
Environmental, Social and Governance (ESG) Report 2022



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OUR PILLARS



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We believe we can generate more value and drive change by doing well financially and doing good in the communities we serve.

SCOTT WOOD

President and Chief Executive Officer



CEO Message

In 2022, we embarked on our ESG journey and formalized our approach to sustainability by aligning our corporate strategy with our ambition to create long-term shared value for our stakeholders. As part of this commitment, we have defined Environmental, Social and Governance (ESG) priorities that help us achieve our mission — to provide clear, simple and flexible financial products that achieve the goals of our customers and partners. This mission drives nearly 1,800 employees¹ every day.

Over the past year, we have focused our efforts on better understanding the complexity and interaction between the sustainability issues most relevant to our many stakeholders. We recognize the opportunities ahead of us,

as well as the challenges, and take accountability for our role as lenders in driving sustainable growth. It is with excitement that we share Fairstone’s ESG strategy which outlines the steps we are committed to taking in order to further integrate ESG practices within our business model, operations and governance practices. At Fairstone, we view our commitment to ESG as an integral part of the well-being of our people and our ability to better serve our customers and the communities in which we operate.

As our business continues to grow, we also find ourselves with growing responsibilities. We believe we can generate more value and can drive change by doing well financially and doing good in the communities we serve.

We, and other organizations, must address climate change and other ESG factors that we identify as a priority to our business and our stakeholders and pull all the levers of influence for immediate attention and action.

This report represents a first step to formalizing our ESG strategy and disclosing on future progress. At Fairstone, we are determined to drive positive change that improves the well-being of people, communities and the environment. I hope you enjoy learning more about how we embrace ESG throughout all areas of our business as you read our 2022 ESG Report.

Scott Wood

President and Chief Executive Officer
Fairstone Bank of Canada and
Fairstone Financial Inc.

¹ 1,774 employees, excluding contingent workers, as at end of December 31, 2022

About Fairstone

Fairstone Bank of Canada and its wholly-owned subsidiary, Fairstone Financial Inc. (hereinafter collectively “Fairstone”), form a leading consumer lending group by providing innovative financial services that enable Canadian consumers and businesses to achieve their goals. Fairstone offers credit cards and rewards programs, point-of-sale financing through merchant partners, automobile financing via dealerships, and unsecured and secured personal loans and mortgages online and at 247 Fairstone branches coast to coast.



With a long-established Canadian history, Fairstone is committed to improving the lives of Canadians with value-driven and accessible financial solutions.

OUR VISION

Improve the lives of Canadians with value-driven and accessible financial products so they can focus on what matters most.

OUR MISSION

Provide clear, simple and flexible financial products that achieve the goals of our customers and partners.

OUR VALUES

Our values serve as a guide for how we execute on our vision and mission. They reflect how we want to behave as employees and as an organization and are the driving force behind everything we do.



Integrity

We act with integrity and hold ourselves to the highest standards.



Respect

We treat everyone with respect and empathy.



Accountability

We own our role and behave responsibly.



Recognition

We contribute to and celebrate our shared success.



Diversity

We are open to different points of view and embody understanding.

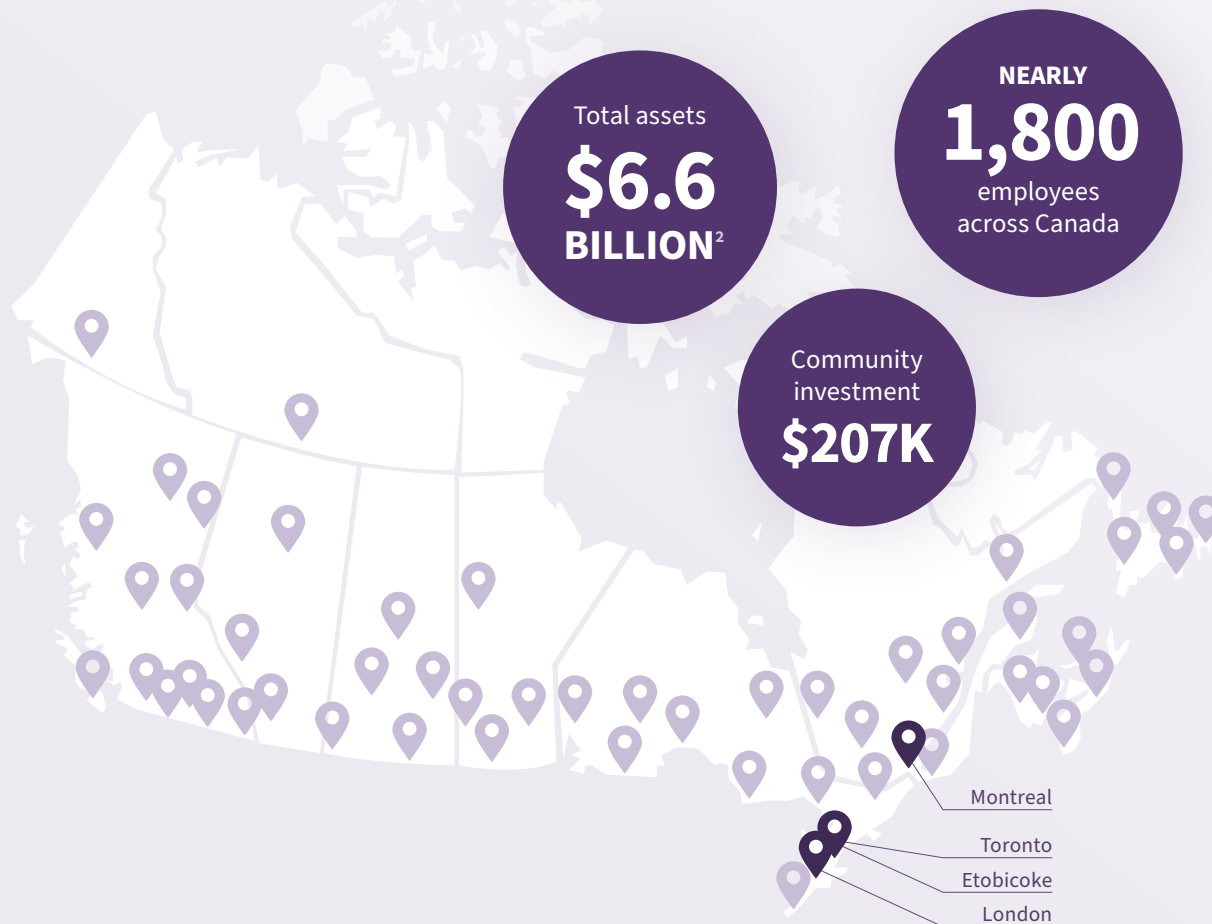


Innovation

We bring forward new ideas, processes and products to create value for our stakeholders.

KEY NUMBERS





Our corporate offices are located in Montreal, Toronto, Etobicoke and London. Additionally, Fairstone has **247 branch locations** in communities across Canada.








OUR OPERATIONS

Fairstone offers a suite of financial services designed to enhance customer loyalty, enable business growth and achieve the goals of consumers and businesses.

Fairstone Bank Services

-  Credit Card Services
-  Credit Financing Solutions
-  Related Protection Services
-  Guaranteed Investment Certificates (GICs)

Fairstone Services

-  Unsecured Personal Loans
-  Secured Loans
-  Mortgages
-  Point-of-Sale Financing
-  Automobile Financing

² Total assets as of December 31, 2022

About this Report

This annual ESG report includes information about Fairstone Bank and its wholly-owned subsidiary Fairstone Financial Inc. (referred to hereinafter as “Fairstone”, the “Company”, “we”, “our” or “us”). This report provides an overview of our ESG practices and performance on the topics that are important to our business, internal stakeholders and upper management.

We have a responsibility to our stakeholders to be transparent about our ESG performance.



STAKEHOLDERS

This report is addressed to all Fairstone stakeholders including current and prospective customers, employees, investors, suppliers, partners, regulators and community associations. We have a responsibility to our stakeholders to be transparent about our ESG performance and provide relevant disclosures on subjects that matter to them.

REPORTING PERIOD AND BOUNDARIES

All data included in this report reflects performance during our fiscal year from January 1, 2022, to December 31, 2022, unless otherwise noted. All amounts stated in this document are in Canadian dollars.

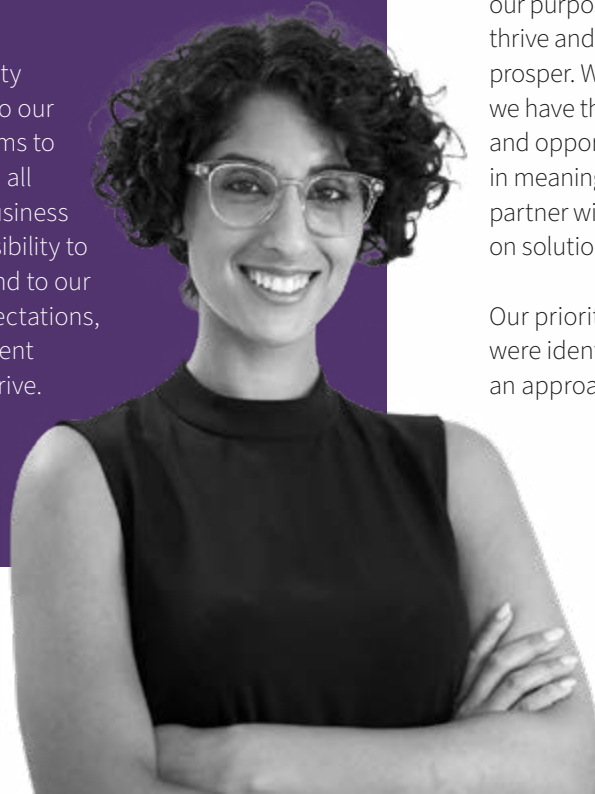
REPORTING FRAMEWORK

This report is informed by the Sustainability Accounting Standards Board (SASB) Standards and the Task Force on Climate-Related Financial Disclosures (TCFD). Our Appendices (see page 35) map our company’s disclosures to the SASB and TCFD recommendations.

