



ENVIRONMENTAL, SOCIAL and GOVERNANCE

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ESG Pillars



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Upholding Responsible Governance and Shared Values

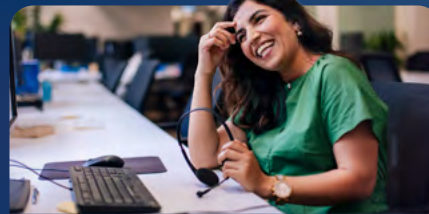
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➤ CEO Message

At Fairstone Bank, 2025 was a year defined by disciplined execution, integration and progress.

Following a period of significant transformation, we focused on strengthening our foundation, aligning our teams and delivering on our commitments—to our customers, our employees, our communities and our regulators. These priorities are central to how we think about Environmental, Social and Governance (ESG) considerations and how we embed them into the way we operate our business.

We closed the year from a position of strength. Despite economic uncertainty and evolving regulatory expectations, we delivered solid financial and operational results while advancing several key strategic initiatives. In 2025, we completed the integration of Home Trust, unified teams and systems, expanded our product suite and continued to diversify our funding sources. These achievements reflect disciplined execution, resilient governance and our people's commitment to deliver sustainable, responsible growth.

In December, we announced that we had entered into a definitive agreement to acquire Laurentian Bank—an important milestone that accelerates our commercial banking ambitions and marks an exciting new chapter for Fairstone Bank. By bringing together complementary capabilities and aligned values, we are strengthening our ability to serve Canadians across a broader range of financial needs, while reinforcing the governance, risk management and capital discipline required of a diversified banking platform.

"By bringing together complementary capabilities and aligned values, we are strengthening our ability to serve Canadians across a broader range of financial needs..."

In parallel, we refreshed our ESG strategy to reflect our evolution. Building on the sustainability assessment first launched in 2022, we deepened our analysis of sustainability-related risks and opportunities, and strengthened alignment between ESG priorities, enterprise risk management and corporate strategy. These efforts strengthened our preparedness for evolving regulatory expectations, including OSFI Guideline B-15 and the Canadian Sustainability Disclosure Standards (CSDS). This work also reinforced clearer accountability at the Board, executive and management levels and improved alignment between ESG priorities, enterprise risk management and corporate strategy. Looking ahead, we will continue to integrate ESG considerations into governance, risk management and decision-making as our approach matures.



Scott Wood

President and Chief Executive Officer

Fairstone Bank of Canada

Our people remain at the heart of our success. Following the integration, we focused on fostering a unified culture grounded in inclusion, engagement and development. We continued to invest in employee well-being and leadership capability, guided by ongoing feedback and a strong commitment to creating an environment where employees feel supported and empowered.

Supporting financial access and inclusion remained a core priority. Across our businesses, we continued to serve Canadians who may face barriers to traditional financial services, while maintaining disciplined underwriting, transparent practices and strong customer protections. Through financial literacy initiatives, customer support programs and community partnerships, we worked to promote financial resilience and positive long-term outcomes.

We also continued to strengthen our approach to climate risk management. As a financial institution with exposure to real estate lending, we recognize that climate-related risks are relevant to our long-term resilience. In 2025, we enhanced governance, scenario analysis and risk integration processes, and advanced our disclosure in line with regulatory expectations. While climate risk management remains an evolving discipline, we are committed to continuous improvement, transparency and prudent oversight.

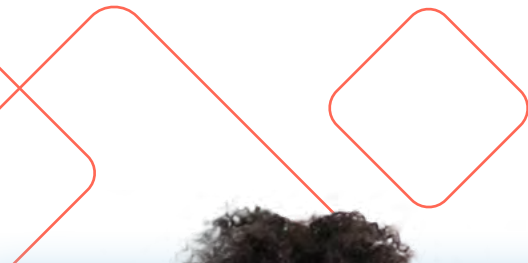
"...we are committed to continuous improvement, transparency and prudent oversight."



This report outlines our progress across governance, social and environmental priorities throughout 2025, illustrating our belief that long-term value creation depends on trust, accountability and responsible decision-making. I am proud of what our teams accomplished together and confident in the foundation we have built for the future.

Thank you to our employees, customers, partners and shareholders for their continued trust and engagement as we move forward together.

Scott Wood
President and Chief Executive Officer
Fairstone Bank of Canada



➤ About Fairstone Bank

Fairstone Bank of Canada and its subsidiaries, including Fairstone Financial Inc. and Home Trust Company, deliver innovative, accessible and reliable financial solutions that enable Canadians to reach their financial goals. Collectively, we offer residential and commercial mortgages, consumer deposits and GICs, retail and automobile financing, credit cards and digital lending, as well as unsecured and secured personal loans online and at more than 260 branches coast to coast. With nearly 100 years of operating history, Fairstone Bank is Canada's leading alternative lending bank, serving approximately two million customers nationwide. Our diversified business model, strong risk management practices and customer-focused approach support long-term financial resilience and responsible growth.

Our Lines of Business

Fairstone Bank operates through four complementary lines of business: Mortgage Lending, Installment Lending, Card Services and Deposits. Together, they form a diversified and integrated model designed to expand responsible access to credit, support financial resilience and ensure long-term funding stability.

Across all businesses, we embed disciplined risk management, regulatory oversight and transparent customer practices to deliver sustainable growth and long-term stakeholder value.



Mortgage Lending

Through our Home Trust brand, we are one of Canada's leading alternative mortgage lenders, providing insured and uninsured single-family residential mortgages, residential and non-residential commercial lending, and home equity solutions. Our flexible underwriting approach supports borrowers, including self-employed individuals and newcomers to Canada, while maintaining strong governance and portfolio resilience.

Installment Lending

Our Installment Lending business provides fixed-rate, fixed-term personal loans designed to meet life's essential needs—whether home repairs, vehicle financing or debt consolidation. We serve near-prime customers through a hybrid branch-based and digital model, including direct lending via Fairstone Financial, nationwide automobile financing via EdenPark, and fully digital lending through Fig Financial.

Together, our four lines of business form an integrated financial ecosystem, connecting responsible lending, diversified funding and customer-focused innovation. By embedding strong governance, prudent risk management and transparent practice across each business unit, we support long-term value creation for our stakeholders and communities across Canada

Card Services

Our Card Services products deliver everyday financial flexibility while helping customers build or strengthen their credit profile. Our digital acquisition channels offer rapidity, simplicity, versatility and security. This includes the Walmart Rewards™ Mastercard® portfolio, our Home Trust Visa suite (secured and unsecured credit cards), and point-of-sale retail financing solutions delivered through partnerships with approximately 2,100 retailers nationwide.

