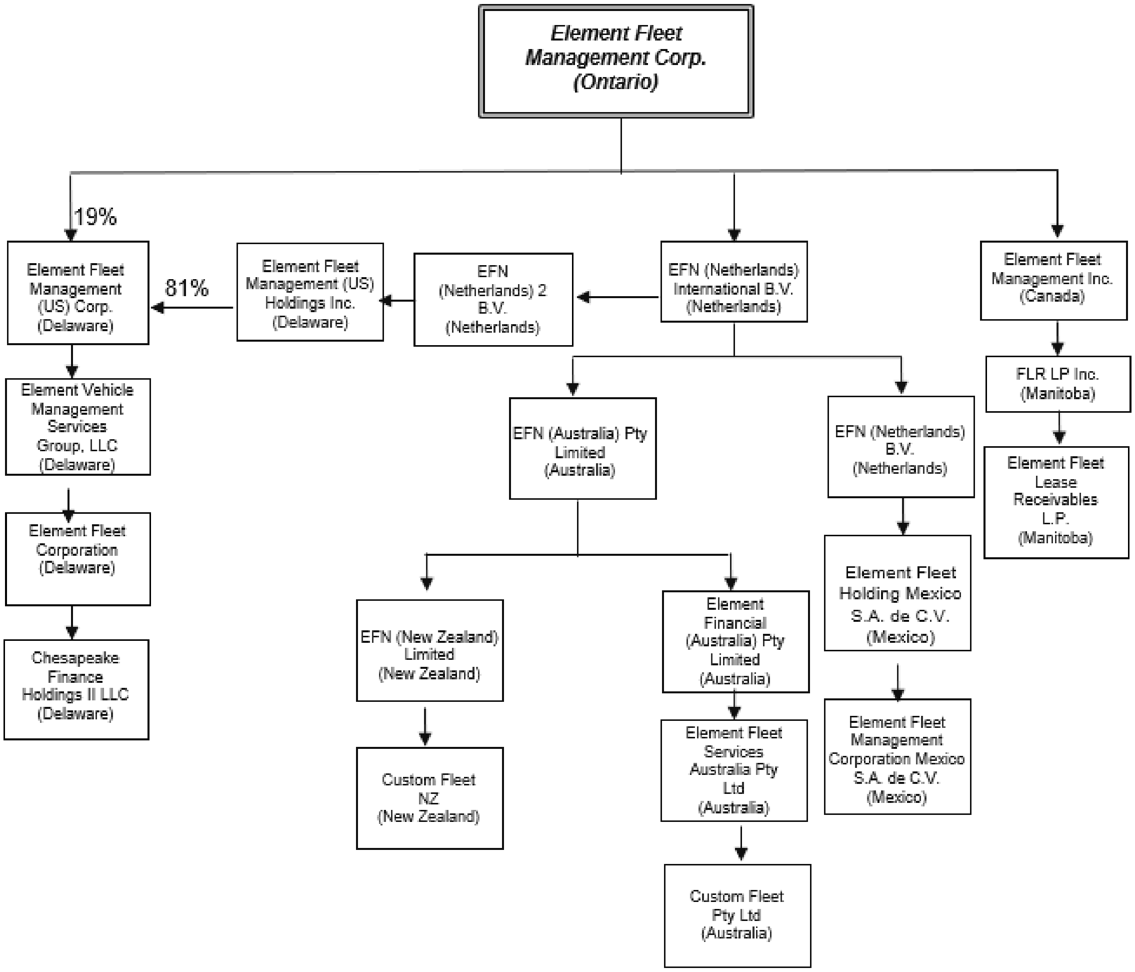
Element Fleet was issued a certificate and articles of amendment effective: (i) December 17, 2013, providing for the creation of its 6.60% Cumulative 5-Year Rate Reset Preferred Shares, Series A (the "**Series A Shares**") and Cumulative Floating Rate Preferred Shares, Series B (the "**Series B Shares**"); (ii) February 28, 2014, providing for the creation of its 6.50% Cumulative 5-Year Rate Reset Preferred Shares, Series C ("**Series C Shares**") and Cumulative Floating Rate Preferred Shares, Series D ("**Series D Shares**"); (iii) June 12, 2014, providing for the creation of its 6.40% Cumulative 5-Year Rate Reset Preferred Shares, Series E ("**Series E Shares**") and Cumulative Floating Rate Preferred Shares, Series F ("**Series F Shares**"); (iv) May 29, 2015, providing for the creation of its Series G Shares ("**Series G Shares**") and Series H Shares (as defined herein); and (v) May 5, 2017, providing for the creation of its Series I Shares ("**Series I Shares**") and Series J Shares ("**Series J Shares**" and, collectively with the Series A Shares, Series B Shares, Series C Shares, Series D Shares, Series E Shares, Series F Shares, Series G Shares, Series H Shares and Series I Shares, the "**Preferred Shares**").

On February 16, 2016, the Board of Directors of Element Financial Corporation approved a plan to separate such corporation into two separate publicly-traded companies (the "**Separation Transaction**"): (i) "Element Fleet Management Corp." that would operate the then-existing Fleet Management Business and (ii) "ECN Capital Corp." that would operate the then-existing commercial and vendor finance, rail finance and aviation finance verticals. The Separation Transaction was implemented through a court approved plan of arrangement that was approved at a special meeting of the shareholders of such Corporation on September 20, 2016 (the "**Special Meeting**") and received final approval from the Ontario Superior Court of Justice on September 21, 2016. The Separation Transaction became effective on October 3, 2016 and the Corporation filed Articles of Amendment on October 3, 2016 providing for, among other things, the Corporation changing its name from "Element Financial Corporation" to "Element Fleet Management Corp.". On October 4, 2016, the Corporation restated its Articles of Incorporation.

The head and registered office of Element Fleet is located at 161 Bay Street, Suite 3600, Toronto, Ontario, M5J 2S1.

ORGANIZATIONAL STRUCTURE

The organization chart below indicates the inter-corporate relationships of the Corporation and its material subsidiaries (and including their jurisdiction of organization in parenthesis) as at January 1, 2022. Except as noted otherwise, all such subsidiaries are wholly-owned by their direct parent.



The assets and revenues of any unnamed subsidiary of Element Fleet did not exceed 10% of Element Fleet's assets or have revenues exceeding 10% of the total consolidated revenues attributable to Element Fleet's assets as at and for the year ended December 31, 2021. In the aggregate, such subsidiaries did not account for 20% of Element Fleet's assets or total consolidated revenues attributable to Element Fleet's assets as at and for the year ended December 31, 2021.

DESCRIPTION OF THE BUSINESS

Overview

Element Fleet Management Corp. is the largest pure-play automotive fleet manager in the world. Our business is exclusively focused on business-to-business services for corporates, governments and not-for-profits that operate large vehicle fleets. We are the market leader in the geographies in which we operate: the U.S., Canada, Mexico, and Australia and New Zealand. Element Fleet has approximately $14.3 billion in assets under management and over 1 million vehicles under management.

The fleet management industry took shape over 70 years ago and has consistently demonstrated stability and resilience throughout the business cycle. The industry is characterized by high barriers to entry, rational competition and long-term client relationships.

Element Fleet specializes in large and often complex vehicle fleets. We benefit from a blue-chip client base, significant advantages of scale and expertise, and the financial strength to support the achievement of our own and our clients' business objectives. Element Fleet's purpose is to ensure that our clients' vehicles and their drivers are safer, smarter and more productive.

Fleet vehicles are essential to our clients' ability to generate and sustain revenue or, in the case of governments and not-for-profits, fulfill their obligations to stakeholders. Regardless, fleet vehicles have significant associated costs. Element Fleet's value proposition is the material reduction of our clients' total cost of fleet operations, and the elimination of related administrative burden. In plain English, we make the complex simple for our clients – a value proposition we believe to be particularly compelling in the context of fleets integrating electric vehicles. We recently announced *Arc by Element* – our comprehensive, integrated end-to-end electric vehicle offering. We deliver Element Fleet's value to our clients through service solutions that span the fleet lifecycle, from vehicle acquisition and financing to maintenance, repair and remarketing.

In 2018, we completed an exhaustive assessment of Element Fleet's business that resulted in a strategic plan to solidify the Corporation's core operating platform and client relationships, strengthen and deleverage its balance sheet and divest of all non-core assets. We knew that the successful execution of this three-prong strategy would position Element Fleet for solid, sustainable organic growth in 2021 and beyond.

In 2020, we completed the transformation of Element Fleet, having effected hundreds of changes to the organization resulting in a more consistent, superior client experience; greater operational efficiency and scalability; a materially strengthened financial position and maturing capital structure; diversified funding sources, including approximately $2.4 billion of committed, undrawn liquidity at December 31, 2021; and meaningfully improved profitability.

The rapid and successful transformation program allowed our Commercial teams to focus on the aggressive pursuit of profitable, organic revenue growth, beginning in mid-2020 in the U.S. and Canada and earlier in Mexico, Australia and New Zealand. Element Fleet's global growth strategy leverages our market leadership to (i) improve on the industry average 98% client retention rate, (ii) increase client profitability and service penetration, (iii) win new clients from other fleet managers by improving our salesforce effectiveness, and (iv) convert self-managed fleets into Element Fleet clients. We are also pursuing opportunities to add more "mega fleets" to our client roster.

Transforming Element Fleet has given our people the skills and confidence to deal with large, complicated and deeply nuanced business problems and opportunities. These capabilities were on full display in our swift and successful adaptation to operating through the COVID-19 pandemic. Despite the practical and economic consequences of the pandemic, we completed Element's transformation in 2020 and are focused on our strategic growth priorities:

- Aggressively pursue organic growth in all our geographies and demonstrate the scalability of Element Fleet's transformed operating platform by growing annual operating income in excess of the annual net revenue growth rate;

- Advance a capital-lighter business model by growing services revenue and strategically syndicating fleet assets, which enhances return on equity; and

- Given expected high single to low double-digit annual free cash flow per share growth rates in normal market conditions, predictably return excess equity to shareholders by way of growing common dividends and share buybacks.

2021 Highlights

Element Fleet achieved 5.8% annual net revenue growth in constant currency in 2021 – at the high end of the Corporation's 4-6% target range – by generating $53.8 million of new net revenue. Due to the adverse impacts of a strengthening Canadian dollar on annual results, 2021 net revenue grew 1.1% or $10.7 million as reported, to $973.8 million.

Net revenue growth was driven by 2021 net financing revenue growth of 7.7% or $31.3 million as reported and 11.6% or $45.5 million in constant currency, to $436.9 million. Services revenue declined 1.9% or $9.4 million year-over-year as reported but grew 3.3% or $14.9 million in constant currency to $472.5 million. Excluding the Q3 2020 one-time services revenue benefit of $8.8 million as reported ($8.5 million in constant currency) from full-year 2020 results, 2021 services revenue was essentially flat (down 0.1%) year-over-year as reported and grew 5.2% or $23.5 million in constant currency.

Element Fleet grew income before taxes 37.4% or $124.6 million in 2021, to $457.7 million and . 2021 adjusted operating income ("**AOI**") grew 2.1% or $10.5 million year-over-year as reported and 7.2% or $34.3 million in constant currency, to $512.0 million – highlighting the scalability of our market-leading operating platform.

Element Fleet's 2021 pre-tax income margin expanded 124 basis points year-over-year to 47.0% and adjusted operating margin expanded 51 basis points year-over-year as reported and 66 basis point in constant currency, to 52.6%.

Syndication – the non-recourse sale of Element Fleet assets to a third party – and services revenue growth are the two main thrusts advancing its capital-lighter business model. Both revenue streams made significant contributions to the Corporation's 2021 performance.

Element Fleet's sale of fleet assets to financial buyers with a lower cost of capital advances several aspects of Element's profitable growth strategy:

- Syndication generates a highly profitable, recurring revenue stream for Element Fleet. In 2021, Syndication contributed $64.4 million in revenue (6.6% of net revenue), the vast preponderance of which falls to AOI;

- Syndication also accelerates revenue recognition (without compromising economics), improving the velocity of cash flow;

- Syndication facilitates a capital-lighter business model. Selling these assets alleviates the need for Element to take on additional leverage – and set aside additional equity – to fund the assets on balance sheet. This has allowed the Corporation to significantly lower its tangible leverage ratio and – at the same time – return $644 million cash to shareholders in 2021.

Element Fleet advanced its capital-lighter business model in 2021 with a robust pool of syndication investors. The Corporation syndicated $2.7 billion of fleet assets in 2021, achieving its volume and revenue targets as modified in H1 to account for OEM production delays.

Individual syndication transactions are predominantly in respect of fleet assets leased by a single Element Fleet client. Over the course of 2021, Element Fleet added 68 client names to its syndication program, meaning certain fleet assets leased to each such client were syndicated for the first time in 2021. The Corporation also completed 3 portfolio transactions in 2021, multiple clients' assets were pooled and syndicated en bloc to a single buyer. This portfolio approach has had a positive impact on syndication revenue yield and efficiencies.

The second pillar of Element's capital-lighter strategy is growing services revenue, which has a relatively low funding requirement – the net working capital position of procured services such as fuel and maintenance – compared to net financing revenue.

As noted above, the Corporation's 2021 full-year services revenue declined 1.9% or $9.4 million as reported but grew 3.3% or $14.9 million in constant currency to $472.5 million. Element Fleet's clients' vehicle activity is only now back at or approximating pro-pandemic levels, having recovered more gradually than anticipated in 2021. We expect healthy services revenue growth over the course of 2022. Services revenue growth is attributable in part to the Corporation's commercial team's success improving service penetration and utilization among existing clients in 2021; and in part to the gradual increase in client vehicle activity over the course of 2021 now at or approximating pre-pandemic levels across its global footprint.

Element Fleet's return on equity improved 440 basis points year-over-year to 10.4% and pre-tax return on common equity improved 140 basis points year-over-year to 15.4% for 2021.

Element Fleet generated $1.05 of free cash flow per share for 2021 – an 8 cent per share or 7.9% improvement over 2020 results in constant currency.

Per share growth is aided by the Corporation's repurchasing of Common Shares for cancellation pursuant to the Corporation's Normal Course Issuer Bid. As previously disclosed, the TSX approved Element's November 10, 2021 notice of intention to renew the Normal Course Issuer Bid.

Also as previously disclosed, the Corporation announced on November 10, 2021 a 19% increase to its common dividend, from $0.26 to $0.31 annually per share, which was reflected in the Q4 2021 common dividend authorized and declared on November 10, 2021 and paid on January 14, 2022. With this increase, Element Fleet's annual common dividend represents approximately 30% of its last twelve months' free cash flow per share, which is the mid-point of the 25% to 35% payout range we plan to maintain going forward.

The Corporation returned $644 million in cash to common shareholders in 2021 by repurchasing 39,002,033 common shares for cancellation pursuant to its Normal Course Issuer Bid and paying $111 million in common dividends.

Service Offerings

Element Fleet serves the fleet management market through a variety of service offerings, including:

- *Acquisition* – providing acquisition experts and consultants that assist in determining a strategic approach to fleet acquisition such as developing optimal replacement plans and vehicle remarketing strategies, evaluating models and manufacturers that best align with a business's fleet performance goals and delivering a streamlined process to simplify vehicle ordering;

- *Financing* – providing customized fleet financing and fleet leasing programs, such as operating leases, capital leases and sale/leaseback, to reduce depreciation costs, maximize cash flow and overall fleet profitability;

- *Title, Licensing and Registration* – ensuring that vehicles are titled, registered, and insured by handling the labor-intensive administrative responsibilities;

- *Telematics* – providing an end-to-end telematics service that: (i) helps increase driver productivity via fleet tracking; (ii) improves driver safety by identifying and tracking individuals who require guidance or remedial action; and (iii) reduces fleet operating costs by actively monitoring fleet fuelling expenses, reducing vehicle maintenance costs through diagnostic trouble code monitoring, and reducing mileage driven to improve lifecycle costs;

- *Risk and Safety* – providing a comprehensive approach to fleet risk management by integrating consultative expertise with driver training programs and other safety services and offering a customizable program to help identify risky drivers, provide targeted training for at-risk drivers and manage accidents;

- *Accident Management* – providing comprehensive accident services to reduce fleet risk and to repair vehicles quickly with minimal business interruption and minimal costs for cars, light duty vehicles and medium duty trucks;

- *Tolls, Violations and Compliance* – fulfilling the administrative responsibilities of processing tolls and violations and ensuring compliance with regulations;

- *Fuel Services* – providing fuel cards for drivers with access to thousands of fuel stations across the United States and Canada, while supplying fleet managers with built-in controls, security, fuel transaction data and cost savings;

- *Managed Maintenance* – providing a network of authorized facilities, call centres and proactive preventative maintenance notifications, as well as expert specialists who assess repair necessity;

- *Personal Usage and Expense Tracking* – providing support tools and web-based reporting that make it easier to track business and personal usage and streamline tax-related administrative processes to help organizations comply with tax regulations;

- *Rental Services* – providing management of the rental process for renting extra equipment or other assets, ranging from forklifts to storage trailers, and coordinating delivery and pickup;

- *Remarketing* – providing experts to assist in selling used fleet vehicles by handling the entire sales process, from pickup, transport and reconditioning to target price establishment and transfer of ownership, helping to reduce fleet depreciation expense; and

- *Arc, By Element* – providing end-to-end electric vehicle solutions by leveraging expert assistance in selecting best fit-for-use electric vehicles, facilitating the deployment of appropriate charging infrastructure, and supporting clients to pilot and manage the integration of electric vehicles seamlessly into their fleets.

COMPETITION

Element Fleet's markets are competitive and characterized by various competitive factors that vary by region. Competitive factors include breadth of service features, price, equipment, maintenance, service and geographic coverage. In North America, Australia and New Zealand, Element Fleet's competitors in the Fleet Management Business are mainly comprised of other well-established fleet management companies that offer a similar suite of services.

Element Fleet believes it is well positioned to compete with its competitors by means of having an experienced management team , ready-access to cost-efficient capital, scale that translates into meaningful purchasing power and a breadth of operational insights few can match, as well as the Element Fleet-Arval Global Alliance.

Although the Fleet Management Business is likely to remain competitive, the fleet management industry is mature. High capital requirements, well-established client and supplier relationships and incumbent scale advantages create high barriers to entry.