ESG Strategy

With a long-established Canadian history, Fairstone is committed to improving the lives of Canadians within the local communities where we live and work through value-driven and accessible financial solutions.

We believe that sustainability has become fundamental to our business strategy, which aims to create and share value with all our stakeholders. As our business grows, so does our responsibility to operate sustainably, respond to our stakeholders' evolving expectations, and preserve the environment for future generations to thrive.



ESG COMMITMENT STATEMENT & PILLARS

To uphold our position as a leading consumer lending group in Canada, our focus over the past year has been to formalize our approach to ESG. We have aligned our corporate strategy and objectives with our ambition to create and sustain long-term shared value for our employees, our customers, the communities we serve and our shareholders. It enables us to deliver on our purpose to help customers thrive and communities prosper. We focus on where we have the social license and opportunity to contribute in meaningful ways, and partner with others to work on solutions.

Our priority ESG topics were identified through an approach that included

interviews with internal and external stakeholders, engagement with third-party experts, and market research. The priority ESG topics identified were then evaluated based on their impact on company value, the society and environment. Our key priority ESG topics represent the areas where Fairstone commits to making more significant investments as part of our ESG strategy.

The following priority list illustrates the ESG topics where we are concentrating resources and efforts, and that guide our ESG strategy

and overarching objectives. In future years, a more extensive stakeholder engagement will be undertaken with the goal of developing a materiality matrix.

Together, our ESG Report and [Public Accountability Statement](#) provide investors and other key stakeholders with greater transparency into our strategy, commitments and performance on relevant ESG topics.



ESG OBJECTIVES

Equip and empower our employees

to help fulfill our ambition of building fair beginnings for bright futures, and our long-lasting commitment to supporting the communities in which we operate.

Integrate ESG considerations

within our lending process to better serve our current and future customers.

Embed ESG within our governance

and robust risk management systems to meet evolving compliance standards and industry regulatory requirements.

Focus on our own direct ESG impact

in the form of minimizing our environmental footprint and maximizing our investments in people and culture.

Empowering our Employees

to ensure all employees have a positive working experience by centering our efforts on:

- Diversity, equity & inclusion
- Talent attraction & retention
- Employee engagement & satisfaction
- Training & development
- Health & wellness

Supporting our Customers' Growth

to empower each of our customers along their financial journey by actively engaging with them and providing the necessary financial tools such as:

- Diversity, equity & inclusion
- Financial literacy & inclusion
- Customer satisfaction
- Responsible lending & partnerships
- Transparency & selling practices
- Digitalization
- Economic value creation

5 Pillars

These objectives are supported by our three-year ESG strategy focused on five pillars.

Protecting our Shared Values

to deliver a robust governance framework that upholds and instills our corporate values within all layers of the organization by fostering:

- Climate risk management & adaptation
- Ethics & integrity
- Data privacy & security
- Regulatory compliance
- Risk management
- Executive compensation

Reducing our Operational Impact

and develop policies and tools to enhance the future environmental and social impacts of our operations by measuring and reducing:

- Climate risk management & adaptation
- GHG emissions management & decarbonization
- Energy consumption
- Waste management
- Water management
- Sustainable procurement
- Responsible investing

Building alongside the communities we serve

to enrich and support the communities in which we operate by focusing on:

- Diversity, equity & inclusion
- Financial literacy & inclusion
- Community engagement

By putting in place our three-year ESG strategy focused on our five pillars, we create meaningful value for our stakeholders:



Customers

We provide impactful products and services to support our customers' unique and evolving needs. This includes delivering meaningful financial solutions, collaborating across Fairstone and strategic partnerships, and accelerating our focus on innovation and digital strategies.



Employees

We attract and develop talent, create growth and development opportunities, and drive a diverse and inclusive culture. We encourage and celebrate the positive impact that Fairstone employees make on our customers, communities and each other.



Communities

We are committed to creating positive social and economic impact in the communities where we live and work. We play an essential role in diversity and inclusion, financial literacy and inclusive economic growth and prosperity.



Shareholders

We enhance shareholder value through strong governance and deliver a robust capital position and balance sheet.



ESG Governance

Over the course of the year, ESG has become one of the top priorities for Fairstone’s board and management.

Our Board of Directors and the Executive Management Committee commit to ensuring we operate within an ethical and responsible framework valuable to customers, employees and other stakeholders.

Value Creation Through Responsible Governance.

BOARD OVERSIGHT OF ESG

Roles and Responsibilities of the Board of Directors’ committee

Our **Board of Directors** has played a leading role in defining our ESG strategy and governance structure. ESG has been incorporated as a Board priority, which has been reflected through amendments to the Board and committee mandates to include ESG oversight.

The Board of Directors is responsible for reviewing and approving of the ESG strategy and associated targets, and actively oversees the overall risk exposure, including ESG risks. The Executive Management Committee reports to the Board on progress annually and on an ad hoc basis as pertinent ESG issues arise.

All members of the Board of Directors are conscious of the significance of the ESG principles embraced by the Company and how they apply to the responsibilities of the Board’s Conduct Review and Governance Committee.

The Conduct Review and Governance Committee

is responsible for overseeing the execution of the ESG strategy and roadmap and provides final approvals over the ESG disclosures.



EXECUTIVE MANAGEMENT COMMITTEE OVERSIGHT OF ESG

ESG Governance within Fairstone Management consists of three main committees:

The Executive Management Committee

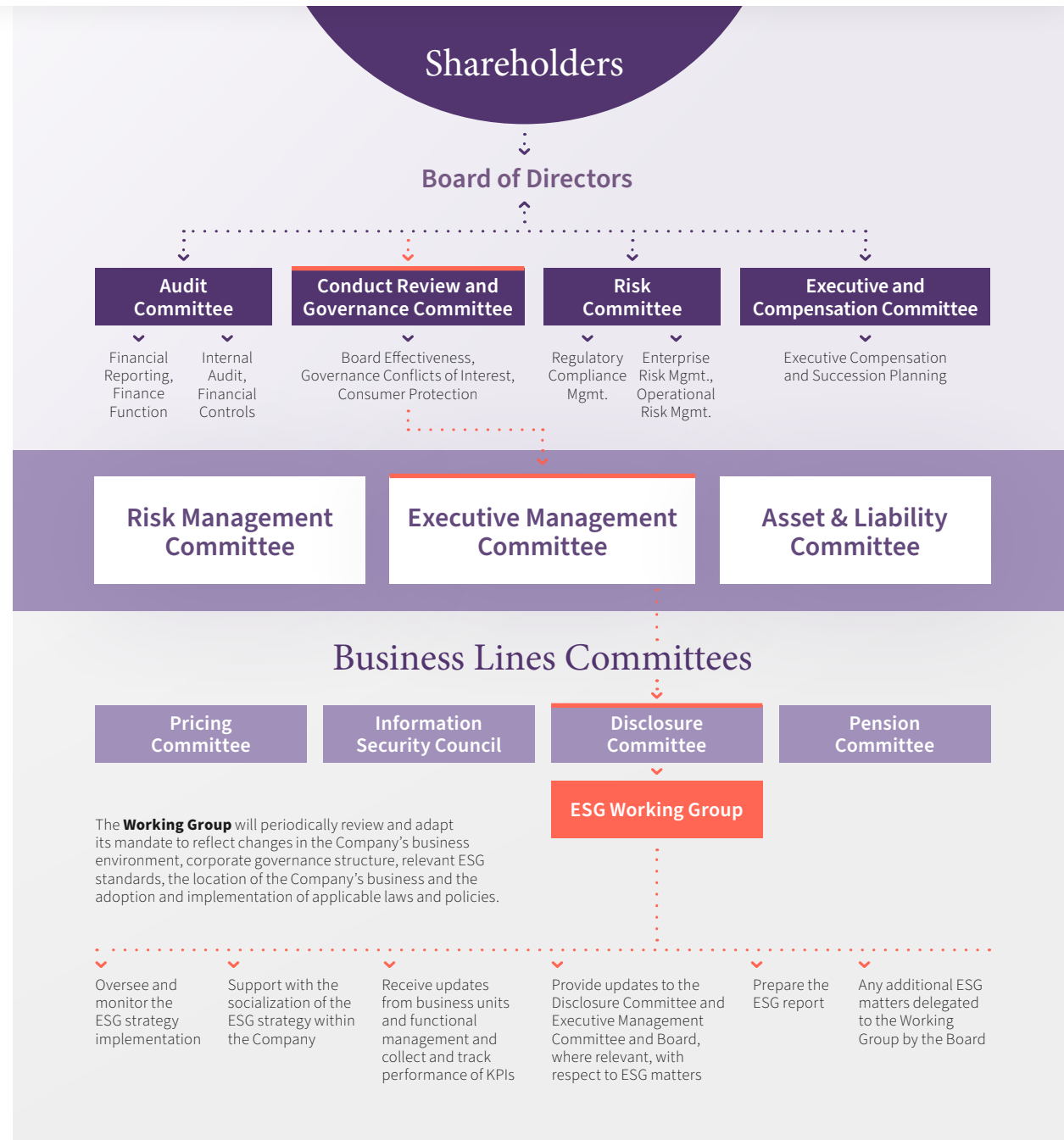
is headed by our CEO and includes all members of the Executive Management Team. Our Executive Management Committee is primarily responsible for defining the ESG strategy and roadmap. As part of setting our ESG strategy this year, the Executive Management Committee participated in individual interviews and several workshops to evaluate the Company’s ESG priority topics and set the ESG ambition level for the overall strategy. Moving forward, the Executive Management Committee will be responsible for providing oversight and accountability over ESG practices and will report to the Conduct Review and Governance Committee of the Board of Directors on progress against strategy on an annual basis.

