
Environmental, Social and Governance (ESG) Report 2023



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CEO Message

In 2023, Fairstone's defining theme was "accountability". For us, accountability goes beyond responsibility; it's a commitment that extends to every individual at every level within our organization. To be accountable at Fairstone is to prioritize the right actions, collaborate with courage and empathy, and consistently deliver exceptional experiences for our employees, customers, and partners. These principles are the centre of our Environmental, Social and Governance (ESG) journey.

Our sense of collective accountability led the way as we successfully navigated the various challenges of the past year together. Despite uncertain economic conditions, our dedication to our customers and our business never wavered. As we closed 2023, our business remained strong and stable with \$7.4 billion in consolidated assets and a workforce of nearly 1,800 employees, enabling us to serve 1.8 million customers. Throughout the year we continued to invest in expanding our range of financial services with the integration of *EdenPark*, our automobile financing business, and the launch of Fig, our fully digital lending platform.

As we progress along our ESG journey, we place our stakeholders—employees, customers, partners, investors, and more- at the heart of everything we do. With our values, leadership principles, and corporate strategy as our guide, we are steadfast in our purpose to become Canada's most accessible and responsible consumer lending bank.

Our corporate strategy, built on four pillars—sustainable growth, customer experience, operational efficiency, and responsible governance—is designed to drive our purpose and shape our future. And our commitment to excellence, efficiency, and ethical practice, instilled in our people, guides our path to success.

Over the past year, we continued aligning our ESG strategy with our business objectives. We prioritized empowering our employees through the launch of development programs, comprehensive engagement surveys, the introduction of a reduced workweek, and substantial advancements in promoting diversity, equity, and inclusion within our

organization. We demonstrated our commitment to supporting our customers' growth by introducing more paperless solutions, opening five new branches, and implementing initiatives that expanded access to credit. We built alongside the communities we serve by actively participating in charitable activities, raising funds for United Way, and establishing a three-year partnership with the Canadian Red Cross. We proactively worked toward protecting our shared value by evolving privacy policies, assessing ESG risks and enhancing our governance practices. Finally, we successfully implemented a flexible hybrid work model, significantly reducing business travel, embraced digital practices to minimize paper usage, and gained a better understanding of our greenhouse gas emissions, contributing to our commitment to address climate change by reducing our operational impact on the environment.

This report is a testament to our ESG strategy and shares our progress.



We are dedicated to catalyzing positive change that enhances the welfare of individuals, communities, and the environment.

As you read our 2023 ESG Report, we trust you will find our comprehensive adoption of ESG principles, across every facet of our business, demonstrates our dedication to catalyzing positive change that enhances the welfare of individuals, communities, and the environment.

Scott Wood

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

About Fairstone

Fairstone Bank of Canada (“Fairstone Bank”) and its subsidiary, Fairstone Financial Inc. (“Fairstone”), provide a wide range of innovative financial services that enable Canadian consumers and businesses to achieve their goals. Collectively, Fairstone Bank and its subsidiaries offer credit cards and rewards programs, point-of-sale financing, automobile financing and fully digital personal loans through partners, in addition to unsecured and secured personal loans and mortgages online and at over 250 branches coast to coast. With a long-established Canadian history, Fairstone Bank and Fairstone are committed to being Canada’s most accessible and responsible consumer lending bank.

OUR CORPORATE STRATEGY

Our corporate strategy is anchored by four pillars designed to drive our purpose and shape our future. These pillars are not just strategic directions; they are commitments to excellence, efficiency, and ethical practice. At the core of this corporate strategy is our people, whose talent, dedication and insights fuel our success. As a roadmap, it enables each employee to significantly contribute to our purpose through:

Sustainable Growth

We aim for growth that is not just impressive in figures but sustainable in practice. This involves achieving smart earnings and receivables growth, enhancing returns, maintaining profitability, and optimizing operational efficiency while at the ready to seize strategic opportunities.

Customer Experience

Central to our operations is our commitment to our customers. We are redefining the customer journey, integrating more technology and personalization to create frictionless, satisfying experiences. Our focus is on understanding and anticipating customer needs, ensuring we are always a step ahead in providing tailored solutions.

Operational Efficiency

Efficiency, quality, and innovation are the cornerstones of our operational strategy. We are investing in technology, enhancing processes, and leveraging analytics for sustained improvement and business continuity.

Responsible Governance

The backbone of our strategy is strong governance and robust risk management. We are committed to ethical practices, regulatory compliance, and safeguarding information security.



OUR PURPOSE

Be Canada’s most accessible and responsible consumer lending bank.

OUR FOUNDATION

Our values are the foundation of our organizational culture, uniting individuals from diverse backgrounds by defining our collective expectations and guiding our decision-making process. By nurturing our culture, living our values, and empowering each employee, we ensure the success of our purpose.



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.

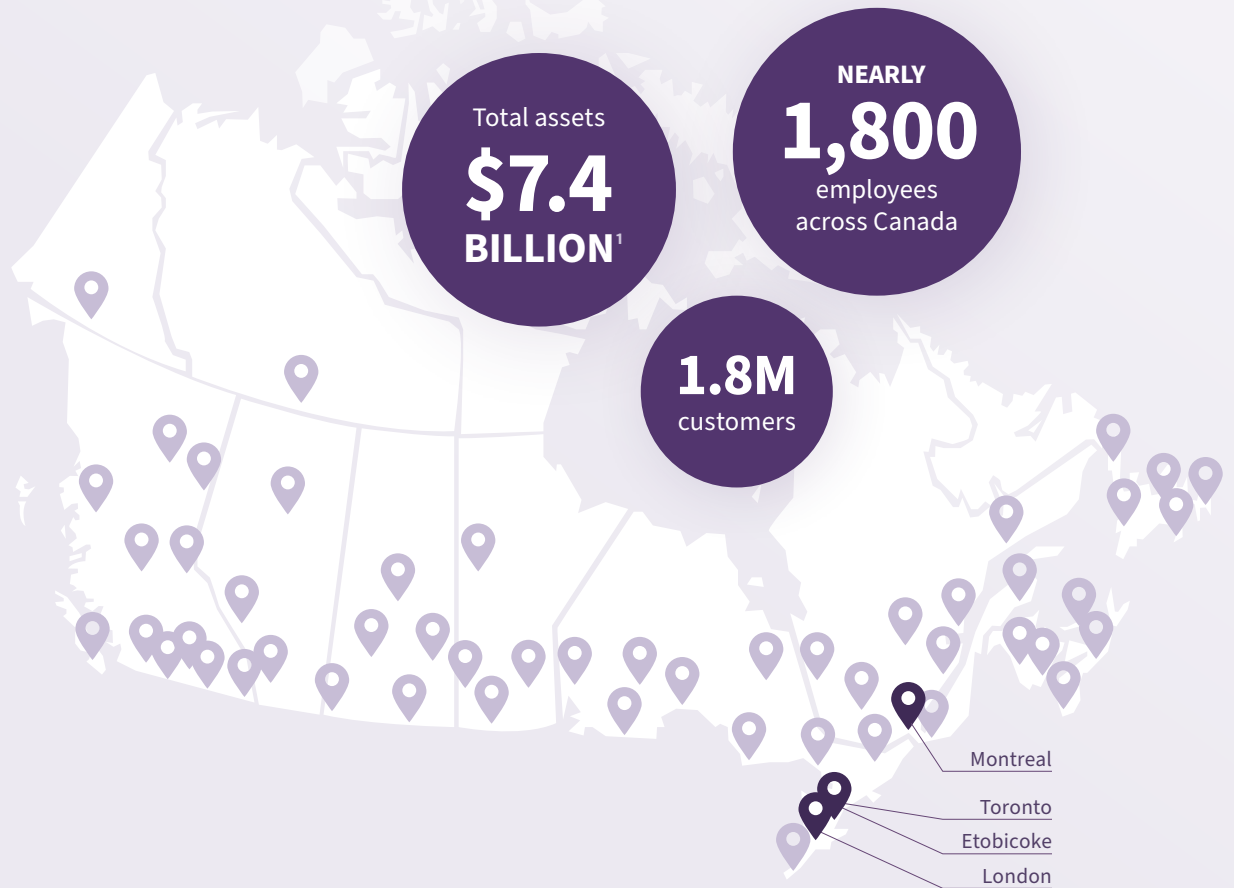


Innovation

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

OUR FOOTPRINT ACROSS CANADA

Fairstone's corporate offices are strategically situated in Montreal, Toronto, Etobicoke, and London, while our extensive presence spans **252 branch locations** coast to coast in communities across Canada.





¹ Total assets as of December 31, 2023


OUR SERVICES


Fairstone offers a suite of innovative financial services that enable Canadian consumers and businesses to achieve their goals.

Fairstone Bank Services


-  Credit Card Services


-  Credit Financing Solutions


-  Related Protection Services


-  Guaranteed Investment Certificates (GICs)


Fairstone, EdenPark and Fig Services

-  Unsecured Personal Loans

-  Secured Loans

-  Mortgages

-  Point-of-Sale Financing

-  Automobile Financing

Our extensive industry expertise and legacy in Canada makes Fairstone Bank and its subsidiaries, Fairstone, EdenPark and Fig, experienced and credible partners.

In sync with consumers and businesses



Our wide range of value-driven financial solutions are designed to deliver a seamless customer experience and enable consumers and partners to achieve their goals.

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, offering insights into the areas that hold significance for our business and stakeholders.

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

All data included in this report reflects performance during our fiscal year from January 1, 2023, to December 31, 2023, unless otherwise noted. Monetary figures are presented in Canadian dollars for clarity and consistency.

REPORTING FRAMEWORK

Our reporting aligns with the industry-recognized Sustainability Accounting Standards Board (SASB) and adheres to the guidelines set forth by the Task Force on Climate-Related Financial Disclosures (TCFD). For a reference, please refer to the Appendices (page 58) where we have mapped our disclosures to the SASB and TCFD recommendations.

For any questions or feedback on this document, please contact Fairstone's Corporate Communications team at media@fairstone.ca.

Ce rapport est également disponible en français sur www.fairstone.ca et www.banquefairstone.ca.

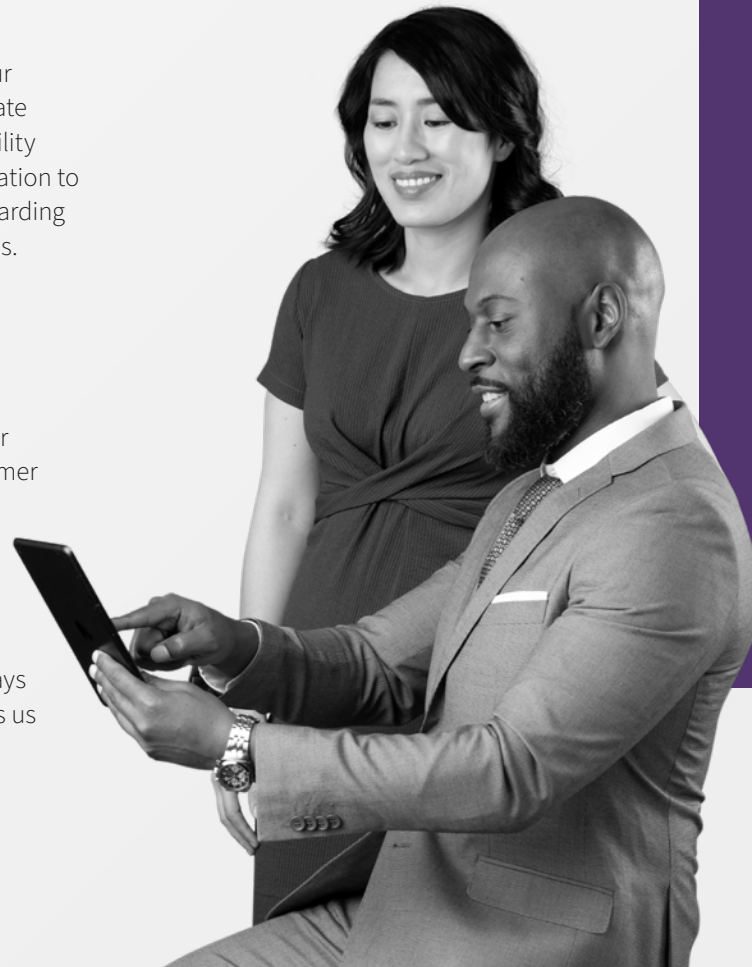
Our ESG Strategy

With a long-established Canadian history, Fairstone is committed to improving the lives of Canadians through accessible and responsible consumer lending solutions.

Sustainability has become increasingly important to our business strategy, reflecting our commitment to generate value for all stakeholders. As we expand, our responsibility to operate sustainably grows in tandem with our dedication to meeting evolving stakeholder expectations and safeguarding the environment for the prosperity of future generations.

ESG OBJECTIVES & PILLARS

The ESG landscape is evolving, as are we. To uphold our position as the most accessible and responsible consumer lending bank in Canada, we have established our ESG strategy around priorities that create and sustain long-term shared value for our employees, our customers, the communities we serve and our shareholders. We focus on where we have the social license and opportunity to contribute in meaningful ways and partner with others to work on solutions. It enables us to help customers thrive and communities prosper.



OUR ESG OBJECTIVES

Equip and empower our employees to help fulfill our ambition of empowering our employee to achieve their utmost potential and creating a long-lasting commitment to make a meaningful impact in the lives of our customers, communities and colleagues.