Deposits

Deposits are central to our funding resilience and growth strategy. We offer demand and term deposits through an extensive broker network and directly to consumers under the Oaken Financial brand. A diversified funding model supports scalable growth while reinforcing balance sheet strength.

Our Brand Family



HOME TRUST

- Mortgages
- Credit Cards
- Deposits



Fairstone Bank™

- Credit Cards
- Credit Protection Services
- Deposits



Fairstone™

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



HOME BANK

- Deposits



EdenPark^{MC}

- Automobile Financing



Oaken™

- Deposits



fig

- Digital Lending

Our Corporate Strategy

At the core of our corporate strategy lies a shared vision for the future. Our strategy provides a clear roadmap for delivering sustainable growth while maintaining strong governance, risk discipline and customer trust. It is inspired by our purpose and shaped by our 2030 vision, embodying our commitment to excellence, innovation and collaboration in a dynamic financial services landscape.



Purpose

Helping Canadians access credit to meet their financial needs.

Vision

As Canada’s leading alternative lender, we are reshaping financial services and setting a high standard for inclusive and responsible lending, coast to coast.

Our strategy is built on four foundational pillars that guide execution, decision-making and accountability across the organization:



Sustainable and Profitable Growth

Drive sustainable earnings and receivables growth by expanding our product portfolio, geographic footprint and client acquisition efforts, while leveraging scale for product optimization and seizing strategic opportunities.



Responsible Governance

Maintain risk management leadership, uphold a positive regulatory posture, and ensure adherence to our risk appetite statement.



Our People Drive Success

Foster success through a shared culture and enhance employee engagement, driven by our people.



Operational Efficiency

Enhance operational efficiency by implementing integration synergies, optimizing business operations and leveraging technology and data, including AI, to streamline processes.

Our Values

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.



Win as a Team

We succeed together by collaborating, celebrating wins and lifting each other up.



Lead Courageously and Compassionately

We lead with conviction and empathy, empowering others to speak up and challenge the status quo.



Execute with Excellence

We know our business and deliver high-quality results with urgency and continuous improvement.



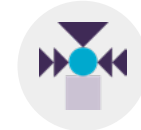
Improve and Inspire

We embrace new ideas, learn from mistakes and inspire others through action and recognition.



Un-complicate

We focus on what matters most, making work simpler, clearer and easier to execute.



Treat Every Dollar as your Own

We make thoughtful, cost conscious decisions that balance impact, efficiency and long term value.



Do the Right Thing

We act with integrity and accountability, choosing principles over convenience—always.



Customer First, Always

We anticipate needs, exceed expectations and earn trust through timely, thoughtful action.

Our footprint across CANADA

With corporate offices in Toronto, Montreal, Etobicoke and London, regional hubs in Calgary, Halifax and Vancouver, and more than 260 Fairstone and Oaken branches nationwide, Fairstone Bank serves communities across Canada.

Total Assets
\$32
Billion¹

2,500+
Employees
Across Canada

5,400
Brokers

3
Regional
Hubs

2M
Customers

2,100+
Merchants
and Partners

4
Corporate
Offices



~100 Years
in Operations

260+ Branches
Across Canada

¹ Total assets as at December 31, 2025.

➤ About this Report

This annual ESG report includes information about Fairstone Bank and its wholly owned subsidiaries Fairstone Financial Inc., Home Trust Company and Home Bank (collectively referred to as “Fairstone Bank,” the “Bank,” “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.

The purpose of this report is to provide transparent, decision-useful information on how ESG considerations are embedded within Fairstone Bank’s governance, strategy, risk management and operations, how performance is monitored against defined ESG-related metrics and targets, and how these practices support long-term value creation.



Stakeholders

This report is intended for a broad range of stakeholders, including current and prospective customers, employees, investors, suppliers, partners, regulators and community organizations. We have a responsibility to our stakeholders to be transparent about our ESG strategy, including priorities and performance, and to 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, 2025, to December 31, 2025, unless otherwise noted. Monetary figures are presented in Canadian dollars for clarity and consistency.

Reporting Frameworks

This report has been prepared with reference to leading regulatory and industry frameworks applicable to Canadian financial institutions.

Specifically, it includes information about our approach to identifying, assessing, managing and disclosing climate-related financial risks and opportunities as outlined in OSFI Guideline B-15 – Climate Risk Management, which sets out OSFI’s expectations for federally regulated financial institutions. In addition, the report references industry-recognized Sustainability Accounting Standards Board (SASB) metrics relevant to Fairstone Bank’s business model and value chain.

We also considered emerging Canadian Sustainability Disclosure Standards (CSDS 1 and CSDS 2), which are aligned with IFRS Sustainability Disclosure Standards (IFRS S1 and S2), in shaping our governance, strategy, risk management and disclosure approach, including consideration of metrics and targets.

Please refer to the Appendices where we have mapped our disclosures to OSFI Guideline B-15 and presented our industry-based SASB metrics.

➤ At a Glance – 2025 ESG Highlights

Pillar 1

Upholding Responsible Governance and Shared Values

0 ongoing customer complaint with the Bank's Commissioners

0 confirmed customer data breaches

98% cybersecurity training completion

99% compliance and anti-corruption training completion

Pillar 2

Expanding Financial Access and inclusion Across Customers and Communities

~2 million customers served nationwide

Structured remediation programs supporting customers in financial hardship

96 financial literacy blogs published

98.7% of customers are satisfied with our service*

\$770,000+ invested in communities across Canada

Pillar 3

Engaging our Employees and Supporting their Development Throughout their Careers

2,521 employees across Canada

61.6% women across the workforce

83.5% employee engagement satisfaction

98.7% participation in annual performance reviews

Pillar 4

Managing our Exposure to Climate Risk Across our Business

Climate risk embedded in ERM

Board and executive oversight of climate risks

Macro economic climate scenario analysis completed

2369 t CO₂e Total Scope 1 and Scope 2 GHG emissions in 2025

* Personal loans

Our ESG Strategy

Identification of our ESG Priorities

In 2025, following our most recent integration with Home Trust, we expanded our sustainability assessment to inform the renewal of our ESG Strategy and respond to evolving sustainability disclosure expectations and legislative and regulatory developments, including the Canadian Sustainability Standards Board (CSSB) and the Canadian Sustainability Disclosure Standards (CSDS 1 and CSDS 2). The assessment focused on deepening our analysis of sustainability-related risks and opportunities (SROs) that could reasonably be expected to affect the Bank over the short, medium and long term.

The multistep process incorporated value chain analysis, topic identification and stakeholder engagement to identify and assess relevant SROs. These inputs were used to identify and assess relevant SROs, prioritize sustainability topics and inform the refreshed ESG Strategy pillars presented in this report.