The Disclosure Committee

oversees the preparation of ESG disclosures and communications.

The ESG Working Group

is a cross-functional team of VPs and senior managers which oversees the execution of the Company’s ESG strategy and assists the Executive Management Committee with ensuring that the Company conducts its activities in a manner that creates and sustains long-term shared value for its employees, customers and the communities in which it operates.

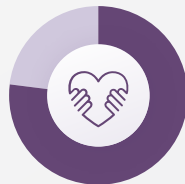


Performance Highlights

NEARLY
1,800
employees

245+
locations
across Canada

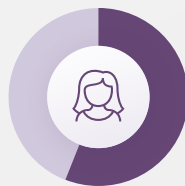
EMPOWERING OUR EMPLOYEES



77%
of employees feel
a sense of belongingⁱ



61%
of employees believe
the Company has
a diverse workforceⁱⁱ



56%
of senior and executive
management roles are
occupied by womenⁱⁱⁱ

Recognized as
one of Montreal's
Top Employers

Awarded Bronze
Parity Certification by
Women in Governance

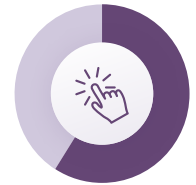
SUPPORTING OUR CUSTOMER'S GROWTH



98.5%
of customers are satisfied
with our service^v



52%
of Fairstone customers
improved their credit score^v



Almost 60%
of loans were
closed digitally^{vi}

BUILDING ALONGSIDE THE COMMUNITIES WE SERVE

\$207,000
donated through
community investments

\$194,462
in employee donations
for United Way and Leucan
fundraising campaigns

+1,033
hours of volunteer
work across Canada^{vii}

PROTECTING OUR SHARED VALUE

84.1%
of employees completed
Cyber/Information Security
compliance trainings^{viii}

Published 1st Public
Accountability Statement

REDUCING OUR OPERATIONAL IMPACT

Better understanding of current operational
impact by performing a baseline GHG
emissions inventory on Scope 1 and 2

Total operational GHG
emissions in 2022:^{ix}

2,607 tCO₂e

Empowering our Employees

Diversity, Equity & Inclusion

Empowering Women

Employee Engagement

Employee Retention Program & Benefits

Employee Training Programs & Performance Management

Employee Well-being

At Fairstone, we believe in empowering our employees to reach their full potential.

It's fundamental to foster a work environment that respects people's dignity, ideas, and beliefs, and promotes equity, diversity and inclusion to retain and attract the best talent.

Fairstone provides a supportive workplace and a corporate culture that acknowledges and encourages equal opportunities for all employees to thrive and continuously deliver on our mission.



Diversity, Equity & Inclusion

We strive to create an engaging workplace where every employee feels empowered, fulfilled, and has a sense of belonging. Building a culture of Diversity, Equity and Inclusion (DEI) starts with understanding the unconscious bias that impacts the ways employees interact with each other and the communities we serve. It is a journey — one that focuses efforts on creating an inclusive and vibrant culture that supports employees, commits to DEI and measures results to drive an equitable workplace in which all employees can thrive.

Focused on the employee experience, we understand we need to listen to feedback to make employees feel comfortable in bringing their authentic selves to work and speaking about their experiences and interests.

This year, we launched an internal DEI survey³ to understand what matters most to our employees to create a stronger, more diverse and inclusive workplace.

We strive to create an engaging workplace where every employee feels empowered, fulfilled and has a sense of belonging.

OVERVIEW OF OUR DIVERSE WORKFORCE IN 2022

At Fairstone, diversity has always been part of our DNA. As one of our core values, diversity is based on the principle that our differences in experiences and unique perspectives are what make us stronger. Diversity is a fundamental strength in our organization to help foster an environment where everyone feels they belong.

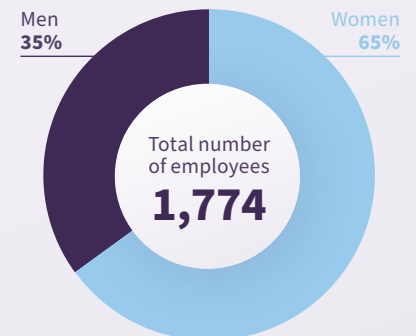
68%

of employees perceive that men and women have equal leadership positions

61%

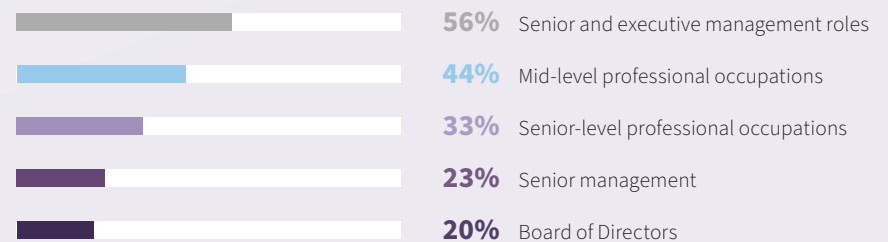
of our employees believe that the Company has a diverse workforce

Employees by gender⁴



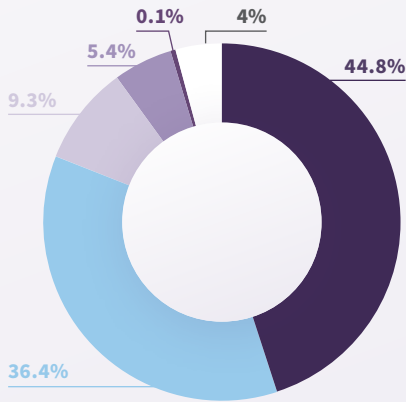
Workforce by management role

Percentage of women in



³ 51% of active employees anonymously and voluntarily answered this survey

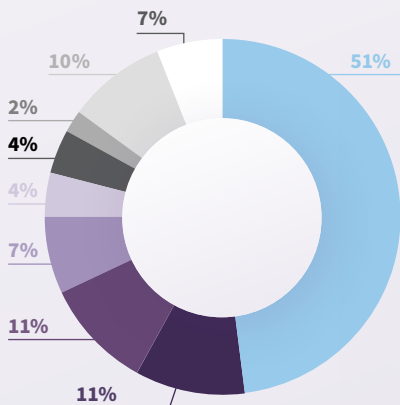
⁴ Data of active employees working in Canada retrieved from the Company's management software



Employees by generation

- Generation X - born 1965-1980
- Millennials - born 1981-1996
- Baby Boomer Generation - born 1946-1964
- Generation Z - born 1997-2012
- The Silent Generation - born 1925-1945
- Prefer not to answer

Representation of cultural communities and underrepresented groups⁵



- White
- Middle Eastern
- South Asian
- Black
- East/Southeast Asian
- Indigenous
- Latino
- Another race category
- Prefer not to answer



We commit to creating an inclusive culture with our values at the core of everything that we do.

We are committed to aligning our DEI efforts with our corporate and ESG strategy to create and sustain a more accessible and inclusive environment that provides an equal opportunity for our employees and other stakeholders to thrive.

Our Diversity and Employment Equity Policy defines and supports our commitment to promote a welcoming, diverse, and discrimination and harassment free environment where everyone can thrive.

Our approach to inclusion at the workplace starts with mandatory workplace violence and harassment training to all employees across Canada. This training helps supports our employees with recognizing unconscious bias and sheds light on the importance of modeling inclusive behavior.

We are committed to meeting the needs of people with disabilities in a timely manner by preventing and removing barriers to accessibility and meeting accessibility requirements under the Accessibility for Ontarians with Disabilities Act. In 2022, 119 employees⁶ took the Training Accessibility for Ontarians with Disabilities Act to continue to develop, implement and enforce accessibility standards for Ontarians with disabilities.

Employees' religious beliefs may mandate that they abstain from work on days of religious observance, take prayer breaks during working hours or adhere to a particular dress code. Fairstone is dedicated to respecting these and any other religious requirements by granting up to 10 unpaid days off for religious observance.

⁵ Race categories aligned to the Ontario anti-racism data standards

⁶ This figure represents 42.5% of new hires in Ontario who took the Training Accessibility for Ontarians with Disabilities Act

Empowering Women

Fairstone is committed to promoting gender equality in the workplace and across society. We believe that a diverse workforce best serves our employees' interests, and our customers', who want to see themselves represented in the company's workforce and management. We strive to provide women with resources and platforms to represent them across the talent

pipeline and support their career development across all levels and departments.

Since 2019, Fairstone has been awarded Bronze Parity Certification by [Women in Governance](#). This award is a testimony to Fairstone's active involvement in supporting women and advancing female leadership. Women currently

occupy 56%⁷ of Fairstone senior and executive management roles, and 65% of all positions across the organization. Fairstone pledged to grow its gender representation at management levels and review various processes, including compensation and recruiting, to identify and address any gaps. We are also pursuing our commitment to reach gender parity within the organization.