Integrate ESG considerations within our business process to better serve our current and future customers guides us in selecting the right partners for us.

Embed ESG within our governance and risk management systems to meet evolving compliance standards and industry regulatory requirements.

Focus on our own direct ESG impact by minimizing our environmental footprint and maximizing our investments in people and culture.

OUR ESG PILLARS

Our strategy is built around five pillars, which are the foundation of a three-year ESG roadmap. These strategic priorities were chosen based on our ability to make an impact through our actions, offerings and influence. In 2023, we focused on advancing these five ESG strategic priorities.

Empowering our Employees

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

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

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 and adaptation
- Ethics and integrity
- Data privacy and security
- Regulatory compliance
- Risk management
- Executive compensation

5 Pillars

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

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 and inclusion
- Financial literacy and inclusion
- Customer satisfaction
- Responsible lending and partnerships
- Transparency and selling practices
- Digitalization
- Economic value creation

Building alongside the communities we serve

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

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

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 and adaptation
- GHG emissions management and decarbonization
- Energy consumption
- Waste management
- Water management
- Sustainable procurement
- Responsible investing

OUR STAKEHOLDERS

Through our three-year ESG strategy grounded in our five pillars, we are creating 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.



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.



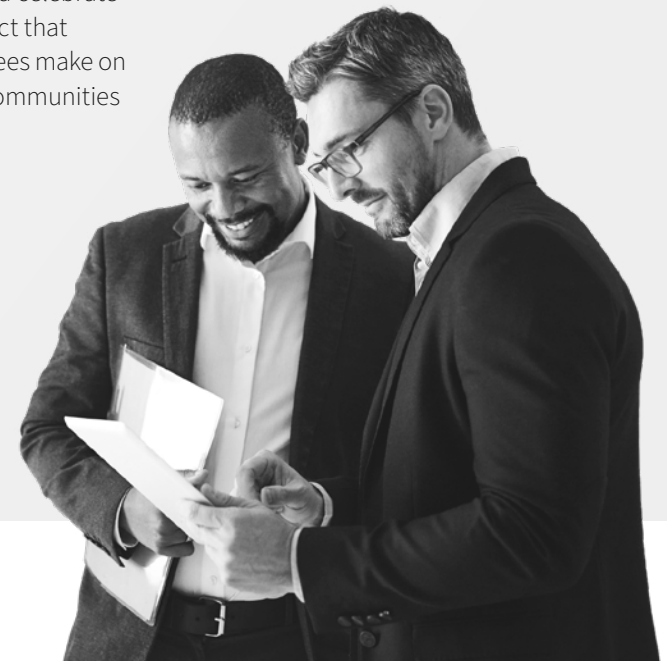
Employees

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.



Shareholders

We enhance shareholder value through strong governance and deliver a stable and sustainable capital position.



Performance Highlights

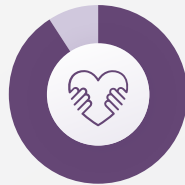
NEARLY
1,800
employees

250+
locations
across Canada

Recognized as one of Montreal's
Top Employers

Awarded Silver Parity Certification
by Women in Governance

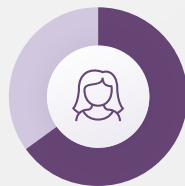
EMPOWERING OUR EMPLOYEES



91%
share the perception of
working in a safe environment,
free of harassment and
discrimination.ⁱ



95%
believe that employees
uphold Fairstone's
Leadership Principles.ⁱⁱ



65%
of senior-level professional
occupations or senior
management roles are
occupied by womenⁱⁱⁱ

ⁱ See page 18 of our employee engagement survey section.

ⁱⁱ See page 18 of our employee engagement survey section.

ⁱⁱⁱ Data collected using the Company's management software.

^{iv} See page 27 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.

^v For more information, please see page 30, section Building Credit and Financial Resilience.

^{vi} 85% represents all the unsecured personal loans executed digitally by Fairstone branch teams as at end of 2023.

^{vii} See page 50 of our Cybersecurity is Everyone's Responsibility section.

^{viii} See page 56 of our Operational Carbon Footprint section for additional information.

SUPPORTING OUR CUSTOMERS' GROWTH

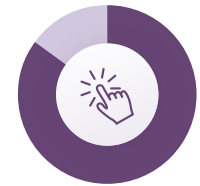


98.4%
of customers are satisfied
with our service^v

183

blogs on
[Fairstone.ca](https://www.fairstone.ca) with

264,992
page views^v



Over **85%**
of loans were
closed digitally^{vi}

BUILDING ALONGSIDE THE COMMUNITIES WE SERVE

\$350K+
donated through
community investments

\$212K
in employee and
corporate donations
for United Way campaign

Inaugural national
"Check Your
Credit Score Day"
on November 2

PROTECTING OUR SHARED VALUE

90%
of employees completed Cyber
Security compliance trainings^{vii}

155 minutes
of essential compliance training

REDUCING OUR OPERATIONAL IMPACT

2,823 tCO₂e
Total operational GHG
emissions in 2023^{viii}

205 trees
planted on behalf of Fairstone

Empowering our Employees

Diversity, Equity and Inclusion

Empowering Women

Employee Engagement Survey

Employee Attraction and Retention Program and Benefits

Employee Training Programs and Performance Management

Employee Well-Being

For nearly a century, Fairstone has prioritized its talented workforce, firmly believing in empowering each employee to achieve their utmost potential.

Our employees' invaluable contributions are at the heart of our company's ethos and success. Through a nurturing and inclusive culture, we strive to create a respectful workplace that values diversity and offers equal opportunities for all employees to flourish and significantly contribute to our purpose.

We are dedicated to our employees' continuous professional growth, fostering development through challenging roles and promoting from within. By focusing on vocational advancement and skill acquisition, we foster employee engagement and an enhanced workplace experience. We also believe our employees' input is vital to our collective progress, epitomizing our commitment to our core values: innovation, recognition, integrity, accountability, diversity and respect.



Diversity, Equity and Inclusion

At Fairstone, our commitment to Diversity, Equity, and Inclusion (DEI) is integral to our corporate and ESG strategies and drives the advancement of an inclusive culture that respects people's dignity, ideas, and beliefs, while promoting equal opportunity.

Our DEI initiatives, rooted in our core values, focus on three key objectives:

Improving awareness of diversity and inclusion in the workplace to better serve our existing and future customers.

Maintaining a diverse work culture based on equity, inclusion, and respect.

Creating opportunities for communities with varied perspectives and identities to feel supported and represented.



These objectives are supported by our three-year DEI strategy (2023-2025), which revolves around four main DEI pillars:

Empowering our Employees: Ensuring diversity in our team and adhering to equitable Human Resource practices.

Building a Sense of Belonging: Promoting an inclusive culture that esteems diversity and holds us accountable to our values.

Supporting our Customers' Growth: Understanding diverse financial needs, amplifying varied voices, expanding work in underrepresented communities and ensuring fair and inclusive lending practices.

Supporting the Communities We Serve: Funding projects that enhance DEI, with clear baselines and goals for each community.

We offer an inclusive culture that respects people's dignity, ideas and beliefs.

At Fairstone, our approach to building an inclusive workforce is rooted in a comprehensive strategy that encompasses various key policies and programs.

Central to this strategy is our **Diversity and Employment Equity policy**, which ensures fair and equitable treatment of all employees and candidates.

We actively implement an **Anti-Bias Training Program**, which covers essential topics such as gender bias, diversity, inclusion, and general bias, equipping our team with the knowledge and skills to foster a more inclusive environment.

Our commitment to diversity further evidenced by our **stringent policy against hiring discrimination**. We prohibit discrimination based on race, religion, sex, gender identity, gender expression, family status, age, language, or national origin, ensuring a fair and respectful hiring process.

Additionally, we provide comprehensive disability coverage, ensuring that employees with disabilities receive the necessary support and accommodations.

Our **Religious Diversity policy** is a testament to our respect for spiritual observances, where we make accommodations to respect and celebrate the diverse religious practices of our employees.

Together, these elements form the backbone of Fairstone's dedication to an inclusive, equitable, and diverse workplace.

An inclusive, equitable, and diverse workplace.



Diversity and Employment Equity Policy

- Fair and equitable treatment of all employees and candidates

Anti-Bias Training Program

- Gender bias
- Diversity bias
- Inclusion bias
- General bias
- Knowledge and skills to foster a more inclusive environment

Policy against hiring discrimination

- Policy against discrimination based on race, religion, sex, gender identity, gender expression, family status, age, language, or origin

Religious Diversity Policy

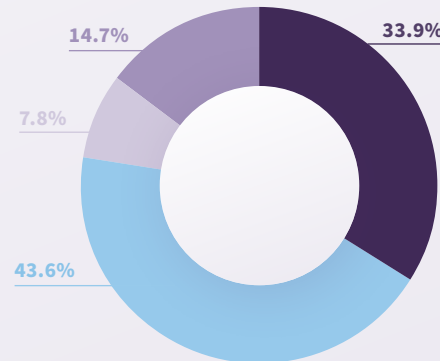
- Respect for spiritual observances
- Respect and celebrate the diverse religious practices of our employees

DEI SURVEY AND THREE-YEAR ROADMAP

In 2022, we launched our first internal diversity, equity, and inclusion (DEI) survey to better understand our employees and what matters most to them, as well as lay the groundwork for a more diverse and inclusive workplace. From there, we embarked on a journey to formalize our approach to DEI by aligning our corporate strategy with our ambition to create long-term shared value for our stakeholders. We now have a three-year roadmap with initiatives that will help us support our diversity and inclusion program.

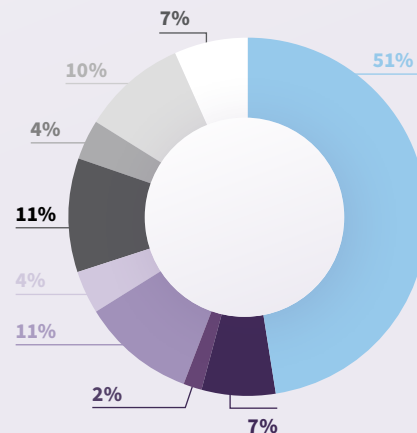
Employees by generation

- Generation X - born 1965-1980
- Millennials - born 1981-1996
- Baby Boomer Generation - born 1946-1964
- Generation Z - born 1997-2012



Representation of cultural communities and underrepresented groups²

- Caucasian
- Black
- Latino
- Middles Eastern
- East-Southeast Asian
- South Asian
- Indigenous
- Another race category
- Prefer not to answer



² From the 2022 survey. Race categories aligned to the Ontario anti-racism data standards.

DEI TRAINING PROGRAMS

Promoting Awareness and Inclusion. Essential to our DEI strategy and roadmap are two new mandatory training programs introduced in 2023 that focus on addressing unconscious bias. These training programs have been momentous in raising awareness and driving inclusivity throughout our organization, marking a significant step toward our DEI goals. In 2023, more than 90% of our employees completed these two DEI mandatory trainings.

EMPLOYEES RESOURCE GROUPS

Because we care. In 2023, Fairstone took a significant step in enhancing workplace inclusivity by launching an Employee Resource Group (ERG) dedicated to caregivers. This initiative, building on the success of our Women's Committee, emerged from employee feedback. Comprising a diverse team of 12 members hailing from various departments, the caregiver-focused ERG aims to influence company policies and practices, advocating for resources that support challenges unique to caregivers. Since its inception, this group has been effectively raising awareness about the tools and resources essential for employees who care for children or sick, elderly, or disabled relatives, ensuring our workplace is accommodating and supportive for everyone.

EMPOWERING THROUGH KNOWLEDGE

DEI@Work Series. A cornerstone of our DEI initiative is a monthly "DEI@Work" series of articles, thoughtfully curated and published on our intranet. These articles cover various topics, including Religious Diversity, Disability Awareness, Francophonie, Black History Month, Celebrating Caregivers, Indigenous Peoples, Gender Equity, Inclusive language, and Pride. In 2023, a total of 15 articles were published.

Empowering Women

At Fairstone, we are deeply committed to empowering our female employees and recognizing their invaluable contributions to our team. We firmly believe in fostering a workplace culture that thrives on diversity, equity, and inclusion, understanding that a diverse workforce is not just a moral imperative

but also a key driver of innovation and success. By actively promoting gender equality and offering supportive programs and policies for women, we aim to create an environment where everyone feels valued, respected, and equipped to reach their full potential.

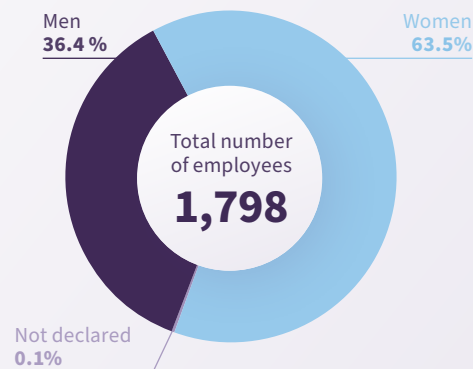
INSPIRING SUCCESS: CARA GULICK RECEIVES 2023 WOMEN IN LEADERSHIP AWARD³

As part of its commitment to promote women within its organization, Fairstone introduced a “Women in Leadership Award” in 2021. This award aligns with a larger corporate objective to continuously improve and evolve in diversity, equity, and inclusion. Cara's journey from humble beginnings in the Dakota First Nations to her current role as Branch Manager in Thompson, Manitoba, exemplifies resilience, leadership, and cultural pride. Embracing her Indigenous heritage, Cara has not only excelled professionally but has also become an inspiration to her community and colleagues. Her dedication to Fairstone's values and leadership principles, along with her commitment to mentoring and uplifting other women, reflects our company's commitment to fostering an inclusive workplace. Cara's story serves as a testament to the transformative power of diversity and the profound impact it has on our collective success.