This work builds on the sustainability assessment first conducted in 2022 and refined in subsequent years, which engaged internal and external stakeholders to identify the sustainability issues most relevant to our business and to society, and to confirm the impact priorities that guided our prior three-year sustainability strategy. Building on these foundations, this year's ESG Report strengthens our disclosure on how we manage impacts and risks, and how we identify opportunities related to our priority topics, ensuring our stakeholders remain fully informed.

Our ESG Objectives and Strategic Alignment

Building on the sustainability related risks and opportunities identified through our stakeholder engagement and assessment process, Fairstone Bank refined its ESG Strategy to provide a clear and structured framework for integrating ESG considerations into governance, strategy, risk management and business decision-making.

The updated ESG Strategy focuses on financially and strategically relevant sustainability related risks and opportunities that could reasonably be expected to affect the Bank's performance, resilience and long term value creation.

It is designed to:

- **Strengthen alignment** between ESG priorities and corporate strategy;
- **Support effective risk** identification, assessment and monitoring by continuing to embed sustainability- and climate-related considerations into the Enterprise Risk Management (ERM) framework; and
- **Enhance preparedness** for evolving regulatory and disclosure expectations.

By aligning ESG priorities with financially material risks and opportunities, the strategy supports informed decision making, clear accountability and consistent resource allocation across the organization.



ESG Pillars and Areas of Focus

The ESG Strategy translates identified sustainability-related risks and opportunities into clear areas of focus for action and oversight. The four ESG pillars provide the structure through which the Bank integrates ESG considerations into governance, strategy, risk management and performance, guiding execution and accountability across the organization.



Pillar 1

Upholding Responsible Governance and Shared Values

It is the foundation of Fairstone Bank's ESG Strategy and underpins our ability to operate responsibly, protect customers and stakeholders, manage risk effectively and support long-term value creation. Grounded in integrity, transparency and accountability, our governance framework—overseen by the Board of Directors and supported by senior management, enterprise risk management processes and robust internal controls—establishes the structures and behaviours that guide consistent decision-making across the Bank. This governance approach serves as the central driver that supports the effective management and oversight of our ESG priorities enterprise-wide.

Focus areas:

- Business ethics
- Regulatory compliance
- Cybersecurity and data privacy

Pillar 2

Expanding Financial Access and Inclusion Across Customers and Communities

By actively engaging with our customers along their financial journey, promoting equitable economic opportunities and driving long-term social impact within the communities we serve.

Focus areas:

- Financial access and inclusion
- Customer satisfaction
- Community engagement

Pillar 3

Engaging our Employees and Supporting their Development Throughout their Careers

By working alongside our employees to co-create rewarding careers and opportunities tailored to their personal and professional goals.

Focus areas:

- Talent attraction and retention
- Employee training and development



Pillar 4

Managing our Exposure to Climate Risk Across our Business

By identifying, assessing and managing the potential impacts of climate-related risks on our business activities to ensure resilience and regulatory compliance.

Focus areas:

- Climate risk management and adaptation
- GHG emissions management

Pillar 1

Upholding Responsible Governance and Shared Values

Topics

- ESG and Climate Governance Framework
- Business Ethics and Responsible Conduct
- Regulatory Compliance
- ESG and Climate Risk Management Approach
- Cybersecurity and Data Privacy



ESG and Climate Governance Framework

Underpinned by a robust and disciplined system of governance, Fairstone Bank has established an oversight structure to ensure that Environmental, Social, Governance, climate-related considerations, are embedded into strategy, risk management and decision-making across the organization.

Our ESG and climate governance framework is designed to:

- Integrate ESG and climate considerations into Fairstone's long-term strategy and value creation model;
- Provide effective oversight of sustainability- and climate-related risks and opportunities as part of enterprise risk management;
- Align ESG priorities with our Risk Appetite Statement and strategic planning processes;
- Promote transparent and consistent ESG and climate disclosures; and
- Reinforce accountability at the Board, executive and management levels.



Board of Directors

The Board of Directors plays a central role in setting the strategic direction for ESG- and climate-related matters and overseeing their integration into Fairstone Bank long-term resilience, including the Bank's business strategy, risk profile, financial performance, and ability to adapt to evolving regulatory, market and environmental conditions.

The Board is responsible for:

- Approving the ESG strategy, pillars, objectives and metrics;
- Overseeing material ESG- and climate-related risks and opportunities;
- Ensuring ESG and climate considerations are reflected in strategy, risk appetite, and key policies; and
- Monitoring progress through regular reporting.



Conduct Review and Governance Committee

The Conduct Review and Governance Committee has delegated responsibility for ESG and climate oversight on behalf of the Board.

The Committee is responsible for:

- Overseeing execution of the ESG strategy and roadmap;
- Reviewing progress against ESG objectives, including climate-related initiatives;
- Overseeing ESG- and climate-related risks, including conduct, reputational, regulatory and emerging sustainability risks; and
- Reviewing management reporting on ESG and climate matters and escalates key issues to the Board, as appropriate.



Executive Management Committee (EMC)

The Executive Management Committee (EMC), chaired by the Chief Executive Officer and composed of all members of the Executive Management Team, is accountable for embedding ESG and climate considerations into day-to-day management and strategic execution.

The EMC:

- Operationalizes the ESG strategy and roadmap;
- Oversees management of ESG- and climate-related risks and opportunities;
- Ensures alignment between ESG priorities, enterprise risk management and business planning;
- Integrates ESG and climate considerations into strategic initiatives, product development and operational resilience; and
- Receives regular updates from management and reports annually—and on an ad hoc basis, as required—to the Conduct Review and Governance Committee.

Business Ethics and Responsible Conduct

Ethical conduct underpins how Fairstone Bank serves customers, partners and communities. Our Code of Conduct establishes clear expectations for integrity and responsible behaviour and is supported by training, reporting mechanisms and oversight processes.

Employees and contract workers complete mandatory Code of Conduct training and reaffirm their commitment through periodic attestation. The Code is reviewed and refreshed periodically to ensure it remains aligned with evolving expectations and standards.



Whistleblower Protection and Reporting

Fairstone Bank maintains a secure and confidential whistleblower reporting program, including an independent reporting hotline, that provides employees, contractors and applicable service providers with direct and confidential channels to raise concerns for review and investigation. During the year, three whistleblower reports were received. All reports are reviewed, investigated and escalated as appropriate.

The Whistleblower Policy is designed to provide assurance that suspected business misconduct or other wrongdoing is appropriately reported and investigated, and it protects individuals from retaliation for disclosures made in good faith. Oversight of the whistleblower program is maintained by Corporate Compliance, through the corporate security and investigations function, in consultation with Human Resources.