Element Fleet's focus on value-added service offerings and its continued investment in client-focused solutions helps foster strong, long-term client relationships. Element Fleet seeks to differentiate itself from competitors by consistently delivering superior client experience and leveraging the largest portfolio in North America to:

- reduce clients' total cost of ownership by using scale across the entire fleet life cycle from acquisition to marketing; and

- deliver superior benchmarking abilities and thus deeper insights into clients' fleet operations by collecting and analyzing the most fleet vehicle data available.

FINANCING AND CAPITAL MARKETS INITIATIVES

An important liquidity objective for Element Fleet is its ability to maintain diversified funding sources to support its operations. Element Fleet's general sources of available funding for its financing services and other activities are: (i) cash flow from operating activities; (ii) the borrowing facilities; (iii) syndication; and (iv) equity. Various factors influence funding decisions, including the size, duration and character of the underlying fleet assets, and any limitations imposed by the funding sources, including in some cases obligor and asset-based concentration limits. Element Fleet's fleet assets generally have relatively short durations, small asset sizes and are suited to revolving funding structures and securitization programs. Element Fleet also ensures match funding on both a duration and interest rate basis for its funding arrangements.

Material Funding Arrangements

Element Fleet has established the following material funding arrangements:

- U.S. Fleet Receivables Securitization Arrangement. Chesapeake Funding II LLC, an indirect wholly-owned special-purpose subsidiary of Element Fleet, operates a securitization program to fund U.S. fleet assets. Under this program, Chesapeake Funding II LLC issues variable-funding notes and term notes, backed by beneficial interests in specified vehicles, leases and related rights. Element Fleet Corporation, an indirect wholly-owned subsidiary of Element Fleet, originates vehicle leases in the United States through two titling trusts, Gelco Fleet Trust or D.L. Peterson Trust. Element Fleet Corporation acts as the servicer of such lease assets and Element Fleet guarantees the performance by Element Fleet Corporation of its related obligations. As of December 31, 2021, Chesapeake Funding II LLC had a single series of issued and outstanding variable-funding notes, having an aggregate funding commitment amount of US$1.5 billion, and five series of term notes, having an aggregate principal amount of US$1.7 billion. The aggregate funding commitment amount for the outstanding series of variable funding notes was reduced from US$2.0 billion on July 15, 2021 following a strategic optimization assessment. Each series of term notes is comprised of multiple classes, with the senior term notes of each class being rated Aaa (sf) by Moody's, AAA (sf) by Fitch, AAA (sf) by DBRS Limited ("**DBRS**") and/or AAA (sf) by Kroll Bond Rating Agency "**KBRA**") as of the date hereof. The outstanding series of variable-funding note has a funding commitment from a bank syndicate until March 31, 2023, which funding commitment may be further renewed by the bank syndicate. If not renewed, the variable-funding notes would amortize and pay out over the term of the underlying lease and loan assets. As at December 31, 2021, Element Fleet had available and unutilized funding capacity of $704.9 million under the existing funding commitment. In March 2021, Chesapeake Funding II LLC issued approximately US$750 million of asset backed notes pursuant to its securitization program to fund U.S. fleet assets.

- Canadian Fleet Receivables Securitization Arrangement. Element Fleet Lease Receivables L.P. ("**EFLR LP**"), an indirect wholly-owned special-purpose limited partnership subsidiary of Element Fleet, operates a securitization program to fund the origination of Canadian fleet assets by Element Fleet Management Inc. ("**EFMI**"), a direct wholly-owned Canadian subsidiary of Element Fleet. The partners of EFLR LP are each wholly-owned subsidiaries of EFMI. EFLR LP acquires fleet assets originated by EFMI, which continues to act as the servicer of such assets. Element Fleet guarantees the performance of EFMI's related obligations. EFLR LP finances its acquisition of fleet assets by issuing variable-funding notes to a syndicate of Canadian banks or their affiliates and asset-backed commercial paper conduits. As of December 31, 2021, EFLR LP had one series of issued and outstanding variable-funding notes, comprised of two classes having aggregate commitment amounts of $1.35 billion (the "**Class A notes**") and $63.05 million (the "**Class B notes**"), respectively. At the time of issuance, the Class A notes had a rating of AAA (sf) from DBRS and the Class B notes had a rating of A (sf) from DBRS. EFLR LP's variable-funding notes have a funding commitment until November 30, 2023, which funding commitment may be further renewed by agreement with the variable-funding investor syndicate. If not renewed, the variable-funding notes would amortize and pay out over the term of the underlying lease assets. As at December 31, 2021, Element Fleet had available and unutilized funding capacity of $260 million under the existing funding commitment.

- Australian Fleet Receivables Securitization Arrangement. Element Custom Fleet Trust 2018-1 ("**ECFT**"), a special-purpose trust, operates a securitization program to fund the origination of Australian fleet assets by Custom Fleet Pty Ltd. and Custom Service Leasing Pty Ltd., both indirect wholly-owned subsidiaries of Element Fleet. Custom Service Leasing Pty Ltd. acts as servicer of the fleet assets under the program and Element Fleet guarantees the performance by Custom Fleet Pty Ltd. and Custom Service Leasing Pty Ltd. of their respective obligations under the program. ECFT has issued four series of asset-backed notes and loans with each series comprised of four debt classes. As of December 31, 2021, the third-party funding of these issued notes and loans amounted to outstanding balances of AUD $897.9 million. Each series of notes has a funding commitment maturity date of May 16, 2023. As at December 31, 2021, Element Fleet had available and unutilized funding capacity of $25 million under the existing funding arrangement.

- Senior Credit Facility. On December 11, 2019, Element Fleet and Element Fleet Management (US) Corp., a subsidiary of Element Fleet (the "**US Borrower**"), as borrowers, entered into the Fifth Amended and Restated Credit Agreement with a group of lenders, led by the Bank of Montreal as administrative agent (the "**Senior Credit Facility**"). The Senior Credit Facility was amended in October 2021, at which time the available capacity was reduced by US$0.5 billion to US$1.25 billion following a strategic optimization assessment.

The Senior Credit Facility was further amended in December 2021, at which time EFN (Netherlands) International B.V. was added as a borrower**.** The Senior Credit Facility is a revolving facility and has a maturity date of November 2, 2024. The obligations of the borrowers under the Senior Credit Facility are senior unsecured obligations and are guaranteed by certain of Element Fleet's material subsidiaries and by Element (with respect to the obligations of the US Borrower under the Senior Credit Facility). Under the Senior Credit Facility, the borrowings are available in Canadian dollars, U.S. dollars, Australian dollars and New Zealand dollars, and Element Fleet and the US Borrower, as applicable, may select from various interest rate options, such as rates based on LIBOR or a specified base rate, plus an applicable margin determined in accordance with a debt ratings-based pricing grid. The Senior Credit Facility includes negative and affirmative covenants, events of default and other customary terms, including financial covenants (including a maximum leverage ratio and a minimum interest coverage ratio). As at December 31, 2021, Element Fleet had access to approximately $871.8 million of available committed capacity under the Senior Credit Facility.

- <u>Export Development Canada Senior Unsecured Credit Facility</u>. On September 29, 2021, Element Fleet, the US Borrower, Element Fleet Mexico, S.A. de C.V. SOFOM E.N.R. ("**Element SOFOM**") and Element Fleet Management Corporation Mexico S.A. de C.V. (the "**Element Mexico**"), as borrowers, entered into a third amended and restated credit agreement with Bank of Montreal, as administrative agent, and Export Development Canada ("**EDC**") and Scotiabank Inverlat, S.A. ("**Scotia Mexico**") as lenders (as amended and restated, the "**EDC/Scotia Credit Facility**"). A maximum aggregate principal amount of US$600 million is available to Element Fleet, Element Mexico and the US Borrower under the EDC/Scotia Credit Facility by way of a revolving facility until September 30, 2022, followed by a non-revolving term-out period for the remaining term of the EDC/Scotia Credit Facility, which has a current final maturity date of September 30, 2026. For the duration of the term-out period the loan repayment schedule will be based on an amortization of assets. The obligations of the borrowers under the EDC/Scotia Credit Facility remain guaranteed by certain of Element Fleet's material subsidiaries and by Element Fleet (with respect to the obligations of the US Borrower, Element SOFOM and Element Mexico under the EDC/Scotia Credit Facility). Under the EDC/Scotia Credit Facility, borrowings are available in U.S. dollars, New Zealand dollars and Mexican pesos, and Element Fleet, the US Borrower, Element SOFOM and Element Mexico, as applicable, may select from various interest rate options, such as rates based on LIBOR or a specified base rate, plus an applicable margin determined in accordance with a debt ratings-based pricing grid. The EDC/Scotia Credit Facility includes other customary terms and financial covenants substantially consistent with the Senior Credit Facility. Availability under the EDC/Scotia Credit Facility is for the purpose of financing specified assets of Element Fleet's New Zealand and Mexico subsidiaries. As at December 31, 2021, Element Fleet had access to approximately $371.1 million of available committed capacity under the EDC/Scotia Credit Facility.

- <u>Other Asset-Backed Receivables Financing Agreement</u>. Element Fleet's indirect wholly-owned special purpose subsidiary has entered into an asset-backed receivables financing arrangement with one lender, which provides for an aggregate financing facility of US$400 million (the "**Receivables Agreement**"). Pursuant to the terms of the Receivables Agreement, interests in certain receivables are transferred from an indirect wholly-owned subsidiary of Element Fleet to a special-purpose entity that is the borrower under the Receivables Agreement. Element Fleet's subsidiary commits to act as servicer of the receivables and Element Fleet guarantees the performance by such subsidiary of its related obligations. The Receivables Agreement has a funding commitment until September 27, 2022. Under the Receivables Agreement, recourse available to the lender is generally limited to the assets of the special-purpose entity. As at December 31, 2021, Element Fleet had available and unutilized funding capacity of $83.6 million under the existing commitment provided for under the Receivables Agreement.

Capital Markets Initiatives

Since January 1, 2019, Element Fleet has taken the following capital markets initiatives:

- <u>2021 Normal Course Issuer Bid</u>. On November 10, 2021, the TSX approved Element Fleet's notice of intention to commence a Normal Course Issuer Bid (the "**2021 NCIB**"). The 2021 NCIB allows Element Fleet to repurchase on the open market (or as otherwise permitted), at its discretion during the period from November 15, 2021 to November 14, 2022, up to 40,968,811 Common Shares of Element Fleet, subject to rules of the TSX and applicable law. As of December 31, 2021, under the 2021 NCIB, 5,343,300 Common Shares were repurchased for cancellation for an aggregate amount of approximately $68.6 million at a volume weighted average price of $12.85 per Common Share.

- US Senior Note Offering. On April 6, 2021, Element Fleet completed an issuance of US$500 million of U.S. 1.60% senior unsecured investment-grade notes (the "**2021 Bond Offering**"). The sale priced in at an all-in yield of 1.64%. The 2021 Bond Offering was used for working capital and general corporate purposes.

- Asset-Backed Term Notes. On March 23, 2021, Element Fleet completed a commercial vehicle fleet lease asset-backed term note issuance in the aggregate principal amount of US$750 million. Four classes of notes were issued: US$595 million of fixed and US$100 million of floating rate Class A; US$21 million of fixed rate Class B; US$17 million of fixed rate Class C, and US$17 million of fixed rate Class D. The proceeds were used to pay down variable funding notes outstanding, increasing Element Fleet's undrawn liquidity.

- 2020 Normal Course Issuer Bid. On November 4, 2020, the TSX approved Element Fleet's notice of intention to commence a Normal Course Issuer Bid (the "**2020 NCIB**"). The 2020 NCIB allowed Element Fleet to repurchase on the open market (or as otherwise permitted), at its discretion during the period from November 10, 2020 to November 9, 2021, up to 43,929,594 Common Shares of Element Fleet, subject to rules of the TSX and applicable law. As of December 31, 2020, under the 2020 NCIB, 762,100 Common Shares were repurchased for cancellation for an aggregate amount of approximately $10.0 million at a volume weighted average price of $13.14 per Common Share. As of December 31, 2021, under the 2020 NCIB, a cumulative of 34,420,833 Common Shares were repurchased for cancellation for an aggregate amount of approximately $474.5 million at a volume weighted average price of $13.78 per Common Share

- Asset-Backed Term Notes. On July 22, 2020, Element Fleet completed a commercial vehicle fleet lease asset-backed term note issuance in the aggregate principal amount of US$750 million. Four classes of notes were issued: US$594 million of fixed and US$100 million of floating rate Class A; US$21 million of fixed rate Class B; and US$17.5 million each of fixed rate Classes C and D. The proceeds were used to pay down variable funding notes outstanding, increasing Element Fleet's undrawn liquidity.

- US Senior Note Offering. On June 2, 2020, Element Fleet completed its inaugural issue of US$400 million of 3.85% U.S. senior unsecured investment-grade notes (the "**2020 Bond Offering**"). The notes were Element Fleet's first offering in the U.S. senior unsecured debt market. The sale priced at an all-in yield of 3.853%. The 2020 Bond Offering, together with cash on hand was used to retire Element Fleet's $567 million of 4.25% convertible debentures maturing June 30, 2020.

- Convertible Debenture Offering. On April 5, 2019, Element Fleet completed a bought deal offering of $150 million aggregate principal amount of convertible unsecured subordinated debentures (the "**2019 Debentures**") due June 30, 2024 (the "**2019 Convertible Debenture Offering**"). Subsequently, on April 10, 2019, Element Fleet issued an additional $22.5 million aggregate principal amount of 2019 Debentures pursuant to the exercise in full of the underwriters' over-allotment option. Including the over-allotment option, the Corporation issued a total of $172.5 million aggregate principal amount of 2019 Debentures pursuant to the 2019 Convertible Debenture Offering. See "*Description of Share Capital – Debentures – 2019 Debentures*" for additional details.

Syndication Arrangements

From time to time, Element Fleet and its U.S. subsidiaries may determine to sell beneficial interests in specified vehicles, leases and related rights directly to financial institutions and other institutional investors. Such beneficial interests in fleet lease assets take the form of special units of beneficial interest in one or more of the titling trusts through which Element Fleet and its U.S. subsidiaries originate vehicle leases in the U.S. Element Fleet's U.S. subsidiaries act as the servicer of such fleet lease assets and Element Fleet guarantees the performance by such U.S. subsidiaries of their related obligations. Such sales transfer all of the credit risk associated with the lessee without recourse to the seller. As of December 31, 2021, the aggregate book value of fleet lease assets sold to third party institutional buyers under these sale arrangements amounted to $2.7 billion. The buyers do not provide advance commitments to make purchases but there is reasonably firm guidance on program size and pricing direction based on individual credit ratings of the underlying obligors.

GOVERNANCE

Board of Directors

As of March 1, 2022, the Board of Directors (the "**Board**") has ten members, comprised of Virginia Addicott, Andrew Clarke, David Denison (Chair of the Board), Jay Forbes, Keith Graham (Chair of the Audit Committee), Alexander Greene, Joan Lamm-Tennant (Chair of the Compensation & Corporate Governance Committee), Rubin McDougal (Chair of the Credit & Risk Committee), Arielle Meloul-Wechsler, and Andrea Rosen. Nine of the Corporation's directors are independent, with Jay Forbes being the only non-independent director.

Officers

As of March 1, 2022, the Corporation's executive officers consist of Jay Forbes (President and Chief Executive Officer), Frank Ruperto (Executive Vice President and Chief Financial Officer), Jim Halliday (Executive Vice President and Chief Operating Officer), Jacqui McGillivray (Executive Vice President and Chief People and Social Impact Officer), David Madrigal (Executive Vice President and Chief Commercial Officer), Chris Gittens (Executive Vice President, Chief Digital Officer), Israel Kaufman (Executive Vice President and Treasurer) and David Colman (Executive Vice President, General Counsel and Corporate Secretary). Vineet Gupta will be retiring from his position and will be leaving Element on March 31, 2022.

EMPLOYEES

Element Fleet has approximately 2,500 employees globally. None of Element Fleet's employees are represented by a collective bargaining agreement and Element Fleet has never experienced any work stoppages. Element Fleet has employment, non-solicitation and non-competition agreements with each of its senior executives and originators. Element Fleet considers its relations with its employees to be strong and views its employees as an important competitive advantage. Historically, Element Fleet has been successful in retaining its key employees, including members of its senior management team. Element Fleet's senior management team has an in-depth knowledge of equipment finance, and of the independent financial services industry in general.

ENVIRONMENTAL SOCIAL AND GOVERNANCE

In 2020, Element Fleet developed and launched its inaugural formal Environmental, Social and Governance ("**ESG**") strategy, aligned to the Corporation's Global Balanced Scorecard and informed by leading ESG reporting frameworks. In developing its strategy in 2021, Element Fleet engaged leading external resources to help understand the ESG landscape, and the Corporation talked to investors to gain a deeper understanding of their priorities. Element Fleet also engaged with its clients and learned which ESG solutions are most important to them. The Corporation's efforts lead to significant achievements in 2021, including:

- an increase in our EcoVadis score in Q4 2021 from the bronze to silver range, placing Element Fleet among the top 25% of companies assessed by EcoVadis; and

- Element Fleet was ranked first out of 220 Canadian companies in 2021's Globe and Mail "Board Games", which assesses the quality of governance practices related to board composition, compensation, shareholder rights and disclosure.

Element Fleet worked with its executive team and the internal 'owners' of each of the four pillars of our ESG strategy to understand what work is already underway, what the Corporation wants to accomplish and how it can best measure success. The result is a focused and actionable ESG strategy that the Corporation believes is the right one for Element Fleet and all its stakeholders, and that it can build on for years to come.

The strategy is based on four key pillars:

- Sustainability: Element Fleet's core objective is to reduce carbon emissions, focusing on expanding our electric vehicle offerings and offering consulting services to help our clients optimize the efficiency of their fleets.

- Diversity & Inclusion ("**D&I**"): Element Fleet is committed to doing more – to being an organization wherein mutual respect and mutual trust are absolute and where everyone is respected and has an equal opportunity to thrive.

- Satisfaction & Safety: Element Fleet has set meaningful targets for Satisfaction & Safety for our clients and employees. Goals include fostering higher enrollment in safety programs, reducing accidents by clients, maintaining a best-in-class Global Employee Engagement Score and further increasing the Global Net Promoter Scores.

- Governance: Element Fleet will continue to evolve its board composition and its ESG reporting to maintain the high standing it has become known for.

In Q1 2021, Element Fleet produced its Inaugural ESG report, which is available on the Corporation's website.

In Q2 2021, Element Fleet increased gender diversity on its Board to 40% and saw strong shareholder support for all matters at our Annual General Meeting in May 2021, including over 95% approval of "say-on-pay".