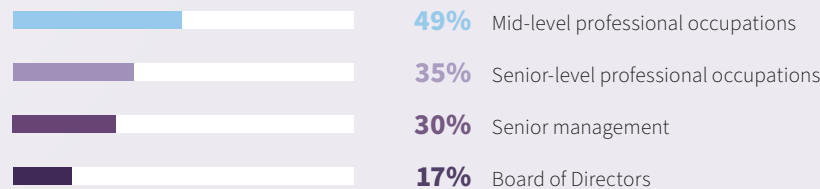
CARA GULICK
Branch Manager
Thompson, Manitoba, and
winner of the 2023 Women
in Leadership Award

Employees by gender



Workforce by management role

Percentage of women in:



³ Learn more about Cara Gulick at www.fairstone.ca

**FAIRSTONE'S WOMEN'S COMMITTEE:
ADVANCING WOMEN'S LEADERSHIP**

Fairstone's Women's Committee is dedicated to enhancing the representation of women across all company levels, championing gender equality and diversity as key aspects of our management approach. This Employee Resource Group, consisting of members from various levels, is vital in driving awareness and implementing practical solutions for gender parity. It focuses on promoting equal opportunities in recruitment, hiring, retention, and advancement of women, fostering a culture rich in knowledge exchange and best practices.

A NETWORK BURSTING WITH AMBITION

The Women's Network, one of the Women's Committee's key initiatives, provides a space for women and allies who want to exchange on leadership development, further professional opportunities, create relationships with peers at Fairstone, and ultimately prepare more women for leadership roles within Fairstone. In 2023, the Women's Network proposed several activities to Fairstone's employees:



Women and Financial Literacy:
Embracing Equity Webinar



**Blog: Life at Fairstone⁴
Shelley's Story:**
Finding "life balance" rather than work-life balance



**The Women's Network presents
Pattie Lovett-Reid:**
Unlocking Your Path to Success

COMMITMENT TO GENDER EQUALITY RECOGNIZED

After four years of being awarded the Bronze Parity Certification by Women in Governance, Fairstone proudly received the Silver Parity Certification in 2023. This achievement is a testament to Fairstone's active involvement in supporting women and advancing female leadership. It stands as a testament to the fundamental role that gender equality plays in the fabric of Fairstone's culture.



BUILDING OUR FEMALE TALENT PIPELINE

To enhance female representation in management roles across our branch network and within our corporate offices, our development programs are strategically designed with a keen focus on increasing the number of women in these positions. We closely track progress through a key performance indicator: the number of female employees in management roles, considering both level and ethnicity. Our leadership programs demonstrate this commitment: in 2023, 56% of participants were women, and 62.5% of mentors in those programs were also women. These figures not only highlight our dedication to promoting female leadership but also emphasize the active participation of women in our leadership development efforts.

⁴ <https://fairstone.ca/en/learn/fairstone-news/shelleys-story-finding-life-balance>

Employee Engagement Survey

At Fairstone, we recognize that our employees are our most valuable asset.

Their dedication and contributions are the driving force behind our success, and we make sure their voices are heard, as evidenced by our annual Employee Engagement Survey.

In 2023, the survey saw an impressive 91% participation rate, with an engagement score of 78%, reflecting our team's strong commitment to our shared goals. These results are more than metrics; they provide critical insights for all management levels, highlighting achievements and identifying areas for growth.

These insights are invaluable in guiding our efforts toward a more successful and inclusive organization.



KEY TAKEAWAYS FROM THE SURVEY INCLUDE:

A remarkable **98%** of respondents feel they contribute significantly to team success.

96% have a clear understanding of their work's impact on customer satisfaction.

91% have a comprehensive grasp of our business objectives and their role in achieving them.

91% share the perception of working in a safe environment, free of harassment and discrimination.

95% believe that employees uphold Fairstone's Leadership Principles.

Employee Attraction and Retention Program and Benefits

In the ever-evolving landscape of modern business, Fairstone recognizes the crucial role of our people in sustaining our growth and success.

Our Employee Attraction and Retention Programs reflect our dedication to retaining talent and nurturing a workforce that is engaged, diverse, and aligned with Fairstone's values and objectives. From competitive compensation and benefits to professional development opportunities, recognition programs, and a supportive work environment, we foster a culture where all our employees feel recognized, supported, and motivated to thrive.



THE 37.5 HOUR WORK WEEK AT FAIRSTONE IS NOW IN EFFECT!

In July 2023, Fairstone entered a new chapter of its work-life balance journey by introducing a reduced 37.5-hour work week. This significant change demonstrates our ongoing commitment to our employees' well-being and productivity. Notably, we made this transition while maintaining all current annualized salaries, ensuring that our team members experienced no financial impact from the shift. This change is a testament to our belief in valuing the overall well-being of employees.

COMMITMENT TO EMPLOYEE WELFARE: TOTAL REWARDS PACKAGE

Fairstone is dedicated to attracting and retaining top-tier talent by providing a market-competitive total rewards package. Our offering includes competitive salary, comprehensive benefits, designed to support the health and well-being of our employees and their families, generous holidays and wellness days, and a robust pension plan, ensuring employees can confidently plan for their retirement. This holistic total rewards approach underlines our commitment to our workforce's overall wellness and satisfaction.

We value the well-being of our employees.

**EMPOWERING FUTURE PROFESSIONALS:
AN ACADEMIC-ALIGNED INTERNSHIP PROGRAM**

At Fairstone, our 12-week internship program is purposefully designed to bridge the gap between academic learning and professional experience. We encourage our interns to actively engage with tasks that directly align with their academic curriculum, allowing them to immerse themselves deeply in their chosen fields. This hands-on approach enables them to apply theoretical knowledge to real-world scenarios and make meaningful contributions to our team objectives. Integrating them into key projects and initiatives ensures that each intern gains valuable insights and practical skills, setting the foundation for their future careers, while also enriching our workplace with fresh perspectives and innovative ideas.

“Throughout my time as an ESG Intern at Fairstone, I applied the theoretical knowledge gained throughout my studies in sustainability, adapting it to the practical realities of Fairstone. Moreover, I gained invaluable experience and insights into the comprehensive work and challenges involved in developing and implementing an ESG strategy within a corporate environment. This experience has better equipped me for navigating the complexities of corporate sustainability.”

TAMARA BOU CHAHINE
2023 Intern, Montreal



FOSTERING GROWTH THROUGH CONNECTIONS

At Fairstone, we profoundly value the insights and connections within our team, which is why our Employee Referral Program is an important component of our employee attraction and retention efforts. Leveraging the extensive networks of our staff, we encourage the referral of qualified candidates for various roles within Fairstone. This program acknowledges the significant role our employees can play in identifying top talent. In gratitude for recommending Fairstone as an employer, we offer referral awards of up to \$5,000 to those whose recommendations lead to successful hires. This ongoing initiative not only enriches our talent pool but also celebrates the active participation of our employees in the growth and evolution of our organization.

Referral awards
of up to
\$5,000



**CELEBRATING EXCELLENCE:
FAIRSTONE'S RECOGNITION PROGRAMS**



At Fairstone, we firmly believe in the power of recognition and it is deeply rooted as one of our core values. We understand that acknowledging and appreciating our people is key to engagement and motivation. Our culture is built around celebrating not just results and performance, but also individual achievements that propel our business toward its goals. We take every opportunity to highlight and commend the contributions of employees who are making a positive impact. By showing genuine appreciation for our employees and colleagues, as well as valuing the unique qualities and strengths they bring, we create a culture of validation and endorsement. Gratitude and acknowledgment go beyond mere gestures; they are an integral part of how we operate, ensuring that each member of our team feels recognized, valued, and thanked for the indispensable role they play in the success of our organization.



7,497
recognition messages
were sent through Altitude,
our recognition platform.

**MONTREAL'S
TOP EMPLOYER**



In 2023, Fairstone was named one of Montreal's Top Employers for the third consecutive year.

This award recognizes outstanding workplaces in the Greater Montreal area and highlights Fairstone's dedication to a culture of collaboration, wellness, flexibility, and a commitment to equity, diversity, and inclusion. Fairstone supports employee development through training programs, professional accreditations, and tuition subsidies, alongside a strong focus on employee recognition. Fairstone also introduced 'Wellness Days' in 2022, enhancing its focus on employee well-being. In addition to providing a stimulating work environment, we support employees in balancing their professional and personal lives.

Employee Training Programs and Performance Management

At Fairstone, we are dedicated to fostering employee growth and development, exemplified through robust initiatives like our comprehensive training programs and performance management processes. These programs are designed to enhance the skill sets and professional competencies of our team and to nurture a culture of continuous learning and improvement. By investing in the ongoing development of our staff, we ensure that every individual is equipped with the tools and knowledge necessary to thrive in their roles and contribute meaningfully to Fairstone's success.

42,438
courses completed by
our employees in 2023

465
employees participated in the
Learning and Development Spotlight



FAIRSTONE ACADEMY

The Fairstone Academy is our model of excellence, supporting all our training needs, from technical learning to leadership skills to personal development. Our Fairstone Academy encompasses over 200 custom-built courses covering New Hires, Customer Service, People Management, Leadership, and more. Our managers also have access to LinkedIn Learning online courses, taught by industry experts, to further propel their development. In 2023, our employees completed 42,438 courses, totalling 24,139 hours of training, further enriching their professional growth and skills. These courses support employees in staying current with the latest skills and tools across core functional areas such as business, technology, and communications.

SOCIAL ACADEMY

The Social Academy is an employee-driven network on Microsoft Viva Engage where everyone can share and consume knowledge daily within an internal professional network. An environment built to maintain engagement and continuous learning, the Social Academy encourages employees to ask questions and support others with their knowledge, reflect on what matters most for daily efficiency, and feed curious minds with stimulating information.

LEARNING AND DEVELOPMENT SPOTLIGHT

The Learning and Development Spotlight is an annual event, held over the course of a week, which showcases and promotes the breadth of resources employees can tap into to further expand their skills and knowledge base. Throughout the Learning and Development Spotlight, several learning sessions and workshops are offered in both English and French. With a variety of topics covered, all employees can benefit from attending! In 2023, 465 employees participated in the Learning and Development Spotlight activities.

LEARNING ATLAS

The Learning Atlas paves the way for new hires to acclimate during their first three months of employment. Their managers can also follow the proposed path to provide timely support and guidance. Additionally, the Atlas facilitates the transition for new people managers taking over a team of employees during their first months. Again, their supervisors can follow this path to provide timely support and guidance. Finally, the Atlas paves the way for all employees to remain compliant annually with federal and provincial regulations.

LINKEDIN LEARNING

At Fairstone, we provide our employees with licenses to access LinkedIn Learning, opening the door to 10,000+ online courses taught by industry leaders and experts. These courses allow employees to keep up with the latest skills and tools across core functional areas in topics like business, technology, and creativity. The classes are conveniently accessible from work through our internal Learning Management System, which redirects learners to the LinkedIn Learning platform, or from home on the LinkedIn Learning website or mobile application. Throughout 2023, more than 350 employees at Fairstone significantly contributed to their professional development by enhancing their skills and knowledge, completing 755 LinkedIn Learning courses and view over 15,734 videos.



STARPATH AND DIRECTOR DEVELOPMENT PROGRAM

StarPath, our Canada-wide annual succession planning program, is strategically designed to identify and elevate elite talents within our branch network. This initiative offers an extraordinary opportunity for selected candidates to accelerate their career growth guided by Fairstone's most accomplished professionals. Spanning a duration of seven months, the program is structured through two pivotal roles: Trainees and Mentors. Trainees engage in a comprehensive certification process, setting and pursuing ambitious career objectives, while Mentors provide invaluable guidance and support, leveraging their expertise to facilitate the Trainee development journey. The synergy between these two groups is the cornerstone of the StarPath program, ensuring the realization of personal and professional growth and overall success.

In 2023, 36 trainees completed the StarPath program, and six have already been promoted to manager positions.

"I had a wonderful experience while completing the StarPath program! I was given the opportunity to learn essential skills required within a management role and to learn these skills from some exceptional mentors."

SONYA JORGENSEN

Relief Branch Manager, Marystown, Atlantic Area and participant in the 2023 StarPath cohort



In 2023, 12 trainees participated in the Director Development Program.

Mirroring the success of our StarPath program, the Director Development Program is tailored for corporate employees to cultivate adept people managers. This program carefully selects candidates and equips them with essential skills for effective and efficient People Management. It focuses on honing key competencies such as result-oriented communication, effective delegation, providing actionable feedback, and techniques for motivating, rewarding, and engaging team members. This program is a cornerstone in our commitment to developing the leadership potential of our corporate staff, ensuring they are well-prepared to confidently and capably lead their teams.

"The Director Development Program is an enriching opportunity to uplift our leadership practices, providing us with knowledge and know-how toolkit, as well as coaching, to improve the quality and efficiency of our interactions and communications."