Fair Practices, Anti-Corruption and Conflicts of Interest

Fair and responsible business practices are reinforced through policies designed to prevent discrimination, conflicts of interest and unethical conduct, including in mortgage origination and product servicing. Anti-corruption expectations are supported by training and awareness initiatives. During the year, employees completed 35 minutes of anti-corruption training, with a training completion rate

of 99%, helping to ensure consistent understanding of expectations across the organization.

We also maintain controls designed to identify, disclose and mitigate conflicts of interest and unethical business practices, supported by monitoring activities and disciplinary processes where required.

Customer Complaints and Legal Proceedings

Customer outcomes are a key indicator of ethical conduct in practice. During the reporting period, 8.6% of customer complaints resulted in monetary or non-monetary relief, providing insight into the effectiveness of issue resolution. We also tracked the total amount of monetary losses associated with legal proceedings related to the selling and servicing of products² supporting ongoing monitoring of conduct risk and continuous improvement efforts.

Complaint Management: Listening and Responding to our Customers

At Fairstone Bank, we value our customers' feedback and remain committed to providing clear, efficient and effective avenues to address any concerns. Our robust complaint-handling procedure, available on our website, ensures transparency and empowers customers to resolve their issues with ease. This process reflects our dedication to continuously improving our products and services while maintaining customer trust and satisfaction.

1. **Initial Contact:** Begin by reaching out to our Customer Care Centre for direct assistance.
2. **Escalation:** If your issue remains unsolved, escalate it by contacting the management team at the Customer Care Centre
3. **Further Escalation:** Should you wish to escalate further, contact our Commissioner of Complaints.
4. **External Resolution:** For unresolved issues, OBSI is available for further escalation. OBSI is an external complaints body which oversees financial institutions in Canada to help resolve consumer-related issues.

In 2025, Fairstone Bank Commissioners³ reviewed 34 complaints, of which 9 were resolved, 25 were closed and 0 were ongoing. These insights drive us to continually refine our processes and deliver better outcomes for our customers.

² Even though Fairstone Bank is tracking this information, we chose not to disclose it.

³ Fairstone Bank's Commissioners include the Commissioner of Complaints and the Customer Complaints Appeals Officer.



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 Payment 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
- Commitment on Powers of Attorney and Joint Accounts
- Mastercard Zero Liability
- Plain Language Mortgage Documents

Our customers can access these documents on [FairstoneBank.ca](https://www.fairstonebank.ca). The list of voluntary codes of conduct and public commitments applicable to Fairstone Bank are also available at our branch locations.

Regulatory Compliance

Fairstone Bank operates in a complex regulatory environment and maintains a robust compliance framework embedded within our enterprise risk management processes. This framework supports adherence to regulatory requirements, proactive identification of compliance risks and consistent application of controls across the organization. Strong regulatory compliance is also essential to maintaining trust with regulators, customers and stakeholders. Fairstone Bank's compliance framework is embedded within our enterprise risk management processes and supported by continuous monitoring, testing and training.

Compliance Oversight and Outcomes

Compliance performance is monitored through internal controls, testing activities and regulatory outcomes. During the reporting period, Fairstone Bank did not incur any significant fines or non-monetary sanctions, including those related to environmental, social or economic matters. This indicator informs root-cause analysis and, where required, remediation actions.

Stress Testing and Strategic Integration

Stress testing plays an important role in assessing resilience under adverse conditions. Fairstone Bank integrates the results of mandatory

and voluntary stress tests into capital adequacy planning, long-term corporate strategy and other business activities, supporting risk-informed decision-making and alignment with our risk appetite.

Training and Compliance Culture

Compliance expectations are reinforced through mandatory training. Over the year, employees completed 90 minutes of essential compliance training, covering areas such as consumer protection, privacy and conduct risk. The compliance training completion rate of 99% provides a direct measure of engagement and helps ensure regulatory expectations are consistently understood and applied across the organization.

ESG and Climate Risk Management Approach

As a federally regulated financial institution, Fairstone Bank's approach to risk management is fundamental to protecting customers, maintaining regulatory confidence and supporting long-term financial resilience. Our ERM framework provides a disciplined, enterprise-wide approach to identifying, assessing, managing, monitoring and reporting risks across the organization, including sustainability- and climate-related risks.

Fairstone Bank identifies and manages ESG—including climate related—risks through its existing Enterprise Risk Management (ERM) framework. ESG risks are identified using established risk identification processes, including the Bank's enterprise wide risk inventory, qualitative assessments and, where appropriate, scenario analysis and stress testing. These assessments consider potential financial and operational impacts, including physical and transition climate risks.

The most recent sustainability assessment we conducted this year also allowed us to refine and update the list of sustainability related risks and opportunities, which now serves as a direct input into Fairstone Bank's enterprise risk identification processes.

Once identified, ESG risks are evaluated alongside other material risks and incorporated into Fairstone Bank's risk appetite, monitoring processes and governance routines. ESG related considerations are integrated into relevant policies, risk registers and reporting to ensure they are subject to the same oversight, controls and escalation pathways as other enterprise risks.



Oversight of ESG and climate risks is embedded within management and Board level governance structures, supporting alignment with regulatory expectations and Fairstone Bank's broader approach to prudent risk management and capital planning.

Climate-related risks, including physical and transition risks, are assessed alongside other material risks using a combination of qualitative and quantitative analysis, including stress testing to assess near-term vulnerabilities and exploratory scenario analysis to evaluate potential risks that may emerge over longer time horizons, where appropriate. This approach supports an enhanced understanding of potential impacts on the Bank's business activities, asset quality, and capital position over the short, medium and long term. Climate-related considerations are incorporated into Fairstone Bank's risk appetite, monitoring, and governance processes.

Physical Risks

- **Disruption from extreme weather events** (e.g., flooding, wildfires, heatwaves) affecting operations, branches, or third-party providers.
- **Customer financial stress** following climate-related events, impacting credit performance.
- **Geographic concentration exposure** to regions more vulnerable to climate impacts.

Transition Risks

- **Regulatory and policy changes** related to climate, ESG and financial sector expectations.
- **Economic and market shifts** affecting customer affordability and demand.
- **Reputational and strategic impacts** as stakeholder expectations evolve.

Cybersecurity and Data Privacy

Protecting the confidentiality, integrity and availability of information is central to maintaining trust with customers, employees and partners. Fairstone Bank maintains a comprehensive cybersecurity and data privacy program designed to prevent, detect and respond to evolving threats, while complying with applicable federal and provincial privacy legislation, including PIPEDA and Québec’s Law 25.



Governance, Roles and Accountability

Cybersecurity and data privacy at Fairstone Bank are governed through a formal, policy-anchored oversight structure designed to ensure clear accountability and alignment with our enterprise risk appetite.

