2024 ANNUAL INFORMATION FORM

– February 26, 2025 –

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 anticipated benefits of Element's key strategic initiatives; the impact and duration of any 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; growth in lease receivables and service income; expectations regarding syndication; rate of cost inflation; applicable foreign exchange rates and applicable income tax rates; and the Corporation's funding mix. 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.

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 expectations regarding the future benefits of its strategic initiatives, including centralizing accountability for its U.S. and Canadian leasing operations, growing beyond its core through new products and services, and a number of digitization and automation initiatives;
- Element Fleet's expectations regarding supply chain and market conditions;
- 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 and execution of its growth strategy, including expansion beyond its core business;
- Element Fleet's expectations regarding the structure of its securitization programs;

- Element Fleet's expectations regarding financial market conditions and the Corporation'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;
- Element Fleet's Xcelerate® application 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 both Element Fleet's business and the fleet management industry;
- Element Fleet's growth prospects and the objectives, vision and strategies;
- Element Fleet's operations and ability to drive operational efficiencies;
- Element Fleet's expectations regarding its assets, business strategy and demand for its 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;
- Element Fleet's future financial reporting;
- Element Fleet's competitive position and the anticipated trends and challenges in Element Fleet's business and the markets in which it operates;
- 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;
- 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 2024 Management Discussion & Analysis ("**MD&A**"), filed with the securities regulatory authorities in Canada and available at www.sedarplus.ca.

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".

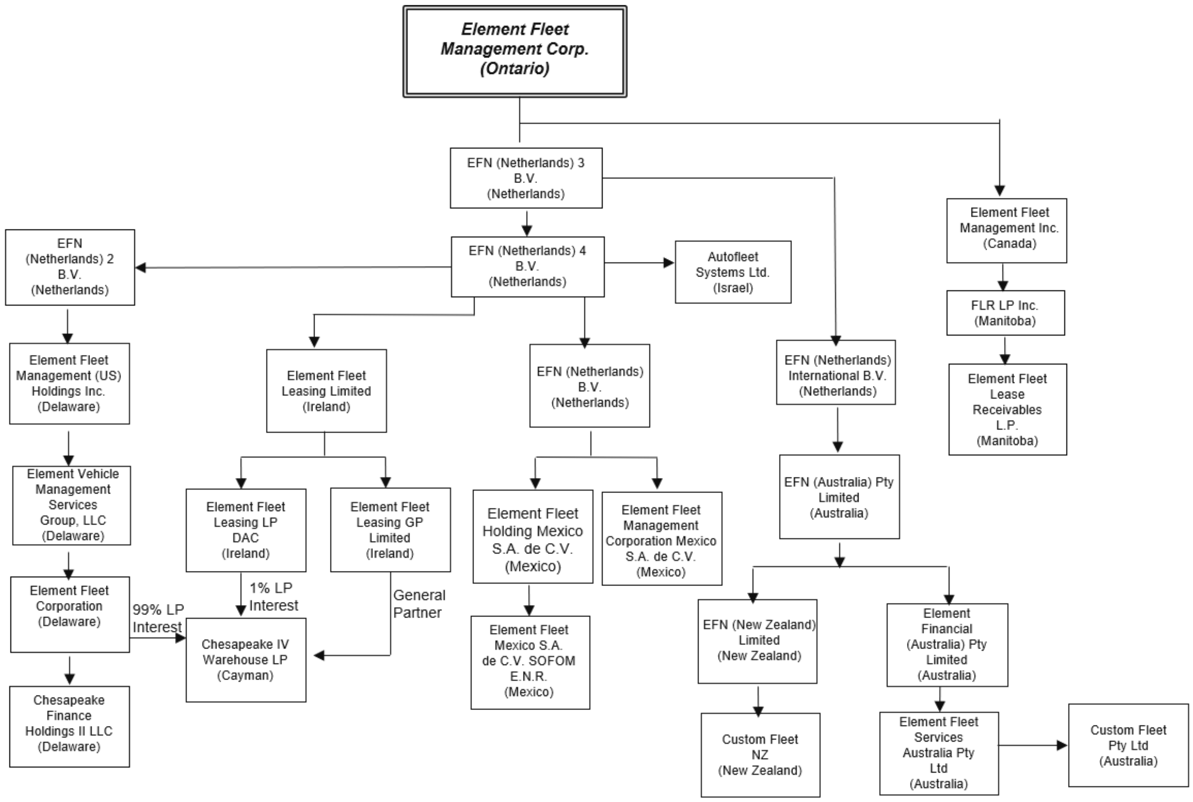
Element Fleet was issued a certificate and articles of amendment effective: (i) December 17, 2013, providing for the creation of its 6.60% Cumulative 5-Year Rate Reset Preferred Shares, Series A (the "**Series A Shares**") and Cumulative Floating Rate Preferred Shares, Series B (the "**Series B Shares**"); (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, 2024. 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, 2024. 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, 2024.

GENERAL DEVELOPMENT OF THE BUSINESS

On August 13, 2024, Element Fleet and its subsidiary entered into an agreement to acquire all of the issued and outstanding shares of Autofleet Systems Ltd. ("**Autofleet**"), a technology company focussed on fleet and mobility solutions. The acquisition was completed on October 1, 2024, at which time Autofleet became an indirect wholly-owned subsidiary of Element Fleet. Founded in 2018, Autofleet has a team of approximately 70 employees, including developers, engineers, and data scientists. Element Fleet believes that the acquisition of Autofleet will improve the Corporation's digital capabilities and support the Corporation's strategic objectives.

DESCRIPTION OF THE BUSINESS

Overview

Element Fleet is the largest publicly traded pure-play automotive fleet manager in the world. As a Purpose-driven company, we provide a full range of sustainable and intelligent mobility solutions to optimize and enhance fleet performance for our clients across North America, Australia, and New Zealand.

Our services address every aspect of our clients' fleet requirements, from vehicle acquisition, maintenance, route optimization, risk management, and remarketing, to advising on decarbonization efforts, integration of electric vehicles and managing the complexity of gradual fleet electrification. Clients benefit from Element's expertise as one of the largest fleet solutions providers in its markets, offering economies of scale and insight used to reduce operating costs and enhance efficiency and performance.

Driven by our Purpose to *Move the world through intelligent mobility* – and bolstered by our leadership position in the fleet and mobility industry, we continued to focus on executing a global growth strategy that is delivering significant value to our clients, team members, business, and shareholders. By merging a digital-first mindset with operational excellence and strategic investments, we are well-positioned for long-term success in the evolving mobility landscape. Our focus on digitization and automation enhances the client experience, builds our scalability, generates greater data-driven insights, and enables long-term growth across our business. At the core of our efforts is an unwavering commitment to prioritizing client success. With the investments we are enacting, Element remains well-positioned for continued success in the evolving mobility landscape.

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 properly titled and registered by handling all related 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;

- *Element Risk Solutions* – Element Risk Solutions is a fully integrated risk management offering provided in partnership with Hub International Limited, a leading global insurance brokerage and financial services firm servicing commercial fleets. This service bundles insurance coverage solutions together with accident management, subrogation, driver safety programs, and telematics, to deliver a seamless, vehicle life-cycle experience for clients;

- *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, 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;

- *Advance Purchase Program* – providing clients faster access to capital and certainty with respect to the residual value of a leased vehicle, while generating opportunity for remarketing upside for Element Fleet;

- *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; and

- *Autofleet* – Autofleet offers a suite of software solutions for optimized, reliable and sustainable transportation services for fleets and mobility operators.

COMPETITION

Element Fleet's markets are competitive and characterized by various competitive factors that vary by region. Competitive factors include breadth of service features, technology and digital capabilities, price and geographic coverage. Element Fleet competes with a wide variety of competitors, including traditional competitors such as lease finance companies, captive finance companies owned by manufacturers and distributors, banks, third party brokers and other large and mid-sized fleet management companies. Although the fleet management industry has historically been fairly mature, with high capital requirements, well-established client and supplier relationships and incumbent scale advantages creating high barriers to entry, the competitive landscape in the industry is evolving. As the fleet management industry continues to develop with a greater focus on technology, there are new entrants joining the market that are focused on technology across various aspects of mobility, including electric vehicles, connected vehicles and shared mobility.