Employee Engagement

Fairstone's success is propelled every day by employees' dedication and contributions. To foster a positive employee experience and contribute to employee development, we make an effort to keep an open dialogue by regularly

soliciting feedback through an employee engagement survey. This year's participation rate of 86% demonstrated employees' commitment to continuously building a rewarding workplace that gives employees a sense of belonging.

In 2022, the employee engagement score increased by 5% compared to 2021, reaching 77%. Employees quoted strong trust in staying with the organization for the next year and feeling energized when working as reasons for great engagement, among others.

⁷ This percentage represents the sum of women in senior-level professional occupations and in senior management

WOMEN'S COMMITTEE

Fairstone Women's Committee works to promote women's empowerment across the company. The diverse members of this committee act as partners to increase women's representation by advancing inclusive policies, mentorship programs, training and networking across multiple leadership positions.

The Women's Committee was created in 2021 and since then has been focused on advancing Fairstone's commitment to gender parity by building development programs and defining policies such as:

The Women's Network

a space for women to share their knowledge, develop their skills and further professional opportunities.

An Inclusive Workplace Policy

to accompany the Diversity and Employment Equity policy and create a more inclusive work environment.



Employee Retention Program & Benefits

Nurturing a culture of recognition is one of our core values.

Across the Company, we value, appreciate and celebrate the achievements of employees who contribute their ideas, skills and passion every day. In return, Fairstone offers recognition programs and awards, and a flexible benefits program suitable to employees' needs.

We recognize the importance of work-life balance to ensure employees' optimal mental and physical well-being. This year, we launched a new hybrid work model which offers employees the required flexibility of combined in-office and remote work possibilities to maintain optimal team synergy, continue to build collaboration, and respond effectively to both

operational and client needs. In addition to choosing which days employees may work remotely, we introduced the ability to work entirely remotely for a period of two weeks each year.

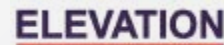
We strongly believe in the importance of recognizing the work of outstanding achievements by employees contributing to further success, higher level of job satisfaction and greater engagement. We embrace recognition as a core value and provide numerous programs that enable not only top-down, but bottom-up, side-to-side, and cross-functional appreciation for a job well done such as:



The Ovation program goes to employees who support the goals of the business while exceeding expectations and going above and beyond in doing their job. The award is given quarterly to employees who show professionalism in all interactions, are respected by peers, display leadership qualities, tackle issues head-on, look for ways to improve processes and increase efficiency, and take personal responsibility for our customers.



The Impact Colleague program is a fun way for employees to give and receive recognition for demonstrating Fairstone values and driving results. Any employee can give a colleague Impact recognition; peer-to-peer, manager-to-employee and employee-to-manager.



Elevation is our service award program. It captures milestone years of service, provides recognition to employees, and has been designed to ensure their anniversaries are memorable.

MONTREAL'S TOP EMPLOYER



For the second year in a row, Fairstone was recognized as one of Montreal's Top Employers⁸ by the editors of Canada's Top 100 Employers. This recognition demonstrates our continued dedication to offering a collaborative, innovative, engaging and forward-thinking work environment where every employee feels empowered, stimulated, fulfilled, and has a sense of belonging, and it shows our effort to position ourselves as an employer of choice. The company provides a variety of resources to support employees, such as comprehensive and generous benefits programs, pension plans, and health and wellness programs. Employees can also earn up to \$5,000 by referring qualified candidates for open positions and receive a minimum of three weeks of paid vacation, as well as wellness days and time for volunteering, as community engagement is rooted in our culture.

⁸ Montreal's Top Employers is an annual competition organized by Canada's Top 100 Employers where employers in the Greater Montreal Area are compared with other organizations in their field to determine which has the most progressive and forward-thinking programs and incentives to attract, engage and retain talent.

Employee Training Programs & Performance Management

We seek to continuously provide learning and development tools and training geared towards improving our employees' performance and professional development. We also empower them to manage their own development by providing them with coaching and mentoring support tools and opportunities to participate in various learning experiences.

Our Fairstone Academy encompasses +200 custom-built courses from New Hires, Customer Service to People Management and Leadership. Managers have access to LinkedIn Learning online courses taught by industry experts. These courses support employees in staying up to date with the latest skills and tools across core functional areas such as business, technology and communications.

In partnership with the government of Quebec, our employees at Montreal's headquarters have the opportunity to learn French.

Through Fairstone's tuition reimbursement program, all full-time permanent employees are provided with an annual tuition reimbursement program up to \$3,000 for continuing education related to their current job responsibilities.

We listen to our employees and provide them with the tools they need to succeed in their professional development.

1,541
employees received a performance review as of November 2, 2022

83.5%⁹
Percentage of employees who completed a performance review

⁹ This percentage represents 1287 employees who successfully completed their year-end review (excluding canceled reviews and terminations)

Employee Well-being

Our employees' well-being is a key factor to our success.

Fairstone provides well-being solutions services to employees and their immediate families to manage work, health and life challenges in collaboration with LifeWorks. They can also consult, from anywhere in Canada and at any time, healthcare professionals regarding their physical health and mental well-being with the virtual healthcare service, Dialogue.

In 2022, following the employee engagement results, we reviewed our current policy related to Annual Paid Time Off and introduced a more flexible and wellness-focused approach, called Wellness days. Aside from vacation allowance, these annual Wellness days allow our full-time and part-time employees to use up to 6 days per year to rest, attend appointments, take care of family and much more.

84.8%
Percentage of employees who used their wellness days

4.8 days (38.4 h)
Average number of wellness days used



Supporting our Customer's Growth

Customer Benefits

Customer Support Programs

Digital Lending

Everything we do revolves around our customers. We put our customers and partners first and strive to make them feel understood and valued when they use and offer our credit products.

We focus our efforts and those of our teams on delivering successful interactions and experiences. We are continually exploring, testing and evaluating our products and services to create greater customer trust and loyalty. We leverage research and other data to provide insights into customer needs and desires, and to understand how they can thrive alongside us. This allows us to develop products and services that propel and enable our customers' and partners' success.



Customer Benefits

We support customers in managing and better understanding their finances by providing transparent, secure and trustworthy credit.

With a long-established Canadian history, and an appetite for continuous learning, our credit products are designed to suit customers' borrowing needs, including customers whom traditional financial institutions underserve due to their credit history. We provide access to innovative, value-driven financial services that enable Canadian consumers and businesses to achieve their goals, with a simple application process online,

at retail partner locations, or in one of our 247 branches across Canada.

In 2022, we also made significant investments in extending our retail Point-of-Sale (RPOS) financing footprint by onboarding large-scale merchants that now offer our RPOS financing solutions to customers needing financing, mainly for large-ticket purchases.



Customer service is central to our purpose of designing loans suitable to customers' borrowing needs.

CUSTOMER SATISFACTION

Customer service is central to our purpose of designing loans suitable to customers' borrowing needs. To continue to provide excellent customer service and improve our performance measures, we survey Fairstone direct lending customers of various tenors¹⁰ twice a year that have closed a loan in the preceding 90 days.

For our RPOS customers, we measure our customer satisfaction annually to understand better how customers feel about the value we offer.

Direct lending customers

Net Promoter Score¹¹ **46**

Number of surveys completed **5,000**



Retail POS customers¹²

Net Promoter Score¹¹ **40**

Number of surveys completed **2,289**



¹⁰ Over 5,000 surveys completed in December 2022 with loan term of 1-12 months, 13-24 months, or 25+ months

¹¹ Metric used in customer experience programs that measure customer loyalty to a company. It measures customer perception based on one simple question: How likely is it that you would recommend Fairstone to a friend or colleague?

¹² 2289 surveys completed in August 2022 by Retail POS customers

Customer Support Programs

We serve customers with diverse credit profiles. By tailoring our products to the customer and offering a variety of borrowing options – from credit cards to financing options to personal loans and insurance products – we enable prime and near-prime customers to access the credit they need to achieve their goals.

We continuously develop solutions for customers who need help to repay their debts and want to improve their credit score. Borrowers can use a Fairstone loan to help rebuild credit, as it provides the opportunity to make sound financial decisions related to on-time payments as well as the choice to use a loan proactively for debt management via debt consolidation.



In 2022, 52% of Fairstone customers¹³ improved their credit score. Of this audience, 34.88% started their borrowing journey with a sub-prime credit score and moved into a near-prime FICO^{®14} segmentation.

CUSTOMER CARE

Fairstone Lending Specialists are trained to be open, honest and consistent with our terms and processes.

Beyond disclosing, we work to ensure customers' proper understanding. Our teams take the time to carefully consider each customer's unique financial situation to determine their ability to meet their payment obligations and to assess the appropriate tools to support customers where possible.

In 2022, 23.1% of Fairstone customers facing hardship such as disability,

family medical expenses and unemployment benefited from renewed or adjusted loan terms tailored to their unique needs and circumstances, which can help alleviate their financial situation. Thousands of Fairstone personal loan customers also benefited from our insurance products, and over 23,000 claim payments were made, amounting close to \$18.7M.

Additionally, eligible Fairstone customers have access to support through our "Disaster Deferment Program", a single-skip payment policy put in place for customers residing in a geography where an official State of Emergency had been declared due to natural disasters or widespread calamity.

As part of our card products support programs, Fairstone has offered solutions, such as payment deferrals, to 219 credit card customers experiencing financial difficulties, representing remediation for nearly \$1.4M in outstanding balances.

¹³ Sample size of 6,608 Fairstone accounts

¹⁴ A FICO[®] score is a particular brand of credit score. FICO stands for the Fair Isaac Corporation. FICO was a pioneer in developing a method for calculating credit scores based on information collected by credit reporting agencies. A credit score is a number that is used to predict how likely you are to pay back a loan on time.

