

Credit and Risk Committee Mandate

Purpose and scope

The Credit and Risk Committee (the “**Committee**”) has been established by the Board of Directors (“**Board**”) of Element Fleet Management Corp. (the “**Corporation**”) to oversee the Corporation’s credit risk management framework, assess its risk appetite, and ensure the adequacy and effectiveness of the overall risk management practices within the organization. The Committee aims to protect the interests of shareholders, clients, and other stakeholders of the Corporation by ensuring that risks are identified, assessed, managed, and monitored in alignment with the company's strategic objectives.

Membership and chair

Number of members

The Committee shall be composed of three or more members (“**Members**”) of the Board.

Independence of members

At least 50% of the Members shall be independent, within the meaning of the provisions of National Policy 58-201 Corporate Governance Guidelines, as it 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 Members may designate a Chair by a majority vote. The Chair will preside over all Committee meetings, coordinate the Committee’s compliance with this Mandate, work with management to develop the Committee’s annual work-plan, and provide reports of the Committee to the Board.

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.

Sub-committees

The Committee may designate a sub-committee to review any matter within this Mandate as the Committee deems appropriate.

Meetings

Number of meetings

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

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 Committee may invite to a meeting any directors, officers, or team members of the Corporation, legal counsel, advisors, and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.

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.

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.

Duties and responsibilities

Subject to the powers, duties, and the Board, the Committee shall oversee the Corporation's risk management and credit risk management functions and processes, which oversight may include, in the case of risks overseen by the full Board or another committee of the Board, working with the Board or such other committee. To this end, the Board has delegated the following powers and duties to be performed by the Committee on behalf of and for the Board:

1. Risk management related duties and responsibilities

Risk understanding

- (a) Review annually the report from management identifying on an enterprise-wide basis current and emerging material risks confronting the Corporation in terms of gross risks, measures taken and controls being applied to mitigate risks, and the net of residual risks faced and the Corporation's responses to trends affecting those exposures.
- (b) Review quarterly reports on a number of the identified material risks.
- (c) Consider emerging industry and regulatory risks issues and their potential impact on the Corporation.

Risk policies

- (a) Review any of the Corporation's material risk management policies as appropriate and necessary and, if considered appropriate and necessary, recommend such policies to the Board for approval.
- (b) Oversee the Corporation's development of its risk appetite framework to ensure it is aligned with the Corporation's strategic objectives and satisfies any applicable regulatory requirements.

- (c) Review with management the conceptual framework for the assessment of material risks and the plans and policies to mitigate their impact on the Corporation.
- (d) Evaluate the effectiveness of the Corporation's risk mitigation strategies and controls that are in place to address identified risks.
- (e) Review annually and approve changes when appropriate and necessary to the policies implemented for the mitigation, management and control of risk, including risk appetite, underwriting management, asset-liability risk management, capital risk, operational risk management, and mergers and acquisitions.

Risk review

- (a) Review and consider with senior management the Corporation's risk capacity, risk taking philosophy and approach to determining an appropriate balance between risk and reward.
- (b) Review and evaluate the Corporation's current exposures to funding currency, interest rate, and other market risks in relation to its capacity to bear risk, and the management of such risks.
- (c) Review and discuss with senior management the Corporation's significant financial and non-financial risk exposures, including market, credit, liquidity, operational, reputational, strategic, regulatory, information technology, and business risks, and the steps senior management has taken to mitigate, monitor and control such risk exposures.

Governance

- (a) Ensure that those managing risk with the Corporation have adequate authority, independence and resources to perform their mandates.
- (b) Ensure that independent reviews of the risk management functions are conducted as needed.
- (c) Review the effectiveness of those managing risk in the Corporation and of the risk management functions annually.

2. Credit risk management duties and responsibilities

Credit risk management

- (a) Ensure that management has established processes and an

enterprise risk management framework and governance structure designed to identify, bring to the Board's and/or the Committee's attention, and appropriately manage, monitor, control, and report exposures to the major credit risks affecting the Corporation (including credit, market, funding, reputation, and operational risks).

- (b) As appropriate, review and recommend to the Board the contents of any of the Corporation's risk tolerance statements that defines the amount of risk that the Corporation can take to achieve its strategic objectives (including quantitative and qualitative measures of risk related to credit, regulatory, reputation, capital, and earnings volatility).
- (c) Review the Corporation's credit portfolio, including the composition, concentration and performance of credit exposures, and assess the quality of the Corporation's credit portfolio and the adequacy of the provision of credit losses.
- (d) Monitor the performance and quality of the Corporation's credit portfolio through the review of measures of credit quality and trends and such other information as it deems appropriate, including non-performing assets, credit delinquencies, repossessed assets, and charge-offs.
- (e) Review and assess the Corporation's risk grading methodology, allowance for loan loss and reserve policies.
- (f) Review management's evaluation of credit risk aspects of strategies or exposures to industry segments, countries, and key markets to ensure they are in keeping with overall credit risk tolerances.
- (g) Receive and review reports on selected credit risk topics as management or the Committee deems appropriate from time to time.