Element Fleet believes it is well positioned to compete by means of having an experienced management team, ready-access to cost-efficient capital, and a scale that translates into meaningful purchasing power and a breadth of operational insights. 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 its large portfolio to reduce clients' total cost of fleet ownership. It uses its scale to (a) secure better client pricing across the entire fleet lifecycle from acquisition to remarketing from its extensive network of original equipment manufacturers (OEMs) and service providers, and (b) deliver deep, actionable insights into clients' fleet operations through its management and analysis of its fleet vehicle data set. Going forward, Element Fleet plans to invest in its technology and digital capabilities to ensure that it can compete with a growing range of market entrants in an evolving industry where digitization is becoming increasingly important.

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 services and activities are: (i) cash flow from operating activities; (ii) credit facilities; (iii) securitization and syndication arrangements; 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, and was in compliance with all financial and reporting covenants with all of our lenders at December 31, 2024:

Credit Facilities

- Senior Credit Facility. On December 11, 2019, Element Fleet and Element Fleet Management (US) Corp., a subsidiary of Element Fleet, 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 on December 29, 2020 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 on October 7, 2021 at which time the available capacity was reduced by an additional US$1.0 billion following a further strategic optimization assessment and maturity was extended to November 2, 2024. On December 20, 2021, the Senior Credit Facility was further amended at which time EFN (Netherlands) International B.V. was added as a borrower. On January 11, 2023, the Senior Credit Facility was amended to increase the available capacity by US$0.5 billion to US$1.75 billion and the maturity date was extended to November 2, 2025. On June 28, 2023, two members of the lending syndicate entered into an accordion agreement with each of the borrowers to increase their commitments by US$175 million pursuant to the accordion provided for in the Senior Credit Facility. On December 13, 2023, the Senior Credit Facility was amended to further increase the available capacity by US$675 million to US$2.425 billion, the maturity date was extended by an additional year to November 2, 2026, and, Element Fleet Leasing Limited was added as a borrower under the facility. On July 26, 2024, the Senior Credit Facility was amended to remove Element Fleet Management (US) Corp. as a borrower in connection with a planned internal reorganization and add Element Fleet Corporation, another of Element Fleet's U.S. subsidiaries, as a borrower. On December 16, 2024, the Senior Credit Facility was amended to, among other things, update certain covenants and extend the maturity date to November 2, 2027 and amend certain financial covenants. 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 Fleet (with respect to the obligations of the other borrowers 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 applicable pricing is based on an applicable benchmark (depending on the applicable currency) plus a 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 total debt to capitalization ratio, a minimum interest expense coverage ratio and a minimum tangible net worth threshold). As at December 31, 2024, Element Fleet had access to approximately US$1.59 billion of available committed capacity under the Senior Credit Facility.

- Export Development Canada Senior Unsecured Credit Facility. On September 29, 2021, Element Fleet, Element Fleet Management (US) Corp., 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. ("**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., Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat ("**Scotia Mexico**") as lenders (as amended and restated, the "**EDC/Scotia Credit Facility**"). At the time, a maximum aggregate principal amount of US$600 million was available to the Borrowers under the EDC/Scotia Credit Facility by way of a revolving facility maturing September 29, 2022, followed by a non-revolving term-out period ending September 30, 2026. On September 29, 2022, the EDC/Scotiabank Credit Facility was extended by one year, with the revolving facility maturing on September 29, 2023, and the non-revolving period ending on September 30, 2027. On March 24, 2023, the EDC/Scotia Credit Facility was increased by US$100 million to US$700 million, with the maturity date on the revolving period extended to April 24, 2024, and the maturity date of the non-revolving period extended to March 24, 2028. On April 24, 2024, the EDC/Scotia Credit Facility was increased by US$150 million to US$850 million, with the maturity date on the revolving period extended to April 24, 2025, and the maturity date of the non-revolving period extended to March 24, 2029. On July 26, 2024, the EDC/Scotia Credit Facility was amended to remove Element Fleet Management (US) Corp. as a borrower in connection with a planned internal reorganization and add Element Fleet Corporation, another of Element Fleet's U.S. subsidiaries, as a borrower. On December 20, 2024, the EDC/Scotia Credit Facility was amended to, among other things, amend certain financial covenants. During the non-revolving term-out period the loan repayment schedule is to be based on an amortization of certain pooled assets. The obligations of the borrowers under the EDC/Scotia Credit Facility are guaranteed by certain of Element Fleet's material subsidiaries and by Element Fleet. Under the EDC/Scotia Credit Facility, borrowings are available in U.S. dollars, New Zealand dollars and Mexican pesos, and pricing is based on an applicable benchmark (depending on the applicable currency) plus a 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. Funding under the EDC/Scotia Credit Facility is used solely for the purposes of financing specified assets of Element Fleet's New Zealand and Mexican operations. As at December 31, 2024, Element Fleet had access to approximately US$135.7 million of available committed capacity under the EDC/Scotia Credit Facility.

- CIBC LC Facility. On November 28, 2023, Element Fleet, as borrower, and Canadian Imperial Bank of Commerce, as administrative agent, sole bookrunner and lender entered into a two-year term letter of credit facility agreement ("**CIBC LC Facility**") with a facility limit of up to C$60 million. Borrowings were made available in Canadian dollars in the form of two separate letters of credit, both issued on November 28, 2023. On July 26, 2024, the CIBC LC Facility was amended to update certain defined terms to better align with the Senior Credit Facility and on December 16, 2024, the CIBC LC Facility was further amended to update certain financial covenants in a manner substantially consistent with the Senior Credit Facility and the EDC/Scotia Credit Facility. Funding under the CIBC LC Facility is used for general corporate purposes, as well as providing letters of credit to support Element Fleet's Canadian fleet receivables securitization arrangement, discussed in further detail below.

- IFC Facility. On December 20, 2024, Element Fleet, Element SOFOM and Element Mexico, as borrowers, entered into a Loan Agreement with the International Finance Corporation in respect of a sustainability-linked loan (the "**IFC Loan**"). The IFC Loan is denominated in Mexican Pesos with a facility size of up to MXN$1,530,971,250.00 (approximately the Mexican Peso equivalent of US$75 million), which may be increased up to the Mexican Peso equivalent of US$100 million with the inclusion of an additional lender. The facility matures in December 2029. The obligations of the borrowers under the IFC Loan are unsecured. If Element SOFOM and Element Mexico achieve certain sustainability related metrics in connection with their operations in Mexico, the margin will be reduced. The IFC Loan includes negative and affirmative covenants, including certain sustainability related covenants as well as certain events of default and other customary terms, including financial covenants (including a total debt to capitalization ratio, a minimum interest expense coverage ratio and a minimum tangible net worth threshold). The IFC Loan was amended effective February 19, 2025 to update the calculation of certain sustainability key performance indicators. As at December 31, 2024, the borrowers had not yet drawn on the IFC Loan.

Securitization

- U.S. Fleet Receivables Securitization Program. 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 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 U.S. through two titling trusts, Gelco Fleet Trust ("**GFT**") or D.L. Peterson Trust ("**DLPT**"). 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, 2024, Chesapeake Funding II LLC had issued three series of amortizing term notes, having an aggregate outstanding principal amount of US$1.8 billion. 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 and AAA (sf) by Fitch as of the date hereof. In 2024, Chesapeake Funding II LLC issued US$1.0 billion of asset backed term notes through one transaction pursuant to its securitization program to fund U.S. fleet assets. On August 15, 2024, Chesapeake Funding II LLC repaid in full the variable funding notes issued by it and terminated the related commitments of the syndicate of banks.

- Warehouse Credit Agreement. On August 15, 2024, Chesapeake IV Warehouse LP ("**Chesapeake IV Warehouse**"), a newly-formed indirect wholly-owned special-purpose subsidiary of Element Fleet, entered into a new credit agreement to fund certain U.S. fleet assets. Under this program, Chesapeake IV Warehouse is permitted to borrow up to US$3.0 billion, collateralized by beneficial interests in specified vehicles, leases and related rights. Chesapeake IV Warehouse originates vehicles leases in the U.S. through GFT or DLPT. Element Fleet Corporation acts as the servicer of such lease assets, but has delegated certain obligations to Element Fleet Leasing Limited. Element Fleet Management Corp. guarantees the performance by Element Fleet Corporation and certain other subsidiaries of Element Fleet Management Corp. of their related obligations. As of December 31, 2024, Chesapeake IV Warehouse had available and unutilized funding capacity of approximately US$2.2 billion under the existing funding commitment of the credit agreement.