In Q3 2021, Element Fleet:

- Launched the "Count me in!" campaign to deepen its understanding of the Corporation's employee diversity. Element Fleet moved from 37% of its workforce self-identifying to 79%. This allows us to better understand our own dimensions of diversity and informs our future D&I initiatives and programs, ensuring the Corporation recruits, develops, and engages a diverse employee population;

- Published its inaugural D&I policy;

- Shared our D&I priorities, objectives and actions;

- Ensured that each executive team member is directly aligned and engaged with the Corporation's Business Resource Groups ("**BRG**");

- Held a virtual BRG summit with executive team members and BRG leaders; and

- Presented at the NAFA Fleet Management Association expo on the topic of "Practicing Inclusive Leadership".

In Q4 2021, Element Fleet:

- Continued to roll out its *Element People Leader Experience in partnership with Mind Gym* training program throughout the organization, which will be offered to all incoming and new people leaders on an on-going basis;

- Observed Global Diversity Month by exploring cultural diversity through employee panels and spotlighting diverse nonprofit partners; and

- Completed the transition of the entire fleet of staff vehicles in New Zealand at Custom Fleet to battery electric vehicles.

All these initiatives are advancing Element Fleet's ESG agenda and, in many cases, will help us track ESG performance to build a robust baseline on which we can aim to improve in subsequent years. Element Fleet has a solid benchmark that will help inform and evolve its ESG strategy for 2022 and beyond.

DIVIDENDS

COMMON SHARE DIVIDENDS

On November 10, 2015, Element Fleet declared a quarterly dividend of $0.025 per outstanding Common Share. Element Fleet paid a quarterly dividend of $0.025 per outstanding Common Share from November 10, 2015 until March 9, 2017. From March 9, 2017 to September 30, 2018, Element Fleet paid a quarterly dividend of $0.075 per outstanding Common Share. On October 1, 2018 Element Fleet announced a reduction in the quarterly dividend rate from $0.075 to $0.045 and paid a dividend of $0.045 per Common Share on January 15, 2020 to shareholders of record as at the close of business on December 31, 2019. From October 1, 2018 until October 15, 2020, Element Fleet paid a quarterly dividend of $0.045 per outstanding Common Share.

On October 27, 2020, Element Fleet announced an increase in the quarterly dividend rate from $0.045 to $0.065 and paid a dividend of $0.065 per Common Share on January 15, 2021 to shareholders of record as at the close of business on December 31, 2020. Element Fleet paid a quarterly dividend of $0.065 per outstanding Common Share from October 27, 2020 until October 15, 2021.

On November 10, 2021, Element Fleet announced a further increase in the quarterly dividend rate $0.065 to $0.0775 per Common Share and paid a dividend of $0.0775 per Common Share on January 14, 2022 to shareholders of record as at the close of business on December 31, 2021. Element Fleet most recently declared a dividend of $0.0775 per Common Share on March 1, 2022 which is payable on April 15, 2022 to shareholders of record on the close of business on March 31, 2022.

Element Fleet's Common Share dividend policy is currently to pay quarterly dividends and will be reviewed from time to time by the Board in the context of Element Fleet's earnings, financial condition and other relevant factors. See "*Risk Factors*".

On October 27, 2020, Element Fleet announced the termination of its Dividend Reinvestment Plan (the "**DRIP**"). As of that date, no dividends are eligible for the DRIP.

PREFERRED SHARE DIVIDENDS

Element Fleet's current policy is to pay dividends to the holders of preferred shares on a quarterly basis.

Series A Shares. Under the terms of the Series A Shares, the holders will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board, payable quarterly on the last business day of March, June, September and December in each year. From the date of issuance (being December 17, 2013) up to but excluding December 31, 2018, dividends were paid quarterly at an annual rate of $1.65 per share. On March 4, 2014, the Corporation declared an initial dividend on the Series A Shares in the amount of $0.4701 per Series A Share payable on March 31, 2014 to holders of record on March 17, 2014. In each of 2015, 2016, 2017 and 2018, Element Fleet paid aggregate cash dividends of $1.65 per Series A Share. In 2019, 2020 and 2021, Element Fleet paid aggregate cash dividends of $1.73 per Series A Share. The annual dividend rate applicable to the Series A Shares for the period from and including December 31, 2018 up to, but excluding, December 31, 2023, is $1.73325 per share. A quarterly dividend of $0.4333125 per Series A Share was declared on March 1, 2022 and is payable on March 31, 2022 to shareholders of record on the close of business on March 15, 2022.

Series C Shares. Under the terms of the Series C Shares, the holders will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board, payable quarterly on the last business day of March, June, September and December in each year. From the date of issuance (being March 7, 2014) up to but excluding June 30, 2019, dividends were paid quarterly at an annual rate of $1.625 per share. On June 12, 2014, the Corporation declared an initial dividend on the Series C Shares in the amount of $0.51199 per Series C Share payable on June 30, 2014 to holders of record on June 17, 2014. In each of 2015, 2016, 2017, and 2018 Element Fleet paid aggregate cash dividends of $1.625 per Series C Share. In 2019, Element Fleet paid aggregate cash dividends of $1.59 per Series C Share. In 2020 and 2021, Element Fleet paid aggregate cash dividends of $1.55 per Series C Share. The annual dividend rate applicable to the Series C Shares for the period from and including June 30, 2019 up to, but excluding, June 30, 2024, is $1.5525 per share. A quarterly dividend of $0.38813 per outstanding Series C Share was declared on March 1, 2022 and is payable on March 31, 2022 to shareholders of record on the close of business on March 15, 2022.

Series E Shares. Under the terms of the Series E Shares, the holders will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board, payable quarterly on the last business day of March, June, September and December in each year. From the date of issuance (being June 18, 2014) up to but excluding September 30, 2019, dividends were paid quarterly at an annual rate of $1.60 per share. On September 19, 2014, the Corporation declared an initial dividend on the Series E Shares in the amount of $0.45589 per Series E Share payable on September 30, 2014 to holders of record on September 17, 2014. In each of 2015, 2016, 2017 and 2018 Element Fleet paid aggregate cash dividends of $1.60 per Series E Share. In 2019, Element Fleet paid aggregate cash dividends of $1.57 per Series E Share. In 2020 and 2021, Element Fleet paid aggregate cash dividends of $1.48 per Series E Share. The annual dividend rate applicable to the Series E Shares for the period from and including September 30, 2019 up to, but excluding, September 30, 2024, is $1.47575 per share. A quarterly dividend of $0.3689375 per outstanding Series E Share was declared on March 1, 2022 and is payable on March 31, 2022 to shareholders of record on the close of business on March 15, 2022.

Series G Shares. The Series G Shares were redeemed, in full, on September 30, 2020. Aggregate cash dividends of $8.94 were paid through the full term of the preferred shares, including aggregate cash dividends of $1.625 in 2019 and $1.22 in 2020 per Series G Share.

Series I Shares. Under the terms of the Series I Shares, the holders will be entitled to receive fixed, cumulative, preferential cash dividends, if, as and when declared by the Board from the date of issuance (being May 5, 2017) up to but excluding June 30, 2022 payable quarterly on the last business day of March, June, September and December in each year at an annual rate of $1.4375 per share. On August 10, 2017, the Corporation declared an initial dividend on the Series I Shares in the amount of $0.58288 per Series I Share payable on October 2, 2017 to holders of record on September 15, 2017. In each of 2018, 2019, 2020 and 2021 Element Fleet paid aggregate cash dividends of $1.4375 per Series I Share. A quarterly dividend of $0.359375 per outstanding Series I Share was declared on March 1, 2022 and is payable on March 31, 2022 to shareholders of record on the close of business on March 15, 2022.

DESCRIPTION OF SHARE CAPITAL

GENERAL

The authorized capital of Element Fleet consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As at March 1, 2022, there were 399,763,835 Common Shares issued and outstanding, 4,600,000 Series A Shares issued and outstanding, nil Series B Shares issued and outstanding, 5,126,400 Series C Shares issued and outstanding, nil Series D Shares issued and outstanding, 5,321,900 Series E Shares issued and outstanding, nil Series F Shares issued and outstanding, nil Series G Shares issued and outstanding, nil Series H Shares issued and outstanding, 6,000,000 Series I Shares issued and outstanding and nil Series J Shares issued and outstanding. The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares and the preferred shares.

COMMON SHARES

Each Common Share entitles the holder to (i) one vote at all meetings of shareholders (except meetings at which only holders of a specified class of shares are entitled to vote), (ii) to receive, subject to the holders of another class of shares, any dividend declared by Element Fleet, and (iii) to receive, subject to the rights of the holders of another class of shares, the remaining property of Element Fleet on the liquidation, dissolution or winding up of Element Fleet, whether voluntary or involuntary.

PREFERRED SHARES

The preferred shares of Element Fleet may at any time and from time to time be issued in one or more series. The directors of Element Fleet may fix, before the issuance thereof, the number of preferred shares of each series, the designation, rights, privileges, restrictions and conditions attaching to the preferred shares of each series, including, without limitation, any voting rights, any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms and conditions of redemption or purchase, any conversion rights, and any rights on the liquidation, dissolution or winding-up of Element Fleet, any sinking fund or other provisions, the whole to be subject to the issuance of a certificate of amendment setting forth the designation, rights, privileges, restrictions and conditions attaching to the preferred shares of the series.

The preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of Element Fleet, whether voluntary or involuntary, rank on a parity with the preferred shares of every other series and be entitled to preference over the Common Shares. If any amount of cumulative dividends (whether or not declared) or declared non-cumulative dividends or any amount payable on any such distribution of assets constituting a return of capital in respect of the preferred shares of any series is not paid in full, the preferred shares of such series shall participate rateably with the preferred shares of every other series in respect of all such dividends and amounts.

Series A Shares and Series B Shares

The holders of Series A Shares are entitled to receive fixed, cumulative, preferential cash dividends, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board. For the initial fixed rate period to but excluding December 31, 2018, the annual dividend rate on the Series A Shares was $1.65 per share. The dividend rate reset on December 31, 2018 and will reset every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus 4.71 per cent. The annual dividend rate on the Series A Shares for the fixed rate period from and including December 31, 2018 to but excluding December 31, 2023 is 6.933% per annum. In the event of liquidation, dissolution or winding up of Element Fleet, the holders of Series A Shares shall be entitled to receive $25.00 per Series A Share, together with an amount equal to all accrued and unpaid dividends up to, but excluding, the date of payment or distribution (less any amounts deducted or withheld on the account of tax), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Series A Shares.

The Series A Shares are redeemable by Element Fleet in whole or in part, at its option, on December 31, 2018 and on December 31 of every fifth year thereafter at a price of $25.00 per share, together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax). Subject to Element Fleet's right to redeem the Series A Shares as described in the preceding sentence, the holders of Series A Shares have the right to convert their shares into Series B Shares, subject to certain conditions, on December 31, 2018 and on December 31 of every fifth year thereafter. No Series A Shares were redeemed by Element Fleet nor were any Series A Shares converted into Series B Shares on December 31, 2018. The holders of Series B Shares will be entitled to receive floating rate cumulative preferential cash dividends, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board, at a rate equal to the sum of the then 90-day Government of Canada treasury bill rate plus 4.71 per cent, and will have the right to convert their Series B Shares into Series A Shares, subject to certain conditions, on December 31, 2023 and on December 31 every five years thereafter. The Series B Shares are redeemable by Element Fleet in whole or in part, at its option, on any date after December 31, 2018, by payment in cash of a per share sum equal to: (i) $25.00 in the case of redemptions on December 31, 2023 and on December 31 every five years thereafter (each a "Series B Redemption Date"), or (ii) $25.50 in the case of redemptions on any date which is not a Series B Redemption Date after December 31, 2018, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax).

Series C Shares and Series D Shares

The holders of Series C Shares are entitled to receive fixed, cumulative, preferential cash dividends, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board. For the initial fixed rate period to but excluding June 30, 2019, the annual dividend rate on the Series C Shares was $1.625 per share. The dividend rate reset on June 30, 2019 and will reset every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus 4.81 per cent. The annual dividend rate on the Series C Shares for the fixed rate period from and including June 30, 2019 to but excluding June 30, 2023 is $1.55250 per share. In the event of liquidation, dissolution or winding up of Element Fleet, the holders of Series C Shares shall be entitled to receive $25.00 per Series C Share, together with an amount equal to all accrued and unpaid dividends up to, but excluding, the date of payment or distribution (less any amounts deducted or withheld on the account of tax), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Series C Shares.

The Series C Shares are redeemable by Element Fleet in whole or in part, at its option, on June 30, 2019 and on June 30 of every fifth year thereafter at a price of $25.00 per share, together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax). Subject to Element Fleet's right to redeem the Series C Shares as described in the preceding sentence, the holders of Series C Shares have the right to convert their shares into Series D Shares, subject to certain conditions, on June 30, 2019 and on June 30 of every fifth year thereafter. The holders of Series D Shares will be entitled to receive floating rate cumulative preferential cash dividends, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board, at a rate equal to the sum of the then 90-day Government of Canada treasury bill rate plus 4.81 per cent, and will have the right to convert their Series D Shares into Series C Shares, subject to certain conditions, on June 30, 2024 and on June 30 every five years thereafter. The Series D Shares are redeemable by Element Fleet in whole or in part, at its option, on any date after June 30, 2019, by payment in cash of a per share sum equal to: (i) $25.00 in the case of redemptions on June 30, 2024 and on June 30 every five years thereafter (each a "Series D Redemption Date"), or (ii) $25.50 in the case of redemptions on any date which is not a Series D Redemption Date after June 30, 2019, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax).

Series E Shares and Series F Shares

The holders of Series E Shares are entitled to receive fixed, cumulative, preferential cash dividends, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board. For the initial fixed rate period to but excluding September 30, 2019, the annual dividend rate on the Series E Shares was $1.60 per share. The dividend rate reset on September 30, 2019 and will reset every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus 4.72 per cent. The annual dividend rate on the Series E Shares for the fixed rate period from and including September 30, 2019 to but excluding September 30, 2023 is $1.47575 per share. In the event of liquidation, dissolution or winding up of Element Fleet, the holders of Series E Shares shall be entitled to receive $25.00 per Series E Share, together with an amount equal to all accrued and unpaid dividends up to, but excluding, the date of payment or distribution (less any amounts deducted or withheld on the account of tax), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Series E Shares.

The Series E Shares are redeemable by Element Fleet in whole or in part, at its option, on September 30, 2019 and on September 30 of every fifth year thereafter at a price of $25.00 per share, together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax). Subject to Element Fleet's right to redeem the Series E Shares as described in the preceding sentence, the holders of Series E Shares have the right to convert their shares into Series F Shares, subject to certain conditions, on September 30, 2019 and on September 30 of every fifth year thereafter. The holders of Series F Shares will be entitled to receive floating rate cumulative preferential cash dividends, payable quarterly on the last business day of March, June, September and December in each year, if, as and when declared by the Board, at a rate equal to the sum of the then 90-day Government of Canada treasury bill rate plus 4.72 per cent, and will have the right to convert their Series F Shares into Series E Shares, subject to certain conditions, on September 30, 2024 and on September 30 every five years thereafter. The Series F Shares are redeemable by Element Fleet in whole or in part, at its option, on any date after September 30, 2019, by payment in cash of a per share sum equal to: (i) $25.00 in the case of redemptions on September 30, 2024 and on September 30 every five years thereafter (each a "Series F Redemption Date"), or (ii) $25.50 in the case of redemptions on any date which is not a Series F Redemption Date after September 30, 2019, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax).

Series I Shares and Series J Shares

The holders of Series I Shares are entitled to receive fixed, cumulative, preferential cash dividends at an annual rate of $1.4375 per share, payable quarterly on the last calendar day of March, June, September and December in each year, if, as and when declared by the Board, for the initial fixed rate period to but excluding June 30, 2022. The dividend rate will reset on June 30, 2022 and every five years thereafter at a rate equal to the sum of the then five-year Government of Canada bond yield plus 4.64 per cent, provided that, in any event, such rate shall not be less than 5.75% per annum. In the event of liquidation, dissolution or winding up of Element Fleet, the holders of Series I Shares shall be entitled to receive $25.00 per Series I Share, together with an amount equal to all accrued and unpaid dividends up to, but excluding, the date of payment or distribution (less any amounts deducted or withheld on the account of tax), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Series I Shares.

The Series I Shares are redeemable by Element Fleet in whole or in part, at its option, on June 30, 2022 and on June 30 of every fifth year thereafter at a price of $25.00 per share, together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax). Subject to Element Fleet's right to redeem the Series I Shares as described in the preceding sentence, the holders of Series I Shares have the right to convert their shares into Series J Shares, subject to certain conditions, on June 30, 2022 and on June 30 of every fifth year thereafter. The holders of Series J Shares will be entitled to receive floating rate cumulative preferential cash dividends, payable quarterly on the last calendar day of March, June, September and December in each year, if, as and when declared by the Board, at a rate equal to the sum of the then three month Government of Canada treasury bill rate plus 4.64 per cent, and will have the right to convert their Series J Shares into Series I Shares, subject to certain conditions, on June 30, 2027 and on June 30 every five years thereafter. The Series J Shares are redeemable by Element Fleet in whole or in part, at its option, on any date after June 30, 2022, by payment in cash of a per share sum equal to: (i) $25.00 in the case of redemptions on June 30, 2027 and on June 30 every five years thereafter (each a "Series J Redemption Date"), or (ii) $25.50 in the case of redemptions on any date which is not a Series J Redemption Date after June 30, 2022, in each case together with all accrued and unpaid dividends thereon up to, but excluding, the date fixed for redemption (less any amounts deducted or withheld on account of tax).

DEBENTURES

2019 Debentures

On April 5, 2019, Element Fleet issued $150 million aggregate principal amount of unsecured subordinated debentures, and on April 10, 2019, Element Fleet issued an additional $22.5 million aggregate principal amount of 2019 Debentures pursuant to the exercise in full of the underwriters' over-allotment option, each pursuant to an indenture with Computershare Trust Company of Canada, as debenture trustee. The 2019 Debentures bear interest at a rate of 4.25% per annum payable semi-annually on the last day of June and December in each year, commencing on December 31, 2019. The 2019 Debentures have a final maturity date of June 30, 2024. The 2019 Debentures are convertible at any time prior to maturity, at the option of the holder, at a conversion price as of the date hereof of $12.05 per Common Share, representing a conversion ratio of approximately 82.9876 Common Shares per $1,000 principal amount of the 2019 Debentures, subject to adjustment from time-to-time pursuant to the terms of the indenture governing the 2019 Debentures. The 2019 Debentures Due are unsecured obligations of Element Fleet, subordinated in right of payment to the prior payment in full of all indebtedness of Element Fleet, other than indebtedness which, by the terms of the contract or instrument creating or evidencing the indebtedness, or pursuant to which the indebtedness is outstanding, is expressed to be *pari passu* with, or subordinate in right of payment to, the 2019 Debentures.