STÉPHANIE BOUTIN

Director, Treasury, and participant in the 2023 Director Development program, Montreal



Nearly **1,500** employees received a performance reviews in 2023

87.5% percentage of employees who completed a performance reviews in 2023

SUPPORTING CONTINUOUS LEARNING WITH OUR TUITION REIMBURSEMENT PROGRAM

At Fairstone, we offer all full-time permanent employees a generous tuition reimbursement program to support their professional development. Annually, employees can receive up to \$3,000 to cover continuing education expenses that directly relate to their current job responsibilities. This initiative underscores our dedication to fostering a culture of continuous learning and growth, enabling our team members to advance in their careers while staying at the forefront of their respective fields. Through this program, we invest in our employees' personal development and enhance the collective expertise and capability of our entire organization. In 2023, Fairstone's tuition reimbursement program positively impacted 11 employees.

OPTIMIZING OUR SUCCESS WITH THOROUGH PERFORMANCE MANAGEMENT

At Fairstone, performance management is a vital process and crucial to our ongoing success and growth. Demonstrating our commitment to this practice, 1,495 employees received performance reviews in 2023. These reviews are instrumental in aligning each employee's contributions with our overarching strategic goals. They not only facilitate a clear understanding of expectations and objectives, but also provide a structured framework for feedback and professional development. With an impressive 87.5% of our workforce completing performance reviews in 2023, it's clear that this focus is a key aspect of our culture. By consistently prioritizing performance management, we ensure continuous improvement and personal growth for our team members while fostering a culture of accountability and excellence.



Employee Well-Being

At Fairstone, we are deeply committed to nurturing the overall well-being of our employees.

Recognizing that a healthy and happy workforce is fundamental to our success, we have developed various programs and initiatives focused on supporting our team members' physical, mental, and emotional health. Our approach embraces a culture of wellness and openness, as well as a wide range of well-being strategies, to provide a supportive work environment and offer resources that address the diverse needs of our employees.

WELLNESS DAYS: FLEXIBLE TIME OFF FOR WORK-LIFE BALANCE

At Fairstone, we recognize that the well-being of our employees is vital to our collective success and to support this, we introduced Wellness Days – a flexible, wellness-oriented initiative. These annual six days are designed to give our employees the freedom to take time off for activities that rejuvenate them, whether attending to personal health, enjoying a family event, or simply taking a moment to relax. Be it a planned day for self-care or an unplanned absence due to sudden personal emergencies or health reasons, Wellness Days offer the flexibility and support necessary to maintain a healthy work-life balance.

DIALOGUE – A WALK-IN CLINIC IN YOUR POCKET

Fairstone offers access to Dialogue, a comprehensive health and well-being platform, as part of our health benefits package. Tailored to meet the diverse needs of our staff, Dialogue provides unlimited virtual healthcare accessible 24/7, 365 days a year, including evenings and weekends. This means our employees and their families can receive unlimited medical care and support whenever needed. Beyond immediate medical assistance, Dialogue also offers a range of wellness resources and tools, ensuring our team has continuous support in maintaining their overall health and well-being.

EMPLOYEE AND FAMILY ASSISTANCE PROGRAM (EFAP)

Dialogue also serves as the provider of Fairstone's Employee and Family Assistance Program (EFAP). With this partnership, Fairstone provides its employees with a user-friendly, digital-first experience, offering immediate access to essential wellness services. Employees can readily connect with mental health specialists, legal and financial advisors, career counsellors, and family relationship experts. Whether it's personal well-being, professional guidance, or family support, Dialogue's comprehensive services ensure our employees receive timely and effective assistance for various needs.



Over **8,260**⁵
Wellness Days taken by
our employees in 2023

Nearly **1,550**⁶
virtual visits were processed
through Dialogue

⁵ On a 7.5-hour day basis.
⁶ 827 total primary care sessions and 722 total primary care cases.

Supporting our Customers' Growth

Customer Benefits

Customer Support Programs

Driving Digital Transformation for Enhanced Customer Experience

Our dedication to our customers lies at the core of our operations.

Keeping our customers at the centre of all that we do is a deeply ingrained principle guiding our actions. We are resolute in ensuring that every interaction with our credit products leaves our customers not only satisfied but also feeling genuinely understood and valued.

Fairstone's commitment to delivering exceptional and frictionless customer experiences is underscored by our continuous efforts to refine and innovate our products and services. We recognize that the key to building trust and fostering loyalty resides in gaining a deep understanding of our customers' needs and aspirations. To achieve this, we harness the power of research and data, extracting invaluable insights that illuminate the path to success for both our customers and partners. By nurturing their success, we, in turn, thrive, creating a mutually beneficial partnership that stands as a testament to our pledge to our customers' financial well-being.



Customer Benefits

With nearly a century of lending experience, Fairstone is a trusted responsible credit provider.

Our comprehensive range of services includes unsecured personal loans, home equity loans, and mortgages, serving near-prime borrowers both online and through our extensive network of 252 branches nationwide. In addition, we proudly collaborate with over 3,000 businesses across Canada, offering flexible retail financing options to their valued customers. Fairstone also offers credit cards, rewards programs, automobile financing, and fully digital personal loans through partners, with each product and business line focusing on making financial solutions accessible and responsible for all Canadians.



CUSTOMER SATISFACTION AT THE HEART OF OUR CREDIT SOLUTIONS

Customer service is fundamental to credit solutions, from providing products that align perfectly with our customers' borrowing needs to striving to deliver exceptional customer service. To ensure we are in tune with customers, we continuously gather customer feedback across all products and along the customer journey to measure performance and gather insights for ongoing improvement.

In 2023, customer satisfaction metrics demonstrate the success of our efforts to deliver exceptional customer service across all products.

Personal Loans⁷

Net Promoter Score **43**

Number of surveys completed **4,361**



Credit Card Holders⁸

Net Promoter Score **20**

Number of surveys completed **1,513**



Retail Financing Customers⁹

Net Promoter Score **48**

Number of surveys completed **4,180**



⁷ Survey completed in June 2023.

⁸ Survey completed between April and June 2023.

⁹ Survey completed in July 2023.

CUSTOMER SATISFACTION AT THE HEART OF OUR CREDIT SOLUTIONS (CONTINUED)

Underlying our commitment to customer satisfaction, our social media team actively engages with our valued customers, addressing customer concerns, responding to inquiries and posts across platforms, providing timely support, and ensuring their voices are heard. In the past year, we received a remarkable 7,299¹⁰ customer inquiries and comments through social media channels, and we are proud to report that we responded to over 90% of them. We firmly believe that this level of responsiveness is a testament to our dedication to putting our

customers at the centre of all we do. These actions have contributed to our commendable 4.2-star Google rating¹¹, reflecting the quality of our service and support. Furthermore, since 2022, we have been accredited by the Better Business Bureau, ratifying our pledge to ethical business practices. As part of our ongoing commitment to transparency and customer feedback, we launched Trustpilot in 2023 to provide our customers with another avenue to connect with us and share their experiences.

“I had the pleasure of having Lovella as my lending specialist, and she did a wonderful job! She was very knowledgeable, hilarious and really accommodating. Lovely person to chat with. She answered all my questions, explained everything with many details and gave exceptional advice!”

DANIELLE

Personal Loan Customer, Google

DELIVERING SOLUTIONS WITH A PERSONAL TOUCH: OUR CUSTOMER CARE TEAM

At Fairstone, we prioritize customer service with our Customer Care team playing a pivotal role in answering questions, providing solutions and ensuring customer satisfaction. In 2023, our agents collectively received over 2 million calls, and through their expertise and empathetic approach, they marked every interaction with competence and a genuine desire to assist.

COMMUNITY-BASED BANKING WITH A NATIONAL REACH

Fairstone, as a high-engagement and community-based lender with an extensive presence across 252 branches from coast to coast, is committed to serving urban, suburban, rural, and metropolitan communities. We were thrilled to open five new branches in 2023 to better serve the needs of diverse communities. Our well-trained lending specialists are dedicated to tailoring lending solutions to meet the unique needs of our customers, ensuring they receive the exceptional service they deserve. Whether customers prefer in-person interactions or digital services, we are dedicated to providing the highest level of service and support, however they choose to interact with us. We carefully weigh the needs of our customers, employees, and communities in every decision we make.

¹⁰ As of August 2023.
¹¹ 3,086 Google reviews.

Customer Support Programs

At Fairstone, we take pride in our ability to cater to a broad spectrum of customers, each with their unique credit profiles and financial aspirations.

Our focus on personalizing service means we develop our product offerings to suit the specific needs of every customer. From versatile credit cards and flexible financing options to dependable personal loans and comprehensive insurance products, we provide a diverse range of financial solutions, and this diversity allows us to empower both prime and near-prime customers, ensuring they have access to the required financial resources to help them through unexpected situations and to realize their aspirations.



Over **100,000** customers benefited from customer support programs

FAIRSTONE'S TAILORED SOLUTIONS: EMPOWERING CLIENTS IN TIMES OF HARDSHIP

We understand that life's challenges can sometimes lead to financial hardship, and we offer customized solutions that cater to our clients' unique needs. Our comprehensive range of assistance programs includes options like refinancing the balance, adjusting terms, payment deferral and disaster deferral. In 2023, 69,329 of our valued customers benefited from these programs, not only regaining their financial footing but also repaying their loans in full. This demonstrates the mechanisms we have in place to support our customers through difficult times. We take pride in our ability to provide tailored solutions that make a real difference in our customers' lives, helping them achieve their financial goals with confidence. As part of our card product support initiatives, Fairstone extended solutions, such as payment deferrals, to 16,334 credit card customers facing financial difficulties, providing remediation for balances exceeding \$98M.

Fairstone lending specialists are trained to be clear, transparent and consistent when communicating our terms and processes. Rather than just disclosing information, we strive to provide our customers with a full understanding of their engagements. Our teams meticulously assess each customer's particular circumstances, considering their financial situation and ability to meet payment obligations. In 2023, nearly 28% of Fairstone customers facing hardships like disability, family medical expenses, or unemployment benefited from renewable or adjusted loan terms tailored to their specific needs, offering relief in their financial situations. Additionally, numerous Fairstone personal loan customers found support in our insurance products, resulting in nearly 18,700 claim payments totalling close to \$18.6M.

"My lending specialist was extremely friendly and informative, offering advice beyond just lending, like how to rebuild your credit. She went above and beyond to assist. It's common to need help occasionally, so if you're in need, consider reaching out to them for support."

BRAD
Direct Lending Customer,
Google Review

BUILDING CREDIT AND FINANCIAL RESILIENCE

We continuously evolve our solutions to assist our customers in managing debt and enhancing their financial well-being. Our promise extends beyond loans; we provide ongoing support and financial education to empower our customers on their credit journey. Fairstone credit products are valuable tools for borrowers looking to rebuild their credit. It offers the opportunity to make responsible financial choices, including on-time payments, and the flexibility to effectively manage and pay off debt through consolidation.

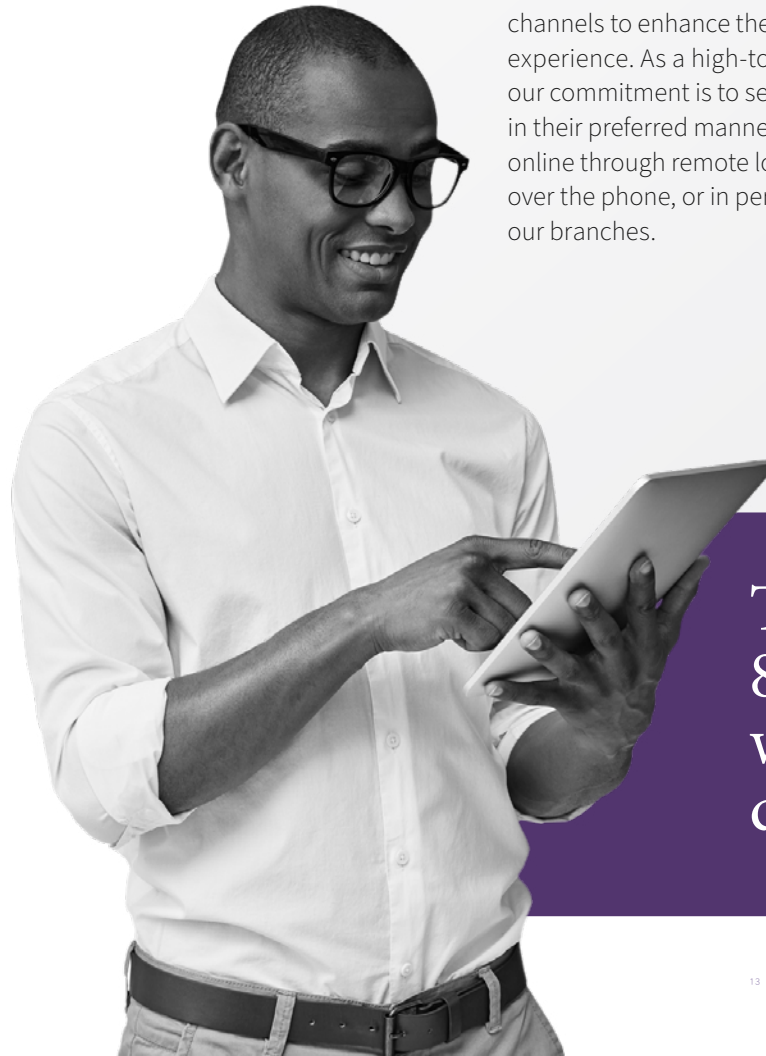
In 2023, our comprehensive approach yielded notable results, with more than 48% of Fairstone customers experiencing an improvement in their credit scores¹². This achievement accentuates the importance of enabling individuals to take control of their financial futures, ultimately moving toward a more secure and prosperous credit standing.