- Canadian Fleet Receivables Funding Arrangements and Pass-through Notes Program. Element Fleet Lease Receivables L.P. ("**EFLR LP**"), an indirect wholly owned special-purpose limited partnership subsidiary of Element Fleet, operates a 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's funding program enables financing transactions to be backed by specified "pools" of underlying lease assets. In turn, EFLR LP finances its acquisition of the lease assets comprising a specific pool by issuing corresponding series of debt securities. Each series of debt securities issued by EFLR LP is serviced primarily from the cash flows arising under its corresponding pool of lease assets. To date, EFLR LP has completed multiple such series of funding transactions: one series takes the form of a securitization (described immediately below) and several other series take the form of pass-through notes (described below under "Syndication Arrangements"). In December 2024, Element Fleet sold approximately C$475 million of assets through the pass-through notes structure, and subsequently paid down C$476 million on the Class A notes.

  In the context of the securitization series, cash flows arising under a corresponding pool of leased assets are supplemented or enhanced by access to specified cash reserves and over-collateralization arrangements EFMI acts as the servicer of each pool of lease assets and Element Fleet guarantees the performance of EFMI's related obligations. Under EFLR LP's securitization series, EFLR LP acquires eligible fleet assets originated by EFMI on a revolving basis. EFLR LP finances its on-going acquisitions of such fleet assets by issuing variable-funding notes of such series to a syndicate of Canadian banks or their affiliates and asset-backed commercial paper conduits. EFLR LP's securitization series permits variable-funding notes to be issued in classes. Initially, the securitization series provided for the issuance of two classes of variable-funding notes; Class A and Class B. On March 13, 2023, the outstanding bank commitments to acquire Class A notes were reduced from C$1.35 billion to C$1.2 billion, and the outstanding bank commitments to acquire Class B notes were reduced from C$63.05 million to C$56.04 million. The facility was further amended on November 28, 2023 to upsize the Class A notes commitment from C$1.2 billion to C$1.6 billion (the "**Class A notes**") and reduce the Class B notes commitment (the "**Class B notes**") from C$56.04 million to C$0. As an alternative to the subordinated Class B notes, the amendment also provided for letters of credit to be used as a form of credit enhancement under the securitization series. Lastly, the amendment provided that the securitization series funding commitment was extended by two years until November 30, 2025, which funding commitment may be further renewed by agreement with the variable-funding investor syndicate. If not renewed, the variable-funding notes comprising the securitization series would amortize and pay out over the term of the corresponding pool of underlying lease assets in liquidation. As at December 31, 2024, Element Fleet had available and unutilized funding capacity of C$892.7 million under the existing securitization funding Class A 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. In May 2021, ECFT was amended to extend the facility maturity date by two years to May 16, 2023 and to increase the facility size by AU$25 million. ECFT has issued four series of asset-backed notes and loans, with each series being comprised of four debt classes. In May 2023, the facility was further upsized by AU$100 million to AU$1.025 billion and extended for a period of one year to May 16, 2024. In May 2024, the facility was increased further by AU$75 million to AU$1.1

billion and extended for two years to May 16, 2026. As of December 31, 2024, the third-party funding of these issued notes and loans amounted to outstanding balances of AU$1067.8 million, with unutilized funding capacity of AU$32.2 million.

- Other Asset-Backed Receivables Financing Agreement. On September 27, 2019, Element Fleet's indirect wholly owned special purpose subsidiary entered into an asset-backed receivables financing agreement with one lender (the "**Receivables Agreement**"). On September 27, 2022, the Receivables Agreement commitment limit was increased from US$400 million to US$450 million. In addition, the underlying USD benchmark was transitioned from LIBOR to SOFR, and the commitment period was extended to September 27, 2024. On September 27, 2024, the Receivables Agreement commitment limit was reduced to US$200 million effective as of January 2, 2025, and the commitment period was extended to September 26, 2025. 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. Under the Receivables Agreement, recourse available to the lender is generally limited to the assets of the special-purpose entity. As at December 31, 2024, Element Fleet had available and unutilized funding capacity of US$57.10 million under the existing commitment provided for under the Receivables Agreement.

Syndication Arrangements

From time to time, Element Fleet's subsidiaries syndicate certain finance lease receivables, either by transferring ownership of the syndicated lease receivables to a third-party investor or through the issuance by EFLR LP of interest bearing "pass-through" notes to third-party investors. Through these transactions, the applicable Element Fleet subsidiary is able to transfer its rights to future cash flows, interest rate risk, credit risk and tax benefits, if applicable, related to the syndicated lease receivables to the third-party investors. In the event the lessee terminates its lease prior to the lease term, the applicable Element entities in some cases may be required to compensate the third-party investor for foregone interest the investor would have received if there had not been an early termination of the underlying leases. For each syndication transaction, the Corporation evaluates the extent to which the risks and rewards of ownership have been transferred for purposes of determining the proper accounting treatment.

In the U.S., Element Fleet's syndication transactions involve the sale of 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 U.S. titling trusts, through which Element Fleet's 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.

In Canada, EFMI may arrange to sell beneficial interests in specified vehicles, leases and related rights to EFLR LP, which in turn finances such purchases by issuing corresponding series of notes to financial institutions and other institutional investors. Such financings take the form of series issuances of "pass-through notes", which substantially mirror the performance of the specified lease assets corresponding to the series. EFMI may also determine to sell lease assets or related cash flows directly to financial institutions and other institutional investors in certain circumstances. In both cases, EFMI acts as the servicer of the underlying fleet lease assets. Element Fleet also guarantees the performance by EFMI of its related obligations in certain transactions.

As of December 31, 2024, the aggregate book value of fleet lease assets sold or pledged to third party institutional buyers in 2024 under these syndication arrangements amounted to US$4,329,468,000. The buyers do not provide advance commitments to make purchases. However, there is reasonably firm guidance on program size and pricing direction based on individual credit ratings of the underlying obligors.

Capital Markets Initiatives

Since January 1, 2022, Element Fleet has taken the following capital markets initiatives:

- 2024 US Senior Note Offering. On March 13, 2024, Element Fleet completed an issuance of US$750 million of 5.643% senior unsecured investment-grade notes (the "**2024 Bond Offering**"). The notes priced in at an all-in yield of 5.643% and mature on March 13, 2027. The proceeds from the 2024 Bond Offering were used for working capital and general corporate purposes, and to repay the $500 million 1.600% senior unsecured notes which matured on April 6, 2024.

- 2024 Normal Course Issuer Bid. On November 18, 2024, the TSX approved Element Fleet's notice of intention to commence a Normal Course Issuer Bid (the "**2024 NCIB**"). The 2024 NCIB allows Element Fleet to repurchase on the open market (or as otherwise permitted), at its discretion during the period from November 20, 2024 to November 19, 2025, up to 40,386,699 Common Shares of Element Fleet, subject to rules of the TSX and applicable law. As of December 31, 2024, under the 2024 NCIB, 175,357 Common Shares were repurchased for cancellation for an aggregate amount of approximately C$5 million at a volume weighted average price of $28.51 per Common Share.

- 2023 US Senior Note Offerings. On June 26, 2023, Element Fleet completed an issuance of US$750 million of 6.271% senior unsecured investment-grade notes (the "**June 2023 Bond Offering**"). The notes priced in at an all-in yield of 6.271% and mature on June 26, 2026. The proceeds from the June 2023 Bond Offering were used for working capital and general corporate purposes. On December 4, 2023, Element Fleet completed an issuance of US$750 million of 6.319% senior unsecured investment-grade notes (the "**December 2023 Bond Offering**"). The sale priced in at an all-in yield of 6.319% and mature on December 4, 2028. The proceeds from the December 2023 Bond Offering were used (i) to repay all of Element Fleet's outstanding indebtedness under the BMO Term Facility and the CIBC Term Facility and pay related fees and expenses, and (ii) for working capital and general corporate purposes.

- 2023 Normal Course Issuer Bid. On November 13, 2023, the TSX approved Element Fleet's notice of intention to commence a Normal Course Issuer Bid (the "**2023 NCIB**"). The 2023 NCIB allows Element Fleet to repurchase on the open market (or as otherwise permitted), at its discretion during the period from November 15, 2023 to November 14, 2024, up to 38,852,159 Common Shares of Element Fleet, subject to rules of the TSX and applicable law. Under the 2023 NCIB, 455,300 Common Shares were repurchased for cancellation for an aggregate amount of approximately C$10 million at a volume weighted average price of C$21.95 per Common Share.