Digital Lending

We continuously invest in digital innovation and transform our operations to meet and adapt to ensure our products stay in sync with an ever-changing environment.

We continue to improve our financial services for individuals needing access to borrowing options. In 2022, we invested in two significant digital improvements to enrich our customer experience:

- **Existing branch customers**

- gained the ability to renew their loans through their online account management, providing simple and secure access to responsible credit.

- **Existing Retail Point-of-Sale customers**

- who received a loan offer from us were able to apply online for a personal loan by accessing our Retail Point-of-Sale online platform at any time, offering the same simple and secure access to credit.

These two digital improvements enable customers to upload supporting documents online and signing loan documents electronically without necessitating an in-branch visit. Protecting our customers' information is paramount to us. We actively monitor and manage security and privacy risks, thereby enhancing our ability to mitigate them.

Digital lending has proven to be highly effective in meeting customers' needs and preferences as they are able to apply for a loan anywhere, anytime and on any device. Consumers who qualify for a loan can receive a no-obligation loan quote in minutes, and if they choose to take out the loan they may receive the money in their bank account in as little as 24 hours. This year, almost 60% of loans were closed digitally.

BY LEVERAGING OUR DIGITAL SOLUTIONS, WE WERE ALSO ABLE TO:

Provide new and existing Point-of-Sale merchant partners with quicker and more seamless financing applications and purchasing journeys, giving their customers an engaging experience and broader access to Point-of-Sale financing.

Support our partner merchants in offering Point-of-Sale financing for online purchases as customers continue to adopt online shopping habits.

Introduce and roll out secure digital ID scanning that improved customer verification at the time of online application for speedier results and quicker access to financing

Continue to offer a safety net of convenient, optional insurance and protection products, with digital enrollment and servicing capabilities for customers wanting to avoid the financial burden of life's unexpected events.



This year, almost 60% of loans were closed digitally.

Building Alongside the Communities we Serve

Community Sponsorship Program

Financial Literacy Tools & Partnerships

Corporate Donations

Corporate Fundraising Campaigns

Connecting with people living in the communities where we live and work has always been ingrained in our practice to create positive change and contribute towards an inclusive and sustainable future.

Our commitment to our communities includes knowing their distinctive cultures, meeting their specific needs, and creating the foundation for their prosperous future. Our employees invest their time, talent and expertise towards initiatives that assist regional communities across Canada through donations and volunteer work. Over the last five years, our employees have dedicated 3,704 hours to help build stronger communities. We strongly believe our contribution to Diversity, Equity and Inclusion, Financial Literacy and Community Engagement is essential to the local communities.



Community Sponsorship Program

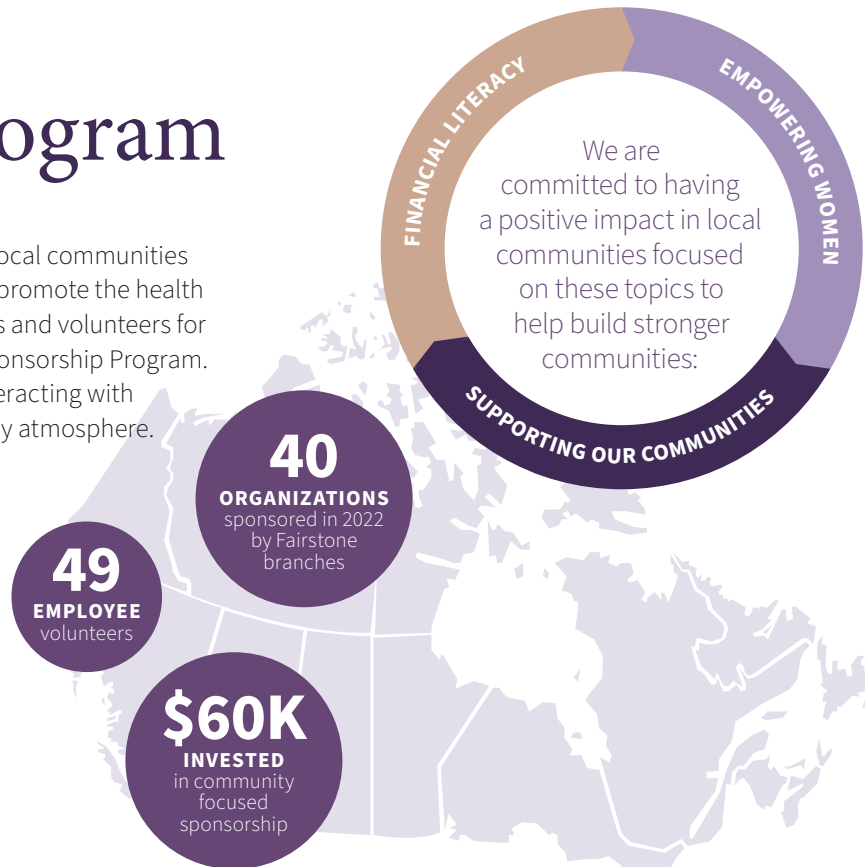
We encourage our branches to get involved in their local communities by contributing to and participating in projects that promote the health and well-being of their neighbours. We provide funds and volunteers for local community events through the Community Sponsorship Program. Branch employees actively participate in events, interacting with neighbours and contributing to a positive community atmosphere.

4 Free Meal Days – Durham Outlook for the Needy

Through their St. Vincent Pallotti Kitchen Program, the organization serves an average of 200 meals a day to some of its community's most vulnerable people. Fairstone donated \$1,500 to sponsor four Free Meal Days throughout the fall season, where employees also volunteered on-site to help in the kitchen.

Whoop & Hollar Folk Festival (Portage La Prairie, MB)

Whoop & Hollar Folk Festival is an annual festival in Portage la Prairie, Manitoba that creates and celebrates community through music, art, and nature. Fairstone contributed \$1,500 to the event and had employees volunteer on site.



Hockey Helps the Homeless (Halifax tournament)

Hockey Helps the Homeless uses Canada's love for hockey to raise awareness and financial support for people who are homeless by educating, fundraising, and partnering up with local organizations fighting homelessness. Fairstone was the Division Sponsor of the event, having contributed \$4,000 and had employees volunteer at the event.

Truck Convoy for Special Olympics (Nova Scotia and Manitoba)

A one-day celebration by the trucking industry to raise funds for, and showcase awareness of, their support of Special Olympics athletes. This international movement incorporates more than 12,000 trucks and athletes in 24 states and five provinces. Fairstone contributed \$5,000 to the Nova Scotia Truck Convoy and \$1,000 to the Manitoba Convoy, with 20 employees offering their support at both events.

Great Cycle Challenge Canada

Great Cycle Challenge is a national SickKids Foundation fundraising initiative held throughout August. After just six years, the event has grown to become one of the biggest cycling events across Canada. People of all ages and abilities and from every province across the country set themselves a personal riding goal and challenge themselves to pedal throughout August to fight kids' cancer. An employee rode 1,957 km to raise \$2,900 for the cause, with Fairstone providing \$1,500 in sponsorship dollars.

COMMUNITY SPONSORSHIP COMMITTEE

Fairstone's Community Sponsorship Program is overseen by the Community Sponsorship Committee composed of members from each of our four geographic areas and from the Corporate Communications team. Its mandate is to:

Facilitate collaboration

between all teams across Canada to identify potential sponsorship opportunities in each local community

Promote the Fairstone brand

by coordinating and implementing local events across all areas

Identify and approve sponsorship

opportunities aligned with one or more key ESG pillars

COMMUNITY MATTERS MONTH

Our dedication to communities is best demonstrated with Community Matters Month. This year, nearly 400 employees participated for a whole month in volunteering activities and opportunities that supported the well-being of our neighbourhoods. Through this program, we are able to create stronger, healthier and happier communities, with volunteer events held in 67 charity organizations. These activities represented more than 1,033 hours of volunteer work, allowing employees to make a difference in their community.

During this campaign, we launched a Fairstone Food Drive, a nationwide initiative seeking to address the dramatic increase in demand seen by food banks across Canada. The COVID-19 pandemic has had a significant impact on live volunteering events and activities. As most government-mandated health restrictions were raised across the country, Fairstone employees were able to give back to their community by volunteering in-person. Employees donated their time and collected material donations for charity organizations, such as Moisson Montreal, Food for Life, Fredericton Community Kitchens and Harvest Manitoba.



Fairstone teams volunteering at Moisson Montreal



Another Fairstone team lending a hand in Harvest Manitoba

Fairstone also encourages its employees to give back to the community through activities aligned with our ESG pillars. Each year, employees are given a Volunteer Day, which provides eight hours of paid leave for employees who volunteer with a registered charity.

Financial Literacy Tools & Partnerships

At Fairstone, we believe Financial Literacy is essential to all Canadians.

We aim to equip people with the necessary tools and skills they need to feel more confident about making financial decisions. Our employees are committed to helping customers better understand the loan process and providing them with access to the information they need to build a better financial future.

In addition to providing responsible lending solutions, we have developed several initiatives to foster financial literacy.

Whether it's in-person at a branch or through our website, we provide prospective and current borrowers with the tools and information they need to make informed borrowing decisions. This includes:

- **Access to articles, tips and tools on [Fairstone.ca](https://www.fairstone.ca),** which enable borrowers to manage their loans and achieve financial goals
- **Free online loan calculators** website visitors can explore loan options, calculate loan payments and make informed borrowing decisions
- **A series of online articles, infographics and videos** about borrowing options, creating and maintaining a balanced budget, financial literacy and more
- **Fraud prevention resources**
- **Access to online account management,** enabling borrowers to proactively manage their loan and track progress

PARTNERSHIP WITH JA CANADA

Fairstone has been a proud partner of JA Canada, the largest youth business education organization in Canada, since 2015. Our annual partnership enables JA Canada to provide grades 3-12 students coast to coast with the knowledge and confidence they need to succeed in school, as well as foundational financial skills to support their future success in work and life. In 2022, we renewed our yearly \$50,000 agreement to support charters and programs Canada-wide.