The 2019 Debentures will not be redeemable prior to June 30, 2022, except in certain limited circumstances following a change of control (as defined in the indenture governing the 2019 Debentures). On or after June 30, 2022 and until June 30, 2023, the 2019 Debentures may be redeemed by Element Fleet, in whole or in part from time to time, on not more than 60 days' and not less than 30 days' prior notice, at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest, provided that the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive days ending the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the then applicable conversion price.

Subject to required regulatory approvals and provided that there is not a current event of default (as defined in the indenture governing the 2019 Debentures), Element Fleet may, at its option, on not more than 60 days' and not less than 40 days' prior notice, elect to satisfy its obligations to repay, in whole or in part, the principal amount of the 2019 Debentures which are to be redeemed or which have matured by issuing and delivering freely-tradeable Common Shares obtained by dividing the principal amount of the 2019 Debentures to be redeemed or that have matured, as the case may be, by 95% of the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive days ending the fifth trading day preceding the date of redemption or maturity, as applicable.

RATINGS

The following credit rating information is being provided as it relates generally to the Corporation's financing costs, liquidity and operations. More specifically, credit ratings impact the Corporation's ability to obtain short-term and long-term financing and can affect the cost of such financing.

DBRS Rating

On October 1, 2021, DBRS confirmed Element Fleet's issuer rating of "BBB (high)", short-term instruments rating of "R-2 (high)" and rating of "Pfd-3 (high)" on Element Fleet's Preferred Shares. The trend on all ratings remains stable.

DBRS has different rating scales for corporate ratings, short-term debt and preferred shares. DBRS' rating approach is based on a combination of quantitative and qualitative considerations. The following descriptions have been sourced from information made publicly available by DBRS.

DBRS corporate rating analysis begins with an evaluation of the fundamental creditworthiness of the issuer, which is reflected in an "issuer rating". Issuer ratings address the overall credit strength of the issuer, and the scale ranges from AAA (highest credit quality) to D (very highly speculative) categories. BBB (high) is the fourth highest of ten DBRS categories. Unlike ratings on individual securities or classes of securities, issuer ratings are based on the entity itself and do not include consideration for security or ranking. An issuer rating of BBB (high) means that the issuer has adequate credit quality, that the issuer's capacity for the payment of financial obligations is considered acceptable, and that the issuer may be vulnerable to future events. With the exception of the AAA and D categories, DBRS also uses "high" or "low" designations to indicate the relative standing of an issuer within a particular rating category, while the absence of either a "high" or "low" designation indicates the rating is in the middle of the category.

The DBRS short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner and ranges from R-1 (highest credit quality) to D (default). The R-1 and R-2 rating categories are further denoted by the subcategories "high", "middle" and "low". R-2 (high) is the fourth highest of ten DBRS categories. An obligation rated R-2 (high) represents the upper end of adequate credit quality and indicates the capacity for the payment of short-term financial obligations as they fall due is acceptable but may be vulnerable to future events.

The DBRS preferred share rating scale is used in the Canadian securities market and is meant to give an indication of the risk that a borrower will not fulfill its full obligations in a timely manner, with respect to both dividend and principal commitments. The scale ranges from Pfd-1 (superior credit quality) to D (default) and each rating category is denoted by the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the middle of the category. Pfd-3 (high) is the third highest of six DBRS categories. Preferred shares rated Pfd-3 (high) are of adequate credit quality, and while protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. Pfd-3 (high) ratings generally correspond with companies whose senior bonds are rated in the higher end of the BBB category.

Rating trends provide guidance in respect of DBRS' opinion regarding outlook for the rating in question. A "stable" trend indicates that a rating is not likely to change.

Fitch Rating

On September 20, 2021, Fitch affirmed Element Fleet's initial Long-Term Issuer Default Rating of "BBB+" and a rating of "BBB+" on the Corporation's Senior Credit Facility. The trend on all ratings remains stable.

Fitch's credit ratings are on a long-term credit rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of rating. A "BBB" rating is the fourth highest of Fitch's eleven rating categories and indicates "good credit quality". The modifiers '+' or '-' may be appended to a rating to denote relative status within categories.

Fitch assigns both issuer and issue ratings to non-bank financial institutions and their obligations. Issuer default ratings for non-bank financial institutions, as for issuers in other sectors, express Fitch's opinion on an entity's relative vulnerability to default on its financial obligations. In accordance with Fitch's rating definitions, the default risk addressed by the issuer default rating is generally that of the financial obligations whose non-payment would "best reflect the uncured failure of that entity. Ratings of non-bank financial institutions' senior, subordinated/hybrid and other securities issues incorporate an assessment both of the likelihood of default (or "non- performance" risk) on the specific obligation and of potential recoveries for creditors in case of default/non-performance.

Fitch also applies rating outlooks. Rating outlooks indicate the direction a rating is likely to move over a one-to two-year period. They reflect financial or other trends that have not yet reached the level, or been sustained, so as to cause a rating action, but which may do so if such trends continue.

S&P Rating

On October 21, 2021, Standard and Poor's ("**S&P**") affirmed Element Fleet's issuer rating of "BBB" with a stable outlook.

S&P's credit ratings are on a long-term issue credit rating scale that ranges from AAA to SD and D, which represents the range from highest to lowest quality of rating. A "BBB" rating is the fourth highest of S&P's ten rating categories and indicates adequate protection parameters, however adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments.

An S&P Global Ratings issuer credit rating is a forward-looking opinion about an obligor's overall creditworthiness. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation.

S&P also applies rating outlooks. Ratings outlooks assess the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions.

KBRA Rating

On October 4, 2021, KBRA affirmed Element Fleet's issuer rating of "A-" with a stable outlook.

KBRA's credit ratings are on a long-term credit rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of rating. A "A-" rating is the third highest of KBRA's ten rating categories. A rating of "A-" signifies that KBRA has determined the issuer to be of high quality with a small risk of loss due to credit-related events. Issuers and obligations in this category are expected to weather difficult times with low credit losses. KBRA may append "+" or "-" modifiers to ratings in the AA through CCC range to indicate, respectively, lower and upper risk levels within the broader category. KBRA may also assign rating outlooks, which take on the following four states: positive, negative, stable and developing.

KBRA's credit ratings are intended to reflect both the probability of default and severity of loss in the event of default, with greater emphasis on probability of default at higher rating categories. For obligations, the determination of expected loss severity is, among other things, a function of the seniority of the claim. Generally speaking, issuer-level ratings assume a loss severity consistent with a senior unsecured claim.

General

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. Credit ratings may not reflect the potential impact of all risks on the value of securities. The Corporation cannot know for certain that a rating will remain in effect for any given period of time or that a rating agency will not revise or withdraw it entirely in the future. The Corporation paid customary fees to the rating agencies noted above in connection with the above-mentioned ratings.

MARKET FOR SECURITIES

The following tables report the intraday high and low prices and trading volumes for each class of issued and outstanding securities of Element Fleet for the periods specified.

COMMON SHARES

The Common Shares are currently listed on the TSX under the trading symbol "EFN". The following table sets forth the reported intraday high and low prices and the trading volume for the Common Shares on the TSX on a monthly basis for 2021.

Month	High ($)	Low ($)	Volume
December	13.19	12.25	12,328,591
November	14.00	11.99	18,821,430
October	14.00	12.59	16,069,287
September	14.51	12.52	16,037,193
August	14.40	13.73	8,968,589
July	15.12	13.64	15,858,413
June	14.72	13.42	15,137,314
May	15.28	13.19	20,757,400
April	15.21	13.79	18,423,884
March	14.69	12.39	28,838,982
February	12.74	11.80	18,751,998
January	13.50	11.72	24,594,067

SERIES A SHARES

The Series A Shares are currently listed on the TSX under the trading symbol "EFN.PR.A". The following table sets forth the reported intraday high and low prices and the trading volume for the Series A Shares on the TSX on a monthly basis for 2021.

Month	High ($)	Low ($)	Volume
December	26.42	25.80	12,145
November	26.42	26.25	22,065
October	26.44	26.00	193,578
September	26.69	26.01	31,381
August	26.68	26.25	45,819
July	26.40	26.10	29,388
June	26.58	26.00	150,114
May	26.33	25.60	93,561
April	25.79	25.00	51,617
March	25.44	24.97	118,242
February	25.04	24.72	116,150
January	24.90	24.50	73,081

SERIES C SHARES

The Series C Shares are currently listed on the TSX under the trading symbol "EFN.PR.C". The following table sets forth the reported intraday high and low prices and the trading volume for the Series C Shares on the TSX on a monthly basis for 2021.

Month	High ($)	Low ($)	Volume
December	26.39	25.57	25,396
November	26.47	26.15	14,621
October	26.49	26.05	210,125
September	26.54	26.05	28,363
August	26.49	25.81	51,837
July	26.15	25.65	28,668
June	26.15	25.60	101,710
May	26.10	25.62	69,488
April	25.59	25.01	30,458
March	25.52	24.81	167,144
February	25.00	24.50	44,752
January	24.74	24.00	103,876

SERIES E SHARES

The Series E Shares are currently listed on the TSX under the trading symbol "EFN.PR.E". The following table sets forth the reported intraday high and low prices and the trading volume for the Series E Shares on the TSX on a monthly basis for 2021.

Month	High ($)	Low ($)	Volume
December	26.20	25.31	28,230
November	26.66	25.76	21,638
October	26.66	25.96	15,830
September	26.67	25.95	24,510
August	26.81	25.65	68,531
July	26.00	25.29	48,853
June	26.15	25.40	130,790
May	26.10	25.47	42,072
April	25.40	24.92	29,478
March	25.35	24.55	601,216
February	24.78	24.19	249,602
January	24.44	24.07	29,127

SERIES I SHARES

The Series I Shares are currently listed on the TSX under the trading symbol "EFN.PR.I". The following table sets forth the reported intraday high and low prices and the trading volume for the Series I Shares on the TSX on a monthly basis for 2021.

Month	High ($)	Low ($)	Volume
December	25.60	25.07	24,990
November	25.73	25.35	179,141
October	25.79	25.41	37,294
September	25.76	25.20	73,279
August	25.80	25.44	53,603
July	25.90	25.40	35,611
June	26.79	25.17	82,651
May	26.77	25.47	216,682
April	25.55	25.01	151,969
March	25.70	25.16	195,229
February	25.80	24.85	111,058
January	25.71	24.80	191,079

2019 DEBENTURES

The 2019 Debentures are currently listed on the TSX under the trading symbol "EFN.DB.B". The following table sets forth the reported intraday high and low prices and the trading volume for the 2019 Debentures on the TSX on a monthly basis for 2021.

Month	High ($)	Low ($)	Volume
December	120.00	119.45	10,090
November	121.50	118.49	13,590
October	124.02	120.00	5,080
September	119.74	118.75	38,580
August	126.70	126.70	3,050
July	133.00	128.55	10,150
June	128.25	128.25	20,000
May	127.93	127.93	5,000
April	131.49	130.00	110,200
March	128.00	128.00	100
February	121.85	119.00	35,300
January	123.70	118.26	3,740

DIRECTORS AND OFFICERS

DIRECTORS

The following table sets forth the full name, province or state and country of residence and principal occupations for each director of the Corporation as of the date hereof. Each director is elected at the annual meeting of shareholders or appointed pursuant to the provisions of the Corporation's by-laws and applicable laws to serve until the next annual meeting or until a successor is elected or appointed, subject to earlier resignation by the director. The current Board consists of Virginia Addicott, Andrew Clarke, David Denison, Jay Forbes, Keith Graham, Alexander Greene, Joan Lamm-Tennant, Rubin McDougal, Arielle Meloul-Wechsler, and Andrea Rosen.

Name and Province/State and Country of Residence	Director since	Principal Occupation
Virginia Addicott[(3)(4)] Cleveland, Ohio, USA	2020	Director of CDW, a $16B multi-brand global technology solutions provider; Member of the Board of Trustees of Kent State University; Member of the Board of Directors of Akron Children's Hospital. Formerly, CEO of FedEx Custom Critical.
Andrew Clarke[(3)(4)] Austin, Texas, USA	2018	Director of Rock-it Cargo USA LLC since 2019; Director of Direct Chassis Link, Inc. since 2019; Director of Logistics Innovation Technologies Corp. since 2021; Formerly director of Big Lots, Inc. form 2020 to 2021; Formerly, Chief Financial Officer of C.H. Robinson, Inc., a NASDAQ-listed corporation and one of the world's largest third-party logistics providers, from 2015 to 2019; Chief Executive Officer of Panther Expedited Services, Inc., a premium logistics provider that focuses on the automotive, life sciences, governmental and manufacturing segments, from 2007 to 2013.
David Denison[(1)] Toronto, Ontario, Canada	2018	Chairman of Element Fleet's Board since January 1, 2019; Director of Royal Bank of Canada since 2012; Director of BCE Inc. since 2012; Director of Hydro One Limited from 2015 to 2018; Director of Allison Transmission Holdings, Inc. from 2013 to 2017; President and Chief Executive Officer of the Canada Pension Plan Investment Board from 2005 to 2012.
Jay Forbes Chester Basin, Nova Scotia, Canada	2018	President and Chief Executive Officer of Element Fleet since June 1, 2018; President and Chief Executive Officer of Manitoba Telecom Services from 2015 to 2017; President and Chief Executive Officer of Teranet Inc., a world-leading developer, operator and owner of electronic land registration systems, from 2009 to 2013.
Keith Graham[(6)] Chatham, Ontario, Canada	2018	Founder and President of Rondeau Capital Inc., a private investment and advisory company, since 2009. Over 25 years of experience as a Portfolio Manager and Senior Executive with firms such as AGF Funds Inc., a diversified global asset management firm, Trimark Investments, a privately-owned investment management firm, and Ontario Teachers' Pension Plan, one of the world's largest single-profession pension plans and private equity investors.
Alexander Greene[(3)(4)] Armonk, New York, USA	2018	Director of USA Truck, Inc. since 2014; Director of GP Natural Resource Partners LLC since 2019; Director of Ambac Financial Group, Inc. from 2015 to 2021; Chairman of the Board of Modular Space Corporation prior to its sale to Williams Scotsman in 2018. Managing Partner and head of U.S. Private Equity at Brookfield Asset Management from 2005 - 2014. Previously, Managing Director and co-head of Carlyle Strategic Partners, a private equity fund, and a Managing Director at investment banking firms Wasserstein Perella & Co. and Whitman Heffernan Rhein & Co.
Joan Lamm-Tennant[(2)] New York, New York, USA	2014	Founder and former Chief Executive Officer of Blue Marble Microinsurance, a microinsurance venture incubator formed by a consortium of insurance entities from 2016 to 2021; former Global Chief Economist and Risk Strategist at Guy Carpenter & Company, LLC, the reinsurance and risk advisory operating company of Marsh & McLennan Companies from 2007 to 2016; Director of Ambac Financial Group, Inc. since 2018; Director of Equitable Holdings, Inc. since 2020
Rubin McDougal[(5)] Alpine, Utah, USA	2018	Director of Boart Longyear, a leading provider of drilling services and drilling equipment since 2020. Private consultant since 2016; CFO of Great Wolf Resorts from 2018 to 2021; Director of Novitex Enterprise Solutions, a managed services provider from 2014 to 2017; Chief Financial Officer of CEVA Logistics, a global supply chain services provider based in Amsterdam, from 2009 to 2016; Chief Financial Officer of CNH Global NV, a manufacturer and financial services provider in the agricultural and construction equipment industries, from 2006 to 2009.
Arielle Meloul-Wechsler[(1)(4)] Montreal, Quebec, Canada	2021	Executive Vice President, Chief Human Resources Officer and Public Affairs at Air Canada; Member of the Conseil du Patronat; Board member of Air Canada Foundation, the National Airlines Council of Canada and the Canadian American Business Council; Assistant General Counsel and Director of Legal Services at Air Canada from 1997 to 2011; Practiced law at Davies Ward Phillips & Vineberg;
Andrea Rosen[(3)(4)] Toronto, Ontario, Canada	2019	Director of Ceridian HCM Holdings Inc., Manulife Financial Corporation and Emera Inc; Director of Alberta Investment Management Corporation from 2008 to 2017; Director of Hiscox Ltd. from 2006 to 2015.

(1) Member of Compensation and Corporate Governance Committee.

(2) Chair of Compensation and Corporate Governance Committee.

Name and Province/State and Country of Residence	Director since	Principal Occupation

(3) Member of Credit and Risk Committee.

(4) Member of Audit Committee.

(5) Chair of Credit and Risk Committee.

(6) Chair of Audit Committee.