- 2023 Asset-Backed Term Notes. On April 19, 2023, Element Fleet (through Chesapeake Funding II LLC) 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$625.8 million of fixed and US$70 million of floating rate Class A notes; US$14.53 million of fixed rate Class B notes; US$20.43 million of fixed rate Class C notes, and US$19.24 million of fixed rate Class D notes. On September 12, 2023, Element Fleet (again, through Chesapeake Funding II LLC) completed a commercial vehicle fleet lease asset-backed term note issuance in the aggregate principal amount of US$750 million. The transaction structure resembled prior term issuances with the structure composed of four classes of notes, however the most subordinate class, Class D, was retained; US$645.8 million of fixed and US$50 million of floating rate Class A notes; US$14.53 million of fixed rate Class B notes; US$20.43 million of fixed rate Class C notes, and US$19.24 million of fixed rate Class D notes. The issue proceeds were used to pay down variable funding notes outstanding, increasing Element Fleet's undrawn liquidity under the U.S. securitization program operated by Chesapeake Funding II LLC.

- 2022 Normal Course Issuer Bid. On November 11, 2022, the TSX approved Element Fleet's notice of intention to commence a Normal Course Issuer Bid (the "**2022 NCIB**"). The 2022 NCIB allows Element Fleet to repurchase on the open market (or as otherwise permitted), at its discretion during the period from November 15, 2022 to November 14, 2023, up to 39,228,719 Common Shares of Element Fleet, subject to rules of the TSX and applicable law. Under the 2022 NCIB, 3,984,022 Common Shares were repurchased for cancellation for an aggregate amount of approximately C$73.9 million at a volume weighted average price of C$18.55 per Common Share.

GOVERNANCE

Board of Directors

As of February 26, 2025, the Board of Directors (the "**Board**") has ten members, comprised of Virginia Addicott, Andrew Clarke, Kathleen Taylor (Chair of the Board), Laura Dottori-Attanasio, Keith Graham (Chair of the Audit Committee), Joan Lamm-Tennant (Chair of the Compensation & Corporate Governance Committee), Rubin McDougal (Chair of the Credit & Risk Committee), Arielle Meloul-Wechsler, Andrea Rosen and Luis Téllez. Nine of the Corporation's directors are independent, with Laura Dottori-Attanasio being the only non-independent director.

Officers

As of February 26, 2025, the Corporation's executive officers consist of Laura Dottori-Attanasio (President and CEO), Frank Ruperto (Executive Vice President and Chief Financial Officer), Heath Valkenburg (Executive Vice President, incoming Chief Financial Officer), Jim Halliday (Vice Chair), David Madrigal (Executive Vice President and Chief Commercial Officer), Chris Gittens (Executive Vice President, Leasing), Claire Murphy (Executive Vice President and Chief Legal and Sustainability Officer), Bill Sutherland (Executive Vice President and Chief People Officer), Ian Oncea (Executive Vice President and Chief Operating Officer), Manuel Tamayo (President, Element Mexico), Chris Tulloch (President, Element ANZ), and Kobi Eisenberg (President, Element Mobility and Autofleet).

As previously announced, Element Fleet has appointed Heath Valkenburg as its new Executive Vice President and Chief Financial Officer effective March 28, 2025. Mr. Valkenburg will succeed Frank Ruperto who has decided to retire. Mr. Ruperto will remain with Element Fleet until March 28, 2025, to ensure a seamless transition.

EMPLOYEES

Element Fleet has approximately 2,900 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. 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.

SUSTAINABILITY

In 2020, Element Fleet launched its inaugural formal sustainability strategy, marking a pivotal step in aligning the Corporation's operations and goals with global sustainability frameworks. The strategy was originally informed by the Corporation's Global Balanced Scorecard and leading sustainability reporting frameworks, incorporating insights from investors, clients, and external experts to address key priorities effectively.

Since its inception, Element Fleet's sustainability strategy has evolved, reflecting the Corporation's growing commitment to sustainability and its focus on addressing the increasing importance of sustainability within the fleet management industry. Today, Element Fleet's strategy is grounded in a framework that emphasizes innovation, measurable impact, and alignment with international, and regional, best practices, while remaining firmly tied to the Corporation's Global Balanced Scorecard.

Key milestones and developments in 2024 included:

- Validation of science-based targets by the Science Based Targets initiative (SBTi).
- Enhanced reporting and transparency through alignment of disclosures with the Task Force on Climate-related Financial Disclosures (TCFD).
- Comprehensive Scope 1, 2 and 3 greenhouse gas measurement and disclosure.
- Continued focus on enabling client-centric decarbonization solutions.

The Board and management will remain committed to evaluating the evolving sustainability landscape, including regulatory developments in sustainability reporting, to ensure that Element Fleet's sustainability strategy remains compliant and aligned with market best practices.

DIVIDENDS

COMMON SHARE DIVIDENDS

Element Fleet paid a quarterly dividend of C$0.065 per outstanding Common Share from January 15, 2021 until October 15, 2021. On November 10, 2021, Element Fleet announced an increase in the quarterly dividend rate and paid a dividend of C$0.0775 per Common Share from January 14, 2022 until October 14, 2022. On November 8, 2022, Element Fleet announced a further increase in the quarterly dividend rate and paid a quarterly dividend of C$0.10 per Common Share from January 13, 2023 until October 13, 2023. On November 6, 2023, Element Fleet announced a further increase in the quarterly dividend rate and paid a quarterly dividend of C$0.12 per Common Share on January 15, 2024 until October 15, 2024. On November 13, 2024, Element Fleet announced a further increase in the quarterly dividend rate to from C$0.12 to C$0.13 per Common Share and paid a dividend of C$0.13 on January 15, 2025 to shareholders of record as at the close of business on December 31, 2024.

Element Fleet's Common Share dividend policy is to maintain an annual common dividend representing between 25% and 35% of the Corporation's last twelve months' free cash flow per share and to pay quarterly dividends. This policy 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 currently pays dividends to the holders of preferred shares on a quarterly basis.

<u>Series A Shares</u>. The Series A Shares were redeemed, in full, on December 31, 2023. Aggregate cash dividends of C$16.92 were paid through the full term of the preferred shares, including aggregate cash dividends of C$1.65 in each of 2015, 2016, 2017 and 2018 and C$1.73 in each of 2019, 2020, 2021, 2022 and 2023.

<u>Series C Shares</u>. The Series C Shares were redeemed, in full, on June 30, 2024. Aggregate cash dividends of C$16.40 were paid through the full term of the preferred shares, including aggregate cash dividends of C$1.625 in each of 2015, 2016, 2017, and 2018, C$1.59 in 2019, C$1.5525 in each of 2020, 2021, 2022, and 2023 and C$.77 in 2024.

<u>Series E Shares</u>. The Series E Shares were redeemed, in full, on September 30, 2024. Aggregate cash dividends of C$15.84 were paid through the full term of the preferred shares, including aggregate cash dividends of C$1.60 in each of 2015, 2016, 2017 and 2018, C$1.57 in 2019, C$1.48 in 2020, 2021, 2022 and 2023, and C$1.11 in 2024.

<u>Series G Shares</u>. The Series G Shares were redeemed, in full, on September 30, 2020. Aggregate cash dividends of C$8.68 were paid through the full term of the preferred shares, including aggregate cash dividends of C$1.625 in 2019 and C$1.22 in 2020 per Series G Share.

<u>Series I Shares</u>. The Series I Shares were redeemed, in full, on June 30, 2022. Aggregate cash dividends of C$7.91 were paid through the full term of the preferred shares, including aggregate cash dividends per Series I Share of C$1.4375 in each of 2018, 2019, 2020 and 2021 and C$0.71875 in 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 February 26, 2025, there were 403,621,612 Common Shares issued and 403,363,066 Common Shares outstanding, nil Series A Shares issued and outstanding, nil Series B Shares issued and outstanding, nil Series C Shares issued and outstanding, nil Series D Shares issued and outstanding, nil 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, nil 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.

Element has redeemed all its outstanding preferred share series thereby further optimizing the Corporation's balance sheet and maturing its capital structure.

DEBENTURES

2019 Debentures

On April 5, 2019, Element Fleet issued C$150 million aggregate principal amount of unsecured subordinated debentures, and on April 10, 2019, Element Fleet issued an additional C$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 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 C$11.77391 per Common Share, representing a conversion ratio of approximately 84.93355 Common Shares per C$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.

On June 26, 2024, Element Fleet redeemed all of its remaining 2019 Debentures. Prior to this date, beneficial holders of the 2019 Debentures exercised their right to exchange an aggregate principal amount of approximately CAD$172.0 million for consideration of approximately 14.6 million Common Shares, issued from treasury and delivered to beneficial holders. The 2019 Debentures were converted into Common Shares at a conversion price of CAD$11.77391 per Common Share.