Our Information Security Policy establishes the principles and requirements for safeguarding the Company’s information against risks to its confidentiality, integrity and availability. The Policy defines explicit roles and responsibilities across all levels of the organization and is reviewed and approved through established governance channels.



Board and Committee Oversight

The **Board of Directors** holds ultimate accountability for information security, establishes the Bank’s overall risk appetite and risk-bearing capacity, and receives regular reporting on cybersecurity posture, emerging threats and material risk exposures.

The **Enterprise Risk Management Committee (ERMC)** provides Board-delegated oversight of the Information Security Policy. The ERMC reviews and approves the Policy upon recommendation of the Cyber Security Oversight Committee, oversees its effective implementation and reviews significant policy exceptions.

The **Cyber Security Oversight Committee** provides executive leadership and proactive oversight for the Information Security Program. The Committee oversees the development, implementation and maintenance of the program, approves related policies, and monitors adherence to defined risk tolerance levels. Escalations and policy exceptions are reported to the ERMC in accordance with established protocols.

Three Lines of Defence Model

Cybersecurity responsibilities are structured in alignment with the Bank's Three Lines of Defence framework.

First Line of Defence – Ownership and Execution

The **First Line** is responsible for identifying and managing information security risks within business operations.

The **Chief Technology Officer (CTO)** ensures the Bank's technical strategy, operations and implementation aligns with the Bank's Information Security Policy and business goals.

The **Chief Information Security Officer (CISO)** holds primary responsibility for the Information Security Policy and leads the Information Security Program. Their responsibilities include policy development, enterprise risk assessments, monitoring compliance and exceptions, threat intelligence, security awareness programming and annual reporting to the Board.

Executive Management (Vice President level and above) retains accountability for information within their lines of business, appoints Data Owners, manages and accepts risk within defined appetite limits and ensures training and access controls are enforced.

Line of Business Accountable Executives and Business Relationship Managers manage and monitor information security risks within their areas, including SLA performance and policy exceptions.

Information Technology safeguards infrastructure and applications in accordance with security standards and monitors security events.

Human Resources embeds information security accountability into executive mandates and supports consistent enforcement of policy requirements.

Corporate Counsel ensures appropriate contractual protections with third parties and advises on policy violations.

All employees and temporary workers are responsible for complying with security policies and completing mandatory training.

Second Line of Defence – Oversight and Challenge

The Second Line provides independent oversight, guidance and effective challenge.

The **Chief Risk Officer (CRO)** ensures appropriate risk management integration across IT, third-party risk, fraud, business continuity and related policies.

Risk Management reviews and challenges information security risks, policy exceptions and escalated issues, and reports material risks to the CRO and ERMC, where appropriate.

Corporate Compliance oversees adherence to regulatory and legislative information security requirements.

The **Chief Privacy Officer (CPO)** oversees the Privacy Compliance Program, maintains the Privacy Breach Action Plan and provides oversight of privacy risks related to the collection, use, disclosure and retention of personal information.

Third Line of Defence – Independent Assurance

Internal Audit provides independent and objective assurance to the Board and executive management by assessing the effectiveness of governance, risk management and controls related to IT and information security risk.

This governance framework ensures that cybersecurity and data privacy risks are clearly owned, independently challenged and transparently reported—supporting regulatory compliance, protecting customer information and reinforcing stakeholder trust.



Controls, Monitoring and Incident Management

We maintain a comprehensive, continuously evolving information security control environment designed to protect our clients, employees, assets and data from cybersecurity threats and privacy risks.

Our approach is grounded in a tiered defence model and informed by Zero Trust architecture principles, ensuring that access to systems and data is continuously validated and monitored.

Core processes span the full security lifecycle, from secure system design and development (including Secure SDLC and application security practices) to identity and privileged access management, system hardening, vulnerability management, data classification and data loss prevention. These controls are supported by advanced logging, monitoring and threat intelligence capabilities that enable proactive detection and timely response to emerging risks.

Cybersecurity incident management processes are formally established to ensure preparedness and resilience. This includes defined escalation protocols, cross-functional coordination and post-incident reviews to strengthen controls and mitigate recurrence. Key risk indicators (KRIs) are reported to management forums and the Cybersecurity Oversight Committee to support active monitoring of risk exposure and alignment with the Bank's enterprise risk appetite.

During the reporting period, we experienced no confirmed data breaches or customer impact, and no incidents involving personally identifiable information (PII). No privacy-related legal proceedings or monetary losses were incurred. These outcomes underscore the effectiveness of our preventive and monitoring controls. Nevertheless, cybersecurity risk remains dynamic, and we continue to invest in strengthening our resilience and oversight capabilities.

Through proactive monitoring and a culture of security awareness, we seek to maintain stakeholder trust and ensure operational resilience in an increasingly complex threat landscape.

Preparedness, Testing and Continuous Improvement

Preparedness is a critical component of our cybersecurity program. We maintain a documented incident response plan that is tested at least annually through scenario-based exercises. In response to the evolving threat landscape, ransomware-specific response playbooks are also maintained.

To test our ability to respond effectively to cybersecurity events, we conducted one cybersecurity and data breach simulation during the year. This exercise was used to validate escalation protocols, decision-making processes and cross-team coordination and to identify opportunities to strengthen controls.

Training and Awareness

Recognizing the critical role employees play in safeguarding information, we invest in ongoing education and awareness. In total, each employee completed 40 minutes of cybersecurity training, reflecting the depth and breadth of learning delivered across the organization. The cybersecurity training completion rate of 98% further demonstrates accountability and reinforces our expectation that cybersecurity is a shared responsibility. These indicators help ensure that employees understand their responsibilities and contribute actively to maintaining a strong security posture.

Third-Party Cybersecurity and Privacy Controls

Cybersecurity and data privacy expectations extend to third-party service providers. Security and privacy assessments are conducted as part of procurement processes, and critical suppliers are subject to periodic review and governance discussions. Third-party risk management processes are used to track identified risks and remediation actions.

Pillar 2

▶ Expanding Financial Access and Inclusion Across Customers and Communities

Topics

- Financial Access and Inclusion
- Customer Satisfaction and Experience
- Community Engagement and Social Impact



Expanding financial access and inclusion is foundational to Fairstone Bank’s role as a community-based lender and integral to our long-term value creation strategy. We recognize that many Canadians face barriers to traditional financial services, including income volatility, limited credit history, geographic constraints or life events that disrupt financial stability.

Our approach is grounded in responsible lending practices, transparent product design, proactive customer support and sustained community engagement, backed by governance structures, policies and monitoring processes designed to promote fair customer outcomes.