Fairstone credit products are valuable tools for borrowers looking to rebuild their credit.



Driving Digital Transformation for Enhanced Customer Experience

We remain dedicated to fostering digital innovation and evolving our operations to seamlessly align with the ever-changing digital landscape by ensuring our products meet evolving customer expectations. In 2023, we introduced various digital enhancements to enrich the overall customer experience and increase accessibility to our services.



MEETING CUSTOMERS WHERE THEY ARE: OUR INCLUSIVE AND ACCESSIBLE APPROACH TO SERVICE

We have continued our expansion of full-service digital lending, recognizing the importance of diversity as a key principle in our approach. We offer online and remote loan fulfillment, utilizing digital channels to enhance the overall customer experience. As a high-touch lender, our commitment is to serve customers in their preferred manner—whether it's online through remote loan fulfillment, over the phone, or in person in one of our branches.

While we continue to improve full-service digital lending, our focus has also been to give customers the opportunity to meet with a member of our staff in person. We ensure accessibility and availability, serving rural, urban, and metropolitan customers who may be underserved by traditional banks. Our offering extends to people with disabilities, who can choose to visit a branch for in-person consultations with a lending specialist or connect virtually or over the phone. Regardless of the channel, every loan is processed with a human touch, emphasizing our commitment to customer-centric service.

This year, over 85% of loans¹³ were executed digitally.

DIGITAL ADVANCEMENTS

Our efforts to advance digital services have resulted in significant year-over-year adoption of e-statements. Retail financing e-statement adoption increased from 52% in December 2022 to an impressive 69% in December 2023, and from 39% to 41% for credit cards over the same period. We have taken proactive steps to encourage e-statement adoption, including the launch of email and statement insert prompts. Additionally, we made it easier for our customers to go paperless by enabling sign-ups through our Call Centre and introducing YouTube tutorial videos explaining the process. Our commitment to customer convenience extends to our customer care agents, who are equipped to seamlessly enroll customers in paperless statements through interactions over the phone. This not only increases accessibility to account information online, aligning with customer preferences, but also reduces print and postage costs, allowing us to allocate savings toward process efficiencies, digital investments, and passing on the benefits to our valued customers.

BRANCH EFFICIENCY

Enhancing branch efficiency has numerous benefits, from enabling lending specialists to spend more time with each customer to reducing printed document volume. For example, we recently automated customer consent approval, which is part of the loan process. This change not only reduced printing, but also provided lending specialists with an extra four minutes of valuable time per loan. While four minutes per loan may seem insignificant, when multiplied by the volume of loans we handle, it amounts to an annual saving of 600,000 minutes. We remain focused on identifying similar opportunities and devoting significant efforts and resources to branch efficiency.

69%

Retail financing e-statement adoption

Digital advancements have numerous benefits.



STRATEGIES FOR CUSTOMER-CENTRIC DIGITAL OPTIMIZATION

Our ongoing efforts evidence our objective to digitalize and improve the customer experience. We continually seek ways to streamline our operations while prioritizing our customers' needs, demonstrating how harnessing the power of technology creates more efficient and satisfying interactions for our valued customers. As we embrace digital transformation, our focus remains on driving innovation and evolving our services to meet the ever-changing expectations of our customers and partners through various pilot projects. Our journey toward an increasingly digital future is guided by our commitment to delivering exceptional customer experiences and achieving our broader goals.

Building Alongside the Communities we Serve

Community Sponsorship Program

Community Matters Month

Corporate Donations and Fundraising Campaigns

Financial Literacy Tools and Partnerships

At Fairstone, supporting the communities where we live and work is a cornerstone of our corporate social responsibility efforts.

As a community-based lender, we have an essential role in helping communities come together and making a positive impact, both in the day to day and in times of crisis. Our commitment to having a meaningful impact in fundamental sectors is represented by the three pillars of our corporate social responsibility policy, which are embedded in all aspects of our operations.



OUR CORPORATE SOCIAL RESPONSIBILITY PILLARS



Supporting our Communities

We support our communities as a community-based lender, recognizing that people are at the heart of our purpose. We believe in prioritizing the health and well-being of the communities that we serve and we empower our employees to make a meaningful difference in the communities where they live and work – because when our communities succeed, so do we.



Empowering Women

We continuously work to empower women and promote equitable advancement opportunities for all. Consequently, we are dedicated to building a culture centred around Diversity, Equity, and Inclusion. We aim to foster an inclusive and vibrant environment that ensures equal opportunities for all employees, creating a workplace in which they can thrive.



Promoting Financial Literacy

Through our support of financial literacy, we endeavor to help Canadians acquire the knowledge and skills needed to make sound financial decisions. We aim to empower communities to take control of their finances and make responsible choices to achieve financial well-being.

The people living in the communities in which we operate are not only our customers – they're our neighbours. The first step towards building strong communities is ensuring the health and well-being of those who call them home. That's why Fairstone encourages employees to go above and beyond in support of the places where they live and work.



Community Sponsorship Program

Fairstone helps foster a strong connection between employees and the local communities they serve. We actively encourage our team members to engage with their neighbourhoods by supporting and investing in local initiatives. Through our Community Sponsorship Program, we provide both financial resources and dedicated volunteers to contribute to various community events. Our employees enthusiastically participate in these events, connecting with their neighbors and helping create a more vibrant and positive community atmosphere. In 2023, Fairstone proudly sponsored 38 organizations and contributed \$60,000 to support community-focused initiatives, with many of our dedicated employees volunteering their time.

38
ORGANIZATIONS
sponsored in 2023
by Fairstone
branches

\$60K
INVESTED
in community
focused
sponsorship



Fairstone's dedicated employees enthusiastically volunteered at the Special Olympics Nova Scotia 2023 event.

COMMUNITY SPONSORSHIP COMMITTEE

At the heart of Fairstone's commitment to community engagement is the Community Sponsorship Committee, a dedicated group comprised of members from each of our four geographic regions, along with representatives from the Corporate Communications team. The committee plays a pivotal role in our Community Sponsorship Program, working diligently to facilitate collaboration among teams across Canada and actively seeking out potential sponsorship opportunities in each local community. Additionally, the committee promotes the Fairstone brand by coordinating and executing local events across all regions. Furthermore, they thoughtfully identify and approve sponsorship opportunities that align with one or more of our key Corporate Social Responsibility pillars, ensuring that our contributions make a meaningful impact in the communities we serve.

Special Olympics Nova Scotia Truck Convoy (Nova Scotia)

The Special Olympics Nova Scotia Truck Convoy is a remarkable event that brings together truckers, law enforcement, and supporters to raise funds and awareness for Special Olympics Nova Scotia. Fairstone takes great pride in contributing to this cause as we believe in the transformative power of sports for individuals with intellectual disabilities. Our support helps provide opportunities for these athletes to pursue their passions, fostering inclusion and empowerment in our community.

“Fairstone's unwavering support has been instrumental in the success of the Big Rigs, Big Hearts, Big Results Truck Convoy. Your dedication has helped us become the #1 Truck Convoy supporting Special Olympics across North America. Fairstone and its employees consistently step up, providing vital financial and human resources to make our Truck Convoy event a reality. Without your invaluable contributions, we simply couldn't achieve our mission.”

JOHN J MACDONALD
Director, Business Development and Marketing, Special Olympics Nova Scotia

 **Ride for Dad (Manitoba)**

Ride for Dad Manitoba is a dedicated organization with a mission to raise awareness and funds for prostate cancer research and education. Through their annual motorcycle ride event and community initiatives, they unite riders and supporters in the fight against this prevalent health concern. Their commitment to raise awareness around prostate cancer is making a significant impact in our community and beyond, and Fairstone is proud to contribute to their considerable efforts.

“On behalf of the Manitoba Motorcycle Ride for Dad committee, I deeply thank Fairstone and its employees for their unwavering support. Their dedication, from volunteering at events to spreading awareness, is invaluable in our fight against Prostate Cancer. Fairstone's monetary contribution greatly aids our one-day event, but it's just the beginning. Together, we fund research and education, encouraging men to get the PSA test. Early detection is key, and with your help, we can save lives. Fairstone is part of our Ride for Dad family, spreading the message: ONE FAMILY, ONE FIGHT.”

MOE SABOURIN
Co-Founder/Co-Chair
Ride for Dad Manitoba



The Manitoba West team has actively participated in the Manitoba Ride for Dad event.

 **Coupe D’Afrique des Nations Gatineau-Ottawa (Québec)**


In 2023, Fairstone proudly supported the Coupe D’Afrique des Nations Gatineau-Ottawa (CAN GATO) tournament. This soccer competition brought together over 1,200 passionate young players from diverse backgrounds in the Gatineau-Ottawa region. Beyond being a tournament, CAN GATO celebrates diversity, community integration, and the joy of soccer. The event provides a platform for youth to proudly represent their countries and promotes unity through friendly competition.



Bachir Cissé, from the Gatineau North District, played a key role in initiating Fairstone's participation in the Coupe D’Afrique des Nations Gatineau-Ottawa (CAN GATO) tournament.

1,200
YOUNG PLAYERS
from diverse backgrounds

Fairstone is proud to contribute to the considerable efforts of all the sponsored organizations.

 **Durham Outlook for the Needy (Ontario)**

Durham Outlook for the Needy, located in Oshawa, Ontario, plays a vital role in the community by providing essential support to those in need. Fairstone proudly contributes to its mission through donations and employee volunteerism. In addition to our financial support, our dedicated employees engaged in four volunteer activities in 2023, offering their time and skills to help the organization in various capacities. These initiatives reflect Fairstone's commitment to making a positive impact and strengthening our connection with the community we serve.

“The Fairstone team brings enthusiasm, efficiency, and a strong sense of community spirit, leading to tangible improvements in our kitchen operations. Their commitment to making a difference allows us to serve more individuals and families facing food insecurity. Fairstone's employees create a positive and collaborative environment, benefiting volunteers and those relying on our services. We are sincerely thankful for our ongoing partnership with Fairstone, as their involvement continues to play a pivotal role in the positive impact we have on our community.”

VALERIE MORETON
 Director of Operations & Fundraising
 Durham Outlook



The Oshawa team was actively engaged in one of the four volunteering activities that Fairstone participated in during 2023.

 **Peterborough MusicFest (Ontario)**

Fairstone is proud to support Peterborough MusicFest, recognizing the significance of this cultural event in our community. Our donation reflects our commitment to enriching the arts and bringing music to the hearts of many. Peterborough MusicFest plays a vital role in fostering community spirit, and we are honoured to contribute to its success, ensuring that the joy of music continues to unite and uplift our community.

These initiatives reflect Fairstone's commitment to making a positive impact and strengthening our connection with the community we serve.

Community Matters Month

Every September, Fairstone takes great pride in hosting Community Matters Month.

As an organization deeply committed to community engagement, this month-long campaign serves as a powerful platform to inspire collective action and volunteerism. The campaign not only provides us with an opportunity to positively impact our communities, but also bolsters team dynamics by strengthening relationships within our teams.

Our achievements in 2023 speak volumes about our impact: a record-breaking 782 Fairstone employees participated in the Community Matters Month campaign, demonstrating an inspiring level of engagement. The second edition of the Fairstone Food Drive was an overwhelming success, with over 65 food drives organized nationwide to combat hunger in our communities. Our collective efforts reached 89 charities across Canada, offering support through team volunteering, food drives, and various other initiatives, ensuring they have the resources necessary to continue their essential work.



782

employees participated in the Community Matters Month campaign

65

food drives organized nationwide to combat hunger in our communities

5,865
HOURS

of volunteer work in 2023

Several employees from the Montreal Corporate Office volunteered to assist Le Chaînon in Montréal during Community Matters Month.

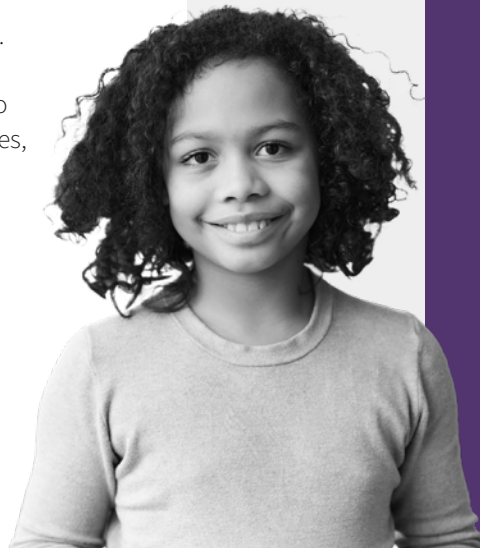
VOLUNTEER DAY

Fairstone empowers employees to make a difference by supporting their volunteering efforts. Through the Fairstone Volunteer Program, permanent full-time and eligible part-time employees receive a paid day each year to volunteer for a registered charity of their choice, focusing on our three CSR pillars. This volunteer activity can be conducted during regular work hours and can be scheduled on a single day or spread out incrementally over multiple days.