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 September 26, 2024, DBRS confirmed Element Fleet's long-term issuer rating and long-term senior debt rating of "A (low)", short-term issuer rating and short-term instruments rating of "R-1 (low)" and a rating of "Pfd-2 (low)" on Element Fleet's Preferred Shares. The trend on all ratings were revised to stable from positive outlook.

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 August 15, 2024, Fitch affirmed Element Fleet's initial Long-Term Issuer Default Rating of "BBB+" and a rating of "BBB+" on the Corporation's Senior Unsecured Debt and Senior Unsecured 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 November 12, 2024, Standard and Poor's ("**S&P**") affirmed Element Fleet's issuer rating of "BBB" with a stable outlook, and a senior unsecured debt rating of "BBB".

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, 2024, Kroll Bond Rating Agency ("**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 2024.

Month	High (C$)	Low (C$)	Volume
December	30.26	27.52	12,654,623
November	30.49	26.51	17,374,632
October	30.04	28.27	10,075,201
September	28.89	27.05	11,498,354
August	28.17	24.85	9,920,957
July	26.92	24.53	7,473,713
June	25.35	23.71	14,345,148
May	24.99	21.78	16,368,331
April	22.56	21.20	9,705,336
March	23.12	21.42	11,506,158
February	23.46	21.66	9,701,793
January	23.27	21.33	12,997,830

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 2024. The Series C Shares were redeemed, in full, on June 30, 2024.

Month	High (C$)	Low (C$)	Volume
December	--------	--------	--------
November	--------	--------	--------
October	--------	--------	--------
September	--------	--------	--------
August	--------	--------	--------
July	--------	--------	--------
June	25.38	24.95	459,956
May	25.30	25.00	1,111,179
April	25.08	24.93	280,103
March	25.10	24.69	64,463
February	25.10	24.90	81,675
January	25.19	24.75	263,317

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 2024. The Series E Shares were redeemed, in full, on September 30, 2024.

Month	High (C$)	Low (C$)	Volume
December	--------	--------	--------
November	--------	--------	--------
October	--------	--------	--------
September	25.33	24.77	306,420
August	25.28	25.10	1,227,444
July	25.25	24.92	52,943
June	25.20	24.65	152,277
May	25.69	24.97	77,103
April	25.00	24.84	449,416
March	25.05	24.79	55,926
February	25.08	24.65	95,326
January	24.89	24.65	386,512

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 2024. The 2019 Debentures were redeemed, in full, on June 26, 2024.

Month	High (C$)	Low (C$)	Volume
December	--------	--------	--------
November	--------	--------	--------
October	--------	--------	--------
September	--------	--------	--------
August	--------	--------	--------
July	--------	--------	--------
June	210.65	201.83	7,020
May	208.92	194.96	36,650
April	183.19	183.19	150
March	191.00	191.00	100
February	193.80	188.01	4,060
January	195.50	189.30	600

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, Kathleen Taylor, Laura Dottori-Attanasio, Keith Graham, Joan Lamm-Tennant, Rubin McDougal, Arielle Meloul-Wechsler, Andrea Rosen, and Luis Téllez.

Name and Province/State and Country of Residence	Director since	Principal Occupation
Virginia Addicott(3)(4) Cleveland, Ohio, U.S.	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, U.S.	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; Director of LKQ Corporation since 2024; 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.
Kathleen Taylor(1) Toronto, Ontario, Canada	2023	Chair of Atlas Partners, a Toronto-based private equity firm (since 2019); Vice Chair of the Adecco Group AG (Since 2015); Director of Air Canada (since 2016); Director of Mattamy Asset Management (since 2022); Chair of the Advisory Board of the Cabot Collection (since 2022); Chancellor of York University; Chair of the Board of Trustees for the Hospital for Sick Children; Past Chair and member of the Board of the SickKids Foundation; previously Chair of the Board of the Royal Bank of Canada from 2014 to 2023; previously director of CPP Investments from 2013 to 2023; previously President and Chief Executive Officer of Four Seasons Hotels and Resorts.
Laura Dottori-Attanasio Toronto, Ontario, Canada	2023	Chief Executive Officer of Element Fleet since May 10, 2023; President of Element Fleet since February 15, 2023; Senior Executive Vice-President and Group Head, Personal and Business Banking of Canadian Imperial Bank of Commerce from 2020 to 2023; Senior Executive Vice-President and Chief Risk Officer of Canadian Imperial Bank of Commerce from 2013 to 2020.
Keith Graham(6) Chatham, Ontario, Canada	2018	Founder and President of Rondeau Capital Inc., a private investment and advisory company, since 2009; Director of Badger Infrastructure Solutions Ltd. Since 2022. 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.

Name and Province/State and Country of Residence	Director since	Principal Occupation
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; Chair of the Boards of Equitable Holdings, Inc. and AllianceBernstein Holdings L.P since 2021.
Rubin McDougal[(5)] Alpine, Utah, USA	2018	Former Chair of Boart Longyear, a leading provider of drilling services and drilling equipment from 2021 to 2024. Independent director of Speedcast since 2021 and of Novitex Enterprise Solutions, a managed services provider from 2014 to 2017. Private consultant since 2016; CFO of Great Wolf Resorts from 2018 to 2021; Chief Financial officer of CEVA Logistics, a global supply chain services provider, from 2009 to 2016.
Arielle Meloul-Wechsler[(1)(4)] Montreal, Quebec, Canada	2021	Executive Vice President, Chief Human Resources Officer and Public Affairs at Air Canada and a member of their executive team since 2013; 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.
Andrea Rosen[(1)(3)] Toronto, Ontario, Canada	2019	Director of Ceridian HCM Holdings Inc. (since 2018); Former director of Manulife Financial Corporation (from 2011 to 2024)and Emera Inc (from 2007 to 2024); Director of Alberta Investment Management Corporation from 2008 to 2017; Director of Hiscox Ltd. from 2006 to 2015.
Luis Téllez[(3) (4)]	2024	Owner of LTK y Asociados consulting firm, Director of Grupo Aeroportuario del Pacifico and Organizacion Cultiba; Co-Chair of the Mexico Institute of the Woodrow Wilson International Center; former Senior Advisor and Head of Mexico Stock Exchange from 2009 to 2014; former Minister of Communications and Transportation from 2006 to 2009.

(1) Member of Compensation and Corporate Governance Committee.

(2) Chair of Compensation and Corporate Governance Committee.

(3) Member of Credit and Risk Committee.

(4) Member of Audit Committee.

(5) Chair of Credit and Risk Committee.

(6) Chair of Audit Committee.

The Board has established director term limits in order to balance the value of experience with the benefits of new perspectives and ongoing board renewal. A director’s term limit is the earlier of 12 years of service and 75 years of age. In addition, each Committee chair has a term limit of 5 years. Term limits do not take precedence over our annual Board evaluation process. Nominations for re-election as director will be based on the skills and effectiveness of each director and the needs of the Board considering the Corporation’s strategic objectives.

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
Laura Dottori-Attanasio, Toronto, Ontario, Canada	Chief Executive Officer of Element Fleet since May 10, 2023; President of Element Fleet since February 15, 2023; Senior Executive Vice-President and Group Head, Personal and Business Banking of Canadian Imperial Bank of Commerce from 2020 to 2023; Senior Executive Vice-President and Chief Risk Officer of Canadian Imperial Bank of Commerce from 2013 to 2020.
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 Rayonier Advanced Materials Inc. from 2014 to 2019.