Financial Access and Inclusion

A Principled Approach to Financial Inclusion

Fairstone Bank’s approach to financial inclusion is designed to expand access to credit while maintaining appropriate consumer protections and risk discipline. We focus on providing transparent, understandable financial products, complemented by education and support mechanisms that help customers build financial capability over time.

This approach opens access for underserved and near-prime customers while aligning with regulatory expectations related to fair treatment of consumers, suitability, transparency and responsible product governance.

Financial inclusion activities are governed through established policies and oversight processes, including product governance, credit risk management, customer complaint handling and conduct risk monitoring, with relevant insights reviewed through management governance forums.

Financial Literacy as an Enabler of Access

As a responsible lender, Fairstone Bank is committed to supporting the financial literacy of Canadians as a foundation for improved access to financial services. Financial education plays a critical role in enabling informed decision-making, building financial resilience and reducing vulnerability—particularly for individuals facing financial barriers, including low-income households, seniors and people with disabilities.

Fairstone Bank delivers financial education through a structured mix of national partnerships, accessible digital tools, owned digital content and employee-led initiatives designed to strengthen financial knowledge, confidence and decision-making across diverse communities. Financial literacy initiatives are preventative in nature and are intended to complement — not replace — responsible product design, underwriting discipline and customer protections.

Our initiatives include:

- Long standing partnerships with JA Canada to deliver classroom based financial education;
- Educational blogs and digital content covering budgeting, credit building and fraud prevention;
- Publicly accessible budgeting tools, calculators and credit education resources;
- Targeted resources for seniors focused on financial abuse and scam prevention; and
- Personalized lending consultations for customers with limited or rebuilding credit histories.

In addition, Fairstone Bank publishes a broad range of educational content on Fairstone.ca designed to improve financial understanding across key life and borrowing topics. In 2025, the Bank published approximately 96 blog articles, covering areas such as budgeting and saving, understanding loans, foundational financial concepts, and retail financing. This content is developed with a financial literacy lens, with the objective of breaking down complex financial concepts into accessible, plain language information. Blogs are supported by visual tools — including charts, tables and infographics — to improve accessibility for visual learners and to support understanding across diverse audiences.

Together, these initiatives are designed to meet people where they are in their financial journeys and foster more informed, responsible financial choices.

In 2025, Fairstone Bank's financial literacy initiatives reached approximately 300,000 individuals, reflecting our continued investment in education as a key enabler of financial inclusion and long-term financial well-being.

Financial Literacy Month

Financial Literacy Month is a key annual activation within Fairstone Bank's broader financial education strategy. Observed nationally each November, it provides a focused opportunity to amplify financial literacy resources, engage customers and communities, and reinforce the importance of informed financial decision-making.

During Financial Literacy Month 2025, Fairstone Bank delivered targeted awareness initiatives, including blog content, digital tools and partner-led activities designed to help Canadians better understand credit, budgeting and fraud prevention.

A flagship component of this effort was Check Your Credit Score Day, organized in collaboration with external partners, which encouraged individuals to actively monitor their credit health as a foundational step toward financial resilience.

These initiatives complement Fairstone Bank's year-round financial literacy efforts and are designed to increase awareness and engagement during a period of national focus, reinforcing our commitment to responsible lending and informed financial decision-making.

Fairstone Bank delivered targeted awareness initiatives, including blog content, digital tools and partner-led activities designed to help Canadians better understand credit, budgeting and fraud prevention.



Supporting Customers Through Financial Hardship

We recognize that financial inclusion must extend beyond access to credit and include meaningful support during periods of hardship. Fairstone Bank maintains structured remediation and customer support programs to assist customers facing temporary financial stress due to illness, disability, unemployment or other unexpected life events.

Remediation solutions include payment deferrals, loan term adjustments, refinancing options, disaster-related relief programs and insurance-supported payment assistance.

Each case is assessed on an individual basis by trained specialists, with solutions tailored to the customer's circumstances and evaluated against affordability, recovery prospects and applicable policy requirements.

In 2025, more than 13,000 customers benefited from remediation solutions across Fairstone Bank's business units. Remediation activity is monitored as part of conduct and credit risk oversight to identify trends, measure effectiveness and drive continuous improvement of customer support practices.

Access Through Responsible Products

Fairstone Bank offers a range of lending and payment products designed to meet diverse customer needs, including those of individuals underserved by traditional financial institutions. As part of Fairstone Bank's broader commitment to financial inclusion, these products are intended to support everyday financial needs while enabling customers to establish, maintain or rebuild credit responsibly.

Product design, pricing, underwriting and marketing practices are subject to governance processes intended to promote transparency, suitability and responsible customer outcomes.

Products are reviewed through established approval and ongoing monitoring processes to ensure alignment with risk appetite, regulatory requirements and customer fairness expectations.

Digital Access and Accessibility

Digital accessibility is an important enabler of financial inclusion. Fairstone Bank continues to invest in digital capabilities that expand access to products and services while preserving high-touch service options for customers who prefer or require human interaction. These investments support remote lending, paperless services and accessible service channels, enabling customers—including seniors, individuals with disabilities and those in rural or underserved communities—to engage with Fairstone Bank in ways that best meet their needs.

Fairstone Bank facilitates digital accessibility by aligning [Fairstone.ca](https://www.fairstone.ca) with WCAG 2.0 Level AA, the accessibility standard recognized under the Accessibility for Ontarians with Disabilities Act (AODA). This alignment helps guarantee that digital services are usable by individuals with diverse needs and those who rely on assistive technologies.

Fairstone.ca is built on Adobe Experience Manager (AEM), which includes built-in accessibility validation and is supported by accessibility-first development practices implemented in partnership with Oshyn across design, content development and quality



assurance. These practices help embed accessibility considerations throughout the digital lifecycle.

Future enhancements, including migrating additional affiliated websites to AEM and continuing remediation of digital tools and PDFs, are planned to further strengthen long-term accessibility governance and inclusive access.

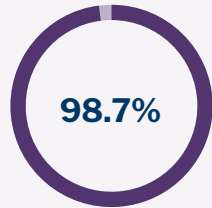
Customer Satisfaction and Experience

Customer satisfaction is a key indicator of inclusive service delivery. Fairstone Bank monitors customer experience through multiple feedback channels, including complaints analysis, satisfaction surveys and Net Promoter Score (NPS).