Corporate Donations and Fundraising Campaigns

In the spirit of community and corporate responsibility, Fairstone corporately extends financial support to charitable organizations and community initiatives.

Our commitment to making a positive impact goes beyond responsible lending solutions; it encompasses a dedication to giving back and fostering meaningful change. Our corporate donation initiatives and fundraising campaigns reflect our mission to empower individuals, strengthen communities, and create a brighter future for all.



RED CROSS PARTNERSHIP

In 2023, Fairstone announced a three-year, \$75,000 partnership with the Canadian Red Cross, furthering our commitment to making a lasting impact on the communities we serve. This collaboration highlights our dedication to supporting communities in need and aligns with our broader corporate social responsibility efforts. We look forward to expanding our involvement with the Canadian Red Cross and working together to create a stronger, more resilient society.

DOUGLAS FOUNDATION

For the third consecutive year, Fairstone contributed a \$20,000 corporate donation to the Douglas Foundation to support an annual fundraising event promoting mental health awareness. This unique initiative invited the community to join us in a captivating antique basement setting at the Douglas Institute for a Bingo Night. Our corporate donation reflects our commitment to enhancing mental health initiatives and creating positive change in our communities.

To create a brighter future for all.

\$75K

3-year partnership with Canadian Red Cross

\$20K

donation to the Douglas Foundation

\$80K

4-year commitment to the Canadian Women's Foundation's Economic Development Program

\$212K

in employee and corporate donations for United Way

\$80K

fundraised for Leucan

CANADIAN WOMEN'S FOUNDATION PARTNERSHIP

Fairstone believes that diversity and gender equality are key to organizations' health, productivity, and success, both from an employee and business standpoint. To that end, Fairstone pledged a four-year, \$80,000 commitment to the Canadian Women's Foundation's Economic Development Program in 2023 and continues collaborating on initiatives to help women, girls, and gender-diverse people escape poverty.

FAIRSTONE'S UNITED WAY CAMPAIGN

Fairstone's United Way (UW) Campaign achieved remarkable success in 2023 through active fundraising and friendly competition. Employees showed great enthusiasm, surpassing our initial target of \$150,000 and propelling our total contribution to an impressive \$212,656. A revamped format including team competitions and engaging activities, like the Big Bingo Bonanza game to close out the campaign, proved highly effective. Increased employee engagement was notably supported by UW Live Speaker events and a "Champions" strategy, amplifying our corporate messaging.

In appreciation of our employees' consistent generosity, Fairstone rewards those who contribute the equivalent of one hour's pay each month through payroll deductions with an Angel Day, granting them an extra day of planned time off. Since 2018, Fairstone has proudly given a total of 1,718 Angel Days to employees who actively participate in the United Way fundraising campaign.

409
ANGEL DAYS
 granted for
 the 2023 UW
 Campaign



Empowering our Employees

Supporting our Customers' Growth

Building Alongside the Communities we Serve

Protecting our Shared Value

Reducing our Operational Impact



2023 FAIRSTONE X LEUCAN CHALLENGE

The 2023 Fairstone Leucan campaign has been truly inspiring, with our collective dedication and compassion making a lasting impact on the lives of children with cancer and their families. Key highlights include Fairstone employees raising an impressive \$64,430 for Leucan, demonstrating our commitment to making a difference. To further support this cause, Fairstone has contributed an additional \$15,000 to Leucan, for a total of \$79,430. The Leucan Committee organized a memorable run in St-Jean-sur-Richelieu, Quebec, where employees, families, and friends united in solidarity. Additionally, several courageous employees participated in the Shaved Head Challenge for Leucan, leaving an indelible mark of their bravery and commitment. In total, 116 employees participated in the 2023 Fairstone x Leucan Challenge.



Several courageous employees participated in the Shaved Head Challenge for Leucan, allowing the team to raise nearly \$80k for the cause.

116

Employees participated in the 2023 Fairstone x Leucan Challenge

“Over the past 8 years, the Quebec sector has been actively involved with Leucan, raising over \$340,000 through the participation of more than 550 individuals. This involvement has had a significant impact, enabling Leucan to support 31 families affected by illness. Beyond the financial contributions, this experience has strengthened cooperation, empathy, and teamwork within the Quebec sector. Each year, we feel an increasing desire to join this noble cause, which provides valuable support to sick children and their families.”

JEAN-MARC RICHARD

District Manager, Quebec Area and Leucan Champion at Fairstone



Financial Literacy Tools and Partnerships

At Fairstone, we prioritize financial literacy as an essential component of our commitment to Canadians.

Beyond offering responsible lending solutions, we have cultivated a range of initiatives dedicated to promoting financial literacy. We aim to empower Canadians with the knowledge, skills, and resources necessary for making informed and responsible financial decisions. We also actively contribute to initiatives to equip the younger generation with the confidence to successfully navigate their financial journey.

Whether through in-person interactions at our branch locations or online searches for information on key topics on our website, we provide current and prospective borrowers with essential tools and information to inform their borrowing choices.

Our commitment to financial well-being further extends to fraud prevention and the assurance that borrowers requesting a personalized, no-obligation loan quote will not impact their credit score. Online account management also allows borrowers to oversee their loans and proactively track their progress.

¹⁴ A total of 183 blogs on Fairstone.ca with 264,992 page views in 2023.

This includes :

- **Access to articles, tips and tools on [Fairstone.ca](#)**, which help borrowers manage their loans and achieve their financial objectives
- **Fourteen free online loan calculators** that allow website visitors to explore loan options, calculate payments, and make well-informed borrowing decisions
- **A series of [online articles](#),¹⁴ [infographics](#) and [videos](#)** about borrowing options, budget management, financial literacy, and more
- **[Fraud prevention resources](#)**
- **A free, personalized, no-obligation loan quote** with the assurance that requesting a quote does not impact their credit score
- **Access to online account management** allows borrowers to oversee their loans and proactively track their progress.



PARTNERSHIP WITH JA CANADA

Since 2015, Fairstone has proudly partnered with JA Canada, the nation's largest youth business education organization. This annual collaboration enables JA Canada to equip students from grades 3 to 12 across the country with the knowledge and confidence necessary for academic success while fostering foundational financial skills crucial for their future achievements in both work and life. In a continued display of our commitment, we renewed our annual \$50,000 agreement in 2023 to further support charters and programs nationwide.

On International Women's Day, Fairstone employees actively participated in JA Central Ontario's 'World of Choices: Empowering Young Women' event. This in-person gathering brought together 240 high school students, giving them insights into diverse career opportunities and the importance of workplace allyship. Our team members engaged in both the Mentor and Corporate Marketplace segments, sharing their career journeys, and highlighting the various opportunities within Fairstone. They also discussed how our company fosters a culture of diversity and inclusion.

Fairstone also proudly served as the presenting sponsor of the Quebec Future Business Leaders Annual Gala by JA Québec, contributing \$15,000. Through this event, we celebrated the hard work of over 600 young students in the Company Program, witnessing their innovative projects and hearing about their aspirations. Fairstone remains committed to supporting the next generation of entrepreneurs and fostering their success.

We actively encourage all Fairstone team members to engage with JA Canada programs. Our permanent full-time and permanent part-time employees, working at least 20 hours per week, can dedicate one working day per year to teaching in a JA Canada Program. This volunteer activity can be conducted during regular work hours, whether on a single day or incrementally over multiple days, for up to a maximum of 7.5 hours.

With a record-breaking 44 Fairstone volunteers participating in JA programs, we have not only exceeded any previous achievements but have also reached 2,281 students across Canada and set a new benchmark for our company.



“I participated in the JA – Empowering Young Women event, and it was a great opportunity for me to meet so many inspiring students who are driven and very excited about their future. Their questions about the financial industry were quite sophisticated and well beyond their years. I am not sure who learned more at this event – the students or me!”

SCOTT FARBER
Vice-President, Customer Care and Sales Contact Centre, and Volunteer at JA Canada

FINANCIAL LITERACY MONTH

During November, recognized as Financial Literacy Month in Canada, Fairstone proudly participated in this campaign dedicated to enhancing financial well-being. We work year-round with partners like Sun Life Financial and JA Canada to empower our employees, customers, and communities to develop financial knowledge, and throughout the month of November, we offer various resources and activities to support financial literacy. This year, our engagement included notable initiatives such as Check Your Credit Score Day on November 2, the Behind the Numbers virtual event with our Chief Financial Officer, Sun Life Webinars on Retirement Plans, and Volunteer Recruitment for JA Canada. Recognizing that financial literacy is the cornerstone of financial health, Fairstone also offers a range of resources all year to enhance Canadians' financial knowledge and support informed decision-making.

As part of Financial Literacy Month, Fairstone reaffirmed its commitment to the financial well-being of Canadians, introducing the inaugural national “Check Your Credit Score Day” on November 2.

This dedicated day encouraged Canadians to perform regular checkups on their credit reports and credit scores, fostering familiarity with vital credit information. The engagement across social media exceeded our expectations, with boosted posts on Facebook and Instagram reaching nearly 260,000 accounts, and impressions on LinkedIn being twice as high as the normal average.

We also created an article series and leveraged our [Credit Score Quick Guide](#) (2022), describing steps borrowers can take to improve their credit score.



Protecting our Shared Value

Effective Corporate ESG Governance Mechanisms

Protecting our Customer Data

Cybersecurity is Everyone's Responsibility

Risk Management

Ethical Conduct

At the heart of our organizational strategy lies the commitment to strong governance and risk management.

We understand that these principles are not just the foundation of our success today, but they also hold the key to our enduring prosperity and resilience in the face of future challenges.

In a rapidly evolving business landscape, our shared value and reputation depend on our ability to navigate complex issues with transparency and integrity, making pursuing responsible governance an indispensable aspect in driving our purpose with success. Our Board of Directors and the Executive Management Team further recognize the imperative of responsible governance, as it forms the bedrock of ethical conduct, regulatory compliance, information security, and robust risk management practices.



Effective Corporate ESG Governance Mechanisms

Underpinned by a robust system of governance, our organizational structure is meticulously designed to prioritize and successfully execute strategic Environmental, Social, and Governance initiatives.

Fairstone's structure ensures that our commitment to Environmental, Social, and Governance (ESG) responsibilities is woven into the very fabric of our operations, driving sustainable and ethical practices. Additionally, to address stakeholder expectations, we have put an efficient decision-making process and oversight structure in place.

- **Our Board of Directors** plays a pivotal and proactive role in defining and championing our ESG strategy and the corresponding governance framework. Recognizing the critical importance of ESG factors in shaping our business's long-term success and sustainability, the related strategy is prioritized by the Board.

Our commitment is evident through the mandate of the Conduct Review and Governance Committee of the Board that includes ESG oversight. The ESG strategy along with its associated targets are approved by the Board.

Moreover, the Board oversees our overall risk exposure, including managing and mitigating ESG-related risks. To ensure transparency and accountability, the Executive Management Committee regularly reports to the Conduct Review and Governance Committee of the Board on the progress of ESG initiatives, both annually and on an ad hoc basis, as relevant issues arise.

- **The Conduct Review and Governance Committee** oversees the execution of the ESG strategy and roadmap.

- **The Executive Management Committee** is headed by our CEO and includes all the members of our Executive Management Team. Our Executive Management Committee is primarily responsible for defining the ESG strategy and roadmap. It is also responsible for providing oversight and accountability over ESG practices and reports on ESG matters to the Conduct Review and Governance Committee of the Board on progress against strategy on an annual basis.

- **The Disclosure Committee** plays a key role in our communication efforts, tasked with diligently overseeing the preparation of ESG disclosures and communications, assuring accuracy, consistency, and compliance with our established standards and guidelines.

- **The ESG Working Group** is a collaborative, cross-functional team of vice presidents and senior managers dedicated to the effective execution of our company's ESG strategy. It plays an essential role in supporting the Executive Management Committee, ensuring that our organization conducts its operations in a manner that not only adheres to our ESG commitments, but also fosters the creation and maintenance of long-term shared value for our employees, customers, and the communities in which we operate.

Shareholders

Board of Directors

Audit Committee

Financial Reporting, Finance Function
Internal Audit, Financial Controls

Conduct Review and Governance Committee

Board Effectiveness, Governance Conflicts of Interest, Consumer Protection

Risk Committee

Regulatory Compliance Mgmt.
Enterprise Risk Mgmt., Operational Risk Mgmt.

Executive and Compensation Committee

Executive Compensation and Succession Planning

Risk Management Committee

Executive Management Committee

Asset & Liability Committee

Business Line Committees

Pricing Committee

Information Security Council

Disclosure Committee

Pension Committee

ESG Working Group

The **ESG Working Group** will periodically review and adapt its mandate to reflect changes in the Company's business environment, corporate governance structure, relevant ESG standards, the location of the Company's business and the adoption and implementation of applicable laws and policies.

Oversee and monitor the ESG strategy implementation

Support with the socialization of the ESG strategy within the Company

Receive updates from business units and functional management and collect and track performance of KPIs

Provide updates to the Disclosure Committee and Executive Management Committee and Board, where relevant, with respect to ESG matters

Prepare the ESG report

Any additional ESG matters delegated to the Working Group by the Board

Protecting our Customer Data

At Fairstone, our commitment to customer data protection is essential to our purpose to provide financial services with integrity, transparency and trust.