OFFICERS

The following table sets forth the full name, province or state and country of residence and principal occupations for each current executive officer of the Corporation:

Name and Province/State and Country of Residence	Principal Occupation
Jay Forbes Chester Basin, Nova Scotia, Canada	President and Chief Executive Officer of Element Fleet since June 1, 2018; President and Chief Executive Officer of Manitoba Telecom Services from 2015 to 2017; President and Chief Executive Officer of Teranet Inc., a world-leading developer, operator and owner of electronic land registration systems, from 2009 to 2013.
Frank Ruperto Jacksonville, Florida, U.S.	Executive Vice President, Chief Financial Officer of Element Fleet; previously Executive Vice President, High Purity and High Yield Cellulose in 2019 and Chief Financial Officer and Senior Vice President of Finance and Strategy at Raynonier Advanced Materials Inc. from 2014 to 2019.
Jim Halliday Glenwood, Maryland, U.S.	Executive Vice President and Chief Operating Officer of Element Fleet; previously President and Chief Executive Officer of International Fleet at Element Fleet; prior to the Separation Transaction, President and CEO of the Corporation's International and Fleet Management Business since July 2014; formerly President and CEO of PHH Arval from December 2013 to July 2014 and President of PHH Canada from 2006 to December 2013.
Jacqui McGillivray Calgary, Alberta, Canada	Executive Vice President and Chief People and Social Impact Officer of Element Fleet; previously Executive Vice President, Safety & Organization Effectiveness at Cenovus Energy from 2012 to 2017; Head of Global HR at Talisman Energy from 2010 to 2012 and Vice President, HR, Brand & Marketing, Global Wealth Management from 2006-2010.
Chris Gittens Mono, Ontario, Canada	Executive Vice President, Chief Digital Officer of Element Fleet; previously Executive Vice President, Strategic Partnerships of Element Fleet from 2019 to 2022, Executive Vice President, Mid-market from 2018 to 2019 for Element Fleet, President of Canada for Element Fleet from 2017 to 2018 and Chief Commercial Officer of Canada for Element Fleet from 2013 to 2017. Prior to entering the fleet industry, he held successful leadership roles in equipment financing and commercial lending at GE Capital and TD Commercial.
David Madrigal Minneapolis, Minnesota	Executive Vice President and Chief Commercial Officer of Element Fleet. Mr. Madrigal has been in fleet management and commercial finance for nearly 20 years and has led Element Fleet's Mexican business since 2015. His experience spans sales, risk, marketing, operations, project management and business development.
Israel Kaufman Woodmere, New York, U.S.	Executive Vice President and Treasurer of Element Fleet; previously Senior Vice President, Capital Markets, Cross River Bank from 2018 to 2019; Executive Vice President and Treasurer, CIT Group Inc. from 2013 to 2016; Treasurer, Goldman Sachs Bank USA from 2008 to 2013
David Colman Toronto, Ontario, Canada	Executive Vice President, General Counsel and Corporate Secretary of Element Fleet; previously an Associate in the Securities Group at Blake, Cassels & Graydon LLP, a Canadian law firm, from 2012 to 2017.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To the knowledge of Element Fleet, no director or executive officer of Element Fleet has been, as of the date hereof or within the last 10 years: (a) a director or executive 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, 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 officer 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:

- Rubin McDougal was Chief Financial Officer of CEVA Logistics in 2013 when the company made a voluntary debt for equity exchange offer with an indicated contingency of an involuntary exchange by means of a filing under Chapter 11 of the United States Bankruptcy Code; and

- Alexander Greene was (i) an independent director of Modular Space Holdings Inc. in December 2016 when it underwent a financial restructuring under Chapter 11 of the United States Bankruptcy Code, from which it emerged in March 2017; and (ii) a Manager at Pioneer Holding Company, LLC ("Holdings") when Trident Holding Company, LLC and its related entities, including Holdings, filed a petition for relief under Chapter 11 of the United Stated Bankruptcy Code in February 2019.

No director or executive officer 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 making an investment decision.

VOTING SECURITIES

As at March 1, 2022, the directors and officers of Element Fleet as a group owned, or controlled or directed, directly or indirectly, 1,033,224 Common Shares, representing 0.26% of the issued and outstanding Common Shares.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of Element Fleet, except as otherwise disclosed elsewhere in this Annual Information Form, no director or executive officer of Element Fleet, no person or company that beneficially owns, controls or directs, directly or indirectly, more than 10% of the outstanding securities of Element Fleet and no associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years that has materially affected or is expected to materially affect Element Fleet or its subsidiaries.

LEGAL AND REGULATORY PROCEEDINGS

In the ordinary course of business, Element Fleet and certain of its subsidiaries are party to legal proceedings. Element Fleet believes that each such proceeding constitutes a routine legal matter incidental to the business conducted by Element Fleet or its subsidiaries. Although Element Fleet cannot determine the ultimate outcome of any outstanding claims, based on its current knowledge, Element Fleet does not expect that the ultimate disposition of any of these proceedings will have a material adverse effect on its consolidated earnings, cash flow or financial position.

During the financial year ended December 31, 2021: (i) there have been no penalties or sanctions imposed against Element Fleet by a court relating to securities legislation or by a securities regulatory authority; (ii) there have been no other penalties or sanctions imposed by a court or regulatory body against Element Fleet that would likely be considered important to a reasonable investor in making an investment decision; and (iii) Element Fleet has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

TRANSFER AGENT AND REGISTRAR AND DEBENTURE TRUSTEE

The Common Shares and Preferred Shares are transferable at the principal offices of Element Fleet's transfer agent, registrar and dividend disbursing agent, Computershare Trust Company of Canada in Toronto, Ontario.

Computershare Trust Company of Canada, at its principal office in Toronto, Ontario, is the Debenture Trustee for the Debentures.

INTEREST OF EXPERTS

Ernst & Young LLP is Element Fleet's external auditor. Ernst & Young LLP has advised that it is independent with respect to Element Fleet within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

AUDIT COMMITTEE INFORMATION

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 mandate of the Audit Committee. The members of the Audit Committee are Keith Graham (Chair), Alexander Greene, Andrew Clarke, Virginia Addicott and Arielle Meloul-Wechsler. Each member of the Audit Committee is independent (as defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**")) and none receives, directly or indirectly, any compensation from Element Fleet other than for service as a member of the Board and its committees. All members of the Audit Committee are financially literate (as defined under NI 52-110). The full text of the mandate of the Audit Committee is attached as Appendix A to this Annual Information Form.

COMPOSITION OF THE AUDIT COMMITTEE

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

Keith Graham

Mr. Graham was appointed to Element Fleet's Board in May 2018 and was appointed Chair of the Audit Committee in 2021. He is the Founder and President of Rondeau Capital Inc., a private investment and advisory company. He has over 25 years of experience as a Portfolio Manager and Senior Executive with firms such as AGF Funds Inc. and Ontario Teachers' Pension Plan. Mr. Graham holds the Chartered Financial Analyst designation and earned a Master of Business Administration from the Ivey School of Business at the University of Western Ontario.

Alexander Greene

Mr. Greene was appointed to Element Fleet's Board in June 2018. He has been a director of USA Truck Inc. since May 2014 and a director of Natural Resource Partners LP since 2019. Mr. Greene was a director of Ambac Financial Group, Inc. from 2015 to 2021 and also served as Chairman of the Board of Directors of Modular Space Corporation prior to its sale in 2018. From 2005 to 2014, Mr. Greene served as a Managing Partner and Head of US Private Equity at Brookfield Asset Management Inc. ("Brookfield"), a global alternative asset manager. Prior to joining Brookfield, Mr. Greene was a Managing Director and Co-Head of Carlyle Strategic Partners where he served as an investment banker to large and mid-cap businesses, focusing on leveraged finance and recapitalization transactions. Mr. Greene is President of the Armonk Independent Fire Company and holds a Bachelor's degree in Finance from The George Washington University.

Andrew Clarke

From 2015 to 2019, Mr. Clarke was the Chief Financial Officer of C.H. Robinson, Inc. of Minneapolis, Minnesota, a NASDAQ-listed corporation and one of the world's largest third party logistics providers. From 2007 to 2013, Mr. Clarke was the Chief Executive Officer of Panther Expedited Services, Inc. of Seville, Ohio, a premium logistics provider that focuses on the automotive, life sciences, governmental and manufacturing segments. From 2001 to 2006, Mr. Clarke served in various executive roles, including as Senior Vice President and Chief Financial Officer, at Forward Air Corporation, a NASDAQ-listed, diversified transportation services corporation. Mr. Clarke has been a director of several public companies, including Forward Air Corporation, Blount International Inc., where he served as Chairperson of the Audit Committee and a member of the Corporate Governance and Compensation Committee, and Pacer International, Inc., where he served as Chairman of the Audit Committee and member of the Compensation and Nominating & Corporate Governance Committees. Mr. Clarke holds a Bachelor of Science in Business Administration from Washington University and a Master of Business Administration from the University of Chicago Booth School of Business.

Virginia Addicott

Ms. Addicott was appointed as a director of Element Fleet in October 2020. She is an experienced board director and CEO with a focus on transportation, logistics, and digital transformation. Ms. Addicott spent most of her professional career with FedEx, and recently retired after over 30 years with the company. She last served as CEO of FedEx Custom Critical. She also served as the Executive Officer responsible for the healthcare segment for FedEx globally. Since 2016, Ms. Addicott has been a member of the board of CDW - a $16B multi-brand global technology solutions provider - where she was recruited for her operational and innovation experience. Ms. Addicott is also Chair of the Audit Committee and a member of the Nominating and Governance Committee at CDW. She is also currently a member of the Board of Trustees of Kent State University, and the Board of Directors of Akron Children's Hospital. Ms. Addicott earned a Bachelor of Science in Education degree, and an Executive MBA degree from Kent State University in Ohio.

Arielle Meloul-Wechsler

Ms. Meloul-Wechsler was appointed as director of Element Fleet in May 2021. She is Executive Vice President, Chief Human Resources Officer and Public Affairs at Air Canada, and has been a member of Air Canada's Executive team since 2013. She has oversight for all human resources and culture change initiatives across the company, labour relations, customer service training, as well as internal and external communications, government relations and community investments. Before her work in Human Resources, Ms. Meloul-Wechsler was Assistant General Counsel and Director of Legal Services at Air Canada from 1997 to 2011 and prior to joining Air Canada she practiced law at Davies Ward Phillips & Vineberg. Ms. Meloul-Wechsler is a Member of the Conseil du Patronat, and is a Board member of the Air Canada Foundation, the National Airlines Council of Canada and the Canadian American Business Council. She was also elected President of Airline People Directors' Council (APDC) in 2017. Ms. Meloul-Wechsler holds a Civil Law degree from the Université de Montreal, a Bachelor of Science degree in Psychology from McGill University, and has been a member of the Quebec Bar since 1993.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has 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 to Element Fleet (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.

AUDIT FEES

Ernst & Young LLP has served as the Corporation's auditing firm since August 11, 2010. Fees payable by Element Fleet for the fiscal years ended December 31, 2021 and December 31, 2020 to Ernst & Young LLP and its affiliates were $5,078,688 and $4,569,033, respectively, as follows:

	2021	**2020**
Audit Fees	$3,299,450	$3,563,000
Audit-Related Fees	$966,243	$505,895
Tax Fees	$812,996	$500,138
Other Fees	—	—
TOTAL	$5,078,688	$4,569,033

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 Element Fleet's annual financial statements for the year ended December 31, 2021 and the financial statements of certain subsidiaries for the year ended December 31, 2021. In addition, audit fees were paid for services provided in connection with the review of Element Fleet's interim financial statements, comfort letters, consents and assistance with and review of certain documents filed with securities regulatory authorities.

Audit Related Fees

Audit-related fees were paid for services that are reasonably related to the performance of the audit or review of Element Fleet's financial statements and are not reported under the audit fee items above. Audit-related fees in 2021 consisted primarily of fees related to the audit of the report on the description of the system and on the suitability of the design and operating effectiveness of the controls for the fleet management services, as well as agreed-upon procedures and attest services associated with certain secured borrowing arrangements. Audit-related fees in 2020 related primarily to agreed-upon procedures and attest services associated with certain secured borrowing arrangements.

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.

Other Fees

There were no other fees in 2021 or 2020 relating to services that are not included in the above categories.

MATERIAL CONTRACTS

Except for those contracts entered into in the ordinary course of business, the only material contracts Element Fleet entered into within the most recently completed financial year, or prior to the most recently completed financial year and still in effect is the trust indenture dated April 5, 2019 between Element Fleet and the Debenture Trustee in connection with the offering of convertible unsecured subordinated debentures (see "*Description of Share Capital – 2019 Debentures*").

Copies of such material contracts are available under Element Fleet's profile on SEDAR at www.sedar.com.

RISK FACTORS

An investment in the securities of Element Fleet involves significant risks. Investors should carefully consider the risks described below before deciding to purchase Element Fleet's securities. If any of the following, or other risks, occurs, Element Fleet's business, financial condition, results of operations, prospects and cash flows could be materially adversely impacted. In addition, a discussion of risks affecting Element Fleet and its businesses appears under the headings "*Risk Management*" and "*Critical Accounting Policies and Estimates*" in the 2021 MD&A, which discussions are incorporated by reference herein.

Element Fleet may Fail to Execute on its Growth Strategy

While Element Fleet believes it can achieve annual revenue growth of 4-6% in normal market conditions, the Corporation may be unable to achieve such expected growth for a variety of reasons.

Element Fleet's growth strategy relies on growing its client base and expanding its market share. However, the fleet management industry is competitive and characterized by competitive factors that vary based upon service offering and geographic region. Element Fleet competes with a wide variety of competitors that include independent lease finance companies, captive finance companies owned by manufacturers and distributors, banks, third party brokers and other large and mid-sized fleet management companies. Increased competition in the Corporation's markets could result in intensified pricing pressure, reduced profit margins, increased sales and marketing expenses and a failure to increase, or a loss of, market share. Element Fleet may not be able to maintain or improve its competitive position against current or future competitors. Future disintermediation by vehicle manufacturers could increase competitive pressures. In addition, future mergers or consolidations among competitors, or acquisitions of Element Fleet's competitors by large companies may present competitive challenges to Element Fleet's business and resulting combined entities could be at a competitive advantage. Further, competitors may reduce the fees for their services, which could increase pricing pressure within the Corporation's markets which could have a material adverse effect on Element Fleet's ability to achieve its growth objectives.

Element Fleet's growth strategy also includes tapping into currently underserved markets, such as self-managed fleets. While the Corporation believes that there are significant opportunities in these markets and that Element Fleet could deliver significant value to these clients, there is no assurance that the Corporation will be successful in expanding its reach in these market segments.

Another component of Element Fleet's growth strategy is minimizing client attrition. While Element Fleet believes that it will be able to continue to deliver a consistent, superior client experience that will help to minimize future client attrition, client attrition results from a variety of different factors, including financial difficulties experienced by the client, the integration of different client systems and platforms, the acquisition or ceasing of operations of the client, competition and other socio-economic factors. Any factors that adversely affect the ability of Element Fleet's services to compete with those available from competitors, such as availability of competitors' services and offering more advanced service architecture, superior functionality or performance or lower prices, or factors that reduce demand for Element Fleet's services, such as intensifying price competition, could lead to increased rates of client attrition.

If Element Fleet is unable to expand its market share, successfully tap into underserved markets and/or retain its clients, Element Fleet may be unable to achieve its growth objectives and its business, financial condition and/or results of operations may be adversely impacted

Element Fleet's Operating Model may be Unable to Support its Growth Strategy

Element Fleet believes that its operations are sufficiently scalable to support its growth strategy. However, if Element Fleet achieves or exceeds its growth objectives, it is possible that Element Fleet's platform will not be able to scale in order to meet the additional requirements of such growth. Element Fleet may face challenges in (i) implementing new or updated information and financial systems and procedures; and (ii) training, managing and appropriately sizing its work force and other components of its business on a timely and cost-effective basis. There can be no assurance that Element Fleet will be able to manage its expanding operations effectively or that it will be able to continue to support its planned growth. In the event that Element Fleet's operations are not sufficiently scalable, Element Fleet's business, financial condition and/or results of operations may be adversely impacted.

Element Fleet Derives a Significant Portion of its Revenue from Program Fees and Charges Paid by its Clients. Any Decrease in Element Fleet's Receipt of Such Fees and Charges, or Limitations on Element Fleet's Service Fees and Charges, Could Materially and Adversely Affect Element Fleet's Business, Financial Condition and/or Results of Operations.

Element Fleet's service programs include a variety of service fees and charges associated with transactions, cards, reports, optional services and late payments. Element Fleet derives a significant amount of its consolidated revenues from these service fees and charges. If the users of Element Fleet's cards or other services decrease their transaction activity, or the extent to which they use optional services, Element Fleet's revenue could be materially adversely affected. In addition, several market factors can affect the amount of Element Fleet's service fees and charges, including the market for similar charges for competitive card services and the availability of alternative payment methods. Furthermore, regulators may scrutinize the electronic payments industry's pricing, charges and other practices related to Element Fleet's business. Any legislative or regulatory restrictions on Element Fleet's ability to price its services could materially and adversely affect Element Fleet's revenue. Any decrease in Element Fleet's revenue derived from these service fees and charges could materially and adversely affect Element Fleet's business, financial condition and/or results of operations.

Concentration of Leases and Loans within the Fleet Leasing Industry or within a Particular Region May Negatively Impact Element Fleet's Business, Financial Condition and/or Results of Operations

Element Fleet specializes in vehicle fleet management. As a result, Element Fleet has a significant concentration of risk exposure related to this industry segment. If this industry segment experiences adverse economic or business conditions, Element Fleet's delinquencies, default rate and charge-offs may increase, which may negatively impact its business, financial condition and/or results of operations. Furthermore, Element Fleet may have significant exposures to unique regions and industries, such as Alberta and its oil sands industry, which, if negatively impacted by macroeconomic trends, could negatively impact Element Fleet's business, financial condition and/or results of operations.

Lack of Funding May Limit Element Fleet's Ability to Originate Leases and Loans

Element Fleet is dependent upon its ability to secure funding for its loans and leases to clients and to fund its existing obligations. While Element Fleet currently has sufficient funding, there can be no assurance that additional financing will be obtained on terms acceptable to Element Fleet or at all. In the past, Element Fleet has obtained the cash required for its operations through cash flows from its operating activities, the issuance of equity interests to institutional, accredited and other investors, by borrowing money through the senior credit facilities or other funding facilities, issuance of senior unsecured notes and the syndication and securitization of certain of its leases and loans. Element Fleet may not be able to continue to access these or other sources of funds.

Concentration of Debt Financing Sources May Increase Element Fleet's Funding Risks

Element Fleet has obtained funding from a number of financial institutions. Element Fleet's reliance on such financial institutions for a significant amount of its funding exposes Element Fleet to funding risks. If these financial institutions decided to terminate, or not extend these borrowing arrangements, Element Fleet's business, financial condition and/or results of operations could be materially adversely affected.

Ability to Reduce Concentration Risk Through Syndication

One way that Element Fleet seeks to manage its exposures to large clients is by transferring leases and loans to third party investors, including through bulk transfers, securitization, syndication and similar risk transference arrangements. There can be no assurance that Element Fleet will continue to be able to reduce client credit concentration risks in this way if Element Fleet is unable to enter into such risk transference arrangements with third party investors on favorable terms, or at all. Element's reliance on syndication through risk transference arrangements may increase as Element Fleet funds the asset growth of its largest clients. There can be no assurance that Element Fleet will be able to expand its existing network of syndication market investors or increase the capacities of its existing syndication arrangements in order to manage this concentration risk. An inability to manage such risk could lead Element Fleet to curtail new originations with its largest clients in certain circumstances, which could have an adverse impact on Element Fleet's ability to maximize its new origination opportunities with such clients.