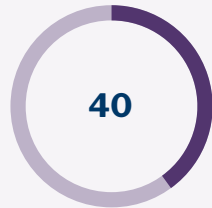
NPS measures customers' likelihood to recommend Fairstone Bank, providing insight into trust and loyalty, while customer satisfaction scores capture service quality across key interactions. In 2025, NPS and satisfaction results by business unit were:



Personal Loans⁴



Customer Satisfaction

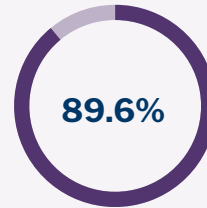


Net Promoter Score

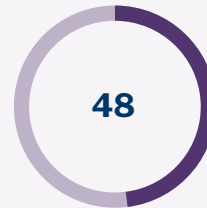


Number of Surveys Completed

Retail Financing Customers⁵



Customer Satisfaction

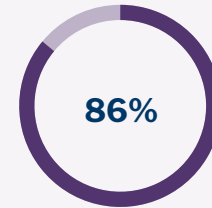


Net Promoter Score

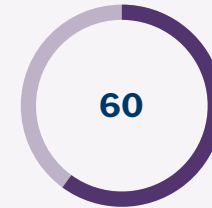


Number of Surveys Completed

Credit Card Holders⁶



Customer Satisfaction



Net Promoter Score



Number of Surveys Completed

These indicators are reviewed alongside complaint data and conduct risk metrics to identify emerging issues, inform service improvements and product refinements, set training priorities, and support governance oversight.

⁴ Survey completed in December 2025 among customers who opened or renewed a loan within the previous 90 days.

⁵ Survey completed in November 2025 among account holders who opened their account 4–12 months prior (November 2024 to July 2025), as well as customers who had fully paid off their balance within the past three months before the survey.

⁶ Voluntary telephone survey offered to Walmart Rewards™ Mastercard® cardholders at the end of a Customer Care call between January and December 2025.

Customer and Public Engagement

Fairstone Bank maintains processes to obtain and consider customer and public feedback to support the fair treatment of consumers and the continuous improvement of products, services and delivery channels.

Engagement mechanisms include:

- Customer and market surveys;
- Digital feedback channels, and
- Analysis of complaints and service issues.

In 2025, information gathered through these mechanisms was used to:

- Assess customer understanding, needs and expectations;
- Inform the design and enhancement of products and services;
- Identify emerging risks, trends and potential consumer impacts; and
- Support the timely resolution of issues identified through complaints.

Marketing led surveys are used to collect feedback from both customers and prospective customers on satisfaction, service experience and product expectations. Results are monitored over time and, where appropriate, analyzed by demographic segments to identify differing outcomes or potential barriers. Insights are shared with relevant business areas to inform decision making and corrective actions.

Customer experience surveys are conducted online on a semi annual basis and measure satisfaction, Net Promoter Score (NPS) and likelihood of repeat borrowing. Surveys include open ended questions to enable customers to raise concerns or provide qualitative feedback, and are administered by an independent third party to encourage objectivity and candid participation.



Public perceptions are assessed through annual brand awareness surveys of prospective customers, supporting an understanding of broader market expectations and unmet needs. Exit surveys were prepared in 2025 for launch in 2026 to better understand drivers of customer attrition and abandonment.

Customer complaints and service issues are tracked and analyzed by Operations and Customer Care teams in accordance with internal complaint handling processes. Complaint data is used to identify recurring issues, determine root causes and inform remediation, product adjustments and enhancements to controls and risk management practices.

Insights from customer and public engagement are integrated into product governance, service design and risk management processes and used to inform management review, decision-making and continuous improvement.

Community Engagement and Social Impact

Fairstone Bank’s commitment to community engagement aligns with our role as a community-based lender. Our community engagements and investments are centrally overseen and guided by defined pillars, governance processes and oversight mechanisms, helping ensure that our contributions create meaningful and sustained impact in the communities where we live and work. A focus is placed on initiatives that strengthen financial resilience, promote inclusion and support vulnerable populations.






Corporate Social Responsibility Program Guide and Governance

Fairstone Bank’s community engagement activities are governed by a formal Corporate Social Responsibility (CSR) Program Guide, which establishes a clear framework for identifying, approving, delivering and monitoring community investments. The program guide reflects our belief that community engagement should be purposeful, aligned with our values and executed with the same rigour as our core business activities. The CSR Program Guide applies to all employees across Canada and is overseen by Corporate Communications, with approval from the Executive Team. It defines the scope, governance and guiding principles for sponsorships, donations, employee volunteering and national partnerships, ensuring consistency, accountability and alignment across the organization.

This CSR Program Guide complements Fairstone Bank’s broader governance framework by reinforcing consistent oversight, accountability and ethical decision-making across our sustainability, community investment and customer-focused initiatives.

Structured Pillars Guiding Community Investment

Community engagement under the CSR Program Guide is organized around five core pillars, which provide strategic focus and help ensure that resources are directed toward areas where Fairstone Bank can have a meaningful and sustained impact:

- 
Supporting Our Communities
- 
Empowering Women
- 
Promoting Financial Literacy
- 
Advancing Mental Health
- 
Access to Housing and Shelter



These pillars guide decisions related to sponsorships, donations, employee volunteering and national partnerships, and align community investments with identified social needs and Fairstone Bank’s role as a community-based lender.



Governance, Controls and Ethical Conduc

The CSR Program Guide establishes clear governance and controls to ensure community activities are conducted ethically and responsibly. Corporate donations and sponsorships must align with at least one CSR pillar, support registered Canadian charities and comply with defined eligibility and exclusion criteria. Political, religious and personal causes are excluded to ensure fairness, neutrality and regulatory compliance.

Employee participation in CSR activities is voluntary and governed by clear conduct and ethical expectations. Employees participating in community initiatives represent Fairstone Bank and are expected to act professionally, respect non-solicitation guidelines and comply with the Code of Conduct and related policies.

Measuring Impact and Continuous Improvement

Fairstone Bank recognizes that meaningful community engagement requires more than financial contribution alone. The CSR Program Guide emphasizes practical impact measurement and continuous improvement, including tracking employee participation, monitoring alignment with CSR pillars and gathering qualitative feedback from employees and community partners

Insights from these measurements are used to refine future initiatives, strengthen governance and ensure that community investments continue to deliver meaningful outcomes for communities, employees and stakeholders.

Together, these governance mechanisms ensure that Fairstone Bank's community investments are deliberate, consistent and aligned with both local needs and enterprise-wide sustainability priorities.

Building Alongside the Communities we Serve

Our community engagement strategy is anchored in long-term partnerships, employee involvement and targeted financial contributions that reflect local needs. Rather than one-time initiatives, we prioritize programs that enable continuity, employee participation and measurable outcomes.

In 2025, Fairstone Bank invested more than \$770,000 total in community initiatives across Canada.



Structured Community Investment Programs

Community Sponsorship Program

Through our Community Sponsorship Program, Fairstone Bank supports local and regional organizations aligned with our CSR pillars. Sponsorships are evaluated annually to ensure alignment with community needs and organizational priorities.