We recognize that safeguarding the personal and financial information entrusted to us by our customers is not only a legal obligation but also a fundamental ethical responsibility. Our robust data protection policies and practices adhere to the highest industry standards, maintaining the confidentiality, integrity and availability of customer data. We invest continuously in advanced cybersecurity measures, encryption technologies, and regular security audits to fortify our defences against emerging threats. Furthermore, our dedicated teams are trained and vigilant in maintaining strict compliance with data protection regulations to guarantee the privacy and rights of our valued customers.

CHIEF PRIVACY OFFICER

The Chief Privacy Officer (CPO) at Fairstone plays a pivotal role in upholding our commitment to safeguarding customer personal information and maintaining the highest privacy standards. While overseeing our privacy program, the CPO ensures that our practices adhere to all relevant privacy regulations and industry best practices. This includes overseeing privacy governance policies, conducting privacy impact assessments, managing personal information requests from consumers,

and collaborating closely with cross-functional teams to integrate privacy considerations into our products and services. Furthermore, the CPO serves as a point of contact for both customers and regulatory authorities on privacy-related matters, fostering transparency and accountability in our data processing activities. By continuously monitoring and adapting to evolving privacy landscapes, Fairstone aims to maintain the trust and confidence of our customers while enabling responsible data-driven decision-making across the organization.



Integrity
Transparency
Trust

DATA PRIVACY IN ACTION: OUR ROBUST FRAMEWORK

Our data privacy policies and practices have been implemented to comply with the federal Personal Information Protection and Electronic Documents Act (“PIPEDA”) and all applicable provincial privacy legislation, including Quebec’s Law 25, an Act to modernize legislative provisions as regards the protection of personal information, both as amended from time to time.

We have also adopted an updated Privacy Statement for ourselves, which is a testament to our commitment to transparency and the protection of our customers’ personal information. Its purpose is to provide comprehensive insights into the nature of the personal information we collect, how we use personal information, and the measures we have put in place to safeguard personal information. We believe that informed individuals make empowered choices, and our Privacy Statement is our way of ensuring that customers have a clear understanding of how their data is managed within our organization.

When we enlist the services of third-party providers to process personal information on our behalf, we adhere to stringent guidelines:

We disclose only the necessary information needed for the service.

We mandate that these providers safeguard the information in accordance with all relevant laws and regulations.

We insist on immediate notification from them in the event of any actual or suspected privacy breaches. This collaborative approach enables us to swiftly address, rectify, and, when necessary, report such incidents.



The transparency and protection of our customers’ personal information is paramount.

Cybersecurity is Everyone's Responsibility

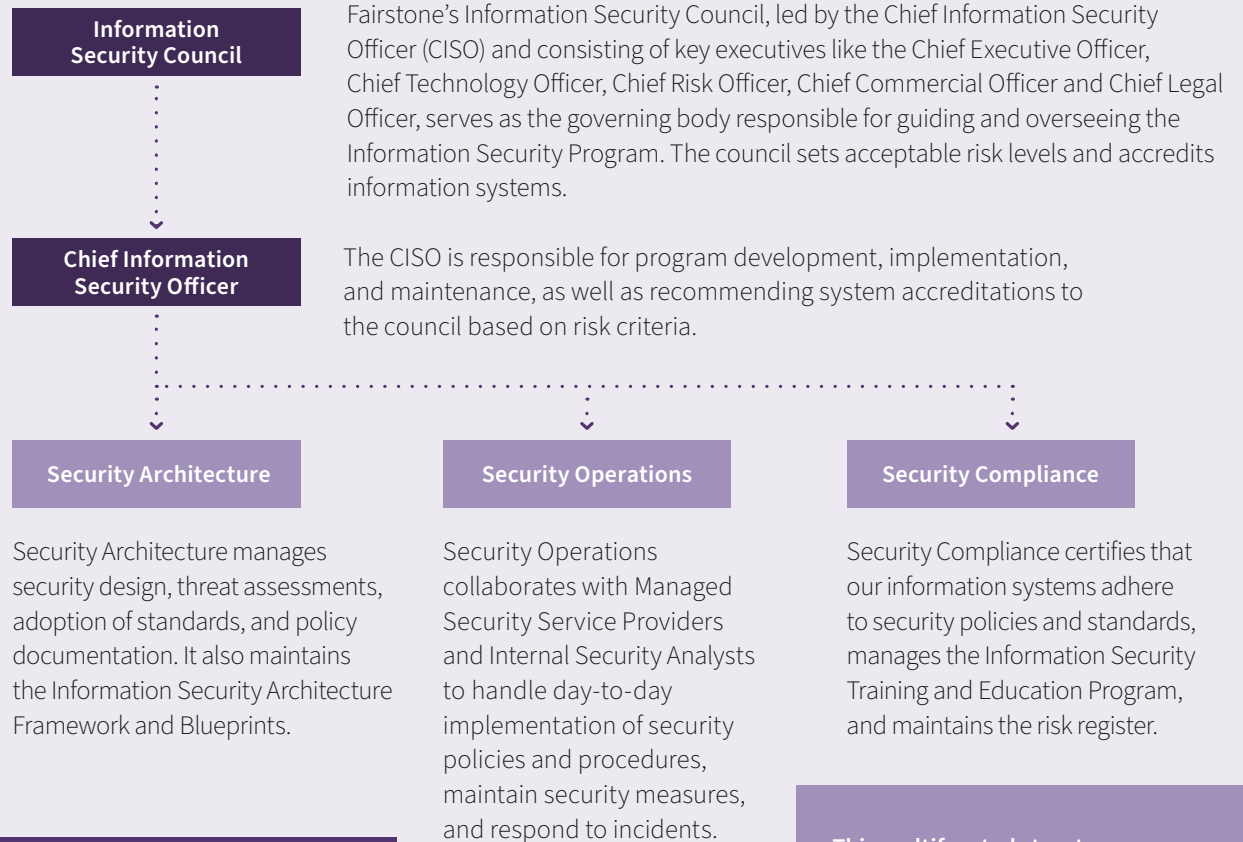
Cybersecurity attacks threaten companies in all industries worldwide, leading to an accentuated risk of business interruptions, financial loss, data theft, litigation, and reputational damage.

At Fairstone, we take information security seriously and uphold the highest standards to protect our organization, people, and clients. We are invested in equipping our employees to tackle all potential threats, bolstering our security, educating our stakeholders, and collaborating with authorities and academia to counter these risks, which involve investing in cyber tech, promoting awareness, and leveraging emerging technologies.

Fairstone employees constitute the organization's final barrier in safeguarding both its integrity and network. Accordingly, we ensure all employees understand their role in overcoming security challenges and are empowered to consistently make informed decisions.

To that end, various annual initiatives have taken place during the year, including a cyber crisis tabletop exercise and the implementation of a thorough program focusing on enhancing our awareness of phishing attacks.

CORPORATE CYBERSECURITY GOVERNANCE



This multifaceted structure ensures robust information security governance and implementation across the organization.

90% of our employees completed cybersecurity training, further bolstering our collective defence against evolving threats.

Risk Management

As a company offering financial services, our primary focus revolves around effectively handling risks to optimize value for our shareholders, clients, employees, and communities.

Risk management is a fundamental skill set within our organization, deeply embedded in our culture and our approach to decision-making.

Fairstone's Enterprise Risk Management Framework (ERMF) reinforces our risk culture, promoting a common understanding amongst stakeholders of how we manage risk in each of the following areas:

Risk Culture

Risk Inventory

Risk Appetite

Governance and Organization

Program Objectives

MANAGING RISK PROACTIVELY: THE ENTERPRISE-WIDE RISK APPETITE FRAMEWORK

Understanding that developing and communicating our enterprise risk appetite is vital for fostering a strong risk culture, Fairstone's Risk Appetite Statement (RAS) aligns with the enterprise-wide Risk Appetite Framework (RAF). The RAS is developed collaboratively by the board and senior management and serves as a guideline for the risks we are willing to assume, supported by quantitative and qualitative measures with clear limits. The board approves the RAS, senior management ensures its adherence, and the risk management team provides regular reports on its effectiveness and compliance, helping us operate within established risk boundaries. The RAS is implemented at both the group and individual entity levels, with thresholds and Key Risk Indicators (KRIs) providing early warning signs.



RISK MANAGEMENT CORPORATE PRINCIPLES

The following enterprise-wide corporate principles set the tone for the foundational behaviors and values that drive how we manage risk.

The company :

- **Only takes understandable and manageable risks**
- **Balances risk and reward for sustainable growth**
- **Offers value-driven products and services to enhance customer loyalty and business growth**
- **Maintains an effective and efficient control environment**

We firmly believe that addressing climate risk is responsible and essential for the long-term resilience of our operations.

FAIRSTONE'S OVERALL RISK MANAGEMENT PHILOSOPHY IS TO:



Identify and quantify the principal risks we face to determine the level of risk we are willing to operate within, aligning with overall risk appetite, risk capacity and risk profile.



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



Support a strong risk culture through risk management programs that ensure 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 our objectives.

INTEGRATING CLIMATE RISK IN FAIRSTONE'S SUSTAINABILITY AGENDA

As an active player in the Canadian financial industry, Fairstone is determined to understand and reduce the impact of its activities on the environment, while following rigorous climate risk management standards and striving to have a positive impact on all stakeholders. To that end, Fairstone has integrated climate risk into its comprehensive Risk Management Framework, acknowledging the profound implications of sustainability and ethical considerations within the realms of environmental, social, and governance factors. This strategic inclusion also encompasses potential climate transition risk costs, echoing our commitment as a bank and our collaborative partnerships with vendors in advancing carbon reduction initiatives. We firmly believe that addressing climate risk is both a responsible approach and essential for the long-term resilience of our operations and the financial well-being of our stakeholders.

Ethical Conduct

At Fairstone, we take great pride in our commitment to ethical business practices, ensuring we do what is right for our partners, customers and employees.

In conjunction with our Code of Conduct, our values and leadership principles serve as the compass guiding our actions in all facets of our work, from serving customers to collaborating with colleagues to engaging with communities. This Code establishes the baseline for expected behavior and, to uphold its principles, all employees and contract workers undergo mandatory compliance training and reaffirm their pledge to it annually.

In addition to this foundational commitment, both new hires and existing employees are required to complete 155 minutes of essential training each year, covering areas such as anti-money laundering, anti-terrorist financing, privacy and cyber security. Notably, in 2023, we achieved a 96% completion rate for our compliance trainings, underscoring our dedication to staying informed and vigilant in safeguarding sensitive information.

In 2023,
we achieved a 96%
completion rate
for our compliance
trainings

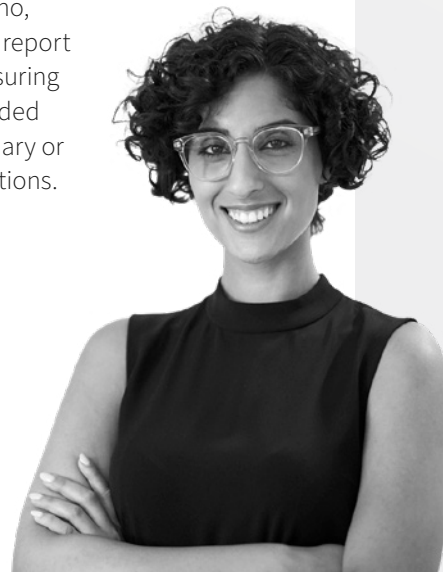
155
MINUTES
of essential
training
each year



ENSURING ACCOUNTABILITY: FAIRSTONE'S REPORTING MECHANISM

Fairstone values open and honest communication, emphasizing the importance of promptly addressing employee concerns and fostering a positive workplace. Through an open-door policy, employees are encouraged to engage with their managers, higher-level supervisors, or Human Resources to discuss ideas or issues. This policy ensures the swift handling of suggestions and complaints, facilitating improvements based on employee input and promoting a shared understanding of policies and procedures. Initial concerns are typically resolved with immediate supervisors, but if needed, employees can escalate matters to higher management or Human Resources. Fairstone's commitment lies in attentively listening to concerns and diligently seeking suitable solutions at every level of the organization.

Fairstone also has a well-established and well-promoted Whistleblower Policy and a secure and confidential whistleblowing hotline designed to provide a confidential channel for reporting inappropriate actions, including violations of our Code of Conduct, company policies, financial misconduct law or regulations by employees, contractors, and applicable service providers. We encourage the timely and transparent communication of alleged wrongdoing, ensuring that they are thoroughly investigated, escalated as necessary, appropriately addressed, and reported to executive management following a comprehensive inquiry. Importantly, we are committed to protecting individuals who, in good faith, report concerns, ensuring they are shielded from disciplinary or retaliatory actions.



VOLUNTARY CODES OF CONDUCT AND PUBLIC COMMITMENTS

To safeguard our customers' rights, we have voluntarily adopted several non-legislated commitments known as Voluntary Codes of Conduct and Public Commitments. These guidelines set forth the high standards and level of service consumers can expect when engaging in business with us.

Voluntary Codes of Conduct

- For the Credit and Debit Card Industry in Canada
- For the Delivery of Banking Services to Seniors
- Mortgage Prepayment Information
- Authorized Insurance Activities (Canadian Bankers Association)
- Principles of Consumer Protection for Electronic Commerce

Public Commitments

- Commitment on Modification or Replacement of Existing Products or Services
- Commitment to Provide Information on Mortgage Security
- Mastercard Zero Liability
- Plain Language Mortgage Documents

Our customers can access these documents on FairstoneBank.ca and Fairstone.ca. The voluntary codes of conduct and public commitments applicable to Fairstone are also available at our branch locations.