Name and Province/State and Country of Residence	Principal Occupation
Jim Halliday Wellington, Florida, U.S.	Vice Chair of Element Fleet; previously Executive Vice President and Chief Operating Officer of Element Fleet; 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.
Bill Sutherland Toronto, Ontario, Canada	Executive Vice President and Chief People Officer of Element Fleet; previously Vice President Human Resources, Personal & Business Banking at Canadian Imperial Bank of Commerce from 2020 to 2023; Vice President, Total Rewards from 2018 to 2020 at Canadian Imperial Bank of Commerce.
Chris Gittens Dublin, Ireland	Executive Vice President, Leasing of Element Fleet; previously Executive Vice President, Technology of Element Fleet from 2022 to 2023, Executive Vice President, Strategic Partnerships of Element Fleet from 2019 to 2022; prior to that he held various roles overseeing Canadian commercial activities for Element Fleet (2013-2018).
David Madrigal Minneapolis, Minnesota, U.S.	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 previously led Element Fleet's Mexican business. His experience spans sales, risk, marketing, operations, project management and business development.
Claire Murphy Waterford, Ireland	Executive Vice President and Chief Legal and Sustainability Officer of Element Fleet; previously Vice President, Legal & Corporate Operations of Element Fleet Leasing Limited from March 2024 to January 2025; Group General Counsel, Company Secretary & Director of Shared Services: Speed Fibre Group from June 2018 to February 2024.
Ian Oncea Toronto, Ontario, Canada	Executive Vice President & Chief Operating Officer of Element Fleet; previously Senior Vice President Product Strategy and Corporate Development April to August 2024; Vice President CIBC Insurance and President and CEO CIBC Life Insurance 2021 to 2024; Vice President Strategy and Insight, CIBC Enterprise Anti-Money Laundering 2018 to 2021.
Heath Valkenburg Toronto Ontario, Canada	Executive Vice President, incoming Chief Financial Officer; previously SVP and Treasurer of Element Fleet from 2023 to 2025; Chief Financial Officer of Element ANZ from 2019 to 2023; deputy Chief Financial Officer of Element ANZ from 2017 to 2019; prior to that he held other financial roles with Element ANZ and its predecessor company as well as roles with KPMG.
Manuel Tamayo, Mexico City, Mexico	President, Element Mexico; previously VP and Commercial Officer Element Mexico from Oct 2016 to March 2020, Head Structured Origination Trade Finance - Global Corporate Banking in Santander Mexico and Managing Director Sales for GE Capital from 2006 to 2016.
Chris Tulloch, Melbourne, Victoria, Australia	President, Element ANZ; previously Vice President, Operations of Element ANZ from April 2020 to July 2022; General Manager of Novated Leasing from September 2016 to April 2020.
Kobi Eisenberg, Tel Aviv, Israel	President, Element Mobility and Autofleet since October 2024; CEO & Co-founder of Autofleet since January 2018; Head of Product Management at Gett 2017-2018; VP Product Management at Bidgely from 2015-2017.

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 an independent director of Boart Longyear in 2021 when it went through a Scheme of Arrangement in which debt was converted to equity.

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 February 26, 2025, the directors and officers of Element Fleet as a group owned, or controlled or directed, directly or indirectly, 728,912 Common Shares, representing 0.18% of the issued and outstanding Common Shares.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of Element Fleet, as at December 31, 2024, T. Rowe Price Associates, Inc. exercised control or direction over 40,908,023 Common Shares, representing approximately 10.1% of the issued and outstanding Common Shares. 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, 2025: (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), 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. He has been a director of Badger Infrastructure Solutions Ltd. since 2022. 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.

Andrew Clarke

Mr. Clarke was appointed to Element Fleet’s Board in June 2018. Mr. Clarke has over 20 years of experience in the transportation industry. Mr. Clarke previously served as 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, a position he held from 2015 to 2019. Mr. Clarke is currently a director of LKQ Corporation, and NASDAQ-listed entity that provides alternative and specialty parts to repair and accessorize automobiles and other vehicles, a director of Logistics Innovation Technologies Corp., a NASDAQ-listed special purpose acquisition company, and a director of two private companies, Direct Chassis Link, Inc. and Rock-it Cargo USA LLC. Mr. Clarke was previously a director of several other public companies, including Big Lots, Inc., 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 Chair 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 is Chair of the Audit Committee and a member of the Nominating and Governance Committee. She is also 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. 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.

Luis Téllez

Mr. Téllez was appointed director of Element Fleet in May 2024. He currently runs his own consulting firm, LTK y Asociados, where he advises several large companies across various industries. He also currently serves on the Board of Directors of Grupo Aeroportuario del Pacífico and Organizacion Cultiba and was previously a director on a number of other public companies. Mr. Téllez is also engaged with several non-profit institutions, including as Co-Chair of the Mexico Institute of the Woodrow Wilson International Center. Previously, Mr. Téllez was a Senior Advisor and Head of Mexico for Kohlberg Kravis Roberts (KKR) from 2015 to 2023 and Chairman and CEO of the Mexico Stock Exchange from 2009 to 2014. Mr. Téllez is also the former Minister of Communications and Transportation from 2006 to 2009 along with various other prior roles in the Mexican government.

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 external auditing firm since August 11, 2010. Fees payable by Element Fleet for the fiscal years ended December 31, 2024 and December 31, 2023 to Ernst & Young LLP and its affiliates were US$5,715,885 and US$4,854,046, respectively, as follows:

	2024	**2023**
Audit Fees	US$2,897,955	US$2,824,945
Audit-Related Fees	US$765,824	US$894,730
Tax Fees	US$2,052,106	US$1,134,371
Other Fees	—	—
TOTAL	US$5,715,885	US$4,854,046

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, 2024 and the financial statements of certain subsidiaries. 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 2024 and 2023 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.

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 2024 or 2023 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, there are no 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.

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 & Risk Factors*" and "*Critical Accounting Policies and Estimates*" in the 2024 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 its growth objectives 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, including traditional competitors such as 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. In addition, as the industry continues to develop and move towards EVs, connected vehicles and other new technologies, the landscape of Element Fleet's competitors is evolving and includes more technology focused companies, such as telematics providers, tech start-ups and other new market entrants. Increased competition in the Company'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 Company's markets. In addition, Element Fleet's competitors may have superior technology and digital capabilities which could make them more attractive to Element Fleet's current and prospective clients. Increased competitive pressures as a result of any of the foregoing 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, competitors 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. Additionally, demand for vehicle-related products and services may be reduced by factors that are beyond Element Fleet's control, such as general market conditions.

Element Fleet's growth strategy also includes growing beyond the Corporation's core business, including through targeting small and medium sized fleets and the introduction of an insurance offering in US and Canada, among other potential initiatives. While Element Fleet believes that it will be able to execute on its initiatives to grow beyond the core, these initiatives may not be successful and may not deliver their expected benefits.

If Element Fleet is unable to expand its market share, successfully tap into underserved markets and/or retain its clients and/or successfully grow beyond its core business, 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.

The Acquisition of Autofleet may Fail to Deliver its Expected Benefits

Element Fleet believes that the acquisition of Autofleet will improve the Corporation's digital capabilities and support the Corporation's strategic objectives. However, any acquisition involves some level of risk and uncertainty and it is possible that the expected benefits from the acquisition of Autofleet will not materialize or may not be sustainable. In addition, Autofleet's operations are based in Israel, a country that often experiences a high level of geopolitical risk. Element Fleet may also experience difficulty and expense in integrating the operations and personnel of Autofleet into Element Fleet's business. In the event Element Fleet fails to capture the expected benefits of the Autofleet acquisition, there are greater than expected difficulties and expenses integrating Autofleet into Element Fleet's business or Autofleet's operations experience significant disruption, 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 may be Unable to Successfully Execute on its Strategic Initiatives

Element Fleet believes that its strategic initiatives, including (a) centralizing accountability for its U.S. and Canadian leasing function in Dublin, Ireland, (b) establishing a strategic sourcing and relationship management presence in Asia, (c) prioritizing digitization and automation, and (d) growing beyond the Corporations' core business will have a positive impact on Element Fleet's business. However, there can be no guarantee that these initiatives will be successful or that they will have the expected impact. In addition, Element Fleet is expending significant costs in pursuing these initiatives. If Element Fleet experiences challenges in executing these initiatives or if the initiatives do not have the anticipated benefits to Element Fleet's business, the financial condition and/or results of operations of the Corporation 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, fees and other practices related to Element Fleet's business. Any legislative or regulatory restrictions on Element Fleet's ability to price its services or otherwise conduct its business could materially and adversely affect Element Fleet's revenue. Any decrease in Element Fleet's revenue derived from these service fees and charges or restrictions on Element Fleet's pricing or other practices could materially and adversely affect Element Fleet's business, financial condition and/or results of operations.

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

Element Fleet has clients across a wide range of industries. However, Element Fleet has more significant exposure in certain industries. If an industry segment in which Element Fleet has a higher concentration of leases and loans 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, 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. There can be no assurance that additional financing, if required, 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, by borrowing money through senior credit facilities or other funding facilities, issuance of senior unsecured notes, the syndication and securitization of certain of its leases and loans and the issuance of debt and equity interests to institutional, accredited and other investors. 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 favourable 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

Element Fleet continues to increase the number of assets it syndicates, with such increases primarily attributable to higher originations and an ongoing focus on a capital lighter model driving higher volumes. Such increases have increased the number of names syndicated, which has impacted Element Fleet's syndication mix. 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 implementation of a capital lighter model, business, financial condition and/or results of operations. Any increases in the fed funds rate and/or a decline of bonus deprecation may add stress to Element Fleet's syndication yields.