FINANCIAL LITERACY MONTH

Each November, we join many organizations dedicated to strengthening financial literacy in Canada. For the 2022 Financial Literacy Month, we engaged with Canadians coast to coast to promote financial literacy, and helped them build the financial skills they need to make sound decisions about their finances. We worked year-long with partners such as Sun Life Financial and JA Canada to help our employees, customers and communities develop their financial literacy. For example, two instructive webinars were offered to employees to help develop their financial literacy skills. One in partnership with Sun Life, and the other hosted by Fairstone's CFO to help nearly 380 employees better understand the finance-part of the business and its impact on their daily work lives. We also created an article series and [credit score Quick Guide](#), describing the best things borrowers can do to improve their credit score.

“Volunteering with JA is incredibly fulfilling. It is just one way to make a difference and impact someone's life. I encourage everyone to take the time and be a part of someone's life. Create a memory and be part of a memory.”

AMY LANGFORD
London District
Manager and JA
Ambassador in Ontario



Corporate Donations

For the second year, Fairstone was one of the main contributors to the Douglas Foundation's Building Hope Tournament, a one-of-a-kind benefit event that raised funds for the Douglas Foundation and awareness around mental health problems. This \$25,000 corporate donation aims to help fund projects stemming from the Foundation's integrated approach which combines cutting edge research and critical care for patients.

Fairstone donated \$25,000 to the Canadian Red Cross to help respond to the urgent needs of displaced Ukrainians as they start building a new future in Canada.

For more information, see this press release [Fairstone Support to Displaced Ukrainians Arriving in Canada](#)

Fairstone believes that diversity and gender equality is key for the health, productivity, and success of organizations, both from an employee and business standpoint. For the second consecutive year, we renewed our \$20,000 partnership with the Canadian Women's Foundation and continue to work with them on initiatives that are helping women, girls and gender-diverse people move out of poverty.

1,033+
HOURS

of volunteer work in 2022

\$173K

in donations for United Way

\$60K

in community focused sponsorship

\$25K

donation to the Canadian Red Cross

\$51K

fundraised for Leucan

\$50K

annual partnership with JA Canada

\$20K

donation to the Canadian Women's Foundation

Corporate Fundraising Campaigns

As a community-based lender, people are the cornerstone of our business. Supporting and investing in our communities' health and well-being is an important part of who we are as a company.

Over the years, our employees have demonstrated the importance of supporting the communities where we work and live. The annual United Way campaign was another excellent opportunity to rally teams around a national and common cause to break the cycle of poverty and social exclusion, which strongly resonates with Fairstone's work of supporting communities.

This year, we raised \$173,462 in employee and cash donations, helping more than 5,000 Canadian communities served by local United Way chapters across the country. As a recognition of employees donating the equivalent of one hour's



Fairstone teams took on a series of challenges to raise funds for Leucan and help children with cancer

pay each month through payroll deductions, Fairstone gives donors an Angel Day, an additional day of planned time off. Since 2018, Fairstone has given 1,309 Angel Days to employees who participated in the United Way fundraising campaign.

To uphold our commitment to our community and our corporate values, Fairstone employees supported Leucan, an organization based in Quebec dedicated to helping children with cancer and their families to face daily challenges. In 2022, 67 employees gathered at various locations in Quebec for a 15 km run followed by a Shaved Head Challenge. The combined efforts of our employees and Fairstone's corporate donation amounted to \$51,000 in fundraising, which continues to help Leucan fulfill its mission.

Protecting our Shared Value

Protecting our Data

Risk Management
and Compliance

Ethical Conduct

At Fairstone, creating and protecting our shared value is a fundamental component of our operating practice to build trust with our stakeholders.

As a financial institution, we continuously seek ways to innovate and create a business environment that is secure and sustainable by advancing economic and societal needs within the communities in which we operate.



Protecting our Data

Our customers trust us to safeguard their personal information, which remains a top priority for us.

The Chief Privacy Officer provides the strategic vision for privacy risk management, along with privacy advice, oversight and challenge across every business. Our external privacy webpages articulate how we collect, use, share and protect information. When we engage third party service providers to process personal information on our behalf:

- We share only the information required to provide the service.
- We require them to protect the information consistently with all laws and regulations.
- We require them to notify us of any actual or suspected privacy breaches so that together, we can contain, remediate, and where required, report them.

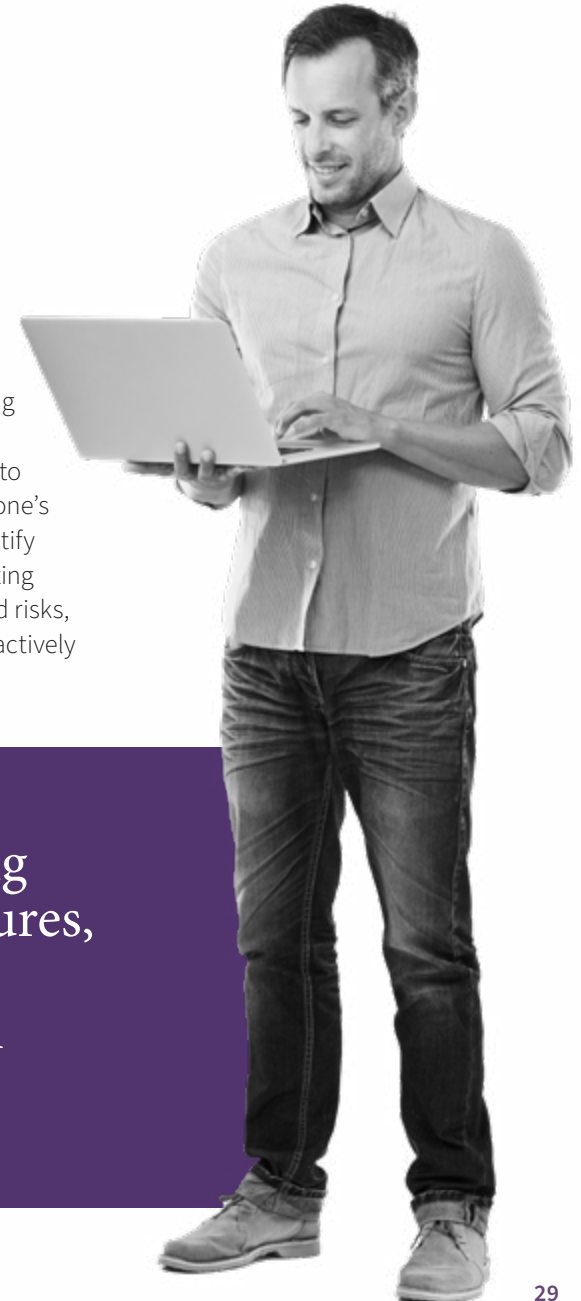
We actively monitor and manage security and privacy risks, thereby enhancing our ability to mitigate them. Customer-facing business units have policies and procedures in place to ensure customer information is

protected, including but not limited to, customer identity verification prior to servicing, locked cabinets, and record retention protocols. All contractors and employees are required to complete annual privacy training.

Fairstone's Information Security policies and our [privacy commitments](#) outline some organizational controls we have in place to help protect information.

Our other security measures include access management protocols, firewalls, privacy training for all employees, data encryption and around-the-clock monitoring to help maintain the quality of Fairstone's technology systems and help identify unusual activity. Rather than reacting only to emerging cyber threats and risks, Fairstone remains focused on proactively predicting and addressing them.

We are committed to maintaining enterprise-wide policies, procedures, standards and guidelines to help protect the personal information of our customers and colleagues.



FAIRSTONE'S CYBER SECURITY GOVERNANCE

Information Security Council

The Information Security Council, chaired by the CISO, includes members such as the CEO, CIO, CRO and CLO. The Information Security Council (ISC) is the governing body responsible to provide the executive guidance and leadership to help ensure the success of the Information Security Program. The Information Security Council is also accountable and responsible for setting the level of acceptable risk the organization is willing to accept and for the accreditation of information systems.

Chief Information Security Officer

The Chief Information Security Officer oversees the development, implementation and maintenance of the Information Security Program. The CISO is also responsible for recommending the accreditation of information systems to the ISC. The information Security Officer is responsible for accrediting information systems on behalf of the Information Security Council if authorized to do so depending on the risk appetite approved by the Information Security Council and the risk profile of the information system.

Security Architecture

The Security Architecture is responsible for the design and review of security mechanisms, threat risk assessments, adoption of security standards and baselines under the supervision of the Information Security Officer and maintenance of the Information Security Policy documentation base. Additionally, Security Architecture is responsible for maintaining the Information Security Architecture Framework and Blueprints.

Security Operations

The Security Operations handles the day-to-day implementation of the information security policies, standards, and procedures. This unit is responsible for ensuring the continued maintenance of the security posture and countermeasures, implementing, operating and maintaining continuous verification mechanisms (Managed Security Service Provider responsibility), responding to incidents (shared responsibility), responding to requests for investigations and providing a point of contact to IT representatives with security (Internal Security Analyst responsibility).