A Decline in Element Fleet's Origination Volume or Quality May Negatively Impact the Corporation's Ability to Syndicate

If Element Fleet experiences a decrease in originations or if the credit quality of its originations declines, Element Fleet may be unable to meet the requirements of syndication investors. In such a scenario, Element Fleet's syndication volume may decline which could negatively impact Element Fleet's business, financial condition and/or results of operations.

Tangible Leverage

In 2019, optimized tangible leverage of 5.5x-6.0x reflected higher spreads for debt funding and cost of equity premiums associated with elevated operating risks. Today, with a meaningfully strengthened operating platform and de-risked balance sheet, optimized tangible leverage has shifted marginally higher as a result of reduced debt funding spreads and cost of equity premiums. Accordingly, Element Fleet will be managing to FX-normalized tangible leverage of 6.0x-6.75x, with a target of 6.5x, ensuring the Corporation remains well within rating agency thresholds for negative ratings pressure.

Global Financial Markets and General Economic Conditions May Adversely Affect Element Fleet's Business, Financial Condition, and/or Results of Operations

Events in the financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, financial developments seemingly unrelated to Element Fleet or to its industry may materially adversely affect Element Fleet over the course of time. For example, general volatility in the equity markets could hurt Element Fleet's ability to raise capital and significantly impact Element Fleet's access to funding and liquidity (including access to securitization and syndication markets for Element's originated finance assets). Element Fleet may also be negatively impacted by volatility in the equity markets as a result of a number of catastrophic events that are beyond Element Fleet's control, including infectious diseases, pandemics or similar health threats, such as the ongoing COVID-19 pandemic or fear of the foregoing.

Moreover, a reduction in credit, combined with reduced economic activity, may materially adversely affect businesses and industries that collectively constitute a significant portion of Element Fleet's client base and may make it more difficult for Element Fleet to maintain new business origination and the credit quality of new business at the levels currently forecast. As a result, these clients may need to reduce their purchases and reliance on Element Fleet's services or Element Fleet may experience greater difficulty in receiving payment for its services. Delinquencies, non-accruals and credit losses generally increase during economic slowdowns or recessions. Therefore, to the extent that economic and business conditions are unfavourable, Element Fleet's non-performing assets may become elevated and the value of Element Fleet's portfolio is likely to decrease.

Adverse economic conditions also may decrease the estimated value of the collateral securing some of Element Fleet's loans and leases. Further or prolonged economic slowdowns or recessions, including those caused by catastrophic events as the COVID-19 pandemic, could lead to financial losses in Element Fleet's portfolio and a decrease in Element Fleet's net finance income, net income and book value. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on Element Fleet's business, financial condition and/or results of operations.

Element Fleet has no control over changes in inflation and interest rates, foreign currency exchange rates and controls or other economic factors affecting its businesses or the possibility of political unrest, legal and regulatory changes in jurisdictions in which Element Fleet operates. These factors could negatively affect Element Fleet's future results of operations in those markets.

Dependence on Strategic Relationships

Element Fleet has strategic relationships in place with a number of organizations including Arval, original equipment manufacturers (OEMs), major oil companies, and fuel, tire and maintenance service providers. While Element Fleet regularly monitors these relationships, there can be no guarantee that Element Fleet will be able to maintain them in the future. These relationships are important for Element Fleet's long-term business operations, and its results of operations could be lower in the event that certain of these relationships cease to exist. The termination of certain of these relationships could impact Element Fleet's competitive advantage, and its operating results could be adversely affected.

Disruption in the Operations of Suppliers Could Disrupt Our Business

Our business relies upon the continued ability of vehicle manufacturers to deliver vehicles to Element Fleet. Our ability to provide leasing and fleet management services to our clients is dependent upon vehicle manufacturers delivering sufficient quantities of vehicles on time to meet our clients' needs. In certain cases, vehicle production is dependent on raw materials and parts that are ultimately derived from a single source and may be at an increased risk for supply disruptions for vehicle manufacturers. Such disruptions could affect Element Fleet's business. If we experience supply disruptions, we may not be able to develop alternate sourcing. Any disruption of our suppliers' production schedule caused by an unexpected shortage of systems, components, raw materials or parts for vehicles could lead to Element Fleet being unable to lease vehicles and provide services at desired levels, which could have a material adverse effect on Element Fleet's business, financial condition and/or results of operations.

COVID-19 Pandemic

Element Fleet's business has been and will continue to be negatively impacted by the COVID-19 pandemic, which has created, and continues to create, significant societal and economic disruptions. The COVID-19 pandemic has had, and will continue to have, a broad impact across industries and the economy, including by affecting consumer confidence, global financial markets (with global equity markets having experienced significant volatility and weakness), regional and international travel, supply chain distribution of various products for many industries, oil prices, government and private sector operations, the price of consumer goods, countrywide lockdowns in various regions of the world, and numerous other impacts on daily life and commerce. Additionally, the COVID-19 pandemic has led, and may continue to lead, governments around the world to enact measures to combat the spread of the COVID-19 virus, including, but not limited to, the implementation of travel bans, border closings, mandated closure of non-essential services, self-imposed quarantine periods and social and physical distancing policies, which have contributed to the material disruption to businesses globally resulting in a sudden economic slowdown.

The ever-changing and rapidly-evolving effects of the COVID-19 pandemic - the duration, extent and severity of which are currently unknown - on investors, businesses, the economy, society and the financial markets could, among other things, add volatility to the global stock markets, change interest rate environments, and increase lease delinquencies and defaults. Therefore, the COVID-19 pandemic and measures to prevent its spread may negatively impact Element Fleet as well as Element Fleet's clients, counterparties, employees, third-party service providers and other stakeholders, as applicable, in a number of ways, including, but not limited to, by: (i) adversely affecting local, national or international economies and employment levels, triggering potentially significant inflationary pricing or a recession, affecting Element Fleet's clients' and customers' ability to make payments on leases; (ii) adversely affecting the business operations of Element Fleet, including access to its funding and financing sources (including securitization and syndication markets); (iii) Element Fleet experiencing business interruptions as a result of the strain on existing resources, including information technology systems resulting from senior management and other employees working remotely, an inability to receive required technology or other hardware due to supply chain interruption or lacking necessary staffing needed for daily operations or the completion of extraordinary projects; (iv) disrupting public and private infrastructure, including communications and financial services, which could disrupt Element Fleet's or its customers' normal business operations; (v) adversely impacting net financing revenues and liquidity caused by delays in lease payments, changes in levels of lease originations, delays or deferrals in the replacement of vehicles, impact on remarketing of vehicles, client creditworthiness and delinquencies; and (vi) adversely impacting service revenues caused by declines in fleet vehicle mileage and lower fuel, maintenance and other service consumption. Any of these events in isolation or in combination, could have a material negative impact on Element Fleet's financial condition, operating results and cash flows.

Environmental Laws and Element Fleet's ESG Policies Could Materially Adversely Affect the Corporation

Various governments and regulatory authorities in the U.S., Canada and internationally have considered, and will likely continue to consider, numerous measures related to climate change and greenhouse gas emissions. Should rules establishing limitations on greenhouse gas emissions or rules imposing fees on entities deemed to be responsible for greenhouse gas emissions become effective, demand for Element Fleet's services could be affected, our vehicle, and/or other costs could increase, and our business could be adversely affected. Additionally, any Environmental, Social, Governance policies that Element Fleet institutes may fail to meet the expectations of investors, clients, employees or other stakeholders which could negatively impact Element Fleet's business, financial condition, operations and/or the market price of Element Fleet's securities.

Inability to Attract and Retain Employees May Limit Element Fleet's Ability to Grow its Business

If Element Fleet is not able to attract and retain top employees, its ability to compete may be harmed. Element Fleet's success is also highly dependent on its continuing ability to identify, hire, train, retain and motivate highly qualified management, technical, sales and marketing personnel. In order to grow Element Fleet's business, it must attract and retain qualified personnel, especially origination and credit personnel with relationships with referral sources and an understanding of the equipment financing businesses and the industries in which Element Fleet's borrowers operate. In addition, in Element Fleet's effort to attract and retain critical personnel, Element Fleet may experience increased compensation costs that are not offset by either improved productivity or higher prices for Element Fleet's services.

Many of the financial institutions that Element Fleet competes with for experienced personnel may be able to offer more attractive terms of employment. If any of Element Fleet's key origination personnel leave, Element Fleet's new equipment finance origination volume from their business contacts may decline or cease. In addition, Element Fleet invests significant time and expense in training its employees, which increases their value to competitors who may seek to recruit them and increases the costs of replacing them. These factors may have a material adverse effect on Element Fleet's ability to grow its business.

Loss of Key Personnel May Significantly Harm Element Fleet's Business

Element Fleet's executive and other senior officers, including those referred to under "*Directors and Officers*", play a significant role in its success. The conduct of Element Fleet's business, the execution of Element Fleet's growth strategy and Element Fleet's future performance and development depend, to a significant extent, on the abilities, experience and efforts of its management team. The Corporation's ability to retain its management team or attract suitable replacements, should key members of the management team leave, is dependent on the competitive nature of the employment market. The loss of services from key members of the management team or a limitation in their availability could adversely impact the Corporation's prospects, financial condition and cash flow.

Further, Element Fleet does not maintain "key person" life insurance policies on any of its employees. The unexpected loss of services of or one or more executive or senior officer could also adversely affect Element Fleet. Element Fleet provides a competitive compensation package, which includes profit sharing and medical benefits as it continuously seeks to align the interest of employees and shareholders.

Funding Facilities May Limit Element Fleet's Operational Flexibility

Element Fleet's funding arrangements, including its various securitization facilities and the senior credit facilities, contain financial and non-financial covenants, such as requirements that Element Fleet comply with one or more of interest coverage, consolidated debt to tangible shareholders equity ratio, loan loss ratios and change of control provisions. Complying with such covenants may at times necessitate that Element Fleet forego other favourable business opportunities, such as acquisitions. Moreover, Element Fleet's failure to comply with any of these covenants would likely constitute a default under such facilities and could give rise to an acceleration of some, if not all, of Element Fleet's then outstanding indebtedness, which would have a material adverse effect on Element Fleet's business, financial condition and/or results of operations.

As of December 31, 2021, Element Fleet had $8.0 billion in secured and unsecured borrowings and $173 million face value aggregate principal amount of Debentures outstanding, and Element Fleet expects this amount may grow as it increases originations. From time to time, Element Fleet may owe amounts under its senior credit facilities and may otherwise increase its debt to fund the growth of Element Fleet's business. While Element Fleet match funds its borrowings under its secured funding facilities, if the matched income earning assets securing the leases or loans underperform, Element Fleet may to some extent have to utilize cash flow or capital resources to fund its debt service payments. If Element Fleet's cash flow and capital resources are insufficient to service amounts owed under its secured funding facilities, the Senior Credit Facility or any future indebtedness, as applicable, Element Fleet may be forced to reduce or delay capital expenditures, dispose of assets, issue equity or incur additional debt to obtain necessary funds, or restructure its debt, any or all of which could have a material adverse effect on Element Fleet's business, financial condition and/or results of operations. In addition, Element Fleet cannot guarantee that it would be able to take any of these actions on terms acceptable to Element Fleet, or at all, that these actions would enable Element Fleet to continue to satisfy its capital requirements or that these actions would be permitted under the terms of Element Fleet's various debt agreements.

Data Privacy and Information Technology Security Breaches May Negatively Impact Element Fleet

Element Fleet collects and processes confidential information in the course of providing its services. Any inability on Element Fleet's part to protect the security of its platforms or the privacy of confidential information could have a material adverse effect on Element Fleet's profitability by exposing Element Fleet to additional liability, increasing Element Fleet's expenses relating to resolution of these breaches, and deterring users from using Element Fleet's services.

Element Fleet has administrative, technical, and physical security measures in place to protect the privacy of this confidential information, as well as policies and procedures to contractually require third parties to whom Element

Fleet transfers data to implement and maintain appropriate security measures. However, Element Fleet cannot ensure that its current security measures will effectively counter security risks, prevent future slowdowns or disruptions, protect against cyber-attacks or address the security and privacy concerns of existing and potential users. If Element Fleet's security measures or those of the previously mentioned third parties are inadequate or are breached as a result of cyber-attacks, computer viruses, unauthorized access, employee error, malfeasance, system error, trickery, natural disasters, terrorism, war and telecommunication and electrical failures or otherwise, and, as a result, someone obtains unauthorized access to sensitive information, including personally identifiable information or protected health information, on Element Fleet's systems or its partners' systems, Element Fleet's reputation and business could be damaged. The deletion or modification of records could cause interruptions in Element Fleet's services and operations. Any system failures, slowdowns or disruptions will likely result in unanticipated disruptions in service to Element Fleet's users, decreased levels of user satisfaction and significant negative effects on Element Fleet's reputation. If the sensitive information is lost or improperly disclosed or threatened to be disclosed, Element Fleet could incur significant liability and be subject to regulatory scrutiny and penalties, including costs associated with remediation. Additionally, if Element Fleet's own confidential business information were improperly disclosed, Element Fleet's business could be materially and adversely affected. To address these matters, Element Fleet continues to evolve security safeguards.

Element Fleet's business depends on the efficient and uninterrupted operation of computer and communications systems and networks, hardware and software systems and other information technology. If systems were to fail or Element Fleet was unable to successfully expand the capacity of these systems or was unable to integrate new technologies into its existing systems, its operations and financial results could suffer.

Element Fleet relies on third-party encryption and authentication technology to provide secure transmission of confidential information over the Internet. Advances in technological capabilities, new discoveries in the field of cryptography, or other events or developments, could result in a compromise or breach of the technology Element Fleet uses to protect sensitive data. In addition, because techniques used to obtain unauthorized access or to sabotage systems change frequently and may not be recognized until launched against a target, Element Fleet may be unable to anticipate these techniques or to implement adequate preventative measures. If any such compromise of Element Fleet's security, or the security of Element Fleet's clients, were to occur, it could result in misappropriation of confidential information, proprietary information or interruptions in operations, and have an adverse impact on Element Fleet's reputation or the reputation of Element Fleet's clients. If Element Fleet is unable to detect and prevent unauthorized use of sensitive or confidential data, its business, financial condition and/or results of operations could be materially and adversely affected.

Potential Acquisitions and Investments

Element Fleet may seek to acquire or invest in businesses that expand or complement its current business. Such acquisitions or investments may involve significant commitments of financial or other resources of Element Fleet. There can be no assurance that any such acquisitions or investments will generate additional earnings or other returns for Element Fleet, or that financial or other resources committed to such activities will not be lost. Such activities could also place additional strains on the Element Fleet's administrative and operational resources and its ability to manage growth.

Risk Relating to the Transformation Plan

Although Element Fleet's transformation is complete and has provided benefits to the Corporation, including operating income improvements and improvements in Element Fleet's earnings profile, certain risks remain: certain benefits actioned through the transformation may not fully materialize or Element Fleet may not be able to fully sustain such benefits indefinitely. If such benefits do not materialize or are not able to be sustained, there could be a material adverse effect on Element Fleet's business, financial condition and/or results of operations.

Decreased Demand for Fuel and Other Vehicle Services Could Harm Element Fleet's Business, Financial Condition and/or Results of Operations

Demand for vehicle-related products and services may be reduced by factors that are beyond Element Fleet's control, such as the implementation of fuel efficiency standards and the development by manufacturers and adoption by Element Fleet's clients of vehicles with greater fuel efficiency or alternative fuel sources. To the extent that Element

Fleet's clients require less fuel, that decline in purchase volume could reduce Element Fleet's revenues, limiting Element Fleet's profitability and preventing Element Fleet from taking on other initiatives.

Technological Change may Challenge Element Fleet's Business Prospects or Require Significant Investment

Element Fleet's business depends on the efficient and uninterrupted operation of information technology infrastructure. If systems were to fail or Element Fleet was unable to successfully expand the capacity of these systems or was unable to integrate new technologies into its existing infrastructure, including the planned implementation of new enterprise resource planning and ordering systems, its operations and financial results could suffer. Any changes to technologies associated with Element Fleet's business or analytics systems and platforms, or to technologies used by Element Fleet's competitors, clients, suppliers or other third parties, may make it more difficult for Element Fleet to maintain or increase revenues and earnings and could adversely impact Element's business and prospects.

The services Element Fleet delivers are designed to process large complex, data sets and provide reports and other information on that data on a timely basis. Any failure to deliver an effective, secure service or any performance issue that arises with a new service could result in significant processing or reporting errors or other losses. Element Fleet may rely on third parties to develop or co-develop solutions, or to incorporate Element Fleet's solutions into broader platforms. Element Fleet may not be able to enter into such relationships on attractive terms, or at all, and these relationships may not be successful.

Element Fleet expects that new services and technologies applicable to the fleet management business in which it operates will continue to emerge and evolve. These new services and technologies may be superior to, impair, or render obsolete the services Element Fleet currently offers, or the technologies Element Fleet currently uses to provide them. Further, if Element Fleet offers new services in the future, there is no guarantee that it will be successful in integrating the new services into its operations, which could materially and adversely affect Element Fleet's operating results and financial condition. Various investors, competitors or other third parties have invested or may invest significant amounts of capital in technologies that may impact the operation of the fleet management business and the services offered by Element Fleet. Element Fleet may be required to make significant investments in technology, in acquisitions, or in its business structure to continue to adapt to technological change. While Element Fleet has invested resources in technologies that benefit its clients and believes that its technological platform is one of its competitive advantages, there can be no guarantee that Element Fleet will continue to be able to adapt to technological change, and Element Fleet may have to invest additional capital to adapt in the future. Further, Element Fleet may enter into new lines of business in the future. There is no guarantee that Element Fleet will be successful in integrating these new lines of business into its operations, which could materially and adversely affect Element Fleet's operating results and financial condition.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not generate sufficient cash or cash equivalents in a timely and cost-effective manner to satisfy its financial obligations as they come due. One of management's primary goals is to manage liquidity risk by continuously monitoring actual and projected cash flows to ensure that the Corporation will have sufficient liquidity to meet its liabilities when due as well as sustain and grow the Corporation's assets and operations, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

Growth in our lease portfolio will require ongoing availability of secured and unsecured financing and funding lines sufficient to accommodate projected growth objectives. The Corporation has taken steps to ensure appropriate funding will be in place as required.

The Corporation believes that its capacity to expand its existing secured and unsecured borrowing facilities and its access to bank term funding will be sufficient to fund its normal operating and capital expenditures as the Corporation grows.

As at December 31, 2021, the Corporation had available liquidity of $2,361.6 million compared to $3,040.1 million at December 31, 2020.