- (h) Review at least annually and approving as required: (i) management's evaluation of the performance of risk rating systems; and (ii) risk appetite and risk-based capital requirements, and recommending the appropriate capital level for risk to the Board.

It is not the responsibility of the Committee to conduct risk assessment and management; rather, the Committee is responsible for reviewing the Risk Management Corporate Policies pertaining to risks, and management implementation thereof, as provided herein.

Funding risk management

- (a) At least annually, review and approve the Corporation's investment, loan, liquidity, funding, cash management, liability, and hedging strategies.
- (b) Monitor the performance of the Corporation's funding, hedging, and syndication activities.
- (c) Review the Corporation's liquidity position and contingency plans and monitor internal and external factors and events that could have a bearing on such positions and plans.
- (d) Monitor interest rate risk for excessive risk exposure, review interest rate risk sensitivity analyses and reports, and review management's assessment of the adequacy of the Corporation's interest rate risk management information systems.

Adherence to risk management corporate policies

- (a) Oversee the administration and effectiveness of, and compliance with, the Corporation's credit policies through review of such processes, reports, and other information as it deems appropriate.
- (b) Review and assess the adequacy of the Corporation's allowance for credit losses and periodically review the methodology used by management in computing the adequacy of reserves.
- (c) Oversee the continual re-evaluation of the Corporation's credit risk monitoring programs, processes and credit risks.
- (d) Review reports of significant issues prepared by the Corporation's internal credit risk oversight functional groups and committees.

Credit risk organizational matters

- (a) Recommend to the Board the exposure limits and risk-taking authority to be delegated by the Board to the Chief Executive Officer.
- (b) Review, and jointly with the Compensation and Corporate Governance Committee recommending to the Board, the appointment or change of the CROs, as required; and annually assessing the effectiveness of the CROs and reviewing and approving his or her mandate.
- (c) Review and approve annually the organizational structure and resources of the risk management function and assessing its effectiveness and confirm to the Board that sufficient and appropriate resources are being dedicated to risk management efforts.
- (d) Receive, jointly with the Compensation and Corporate Governance Committee of the Board, management's assessment of effectiveness of the design and operation of the Corporation's incentive compensation system.

3. Cyber risk management related duties and responsibilities

- (a) Review cybersecurity and other information technology (IT) risks, controls, and procedures, including a review of the Corporation's strategy to mitigate cybersecurity and IT risks and potential breaches.
- (b) Review the Corporation's disaster recovery plans for any unplanned outage or security breach.
- (c) Receive management's assessment of the Corporation's technology landscape, and review the Corporation's strategy for future technology development.

4. Other risk management related duties and responsibilities

Strategic initiatives

- (a) Review the proposed material acquisitions of portfolios and businesses and the terms thereof.

- (b) Oversee the due diligence process, review conclusions and management proposal and recommend course of action to the Board.
- (c) Receive and review reports concerning the integration of acquisitions.
- (d) Review and advise on the risk impact of any strategic decision, as requested by the Board.

Business continuity planning

- (a) Review periodically the Corporation's business continuity and disaster recovery plans, training programs, and threat analysis to ensure that the Corporation is adequately prepared to promptly recover any disrupted functions and information following a natural disaster, act of terrorism, systems interruption, or other event that significantly interferes with the operations of the Corporation's business as well as the adequacy of the measures adopted to protect the Corporation from hacking or other illicit invasion of its systems.

Access to management and outside advisors

The Committee may retain any outside advisor including legal counsel, at the expense of the Corporation. The Committee has the authority to determine any such advisor's fees and other retention terms.

The Committee will have full, free, and unrestricted access to management and team members and such persons shall be instructed by the Board to respond to such inquiries. In carrying out its oversight responsibilities, Members shall be entitled to rely on the integrity and expertise of those persons providing information to the Committee and on the accuracy and completeness of such information, absent actual knowledge of inaccuracy. Members will meet privately with senior management as frequently as they feel is appropriate to fulfill the Committee's responsibilities, but not less than annually. Members may also meet with the external auditors, if and when they deem appropriate.

Mandate review

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

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 committees of the Board assist the Board in directing the affairs of the Corporation. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's articles and by-laws, it is not intended to establish any legally binding obligations.