Security Compliance

The Security Compliance is responsible for the certification of information systems as compliant with the Information Security Policies and Standards and for providing a point of contact to business representatives with security. Security Compliance is also responsible for the management of the Information Security Training and Education Program and the maintenance of the risk register.

We are committed to maintaining enterprise-wide policies, procedures, standards, and guidelines to help protect the personal information of our customers and colleagues. Our privacy commitments, including Fairstone's Privacy Statements, inform our customers of how we help protect the privacy and the confidentiality of information, explain how we collect, use and disclose customer information and outline individual rights and choices. We strive to have clear and accessible policies and practices so customers can find answers about how we manage their information.

Risk Management and Compliance

Fairstone manages its risk through proactive governance at all levels in an effort to create long term value for our stakeholders.

The Board and its Committees provide active oversight of our approach to ESG issues and carefully assess whether management's plans appropriately balance strategic opportunities with appropriate risk discipline. The Board is responsible for the business plan, strategy, risk appetite and culture. The Board oversees how we manage environmental and social (E&S) risks and opportunities like our enterprise approach to social matters of diversity, inclusion and corporate citizenship.

We recognize that a certain level of risk is inherent in our business activities. Our values and commitment to integrating strong risk management principles is governed by risk management policies and frameworks and reinforced by the development and oversight of Fairstone's Risk Appetite Statement (RAS). Developing and conveying Fairstone's risk appetite is essential to reinforcing a strong risk culture. The enterprise-wide corporate principles outlined below set the tone for the foundational behaviours and values that drive how we manage risk.

FAIRSTONE'S OVERALL RISK MANAGEMENT PHILOSOPHY



Identify and quantify the principal risks facing the Company to determine the level of risk it is willing to operate within, based on its overall risk appetite, risk capacity and risk profile.



Continuously monitor and regularly report on the principal risks under management.



Support a strong risk culture that ensures the attitudes and behaviours related to risk awareness, risk-taking and risk management influence the decisions of management and employees during day-to-day activities.



Develop and implement risk management strategies designed to meet the Company's objectives.

PRINCIPLES ON HOW WE MANAGE RISK

- **Only takes risks Fairstone can understand and manage.**
- **Balances risk and reward** to support sustainable and consistent growth.
- **Provides clients with value-driven products and services** to deepen customer loyalty and grow the business.
- **Maintains an effective and efficient control environment.**

Risk Management function provides timely, accurate and reliable risk reporting to the Board and Management Committees on compliance with the RAS and ensures the RAS is reviewed on an at least annual basis. We anticipate using the TCFD as a framework to guide our ongoing efforts to integrate climate risk, into our Enterprise Risk Management and will align our practices in accordance with the OSFI B-15 guidelines.

Ethical Conduct

At Fairstone, we pride ourselves on doing the right thing for our partners, customers, and employees - specifically regarding our own conduct and upholding ethical business practices in our everyday work.

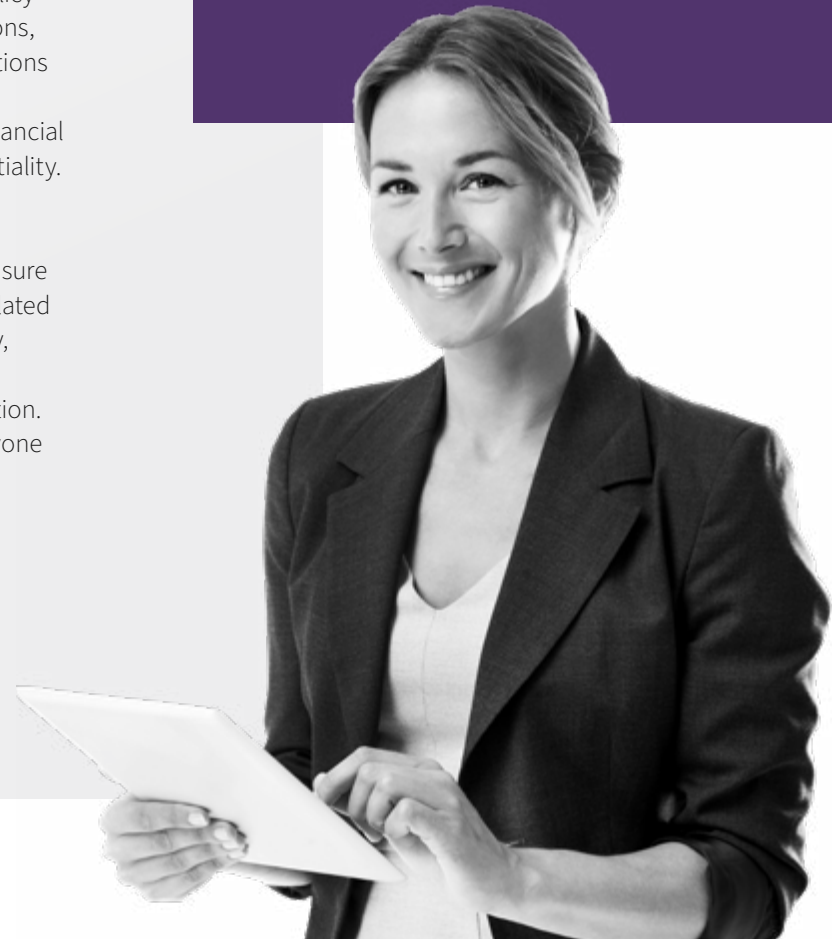
Our values, together with our Code of Conduct, guide our behaviour and how we serve our customers, our fellow employees and our communities. The Code of Conduct outlines Fairstone's minimum standard of conduct expected from employees. All employees and contract workers must successfully complete compliance training and commit to and acknowledge the Code of Conduct annually.

New hires and existing employees are required to complete a total of 155 minutes of mandatory annual trainings on anti-money laundering and anti-terrorist financing, privacy, and information and cyber security. In 2022, 84.1% of our employees completed Cyber/Information Security compliance trainings.

Fairstone's formal Whistleblower Policy helps us capture inappropriate actions, including unethical behaviour, violations of the company's Code of Conduct, breaches of company policies, or financial matters anonymously and confidentially.

We encourage timely and open communication of concerns, and ensure they are properly investigated, escalated as required, dealt with appropriately, and reported to the Executive Management following an investigation. We are committed to protecting anyone who in good faith reports a concern from discipline or retaliatory action.

In 2022, 84.1% of our employees completed Cyber/Information Security compliance trainings.



Reducing our Operational Impact

Operational
Carbon Footprint

Fairstone actively engages employees, business partners, customers and communities to create positive change where we work, operate and source.

With four corporate offices – in Montreal, QC, Toronto, ON, London, ON and Etobicoke, ON – and 247 branches across Canada, we have a significant presence that enables our employees from coast to coast to have a positive impact on the environment.



Operational Carbon Footprint

Being involved in our communities also brings a responsibility that we understand and are ready to assume for future generations. As one of the greatest challenges of our time, we also recognize climate change risks, economic costs and the role the financial sector must play to improve the outcomes. Therefore, as part of our ESG journey, we aim to minimize our environmental footprint as much as possible, particularly around greenhouse gas emissions, energy consumption and waste management.

As we embarked on our ESG journey in 2022, we understood our current operational impact by performing a baseline GHG emissions inventory on Scope 1 and 2 emissions. In 2023, we aim to disclose our operational impact targets. We believe organizations that are adequately managing their ESG risks will be less vulnerable to changes in regulations or societal expectations and will therefore perform better in the long-run.

In 2022, we initiated the calculation of our greenhouse gas (GHG) emissions. This initial step will allow us to fully understand our operational

emissions and focus on GHG reduction opportunities. Based on this first assessment, we will be in a better position to establish carbon reduction targets in the short to medium term.

A minor increase in total operational GHG emissions has been measured from year 2021 to 2022. This increase is primarily due to higher frequency of staff commuting to Fairstone offices using company vehicles, as well as more in-person meetings and other activities that were artificially decreased due to COVID-19 pandemic.

GHG Inventory for years 2021 and 2022 (in tCO_{2e})

Total GHG emissions	2022	2021
Scope 1	1,707	1,645
Scope 2	901	904
Total operational GHG emissions	2,607	2,549

SCOPE AND METHODOLOGY

Our carbon footprint accounts for our operational Scope 1 and 2 emissions, focusing on the direct GHG emissions that occur from sources owned or controlled by us, for example, emissions from combustion in owned or controlled heaters, furnaces, and vehicles, along with GHG emissions from the generation of purchased electricity, heating and cooling consumed by the company.

With over 250 locations throughout Canada and a fleet of 50 vehicles, we had to develop an efficient yet encompassing accounting method for all of our Scope 1 and 2 GHG emissions. Mobile emissions were derived directly from the total documented fuel consumption of our vehicles. This data is systematically collected for each vehicle and sourced for our annual inventory update. For the GHG emissions associated with our branches and corporate offices, the use of provincial Canadian proxies was applied. More specifically, we used energy intensity data of surface area from Natural Resources Canada (NRCan) for office places in the commercial/institutional sector to calculate our stationary and electricity related carbon footprint. For both 2021 and 2022, the Greenhouse Gas Protocol methodology was followed to inform the calculation our GHG emissions.

We are currently evaluating methods to measure our scope 3 emissions. We will disclose our performance in future reporting cycles.