Reducing our Operational Impact

Operational Carbon Footprint

At Fairstone, we are dedicated to minimizing our operational, environmental and social impacts while upholding the highest standards of corporate governance.

We believe that our actions today and in the future are essential for our long-term success, the well-being of the communities we serve and the preservation of our planet for future generations. By redefining our spaces, operations and activities, we see both a responsibility and an opportunity to conserve energy, enhance efficiencies and reduce our environmental footprint. We are fully aware of our pivotal role at this critical juncture and are committed to making our operations more sustainable. Our actions today are an investment in healthier, more prosperous communities tomorrow.



Operational Carbon Footprint

Embracing our role in the larger community, we recognize the responsibility we hold for future generations. Climate change, one of the most significant challenges of our time, has drawn our attention to its risks, economic costs, and the critical role the financial sector plays in addressing these issues. As a part of our ESG journey, we are committed to minimizing our environmental footprint, reducing greenhouse gas (GHG) emissions and energy consumption, and improving waste management.

In 2021, we initiated our ESG journey by conducting a comprehensive baseline assessment of Scope 1 and 2 GHG emissions, gaining insights into our current operational impact. Since then, we have been monitoring our emission levels and in 2024, we will set specific operational impact targets. We firmly believe that organizations effectively managing their ESG risks are better positioned to adapt to changing regulations and societal expectations, ultimately ensuring long-term success.

Comparing our operational GHG emissions for 2023 and 2022, we observed a slight uptick in total emissions. This increase can be attributed primarily a rise in vehicle fuel consumption and the addition of a few new locations.

SCOPE AND METHODOLOGY

Our carbon footprint assessment includes tracking our operational Scope 1 and 2 emissions, which specifically target direct greenhouse gas emissions arising from sources owned or controlled by Fairstone. This encompasses emissions generated through processes like combustion in our owned or controlled heaters, furnaces and vehicles, as well as emissions associated with the consumption of purchased electricity, heating, and cooling within our facilities.

With a vast network comprising over 250 locations across Canada and a fleet of 50 vehicles, we have implemented an efficient and comprehensive accounting method to monitor all Scope 1 and 2 GHG emissions. Mobile emissions are directly calculated from the documented fuel consumption of our vehicle fleet, with data systematically collected and integrated into our annual inventory updates.

We have adopted a methodology based on provincial Canadian proxies to account for GHG emissions linked to our branches and corporate offices. Specifically, we utilize energy intensity data for surface area from Natural Resources Canada (NRCan), tailored explicitly to office spaces within the commercial/institutional sector, to quantify our stationary and electricity-related carbon footprint. Since 2021, our GHG emissions calculations have adhered to the Greenhouse Gas Protocol methodology, ensuring robust and consistent reporting practices.

We are actively exploring methods to measure and report on our Scope 3 emissions as part of our ongoing commitment to environmental transparency, and we anticipate disclosing our Scope 3 performance in future reporting cycles, further advancing our commitment to sustainability and accountability.

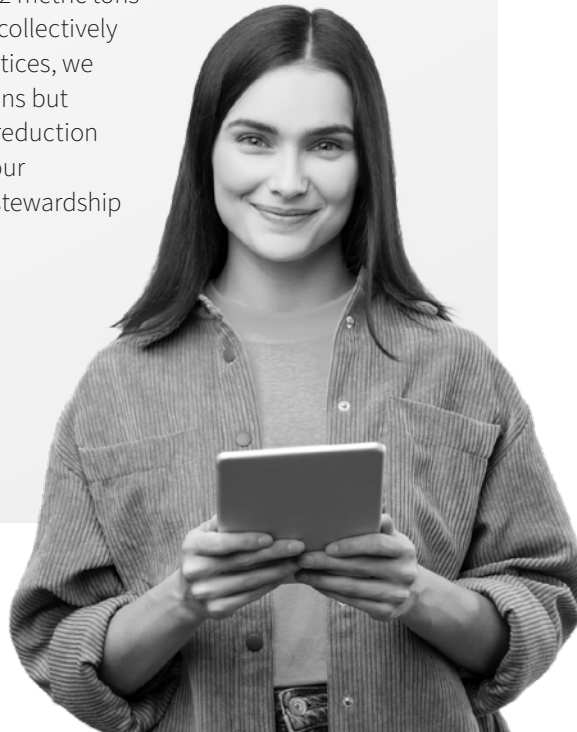
GHG Inventory for Years 2021-2023¹⁵
(in tCO₂e)

Total GHG emissions	2023	2022	2021
Scope 1	1,840	1,707	1,645
Scope 2	983	901	904
Total operational GHG emissions	2,823	2,607	2,549

¹⁵ Data from 2019 were preferred to the latest available data (2020) for conservative purposes to avoid an underestimation of energy consumption due to the COVID-19 pandemic. Fairstone will update the data energy intensity data once NRCan data catches up with non-pandemic consumption patterns or has access to internal activity data.

REDUCING PAPER USAGE

Paper waste is a significant environmental concern, particularly within the financial services sector, where documentation and record-keeping have traditionally heavily relied on paper. At Fairstone, we are committed to minimizing our environmental impact by promoting eco-friendly options for our customers and our operations. We encourage our customers to embrace paperless banking methods, offering convenient alternatives such as telephone and online transactions, online account management, e-statement options, and electronic signatures. DCM, our supplier for statements and letters, actively participates in the PrintReleaf program, dedicated to offsetting paper consumption through reforestation efforts. In 2023, DCM planted 205 trees on behalf of Fairstone, effectively offsetting 6 metric tons of CO₂ equivalent emissions. Furthermore, Fairstone shredded and recycled 104.42 metric tons of paper, resulting in numerous ESG benefits, including the avoidance of 542.12 metric tons of CO₂ equivalent emissions. By collectively adopting these sustainable practices, we not only streamline our operations but also contribute to a substantial reduction in paper waste, demonstrating our commitment to environmental stewardship and responsible banking.¹⁶



¹⁶ Data from Iron Mountain, our provider for paper records management and secure shredding services.

GREEN OFFICE BUILDINGS

At our primary corporate offices, we are proud to be situated in environmentally conscious buildings, all of which have achieved respected certifications. In Montreal, our office space boasts BOMA Silver and WiredScore Gold certifications, while our Toronto office shines with BOMA BEST Gold, BOMA Certificate of Excellence, and LEED Gold certifications. Operating within green-certified buildings not only reflects our commitment to sustainability but also provides us with an exceptional platform to enhance energy efficiency, contributing significantly to global environmental goals. Collaborating closely with building management, we actively promote awareness of responsible energy and waste management practices, fostering a culture of environmental stewardship among our employees. These spaces exemplify our dedication to sustainable operations, boasting features such as motion sensor lighting, temperature-controlled environments, and water reduction systems.

FLEXIBLE WORK MODEL AND REDUCTION OF BUSINESS TRAVEL

Our hybrid work model has empowered our corporate employees to work remotely for up to two days per week. Beyond the convenience and flexibility this option provides, it also reduces our environmental footprint and fosters a culture of environmental responsibility throughout our organization.

As we strategically are investing in equipping our office meeting spaces with videoconferencing capabilities, our approach to business travel also continues to evolve. We significantly curtailed the need for employees to embark on extensive journeys for meetings and conferences, resulting in cost savings and remarkable environmental benefits.

These changes align with our commitment to reducing our overall ecological impact, proving that by leveraging technology and embracing a flexible work culture, we can drive meaningful change in our environmental footprint while maintaining our commitment to business excellence.

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 and 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, 2022 and 2023, 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 number 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. Due to the confidential nature of the metric, Fairstone does not disclose the average APR by lending product, average age of accounts, or average number of trade lines.
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 2023, the Bank had 43 complaints escalated to OBSI.</p> <p>(i) OBSI recommended financial relief on 1 complaint (2.3%) and a goodwill gesture on 2 (4.65%) complaints.</p> <p>(ii) Fairstone does not currently collect this information.</p> <p>(iii) In 2023, 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 2023, 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 costs related to remediating 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	1,281,208 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	1,322,514 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 13 TO 15

Representation of employees by generation

Percentage of Generation X	33.9%
Percentage of Millennials	43.6%
Percentage of Baby-Boomers	7.8%
Percentage of Generation Z	14.7%

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%

Percentage of employees who completed these two DEI mandatory trainings

90%

Total number of employees

Percentage of men	36.4%
Percentage of women	63.5%
Not declared	0.1%

Representation of women

Percentage in mid-level professional occupations	49%
Percentage in senior-level professional occupations	35%
Percentage in senior management	33%
Percentage as Board of Directors	17%

Participation of women in leadership programs

Percentage of participants who were women	56%
Percentage of mentors who were women	62.5%

EMPLOYEE ENGAGEMENT

PAGE 18

Employee engagement survey participation rate

91%

Employee engagement score

78%

Employees who feel they contribute significantly to team success

98%

Employees who have a clear understanding of their work's impact on customer satisfaction

96%

Employees who have a comprehensive grasp of our business objectives and their role in achieving them

91%

Employees who believe that their colleagues uphold Fairstone's Leadership Principles

95%

Employees who feel they work in a safe environment, free of harassment and discrimination

91%

EMPOWERING OUR EMPLOYEES

EMPLOYEE ATTRACTION AND RETENTION PROGRAM AND BENEFITS		PAGE 20
Number of recognition messages were sent through Altitude, our recognition platform	7,497	
EMPLOYEE TRAINING PROGRAMS AND PERFORMANCE MANAGEMENT		PAGES 22 TO 24
Number of courses completed by our employees in 2023	42,438	
Number of training hours completed by our employees in 2023	24,139	
Number of employees who participated in the Learning and Development Spotlight initiative	465	
Number of trainees who completed the StarPath program	36	
Number of trainees who participated in the Director Development Program	12	
Number of employees who benefited from Fairstone's tuition reimbursement program	11	
Total number of employees who received a performance review	1,495	
Percentage of employees who completed a performance review	87,5%	
EMPLOYEE WELL-BEING		PAGE 25
Number of Wellness Days taken by employees	8,260	
Number of virtual visits processed through Dialogue	1,549	

SUPPORTING OUR CUSTOMERS' GROWTH

CUSTOMER BENEFITS		PAGE 27
Lending customers		
Percentage of customer satisfaction		98.4%
Net promoter score		43
Number of surveys completed		4,361
Credit Card Holders		
Percentage of customer satisfaction		77%
Net promoter score		20
Number of surveys completed		1,513
Retail Financing Customers		
Percentage of customer satisfaction		91%
Net promoter score		48
Number of surveys completed		4,180
CUSTOMER SUPPORT PROGRAMS		PAGES 29-30
Percentage of customers with improved credit scores		48.3%
Number of customers benefited from customer support programs		104,363
DIGITAL LENDING		PAGES 31-32
Percentage of digitally closed loans		85%
Percentage of retail financing e-statement adoption		69%
Percentage of credit cards e-statement adoption		41%

BUILDING ALONGSIDE THE COMMUNITIES WE SERVE

COMMUNITY SPONSORSHIPS

PAGE 35

Number of organizations sponsored by Fairstone branches	38
Amount invested in community sponsorships	\$60,000

Community Matters Month

Number of participating employees	782
Number of charities supported	89
Number of hours volunteered	65
Food drives organized nationwide to combat hunger in our communities	

CORPORATE DONATIONS AND FUNDRAISING CAMPAIGN

PAGES 39 TO 41

Total amount of corporate donations

Douglas Foundation	\$20,000
Canadian Red Cross	\$25,000
Women's Foundation	\$20,000
Amount of donations raised for United Way (employees and Fairstone)	\$212,656
Angel Days offered to employees who participated in the United Way fundraiser since 2018	1,718
Amount of donations raised for Leucan (employees and Fairstone)	\$79,430
Number of employees who participated in Leucan	116

FINANCIAL LITERACY TOOLS AND PARTNERSHIPS

PAGE 42

Number of online loan calculators	14
Number of blogs on Fairstone.ca about financial literacy	183
Number of employees volunteering in JA Programs	44
Amount donated to JA Canada	\$65,000

PROTECTING OUR SHARED VALUE

CYBERSECURITY IS EVERYONE'S RESPONSIBILITY

PAGE 50

Percentage of employees who completed the training on cybersecurity	90%
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ETHICAL CONDUCT

PAGE 53

Percentage of employees who completed the training on compliance	96%
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Number of minutes of essential compliance training each year	155
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REDUCING OUR OPERATIONAL IMPACT

OPERATIONAL CARBON FOOTPRINT

PAGE 56

Total GHG emissions in 2023	2,823 tCO₂e
Scope 1 GHG emissions	1,840 tCO ₂ e
Scope 2 GHG emission	983 tCO ₂ e

Total GHG emissions in 2022	2,607 tCO₂e
Scope 1 GHG emissions	1,707 tCO ₂ e
Scope 2 GHG emission	901 tCO ₂ e

Total GHG emissions in 2023	2,549 tCO₂e
Scope 1 GHG emissions	1,645 tCO ₂ e
Scope 2 GHG emission	904 tCO ₂ e

Questions or comments regarding our ESG approach are welcome at:
media@fairstone.ca