Credit Risk

Element Fleet's net investment in finance assets for its own account and to be held for future term funding exposes Element Fleet to credit risk. Credit risk is the risk that Element Fleet will incur an unexpected loss because its clients and counterparties fail to discharge their contractual obligations. Credit risk arises principally through Element Fleet's finance receivables that are a result of transactions within the equipment finance industry and, as such, contain an element of credit risk in the event that obligors are unable to meet the terms of their agreements. Element Fleet is exposed to credit risk as it arises from events and circumstances outside of Element Fleet's control relating to adverse economic conditions, business failure or fraud. The types of fraud to which Element Fleet is exposed generally fall into one of three primary categories: (i) vendor/dealer fraud; (ii) client fraud; and (iii) employee fraud. Excessive credit losses could adversely affect Element Fleet's ability to generate and fund new financings.

In order to manage credit risk, Element Fleet operates using a clearly identified set of policies and procedures throughout its business processes. This includes a detailed analysis of the value of collateral security, the applicant's financial condition and the ability to service the debt or lease obligations at inception and throughout the term of the lease or loan. Element Fleet also manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties on direct financing leases and loans.

Credit Ratings and Ratings Outlook may Change

The credit rating agencies which rate the Corporation could re-evaluate their current credit ratings or outlook. There can be no assurance that the credit ratings assigned to Element Fleet will be confirmed or remain in effect for any given period of time and ratings may be upgraded, downgraded, or placed under review by an applicable credit ratings agency at any time.

In September 2021, credit rating agency Fitch Ratings affirmed its stable outlook and BBB+ investment-grade rating. In October 2021, credit rating agencies S&P Global Ratings, DBRS, Inc. and Kroll Bond Rating Agency affirmed their stable outlooks and investment-grade ratings for Element Fleet: BBB, BBB (high) and A-, respectively.

Negative changes in Element Fleet's credit ratings or ratings outlook may increase the cost of borrowing. In addition to higher interest rates, rating downgrades could adversely impact the Corporation's access to capital, cost of capital and financial flexibility, as well as the value of Element Fleet's securities. See "*Ratings*" for additional information.

Element Fleet's Provision for Credit Losses May Prove Inadequate

Element Fleet's business depends on the creditworthiness of its clients and their ability to fulfill their obligations to Element Fleet. Element Fleet maintains a provision for credit losses that reflects management's judgment of losses inherent in the portfolio. Element Fleet periodically reviews its provision for adequacy considering economic conditions and trends, collateral values, and credit quality indicators, including past charge-off experience and levels of past due loans, past due loan migration trends, and non-performing assets.

Element Fleet has and will continue to provide for credit losses based on industry specific historical losses considering the categories, segmentation and distribution of the assets being financed and its client base. However, Element Fleet's provision for credit losses may prove inadequate and Element Fleet cannot assure that it will be adequate over time to cover credit losses in Element Fleet's portfolio because of adverse changes in the economy or events adversely affecting specific clients, industries or markets. Element Fleet's credit reserves may not keep pace with changes in the creditworthiness of Element Fleet's clients or in collateral values. If the credit quality of Element Fleet's client base declines, if the risk profile of a market, industry, or group of clients changes significantly, or if the markets for equipment or other collateral deteriorates significantly, any or all of which would adversely affect the adequacy of Element Fleet's reserves for credit losses, it could have a material adverse effect on Element Fleet's business, financial condition and/or results of operations.

The Collateral Securing a Loan or a Lease May Not Be Sufficient

While most of Element Fleet's loans and leases are secured by a lien on specified collateral of the client, there is no assurance that Element Fleet has obtained or properly perfected its liens, or that the value of the collateral securing any particular loan will protect Element Fleet from suffering a partial or complete loss if the loan or lease becomes non-performing and Element Fleet moves to foreclose on the collateral. In such event, Element Fleet could suffer loan or lease losses which could have a material adverse effect on its business, financial condition and/or results of operations.

When underwriting collateral, Element Fleet makes an estimate of the value of the collateral under a distressed disposition. The estimated realization value of equipment during the life of the lease is an important element in the leasing business. A decrease in the market value of leased equipment at a rate greater than the rate Element Fleet projected, whether due to rapid technological or economic obsolescence, unusual wear and tear on the equipment, excessive use of the equipment, recession or other adverse economic conditions, or other factors, would adversely affect the current realization values of such equipment.

Further, certain equipment realization values are dependent on the manufacturers' or vendors' warranties, reputation, and other factors, including market liquidity. The degree of realization risk varies by transaction type.

Interest Rate Risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

In order to mitigate interest rate risk, Element Fleet structures its borrowing arrangements to maintain a fixed interest rate spread between the interest paid on both the term funding facilities and the revolving facilities and the interest received on the underlying finance receivables. This fixed interest rate spread is achieved by match funding transactions on both a duration and interest rate basis. In some instances, the Corporation enters into interest rate swaps in order to align the interest rate variability and to limit interest rate risk exposure.

Element Fleet does experience short-term interest rate risk on finance receivables during the period between fixing the contractual rate under the finance contracts with its clients and the locking of the interest rate under its funding facilities. During this time, an upward movement in respective benchmark rates can negatively impact the spread on the transaction. In order to mitigate this risk, Element Fleet carefully monitors its borrowing costs to ensure its rates reflect appropriate spreads to insulate against sudden unexpected interest rate movements. In order to further mitigate risk, Element Fleet undertakes regular securitizations under its funding arrangements to ensure its finance contracts are appropriately match-funded by its funding arrangements, which reduces the warehouse period and the likelihood that a significant movement in underlying benchmark rates will negatively impact the spreads on such transactions. Element Fleet also maintains adequate balance sheet liquidity to allow it flexibility in developing a strategy of holding versus securitizing such finance assets.

As at December 31, 2021, the percentage of the total lease portfolio and the loan portfolio that had fixed interest rates was 41.1% and 100%, respectively.

After considering the fixed interest rate spread on the funding programs and high exposure to fixed rate finance receivables described above, Element Fleet's interest rate risk is generally limited to cash and restricted cash.

Element Fleet's Results May Fluctuate

Element Fleet's quarterly and annual operating results may fluctuate in the future. These fluctuations could cause Element Fleet's stock price to decline. In some future quarters or years, Element Fleet's financial or operating results may not meet the expectations of securities analysts and investors which could result in a decline in the price of the Common Shares. Investors should not rely on Element Fleet's results of operations in any prior reporting period to be indicative of its performance in future reporting periods. Many other different factors could cause Element Fleet's results of operations to fluctuate quarterly and annually, including:

- the success of Element Fleet's origination activities;
- market acceptance of Element Fleet's services, including Xcelerate™ and Connected Data™;
- the increasing penetration of services to its Fleet Management Business clients;
- credit losses and default rates;
- Element Fleet's ability to enter into financing and syndication arrangements;
- decreases in demand for fleet leasing and fleet management solutions and related service programs;

- competition;
- costs of compliance with regulatory requirements;
- the timing and effect of any future acquisitions;
- personnel changes;
- changes in accounting rules;
- changes in prevailing interest rates and foreign exchange rates;
- general changes to the Canadian, U.S., Mexican, Australian, New Zealand and global economies; and
- political conditions or events.

Element Fleet bases its current and future operating expense levels and its investment plans on estimates of future net finance income, origination activity and rate of growth. Any shortfalls in Element Fleet's net finance income and management, origination activity or in its expected growth rates could result in decreases in its share price.

Element Fleet May Be Unable to Protect, or May be Required to Incur Significant Cost and Attention to Protect, its Intellectual Property Rights and Confidential Information and May Be Required to Defend against Intellectual Property Infringement Claims of Third Parties

To protect its proprietary technology, which includes Xcelerate™ and Connected Data™, Element Fleet relies on copyright, trade secret, patent and other intellectual property law and confidentiality agreements with employees and third parties, all of which offer only limited protection. Despite such precautions, it may be possible for third parties to obtain and use - without Element Fleet's consent - confidential information or infringe on its intellectual property rights, and Element Fleet's ability to police such misappropriation or infringement is uncertain. In addition, confidentiality agreements with employees, vendors, clients and other third parties may not effectively prevent disclosure or use of proprietary technology or confidential information and may not provide an adequate remedy in the event of such unauthorized use or disclosure. Protecting against the unauthorized use of Element Fleet's intellectual property and confidential information is expensive, difficult and not always possible.

Third parties could in the future claim that the technologies and processes underlying Element Fleet's services infringe their intellectual property. Element Fleet may, in the future, receive notices alleging that we have misappropriated or infringed a third party's intellectual property rights. Any claims of infringement or misappropriation by a third party, even those without merit, could cause us to incur substantial defense costs and could distract management from Element Fleet's business, and there can be no assurance that we it be able to prevail against such claims.

Element Fleet Faces Tax Risks in Multiple Jurisdictions

Element Fleet is a Canadian corporation, which together with its subsidiaries operates in multiple jurisdictions. As a result, it is subject to the tax laws and regulations of Canadian federal, provincial and local governments and of the governments of foreign jurisdictions in which Element Fleet operates, as well as to any income tax treaties between Canada and any such jurisdictions, and to the risk that those tax laws, regulations and treaties may change in the future. Any such changes could adversely affect the taxes payable or recoverable, including withholding taxes, and the effective tax rate in the jurisdictions in which Element Fleet operates.

The determination of Element Fleet's provision for income taxes in Canada and elsewhere, including current and deferred tax assets and liabilities on Element Fleet's financial statements, requires estimates, interpretation and significant judgment. Various internal and external factors may have favorable or unfavorable effects on future provisions for income taxes and Element Fleet's effective income tax rate. These factors include, but are not limited to, changes in tax laws, regulations and/or rates, results of audits by tax authorities, changing interpretations of existing tax laws or regulations, changes in estimates of prior years' items, and changes in overall levels of income before taxes. Furthermore, new accounting pronouncements or new interpretation of existing accounting pronouncements could have a material impact on Element Fleet's effective income tax rate.

A deferred tax asset may only be recognized to the extent that future realization of the asset is probable. Element Fleet considers realization of deferred tax assets based on future taxable income forecasts, enacted future income tax rates, timing of reversal of temporary differences, tax loss carry forward limitations in certain jurisdictions and other items. The Corporation may be required to derecognize a portion or all of its deferred tax asset if the above assumptions change in the future.

The Canadian government has various tax legislative proposals and consultations that are being considered. This includes, among other things, limitations on interest deductibility, provisions on hybrid arrangements and Global Anti-Base Erosion Rules. These proposals, if implemented, could have a material adverse impact on Element Fleet's business, financial condition and results of operations.

Element Fleet notes that various policy statements have been issued by the Biden administration which could have a material impact on Element's business, financial condition, and results of operations.

Element Fleet could be adversely impacted by various sunsetting provisions within the US taxation code if extensions are not granted in the future.

Element Fleet could be impacted by tax treatments for various revenue streams in different tax jurisdictions. If a tax authority has a different interpretation from Element Fleet's, it could potentially impose additional taxes, penalties, fines or change the amount and timing of expected tax refunds. This would potentially reduce the amounts of revenue and net income received by Element Fleet.

Element Fleet, from time to time, has executed or may execute reorganization transactions impacting its tax structure. If a tax authority has a different interpretation from Element Fleet's, it could potentially impose additional taxes, penalties or fines on Element Fleet.

The Decision to Pay Dividends on Common Shares and the Amount of Such Dividends are Subject to the Discretion of Element Fleet's Board Based on Numerous Factors and May Vary from Time to Time

Although Element Fleet currently pays quarterly cash dividends on its Common Shares (see "*Dividends*"), these cash dividends may be reduced or suspended. The amount of cash available to Element Fleet to pay dividends, if any, can vary significantly from period to period for a number of reasons, including, among other things: Element Fleet's operational and financial performance; fluctuations in market prices; the amount of cash required or retained for debt service or repayment; amounts required to fund capital expenditures and working capital requirements; access to capital markets; foreign currency exchange rates and interest rates; and the other risk factors set forth in this Annual Information Form.

The decision whether or not to pay dividends and the amount of any such dividends are subject to the discretion of the Board, which regularly evaluates proposed dividend payments and the solvency test requirements of the OBCA. In addition, the level of dividends per Common Share will be affected by the number of outstanding Common Shares and other securities that may be entitled to receive cash dividends or other payments. Dividends may be increased, reduced or suspended depending on the Corporation's operational success. For example, as announced on October 1, 2018, the Corporation's quarterly Common Share dividend was reduced from $0.075 to $0.045. More recently, in Q4 2021 Element Fleet increased its quarterly Common Share dividend from $0.065 to $0.0775. See "*Dividends – Common Share Dividends*". The market value of Common Shares may deteriorate if Element Fleet is unable to meet dividend expectations in the future, and that deterioration may be material.

Foreign Currency Risk

Foreign currency risk is the risk of exposure to foreign currency movements on Element Fleet's lending and/or net investment in foreign subsidiaries, whereby there is a risk the exchange rates will be materially different when a loan or finance receivable is remeasured for accounting purposes, matures or when a foreign subsidiary is divested. Element Fleet mitigates and manages this risk on Element Fleet's lending portfolio by entering into foreign exchange forward contracts to reduce or hedge its exposure to foreign currency risk. Element Fleet currently partially hedges its net investment in foreign subsidiaries. As at December 31, 2021, the Corporation did not have a significant un-hedged exposure to this type of foreign currency risk that would have an impact to net income.

Element Fleet is also exposed to foreign currency risk related to net income generated from foreign currency denominated assets and operations. This risk represents the impact of fluctuations to the average Canadian and respective foreign currency exchange rate used to translate Element Fleet's foreign currency denominated net income into the Canadian dollar equivalent during each period. Element Fleet may mitigate and manage this type of foreign currency risk by entering into foreign currency forward contracts to reduce or hedge this exposure to foreign currency risk. If future income before taxes is consistent with the results generated in 2021, each $0.01 of depreciation (appreciation) in the value of the Canadian dollar against all of the U.S. dollar, Mexican peso, Australian dollar, and

New Zealand dollar simultaneously would be expected to increase (decrease) income before taxes for the year by approximately $23.7 million in the absence of hedging transactions.

Historically, the Corporation has match-funded the assets of the business whereby its debt funding was aligned with its assets in terms of currency, duration and interest rate. Element Mexico was the lone exception in that the Corporation's business in that country was funded in U.S. dollars. While this exception was readily justifiable when Mexico constituted approximately 4% of Element Fleet's average net earning assets in 2018, its successful growth strategy (coupled with the Corporation's syndication of U.S. assets) has resulted in Element Mexico now constituting approximately 15% of the Corporation's assets. Given the success Element Fleet has had in that market (and the knowledge that sustained double-digit revenue growth could be the norm for the mid- to long-term), the Corporation has procured access to Peso-denominated funding and has replaced a portion of the U.S. dollar funding with Peso funding.

Volatility of Common Share Price

Market prices for fleet management and other financing corporations, including those of Element Fleet, have at times been volatile and subject to substantial fluctuations. The stock market, from time-to-time, experiences significant price and volume fluctuations unrelated to the operating performance of particular companies. Future announcements concerning Element Fleet or its competitors, including those pertaining to financing arrangements, government regulations, developments concerning regulatory actions affecting Element Fleet, litigation, additions or departures of key personnel, cash flow, and economic conditions and political factors in the U.S., the European Union, Canada or other regions may have a significant impact on the market price of the Common Shares. In addition, there can be no assurance that the Common Shares will continue to be listed on the TSX.

The market price of the Common Shares could fluctuate significantly for many other reasons, including for reasons unrelated to Element Fleet's specific performance, such as reports by industry analysts, investor perceptions, market rumours or speculation, or negative announcements by Element Fleet's clients, competitors or suppliers regarding their own performance, as well as general economic and industry conditions. For example, market speculation of negative news relating to Element Fleet could trigger a sell-off in the Common Shares. Any sales of substantial numbers of the Common Shares in the public market or the perception that such sales or exercise might occur may cause the market price of the Common Shares to decline. In addition, to the extent that other large companies within Element Fleet's industry experience declines in their stock price, the share price of the Common Shares may decline as well. Moreover, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against the company. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of Element Fleet's management and other resources.

Market Value of Common Shares and Other Securities

Element Fleet cannot predict at what price the Common Shares, Preferred Shares, Debentures or other securities issued by Element Fleet will trade in the future. The Common Shares, Preferred Shares, Debentures and other securities of Element Fleet will not necessarily trade at values determined solely by reference to the underlying value of Element Fleet's assets. One of the factors that may influence the market price of such securities is the annual yield on such securities. An increase in market interest rates may lead purchasers of securities of Element Fleet s to demand a higher annual yield and this could adversely affect the market price of such securities. In addition, the market price for securities of Element Fleet may be affected by announcements of new developments, changes in Element Fleets' operating results, failure to meet analysts' expectations, changes in credit ratings, changes in general market conditions, fluctuations in the market for securities and numerous other factors beyond the control of Element Fleet.

Element Fleet's Business Could be Negatively Impacted as a Result of Shareholder Activism

In recent years, shareholder activists have become involved in numerous public companies. Shareholder activists frequently propose to involve themselves in the governance, strategic direction, and operations of the company. For example, on May 14, 2018 the Corporation entered into Nomination Agreements with some of its significant shareholders. See "*Governance*". Element Fleet may continue to be or may become subject to further shareholder activity and demands in the future. Such demands may disrupt Element Fleet's business and divert the attention of Element Fleet's management and employees, and any perceived uncertainties as to the Corporation's future direction resulting from such a situation could result in the loss of potential business opportunities, be exploited by competitors, cause concern to current or potential clients, and make it more difficult to attract and retain qualified personnel and business partners, all of which could adversely affect Element Fleet's business. In addition, actions of activist shareholders may cause significant fluctuations in the market price for Common Shares based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of Element Fleet's business.

Dilution from Further Equity Financing and Declining Share Price

If Element Fleet raises additional financing through the issuance of equity securities (including securities convertible into or exchangeable for equity securities) or completes an acquisition or merger by issuing additional equity securities, such issuance may substantially dilute the interests of shareholders of Element Fleet and reduce the value of their investment. The market price of the Common Shares could decline as a result of issuances of new shares or sales by existing shareholders of common shares in the market or the perception that such sales could occur. Sales by shareholders might also make it more difficult for Element Fleet itself to sell equity securities at a time and price that it deems appropriate.