Global Financial Markets, Political Uncertainty 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 or volatility with interest rates and spreads 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 other health threats 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 generate vehicle originations and the credit quality of new originations may deteriorate. In addition, 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, 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, interest rates, foreign currency exchange rates or other factors affecting its businesses, including the possibility of political unrest or 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.

Changes in the political conditions in which Element Fleet operates and provides services, as well as changing geopolitical conditions, may be difficult to predict and may adversely affect Element Fleet's business and financial results. Results of elections (including the 2024 elections in the U.S. and Mexico), upcoming elections (including the next Canadian federal election), referendums, sanctions or other political processes and pressures in certain markets in which Element Fleet's services are provided could create uncertainty regarding how existing governmental policies, laws and regulations may change, including with respect to sanctions, taxes, tariffs, import and export controls and the general movement of goods, materials, services, capital, data and people between countries, as well as impact on local, national and global economies. Notably, the U.S. government previously announced a 25% tariff on goods from Canada and Mexico (10% for Canadian energy) and a 10% tariff on goods from China. In response, Canada announced they would impose tariffs on select U.S. products and Mexico indicated they would respond as well. The tariffs with Canada and Mexico were subsequently delayed for 30 days until March 4 to allow for further discussions to take place. The U.S. government later announced 25% tariffs on all steel and aluminum imports to the United States, to go into effect on March 12, in addition to their previously announced tariffs. It is unclear the extent to which any or all of these tariffs will come into force, if they will remain at their proposed levels and the extent of their impact on trade between these countries. The potential impact of these tariffs and other political uncertainty could adversely affect Element Fleet's business, financial condition and/or results of operations.

Element Fleet's operations in and continued expansion into international markets, including the migration of Element Fleet's centralized leasing function to Dublin, Ireland and the establishment of a strategic sourcing and relationship management presence in Asia, may bring additional political, financial and economic risks in such jurisdictions that 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 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 Element Fleet's Business

Element Fleet's business relies upon the continued ability of vehicle manufacturers to deliver vehicles to Element Fleet. Element Fleet's ability to provide leasing and fleet management services to Element Fleet's clients is dependent upon vehicle manufacturers delivering sufficient quantities of vehicles on time to meet Element Fleet's 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 Element Fleet's suppliers' production schedule caused by an unexpected shortage of systems, components, raw materials or parts for vehicles, or due to labour disputes or other factors affecting their workforce, 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.

Third Party Risk

Element Fleet regularly engages in a variety of third-party relationships to provide expertise and efficiencies that support Element Fleet's operations. The inability of a third-party to meet its ongoing service commitments, failure to process transactions completely and accurately, failure to safeguard sensitive corporate and personal information, failure to meet expected standards and failure to have adequate disaster recovery and business continuity plans could result in adverse impacts to Element Fleet's reputation, business, financial condition and/or results of operations.

In addition, from time to time, Element Fleet may be required to enter into certain exclusivity, preferred pricing, right of first refusal, right of first offer, non-compete, non-solicit and/or similar restrictive arrangements with clients, suppliers and other third parties. While appropriate protections will typically be sought to limit the scope of such restrictive arrangements, such arrangements may nonetheless have the effect of restricting the ability of Element Fleet to pursue certain activities which may otherwise have been considered as potentially suitable for Element Fleet or may otherwise impact Element Fleet's business.

Environmental Laws and Element Fleet's Sustainability 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, Element Fleet's vehicle, and/or other costs could increase, and Element Fleet's business could be adversely affected. Additionally, any sustainability 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.

Element Fleet May Fail to Achieve its Sustainability Goals

Element Fleet has established targets and other assessment criteria related to sustainability matters, some of which are detailed in Element Fleet's latest sustainability report. Such targets and criteria are based on Element Fleet's current assumptions related to scientific or technological developments, the regulatory landscape, trends in the automotive commercial fleet market, and other matters that are subject to change in the future, as well as standards for measuring progress that are still in development, and subject to a number of significant risks and uncertainties. Because of the limitations and uncertainties inherent in climate and sustainability science, climate risk analysis and sustainability reporting, we relied upon prevailing climate change quantification guidance and made reasonable and good faith estimates and assumptions in establishing Element Fleet's sustainability targets. There are numerous factors, many of which are beyond Element Fleet's control, that are the subject of ongoing climate and sustainability science and that we may not foresee or be able to accurately predict, and which may impact Element Fleet's ability to achieve these targets, including the availability of comprehensive and high-quality greenhouse gas emissions data, slow adoption of commercial electric vehicles by companies for their fleets, the availability of technology necessary to achieve these targets, including supply chain issues relating to electric vehicles and their components, the development and performance of technology, innovation and the future use and deployment of technology and associated expected future results, and environmental regulation. There is no assurance that Element Fleet's sustainability initiatives will be economically viable, effective or that the anticipated benefits will materialize. Element Fleet's ability to achieve Element Fleet's sustainability targets, commitments, and other goals depends on the development and performance of technology (including in particular electric vehicles), innovation, and the future use, adoption and deployment thereof and it is possible that the changes needed to achieve such targets, commitments and goals will not be feasible or that the costs will be material, either of which could have a material adverse effect on Element Fleet's reputation, business, results of operations or financial condition. Element Fleet's failure, or perceived failure, to achieve Element Fleet's goals regarding sustainability matters could damage Element Fleet's reputation, causing investors, consumers, and other stakeholders to lose confidence in us, and may adversely impact Element Fleet's business, financial condition, results of operation and/or impact Element Fleet's share price.

A variety of stakeholders, including regulators, investors, advisory firms, rating agencies, clients and other market participants, are establishing laws, regulations, expectations, reporting obligations and/or assessments reflecting their expectations for corporate practices related to climate change and other corporate responsibility matters. We may incur capital expenditures, compliance costs, and other costs to comply with increasingly stringent environmental laws, enforcement policies and regulatory reporting requirements. In addition, if Element Fleet's sustainability practices do not meet, or are not viewed as meeting, investor or other stakeholder expectations and standards (which are continually evolving and may emphasize different priorities than the ones we now or in the future choose to focus on), or if we do not or appear not to achieve Element Fleet's sustainability goals, then we may be negatively impacted. Climate-related litigation has increased in recent years, including claims involving the failure of organizations to mitigate their impacts on climate change, the failure of organizations to adapt to climate change, the insufficiency of disclosure around material risks or inaccuracy of climate-related disclosure and allegations of "greenwashing". Furthermore, if regulators or others disagree with Element Fleet's sustainability disclosures, for example, because they believe them to be incomplete or misleading, we may face regulatory enforcement action or private rights of action and Element Fleet's business or reputation could be adversely affected. There is also a risk that a significant reorientation in the market following the implementation of measures relating to sustainability disclosure requirements could be adverse to Element Fleet's business if we are perceived to be presenting Element Fleet's business as having green or sustainable characteristics where this is not, in fact, the case (i.e., "greenwashing"). Additionally, compliance with any new regulations or laws (for example, the adoption of Canadian Bill C-59 in June

2024) generally increases Element Fleet's regulatory burden and could make compliance more difficult and expensive, thereby adversely impacting Element Fleet's financial position.

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, marketing and other personnel. 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.

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 and financial condition.

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 officers could also adversely affect Element Fleet. Element Fleet provides a competitive compensation package, which includes incentive plans 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, syndication arrangements and the senior credit facilities, contain financial and non-financial covenants, such as requirements that Element Fleet comply with one or more of an interest coverage ratio, debt to capitalization ratio, a minimum tangible net worth 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, 2024, Element Fleet had US$8.46 billion in borrowings and US$0 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 certain of its 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. In addition, Element Fleet may incorporate artificial intelligence into the development of technologies and business operations, and into Element Fleet's services. Element Fleet's use of artificial intelligence (AI) may increase vulnerability to cybersecurity risks, including through unauthorized use or misuse of AI tools, logic or the introduction of malicious code incorporated into AI generated code. AI may also be used to generate cyberattacks with greater scale and efficacy than traditional threat actors, which could result in greater risks of security incidents and breaches. 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 has, and may continue to have, a portion of its workforce that work remotely on a hybrid or full-time basis, which exposes Element Fleet to additional cybersecurity risks. Employees working remotely may expose Element Fleet to cybersecurity risks through (i) unauthorized access to sensitive information as a result of increased remote access, including employees' use of company-owned and personal devices and videoconferencing functions and applications to remotely handle, access, discuss or transmit confidential information, (ii) increased exposure to phishing and other scams as cybercriminals may, among other things, install malicious software on Element Fleet's systems and equipment and access sensitive information, and (iii) violation of international, federal, or provincial/territorial-specific privacy laws. A significant disruption of Element Fleet's information technology systems, unauthorized access to or loss of confidential information, or legal claims resulting from violation of privacy laws could each have a material adverse effect on Element Fleet's business, financial condition and/or results of operations.