Appendices

SASB DATA TABLE (CONSUMER FINANCE)

CUSTOMER PRIVACY		
SASB CODE	METRIC	RESPONSE
FN-CF-220a.1	Account holders whose information is used for secondary purposes	Fairstone does not disclose the number of account holders whose information is used for secondary purposes. Please refer to Fairstone’s Privacy Statement for more information on how customer privacy is protected at Fairstone Bank and Fairstone Financial .
FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Fairstone does not disclose this information. In the normal course of business, Fairstone and its subsidiaries are involved in various claims relating, among other matters to loan portfolios, supplier agreements, including court proceedings, investigations or claims of a regulatory nature, class actions or other various types of legal remedies. However, Fairstone does not believe that any proceedings it is involved in could have a material negative impact on its consolidated financial position.

TCFD CONTENT INDEX

Fairstone is committed to aligning its climate-related practices to the Task Force for Climate-related Financial Disclosures (TCFD) recommendations. In 2021 and 2022, Fairstone measured and reported on scope 1 and 2 greenhouse gas (GHG) emissions based on the Greenhouse Gas Protocol. This initiative served as a first step to baseline Fairstone’s GHG emissions.

Over the next year, Fairstone will assess readiness to disclose in line with the TCFD recommendations in future reporting years.

SASB CONTENT INDEX

Fairstone is dedicated to transparency in its ESG disclosures. We are driven to give our stakeholders insightful reporting on material ESG metrics.

Fairstone has reported on the recommended metrics within the SASB Industry Standards: Consumer Finance. While our business aligns with this industry, not all metrics are relevant to our operations, and some data will be collected in the future. We will continue to evaluate all relevant metrics on a recurring basis to give our stakeholders a thorough disclosure.

SELLING PRACTICES

SASB CODE	METRIC	RESPONSE
FN-CF-270a.1	Total remuneration for covered employees that is variable and linked to the amount of products and services sold	Fairstone has processes in place to ensure that variable remuneration and associated targets do not promote predatory selling practices.
FN-CF-270a.2	Approval rate for (i) Credit, (ii) Prepaid products for applicants with FICO scores above and below 660	APR is assigned at the Product and Credit risk level for the customer. Fairstone does not disclose average APR by lending product, average age of accounts, or average number of trade lines due to the confidential nature of the metric.
FN-CF-270a.3	Average fees from add-on products (i) Average APR, (ii) Average age of accounts, (iii) average number of trade lines, (iv) Average annual fees for pre-paid products, for customers with FICO scores above and below 660	
FN-CF-270a.4	Complaints filed with the Consumer Financial Protection Bureau (CFPB): (i) Percentage with monetary or nonmonetary relief, (ii) Percentage disputed by consumer, (iii) Percentage that resulted in investigation by the CFPB	<p>Fairstone reports on complaints escalated to the Ombudsman for Banking Services and Investments (OBSI). In 2022, the Bank had 8 complaints escalated to OBSI.</p> <p>(ii) Fairstone does not currently collect this information. In the coming years, our focus will be on establishing measures to calculate the percentage with monetary and nonmonetary relief and the percentage disputed by consumers.</p> <p>(iii) In 2022, the percentage of complaints investigated by the OBSI where the resolution differed from the Fairstone Commissioner of Complaints was 0%.</p>
FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	In 2022, the Bank had not received complaints from the Financial Consumer Agency of Canada (FCAC), no instances of litigation dealing with irresponsible marketing, and no monetary value at risk due to lack of responsible marketing.

DATA SECURITY

SASB CODE	METRIC	RESPONSE
FN-CF-230a.1	Number of data breaches (i) Involving personally identifiable information (PII), (ii) Account holders affected	Fairstone has not encountered any cyber security breaches and has not incurred any cost related to the remediation of such cyber events.
FN-CF-230a.2	Card-related fraud losses from (i) Card-not present fraud, (ii) Card-present and other fraud	Fairstone does not disclose card-related fraud losses. Please refer to Fairstone's Fraud Prevention Resources for more information on how customers can protect their information from financial fraud on Fairstone Financial .
FN-CF-230a.3	Description of approach to identifying and addressing data security risks	Please refer to Fairstone's Privacy Statement for more information on how customer privacy is protected at Fairstone Bank and Fairstone Financial .

CONSUMER FINANCE: ACTIVITY METRICS

SASB CODE	METRIC	RESPONSE
FN-CF-000.A	Number of unique consumers with an active credit card account, prepaid debit card account	980,987 represents the total number of unique customers with an open credit card balance.
FN-CF-000.B	Number of credit card accounts, prepaid debit card accounts	1,294,034 represents the total number of active credit card accounts affiliated with the cardholders above

Additional Data Tables

EMPOWERING OUR EMPLOYEES	
DIVERSITY, EQUITY, AND INCLUSION PAGES 14-15	
DEI Survey response rate	51%
Total number of employees	1,774
Percentage of men	35%
Percentage of women	65%
Representation of women	
Percentage in mid-level professional occupations	44%
Percentage in senior-level professional occupations	33%
Percentage in senior management	23%
Percentage as Board of Directors	20%
Percentage in senior and executive management roles	56%
Percentage of employees that perceive men and women have equal leadership positions	68%
Percentage of employees who believe that the company has a diverse workforce	61%
Representation of employees by generation	
Percentage of generation X	44.8%
Percentage of millennials	36.4%
Percentage of baby Boomers	9.3%
Percentage of generation Z	5.4%
Percentage of silent generation	0.1%
Percentage of employees who prefer not to answer	4%

Number of employees who completed the training on Accessibility for Ontarians with Disabilities Act	119
Representation of cultural communities and underrepresented groups	
Percentage of white employees	51%
Percentage of Middle Eastern employees	11%
Percentage of South Asian employees	11%
Percentage of black employees	7%
Percentage of East/Southeast Asian employees	4%
Percentage of Indigenous employees	4%
Percentage of Latino employees	2%
Percentage of employees identifying to another race category	10%
Percentage of employees who prefer not to say	7%
EMPLOYEE ENGAGEMENT PAGE 16	
Employee engagement survey participation rate	86%
EMPLOYEE TRAINING PROGRAMS AND PERFORMANCE MANAGEMENT PAGE 18	
Total number of employees who received a performance review	1541
Percentage of employees who completed a performance review	83.5%
EMPLOYEE WELL-BEING PAGE 18	
Percentage of employees who used their wellness days	84.8%
Average number of wellness days used	4.8 days (38.4 hours)

SUPPORTING OUR CUSTOMER'S GROWTH

CUSTOMER SATISFACTION PAGE 20

Lending customers

Percentage of customer satisfaction	98.5%
Net promoter score	46
Number of surveys completed	5,000

Retail POS customers

Percentage of customer satisfaction	92.4%
Net promoter score	40
Number of surveys completed	2,289

CUSTOMER SUPPORT PROGRAMS PAGE 21

Percentage of customers with improved credit scores 52%

Percentage of customers who started with a sub-prime credit score and moved into a near-prime FICO	34.88%
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Percentage of customers facing hardship that benefited from tailored renewed/adjustable loan terms 23.1%

Number of claim payments made 23,000

Amount of claim payments made \$18.7M

Number of solutions offered to customers under financial difficulties 219

Amount of remediations offered	\$1.4M
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DIGITAL LENDING PAGE 22

Number of digitally closed loans 59.2%

BUILDING ALONGSIDE THE COMMUNITIES WE SERVE

COMMUNITY SPONSORSHIPS PAGES 24-25

Number of organizations sponsored by Fairstone branches 40

Number of employees who volunteered 49

Amount invested in community sponsorships \$60,000

Community Matters Month

Number of participating employees	400
Number of charities supported	67
Number of hours volunteered	1,033

FINANCIAL LITERACY TOLLS AND PARTNERSHIPS PAGE 26

Amount donated to JA Canada \$50,000

Number of employees participating in Financial Literacy webinar 380

CORPORATE DONATIONS PAGE 27

Total amount of corporate donations \$70,000

Douglas Foundation	\$25,000
Canadian Red Cross	\$25,000
Women's Foundation	\$20,000

Corporate fundraising campaigns

Amount of donations raised for United Way (employees and Fairstone)	\$173,462
Number of Canadian communities served by United Way fundraiser	5,000
Angel day offered to employees who participated in the United Way fundraiser since 2018	1,309
Amount of donations raised for Leucan (employees and Fairstone)	\$51,000

PROTECTING OUR SHARED VALUE

ETHICAL CONDUCT

PAGE 32

Percentage of employees who completed the training on Cyber/Information Security compliance	84.1%
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REDUCING OUR OPERATIONAL IMPACT

OPERATIONAL CARBON FOOTPRINT

PAGE 34

Total GHG emissions in 2021	2,549 tCO₂e
Scope 1 GHG emissions	1,645 tCO ₂ e
Scope 2 GHG emissions	904 tCO ₂ e
Total GHG emissions in 2022	2,607 tCO₂e
Scope 1 GHG emissions	1,707 tCO ₂ e
Scope 2 GHG emissions	901 tCO ₂ e

Endnotes

- ⁱ See page 16 of our employee engagement section.
- ⁱⁱ Percentage reflects the number of respondents who anonymously and voluntarily answered the internal DEI survey.
- ⁱⁱⁱ Data collected using the Company's management software.
- ^{iv} See page 20 of our customer satisfaction section. We survey Fairstone direct lending customers of various tenors twice a year that have closed a loan in the preceding 90 days. In December 2022, the customer satisfaction rate was 98.5%.
- ^v For more information, please see page 21, section Customer Support Programs.
- ^{vi} 59.2% represents all the loans closed digitally by Fairstone branch and centralized teams as at end of 2022.
- ^{vii} See page 25 of our Community Matters Month section.
- ^{viii} For more information, please see page 32, section Ethical Conduct.
- ^{ix} See page 34 of our Operational Carbon Footprint section for additional information.

Questions or comments regarding our approach are welcome at:
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