Issue of Preferred Shares by Element Fleet

Element Fleet's Board has the authority to issue undesignated preferred shares in one or more series and, before issue, to fix the designation of, and the rights and restrictions attached to, the preferred shares of each series, without consent from holders of Common Shares. Preferred shares could be issued with voting, dividend, liquidation, dissolution, winding-up and other rights superior to those of the holders of Common Shares. Element Fleet has previously issued five series of preferred shares (the Series A Shares, Series C Shares, Series E Shares, Series G Shares and Series I Shares), see "*Description of Share Capital – Preferred Shares*".

Compliance with Laws and Regulations Affecting Public Companies

Any future changes to the laws and regulations affecting public companies, compliance with existing provisions of National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") and the other applicable Canadian securities laws and regulation and related rules and policies, may cause Element Fleet to incur increased costs as it evaluates the implications of new rules and implements any new requirements. Delays or a failure to comply with the new laws, rules and regulations could result in enforcement actions, the assessment of other penalties and civil suits.

Any new laws and regulations may make it more expensive for Element Fleet to provide indemnities to Element Fleet's officers and directors and may make it more difficult to obtain certain types of insurance, including liability insurance for directors and officers. Accordingly, Element Fleet may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these events could also make it more difficult for Element Fleet to attract and retain qualified persons to serve on its Board or as executive officers. Element Fleet may be required to hire additional personnel and utilize additional outside legal, accounting and advisory services, all of which could cause general and administrative costs to increase beyond what Element Fleet currently has planned. Element Fleet is continuously evaluating and monitoring developments with respect to these laws, rules and regulations and it cannot predict or estimate the amount of the additional costs it may incur or the timing of such costs.

Element Fleet is required annually to review and report on the effectiveness of its internal control over financial reporting in accordance with NI 52-109. The results of this review are reported in Element Fleet's 2021 MD&A. Element Fleet's Chief Executive Officer and Chief Financial Officer are required to report on the effectiveness of Element Fleet's internal control over financial reporting.

Management's review is designed to provide reasonable assurance, not absolute assurance, that all material weaknesses existing within Element Fleet's internal controls are identified. Material weaknesses represent deficiencies existing in Element Fleet's internal controls that may not prevent or detect a misstatement occurring which could have a material adverse effect on the quarterly or annual financial statements of Element Fleet. In addition, management cannot provide assurance that the remedial actions being taken by Element Fleet to address any material weaknesses identified will be successful, nor can management provide assurance that no further material weaknesses will be identified within its internal controls over financial reporting in future years.

Further, NI 52-109 requires that Element Fleet establish and maintain disclosure controls and procedures. Element Fleet's disclosure controls and procedures are designed to reasonably ensure that information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is processed on a timely basis to enable appropriate decisions to be made regarding public disclosure. Element Fleet believes that any disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are and will be met. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements due to error or fraud may occur and not be detected.

If Element Fleet fails to maintain effective (i) internal controls over its financial reporting or (ii) disclosure controls and procedures, there is the possibility of errors or omissions occurring or misrepresentations in Element Fleet's disclosures which could have a material adverse effect on Element Fleet's business, its financial statements and the value of the Common Shares.

Public Company Requirements May Strain Resources

As a public company, Element Fleet is subject to the reporting requirements of the *Securities Act* (Ontario) (the "Act"), as amended, the regulations and rules thereto, including the national and multilateral instruments adopted as rules, decisions, rulings and orders promulgated under the Act and the published policy statements issued by the Ontario Securities Commission and the listing requirements of the TSX. The ever-increasing obligations of operating as a public company will require significant expenditures and will place additional demands on management as Element Fleet complies with the reporting requirements of a public company. Element Fleet may need to hire additional accounting, financial and legal staff with appropriate public company experience and technical accounting and regulatory knowledge.

In addition, actions that may be taken by any significant shareholders, if any, may divert the time and attention of Element Fleet's Board and management from its business operations. Campaigns by significant investors to effect changes at publicly-traded companies have increased in recent years. If a proxy contest were to be pursued by any of Element Fleet's shareholders, it could result in substantial expense to Element Fleet and consume significant attention of management and the Board. In addition, there can be no assurance that any shareholder will not pursue actions to effect changes in the management and strategic direction of Element Fleet, including through the solicitation of proxies from Element Fleet's shareholders.

Element Fleet is Not Subject to the Same Extensive Supervision and Regulation as Certain Other Financial Services Companies

Element Fleet competes with financial institutions that are subject to extensive and complex federal, state and provincial regulatory requirements that do not apply to Element Fleet. For example, federally regulated financial institutions that are engaged in fleet financing may be subject to amplified supervisory activities (such as those of Canada's Office of the Superintendent of Financial Institutions), regulatory requirements relating to capital adequacy and market liquidity risk, and more rigorous financial reporting standards. Element Fleet operates in an unregulated environment with regard to capital requirements and its risk management policies and procedures may not be fully effective to identify, monitor and manage the risks that may jeopardize Element Fleet's ability to continue to satisfy its capital requirements. To the extent that Element Fleet must comply with financial reporting standards that are less extensive than those applicable to a competitor, it may be more difficult for an investor to completely and accurately assess Element Fleet's financial condition.

Litigation May Negatively Impact Element Fleet's Business, Financial Condition and/or Results of Operations

From time to time in the ordinary course of its business, Element Fleet may become involved in various legal proceedings, including commercial, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause Element Fleet to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on Element Fleet's business, financial condition and/or results of operations.

Element Fleet Could be Exposed to Substantial Tax Liabilities if the Tax-Deferred Spinoff Requirements are Not Met

The tax treatment of the Separation Transaction is dependent on, among other things, the Separation Transaction complying with all of the requirements of the public company "butterfly reorganization" rules in section 55 of the *Income Tax Act* (Canada). Although the Separation Transaction is structured with the intent that it comply with these rules, there are certain requirements of these rules that depend on events occurring after the Separation Transaction is completed or that may not be within the control of Element Fleet or that are subject to differing interpretations regarding legal and factual matters (including valuation). If these requirements are not met, Element Fleet would recognize a taxable gain in respect of the Separation Transaction. If incurred, tax liabilities could be substantial and could have a material adverse effect on the financial position of Element Fleet. No tax ruling has been requested or received from the authorities in Canada in respect of tax consequences of the Separation Transaction. If such requirements are not met due to an act of ECN Capital in breach of its representations and covenants made in connection with the Separation Transaction, then ECN Capital will in certain circumstances be required to indemnify Element Fleet under the arrangement agreement dated July 25, 2016 among Element Fleet, ECN Capital, 2510204 Ontario Inc. and INFOR Acquisition Corp. (the "Arrangement Agreement"). If ECN Capital has to indemnify Element Fleet for any substantial obligations, it may not be able to satisfy those obligations, and this may materially adversely affect Element Fleet's financial position.

Element Fleet Has Indemnification Obligations to ECN Capital as a Result of the Separation Transaction that Could be Significant

If certain of the requirements of the "butterfly reorganization" rules in section 55 of the *Income Tax Act* (Canada), discussed above, are not met due to an act of Element Fleet, Element Fleet may in certain circumstances be required to indemnify ECN Capital under the Arrangement Agreement. These indemnification obligations could be significant. If Element Fleet has to indemnify ECN Capital for any substantial obligations, this may materially adversely affect Element Fleet's financial position.

Element Fleet May be Treated as a Passive Foreign Investment Company ("PFIC") for U.S. Federal Income Tax Purposes, in Which Case U.S. Holders (as defined below) Would be Subject to a Special, Generally Adverse Tax Regime

Element Fleet has not made a determination as to whether Element Fleet may be a PFIC for any taxable year.

For purposes of this risk, a "U.S. Holder", is a beneficial owner of Common Shares that are, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source, or (iv) a trust if (A) such trust has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes or (B) a court within the United States can exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust.

The U.S. federal income tax consequences to U.S. Holders of owning and disposing of Common Shares may be affected if Element Fleet were treated as a PFIC.

The PFIC rules, including the rules governing any elections that may potentially be made by a U.S. Holder, are extremely complex. Each U.S. Holder should consult its own tax advisor regarding the potential PFIC status of Element Fleet and how the PFIC rules (including elections that may be available thereunder) would affect the U.S. federal income tax consequences of the ownership and disposition of Common Shares.

Catastrophic Events, Natural Disasters, Severe Weather and Disease

Element Fleet's business may be negatively impacted to varying degrees by a number of events which are beyond its control, including cyber-attacks, unauthorized access, energy blackouts, pandemics, terrorist attacks, acts of war, earthquakes, hurricanes, tornadoes, fires, floods, ice storms or other natural or manmade catastrophes.

While Element Fleet engages in emergency preparedness, including business continuity planning, to mitigate risks, such events can evolve very rapidly and their impacts can be difficult to predict. As such, there can be no assurance that in the event of such a catastrophe that Element Fleet's operations and ability to carry on business will not be disrupted. Element Fleet may still be required to perform its obligations to third parties, notwithstanding the occurrence of any such events. A catastrophic event, including an outbreak of infectious disease, a pandemic or a similar health threat, such as the ongoing COVID-19 pandemic, or fear of any of the foregoing, could adversely impact Element Fleet by causing operating or supply chain delays and disruptions, labor shortages, expansion project delays, facility shutdowns and other business disruptions, each of which could have a negative impact on its ability to conduct its business and could increase its costs. In addition, liquidity and volatility, credit availability and market and financial conditions generally could change at any time as a result. Any of these events in isolation or in combination, could have a material negative impact on Element Fleet's financial condition, operating results and cash flows.

ADDITIONAL INFORMATION

Additional information relating to Element Fleet may be found on SEDAR at www.sedar.com. Information including directors' and officers' remuneration and indebtedness, principal holders of Element Fleet's securities and securities authorized for issuance under Element Fleet's stock option plan is, where applicable, contained in its latest Management Proxy Circular. Additional financial information is provided in the financial statements as at and for the year ended December 31, 2021 and the accompanying Management's Discussion and Analysis dated March 1, 2022, which have been filed on SEDAR.

APPENDIX A

ELEMENT FLEET MANAGEMENT CORP.

<u>AUDIT COMMITTEE MANDATE</u>

Adopted as of December 14, 2011, revised as of March 1, 2022

1. Purpose and Scope

The Audit Committee (the “**Committee**” or the “**Audit Committee**”) of Element Fleet Management Corp. (“**Element”** or the “**Corporation**”) is a committee of the Board of Directors (the “**Board**”). The Committee shall oversee the accounting and financial reporting practices of the Corporation and the audits of the Corporation’s financial statements and exercise the responsibilities and duties set out in this Audit Committee Mandate (this “**Mandate**”).

2. Membership and Chair

Number of Members

The Committee shall be composed of three or more members of the Board.

Independence of Members

Each member of the Committee must be independent. “Independent” shall have the meaning, as the context requires, given to it in National Instrument 52-110 *Audit Committees*, as may be amended and/or replaced from time to time.

Chair

The Board shall appoint one member as the chair of the Committee (the “**Chair**”). Unless a Chair is appointed by the Board, the Committee members may designate a Chair by a majority vote. The Chair will preside over all Audit Committee meetings, coordinate the Audit Committee’s compliance with this Mandate, work with management to develop the Audit Committee’s annual work-plan and provide reports of the Audit Committee to the Board.

Financial Literacy of Members

At the time of his or her appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

Term of Members

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board.

3. Meetings

Number of Meetings

The Committee may meet as many times per year as necessary to carry out its responsibilities.

Calling of Meetings

The Chair, any member of the Audit Committee, the external auditors, the Chair of the Board, or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the Corporation's Secretary who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.

Minutes; Reporting to the Board

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

Attendance of Non-Members

The external auditors are entitled to attend and be heard at each Committee meeting. In addition, the Committee may invite to a meeting any officers or employees of the Corporation, including internal auditor, if one has been appointed, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities. At least once per year, the Committee shall meet with the internal auditor, if one has been appointed, and management in separate sessions to discuss any matters that the Committee or such individuals consider appropriate.

Meetings without Management

The Committee shall hold unscheduled or regularly scheduled meetings, or portions of meetings, at which management is not present.

Procedure

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board.

Access to Management and Outside Advisors

In discharging the forgoing duties and responsibilities, the Audit Committee 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 Audit Committee shall have the authority to retain external 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.

Quorum

The powers of the Committee shall be exercisable at a meeting at which a quorum is present. A quorum shall be not less than two Members from time to time attending in person or by telephone or other electronic means or by a resolution signed by all Members entitled to vote on that resolution at a meeting of the Committee. Matters decided by the Committee shall be decided by majority vote, each Member is entitled to one vote in Committee proceedings.

4. Duties and Responsibilities

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Corporation are traded, or any governmental or regulatory body exercising authority over the Corporation, as are in effect from time to time (collectively, the "**Applicable Requirements**").

Financial Reports

(a) **General**

The Audit Committee is responsible for overseeing the Corporation's financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Corporation. The auditors are responsible for auditing the Corporation's annual consolidated financial statements and for reviewing the Corporation's unaudited interim financial statements.

(b) **Review of Annual Financial Reports**

The Audit Committee shall review the annual consolidated audited financial statements of the Corporation, the auditors' report thereon and the related management's discussion and analysis of the Corporation's financial condition and results of operation ("**MD&A**"). After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and the related MD&A.

(c) **Review of Interim Financial Reports**

The Audit Committee shall review the interim consolidated financial statements of the Corporation, the auditors' review report thereon and the related MD&A. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval the interim financial statements and the related MD&A.

(d) **Review Considerations**

In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee shall:

(i) meet with management and the auditors to discuss the financial statements and MD&A;

(ii) review the disclosure in the financial statements;

(iii) review the audit report or review report prepared by the auditors;

(iv) discuss with management, the auditors and legal counsel, as requested, any litigation claim or other contingency that could have a material effect on the financial statements;

(v) review the accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;

(vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under Canadian generally accepted accounting principles applicable to publicly accountable enterprises;

(vii) review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;

(viii) review management's report on the effectiveness of internal controls over financial reporting;

(ix) review the factors identified by management as factors that may affect future financial results;

(x) review results of the Corporation's audit committee whistleblower hotline program; and

(xi) review any other matters related to the financial statements that are brought forward by the auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or Applicable Requirements.

(e) **Approval of Other Financial Disclosures**

The Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Corporation, press releases disclosing, or based upon, financial results of the Corporation and any other material financial disclosure, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated

Auditors

(a) **General**

The Audit Committee shall be responsible for oversight of the work of the auditors, including the auditors' work in preparing or issuing an audit report, performing other audit, review or attest services or any other related work.

(b) **Nomination and Compensation**

The Audit Committee shall review and, if advisable, select and recommend for Board approval the external auditors to be nominated and the compensation of such external auditor. The Audit Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditors' audit plan.

(c) **Resolution of Disagreements**

The Audit Committee shall resolve any disagreements between management and the auditors as to financial reporting matters brought to its attention.

(d) **Discussions with Auditors**

At least annually, the Audit Committee shall discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Audit Committee.

(e) **Audit Plan**

At least annually, the Audit Committee shall review a summary of the auditors' annual audit plan. The Audit Committee shall consider and review with the auditors any material changes to the scope of the plan.

(f) **Quarterly Review Report**

The Audit Committee shall review a report prepared by the auditors in respect of each of the interim financial statements of the Corporation.

(g) **Independence of Auditors**

At least annually, and before the auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the auditors a formal written statement describing all relationships between the auditors and the Corporation; discuss with the auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements. The Audit Committee shall take appropriate action to oversee the independence of the auditors.

(h) **Evaluation and Rotation of Lead Partner**

At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.

(i) **Requirement for Pre-Approval of Non-Audit Services**

The Audit Committee shall approve in advance any retainer of the auditors to perform any non-audit service to 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 shall 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. 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.

(j) **Approval of Hiring Policies**

The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

(k) **Financial Executives**

The Committee shall review and discuss with management the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.

Internal Controls

(a) **General**

The Audit Committee shall review the Corporation's system of internal controls.

(b) **Establishment, Review and Approval**

The Audit Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management, the auditors and, if applicable, the internal auditor:

(i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Corporation's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;

(ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Corporation's periodic regulatory filings;

(iii) any material issues raised by any inquiry or investigation by the Corporation's regulators;

(iv) the Corporation's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Corporation to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting;

(v) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls; and

(vi) the evaluation of internal controls by the internal auditor (or persons performing the internal audit function, if applicable).

(c) **Internal Audit Function**

Recommend and supervise the establishment and operation of an internal audit function.

Compliance with Legal and Regulatory Requirements

The Audit Committee shall review reports from the Corporation's Secretary and other management members on: legal or compliance matters that may have a material impact on the Corporation; the effectiveness of the Corporation's compliance policies; and any material communications received from regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

Audit Committee Hotline Whistleblower Procedures

The Audit Committee shall establish for (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion.

Audit Committee Disclosure

The Audit Committee shall prepare, review and approve any audit committee disclosures required by Applicable Requirements in the Corporation's disclosure documents.

Delegation

The Audit Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this Mandate as the Audit Committee deems appropriate.

Internal Audit Function

The Committee shall require an internal auditor to perform such supplemental reviews or audits as the Committee may deem desirable. The Committee shall determine the appropriate internal audit function for the Corporation and oversee its processes, reports, budget and staffing, as well as the terms of compensation for any individuals engaged in such function, if any.

The internal auditor shall report directly and regularly to the Committee. The Committee shall review with the internal auditor any problem or difficulty the internal auditor may have encountered, including any restrictions on the scope of activities or access to required information and any significant reports to management prepared by the internal auditing department and management's responses thereto.

The Committee shall meet privately with the internal auditor as frequently as the Committee feels appropriate to fulfill its responsibilities, which will not be less frequently than annually, to discuss any items of concern.

The Committee shall review the mandate, budget, planned activities, staffing and organizational structure of the internal audit function to confirm that it is independent of management and has sufficient resources to carry out its mandate. The Committee will discuss this mandate with the auditor, review the appointment and replacement of the internal auditor and review the significant reports to management prepared by the internal auditor and management's responses. As part of this process, the Committee shall review the governing charter of the internal audit function on an annual basis.

5. Disclosure Committee

The Corporation shall adopt a Disclosure Committee Policy and establish a Disclosure Committee pursuant to such policy. The Disclosure Committee shall be subject to supervision and oversight by the Chair of the Audit Committee. The Audit Committee shall review and assess, on an annual basis, the Disclosure Committee Policy and the Corporation's disclosure controls and procedures.

6. 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 Audit Committee, functions. 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.

7. Mandate Review

The Committee shall review and update this Mandate annually and present it to the Board for approval.