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 Element Fleet's administrative and operational resources and its ability to manage growth.

To the extent that the prior owners of businesses acquired by Element Fleet failed to comply with or otherwise violated applicable laws, Element Fleet, as the successor owner, may be financially responsible for these violations and any associated undisclosed liability. Element Fleet seeks, through systematic investigation, due diligence and, where applicable, through indemnification by former owners, to minimize the risk of material undisclosed liabilities associated with acquisitions; however, there are limitations to such protections and such protections may not be adequate to address the underlying risks and make Element Fleet whole. The discovery of any material liabilities, including but not limited to tax, legal, and environmental liabilities, could have a material adverse effect on Element Fleet's business, financial condition and/or results of operations.

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 recently implemented enterprise resource planning system, 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, including AI technology. 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 (including in AI), 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 or adopt AI related strategies, 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.

Exposure to Risks Related to the Use of AI

Element Fleet may incorporate AI capabilities into the development of technologies and services. AI technology is complex and rapidly evolving, and may subject us to significant competitive, legal, regulatory, operational and other risks. The implementation of AI can be costly, and there is no guarantee that Element Fleet's use of AI will enhance Element Fleet's technologies, benefit business operations, or improve the Corporation's services. Element Fleet's competitors may be more successful in their AI strategy and develop superior products and services with the aid of AI technology. Additionally, AI algorithms or training methodologies may be flawed, and datasets may contain irrelevant, insufficient or biased information, which can cause errors in outputs. This may give rise to legal liability, damage Element Fleet's reputation, and materially harm Element Fleet's business. The use of AI in the development of Element Fleet's services could also cause loss of intellectual property, as well as subject Element Fleet to risks related to intellectual property infringement or misappropriation, data privacy and cybersecurity. Additionally, AI technology may also create ethical issues, which could impair market adoption of such technology and impair demand for Element Fleet's services. Furthermore, Canada, the U.S. and other countries may adopt laws and regulations related to artificial intelligence. Such laws and regulations could cause Element Fleet to incur greater compliance costs and limit the use of artificial intelligence in the development of Element Fleet's products and services. Any failure or perceived failure by Element Fleet to comply with such regulatory requirements could subject Element Fleet to legal liabilities, damage Element Fleet's reputation, or otherwise have a material and adverse impact on Element Fleet's business.

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 Element Fleet's lease portfolio will require ongoing availability of 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 funding arrangements and borrowing facilities and its access to bank term funding will be sufficient to fund its normal operating and capital expenditures as the Corporation grows. However, there can be no assurance that the Corporation will have sufficient liquidity to meet its future liabilities when due, which could materially and adversely affect Element Fleet's business and financial condition.

As at December 31, 2024, the Corporation had available liquidity of US$5 billion compared to US$5 billion million at December 31, 2023 (largely unchanged).

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 2024, DBRS upgraded their rating to A (low) from BBB (high) and revised their outlook to stable from positive. In August 2024, Fitch Ratings affirmed their stable outlook and investment-grade rating of BBB+. In October 2024, Kroll Bond Rating Agency affirmed their stable outlook and investment-grade rating of A-. In November 2024, S&P affirmed their stable outlook and investment-grade ratings of BBB.

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.

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 its exposure to foreign currency risk. Element Fleet currently partially hedges its net investment in foreign subsidiaries. As at December 31, 2024, the Corporation did not have a significant unhedged 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 U.S. dollar and respective foreign currency exchange rate used to translate Element Fleet's foreign currency denominated net income into the U.S. dollar equivalent, the Corporation's reporting currency, during each period. Element Fleet may mitigate and manage this type of foreign currency risk by entering into foreign currency forward contracts, or other effective hedges, to reduce or hedge this exposure to foreign currency risk. Based on the Corporation's latest analysis, 1% depreciation (appreciation) in the value of the U.S. dollar against all of the Mexican peso, Australian dollar, New Zealand dollar, and Canadian dollar simultaneously would be expected to increase (decrease) adjusted operating income by approximately US$3.6 million with Mexico representing approximately 69% of the total aggregate impact.

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 19% of the Corporation's assets. Given the success Element Fleet has had in that market (and the possibility that double-digit revenue growth could be sustained), the Corporation has procured access to Mexican Peso-denominated funding and has replaced a portion of the U.S. dollar funding with Mexican Peso funding. In addition to raising matched funding, Element Fleet implemented a hedging strategy using foreign exchange forward contracts to further reduce foreign currency exposure to the Mexican Peso.

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 lease financing rates reflect appropriate spreads to insulate against sudden unexpected interest rate movements. Notwithstanding the Corporation's careful monitoring of borrowing costs, in a market environment featuring the sustained expansion of corporate spreads atop benchmark rates, Element may experience net interest income and rental revenue compression as the Corporation terms out, renews and extends its funding facilities opposite certain long-term lease contracts at fixed spreads to benchmark rates. The same market environment (sustained expansion of borrowing spreads atop benchmark rates) would impact the Corporation's analysis of when to syndicate certain assets to optimize the economics thereof.

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, 2024, the percentage of the total lease portfolio and the loan portfolio that had fixed interest rates was 48.86% and 99.99%, respectively.

After considering the fixed interest rate spread on the funding programs and the high exposure to fixed rate finance receivables described above, the Corporation believes its 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, or may not achieve Element Fleet's published guidance, 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 and penetration of Element Fleet's services
- 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;
- regulatory changes, including the 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 global economy and local economies in which Element Fleet has operations, including the Canadian, U.S., Mexican, Australian, New Zealand, Irish and Israeli 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 growth rates. Any shortfalls in Element Fleet's net finance revenue, origination activity, services revenue or in its expected growth rates could result in decreases in its share price. Additionally, Element Fleet's use of AI in the development of Element Fleet's services could cause the loss of intellectual property and could subject Element Fleet to risks related to intellectual property infringement.

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®, 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. Additionally, Element Fleet's use of AI in the development of Element Fleet's services could cause the loss of intellectual property and could subject Element Fleet to risks related to intellectual property infringement.

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, deductibility, and provisions on hybrid arrangements. These proposals, if implemented, could have a material adverse impact on Element Fleet's business, financial condition and results of operations. The Organization for Economic Co-operation and Development (OECD) has implemented a new global minimum tax regime for the participating countries which includes all jurisdictions that Element Fleet currently operates in. Certain jurisdictions may be subject to the new top up tax as a result of operating at an effective tax rate lower than the required 15%.

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.

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, 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.

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 C$0.075 to C$0.045 and in Q4 2024 Element Fleet increased its quarterly Common Share dividend from C$0.12 to C$0.13. 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.

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 Canada, the U.S., 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 or other securities issued by Element Fleet will trade in the future. The Common Shares 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. 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.

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.

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) and all such preferred shares have since been redeemed, 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"), future sustainability reporting obligations, 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 2024 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 Element Fleet's 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 under applicable securities laws, including 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.

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 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 man-made 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, 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.

Insurance Risk

Element Fleet maintains a program of insurance coverage that is ordinarily maintained by similar businesses, including property insurance, directors' and officers' insurance, general commercial liability insurance, auto and cyber insurance. While management evaluates the sufficiency of Element Fleet's insurance coverage on an ongoing basis, there can be no assurance that a claim or claims under Element Fleet's insurance policies will not exceed the limits of available insurance coverage, that any insurer will remain solvent or willing to continue providing insurance coverage with sufficient limits or at a reasonable cost or that any insurer will not dispute coverage of certain claims due to ambiguities in the relevant policies. A judgment against Element Fleet in excess of available insurance coverage 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.sedarplus.ca. 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, 2024 and the accompanying Management's Discussion and Analysis dated February 26, 2025, which have been filed on SEDAR.

APPENDIX A

ELEMENT FLEET MANAGEMENT CORP.

AUDIT COMMITTEE MANDATE

Updated as of February 26, 2025

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 Whistleblower and Code of Conduct Procedures

The Audit Committee shall oversee procedures for (a) the receipt, retention, and treatment of complaints received by the Corporation regarding the Code of Conduct and any accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding the Code of Conduct or questionable accounting, internal accounting controls 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.