In 2025, Fairstone Bank sponsored 37 organizations, contributing \$108,906 to initiatives focused on strengthening local communities.

These efforts were further supported by employee volunteer participation, reinforcing Fairstone's commitment to responsible corporate citizenship.



Community Matters Month and Employee Engagement

Employee participation is a key enabler of our community impact. Through Community Matters Month, employees across the organization are encouraged to engage in volunteer activities aligned with our CSR pillars. Eligible employees are supported through paid volunteer time, enabling meaningful participation without financial or scheduling barriers.

In 2025, 1,301 employees contributed approximately 9,760 hours through Community Matters Month and related volunteering initiatives, supporting charities and community organizations nationwide.

Additionally, the program supported 167 community organizations and facilitated 65 food drives across multiple regions, contributing to local social infrastructure and reinforcing our local presence and community-based operating model.

This employee-led approach strengthens community ties while reinforcing a culture of purpose and shared responsibility.



Corporate Donations and National Partnerships

Fairstone Bank complements local engagement with targeted national partnerships and corporate donations aligned with priority social issues. These partnerships focus on financial inclusion, mental health, housing stability and gender equity.

In 2025, community investments supported various organizations, including:

- United Way
- Canadian Red Cross
- JA Canada
- Canadian Women's Foundation
- Canadian Mental Health Association

These partnerships are designed to complement employee-led community engagement by delivering sustained impact and supporting national resilience efforts.

Linking Community Engagement to Financial Inclusion

Community engagement is closely linked to our broader financial inclusion strategy. Investments in financial literacy programs, youth education and community resilience initiatives help address systemic barriers to financial access and support long-term economic participation.

By combining responsible lending with community investment and education, Fairstone Bank aims to contribute to stronger, more financially resilient communities.



Pillar 3

Engaging our Employees and Supporting their Development Throughout their Careers

Topics

Workforce Size, Structure and Gender Representation

Talent Attraction and Retention

Employee Training and Development



Our ability to deliver long-term value for customers, communities and shareholders depends on our capacity to attract, engage, develop and retain talented employees across Canada. In 2025, following the integration of Fairstone Bank and Home Trust, we continued to strengthen our unified people strategy, anchored in engagement, inclusion, continuous learning and career progression.

We are focused on creating an environment where employees are supported throughout each stage of their careers—from attraction and onboarding, to leadership development, performance enablement and well-being—while applying consistent people practices and governance across regions, roles and business units.

People-related policies, programs and metrics are overseen through established human resources governance processes and reviewed by executive management.

Workforce Size, Structure and Gender Representation

As of 2025, our workforce has a strong national footprint, with employees located across multiple provinces and territories and operating in a mix of full time and part time roles. This geographic distribution supports both local market responsiveness and enterprise-wide collaboration.

Ontario and Quebec represent the largest concentrations of employees, reflecting the scale of operations in these regions, while a presence across Western Canada, Atlantic Canada and northern territories underscores our commitment to serving communities nationwide.

Overall, in 2025, the organization employed 2,521 individuals.

Employees by Province/Territory (Full-time and Part-time, 2025)

Province/Territory	Full-time Employees (#)	Part-time Employees (#)
Alberta	196	2
British Columbia	128	1
Manitoba	54	1
New Brunswick	53	1
Newfoundland and Labrador	50	-
Northwest Territories	3	-
Nova Scotia	59	2
Ontario	1,242	8
Prince Edward Island	6	-
Quebec	633	46
Saskatchewan	33	-
Yukon	3	-
Grand Total	2,460	61



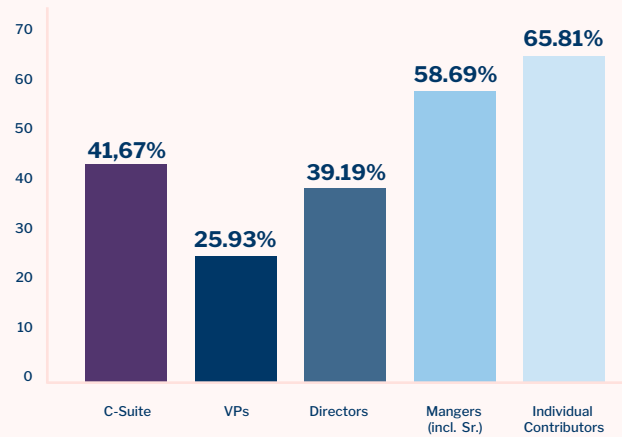
Women represented 61.48% of the total workforce in 2025.

This overall gender distribution denotes a strong representation of women across the organization and supports our broader diversity, equity and inclusion objectives.

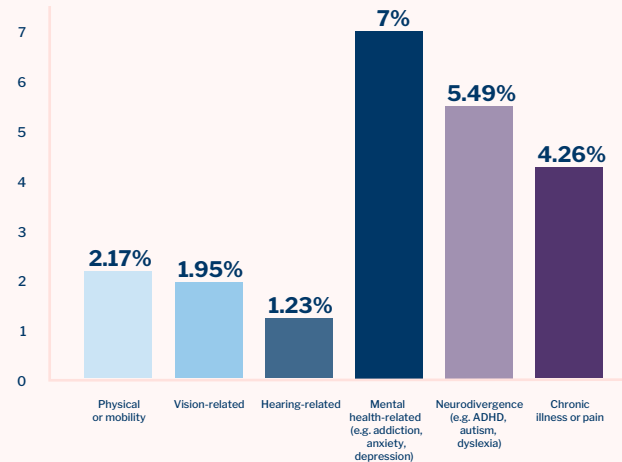
An analysis of gender representation by leadership level shows meaningful participation by women across management and leadership roles. Women held nearly 42% of C-suite positions, close to 40% of director roles, and nearly 59% of manager and senior manager roles. Representation was highest across non-management roles, at nearly 66%. At the vice-president level, women represented close to 26% of roles, which remains an area of focus and continues to inform ongoing leadership development and succession-planning efforts.

Together, these disclosures provide transparency into workforce composition and leadership representation, affirming our commitment to monitoring progress, promoting equitable representation, and advancing diversity and inclusion across all levels of the organization.

Gender Representation by Leadership Level (% of Women)



Employees with Disability or Accessibility Need* (% of the Total Workforce)



Gender Ratio



Workforce Ethnic Composition* (% of Total Workforce)

Ethnicity	%
White	43.89%
South Asian (e.g. Indian, Pakistani, Sri Lankan)	19.14%
Black	8.49%
Chinese	3.00%
Filipino	3.00%
Arab	2.94%
Latin American	2.74%
Southeast Asian (e.g. Vietnamese, Cambodian, Laotian, Thai)	0.85%
West Asian (e.g. Iranian, Afghani)	0.78%
Indigenous	0.65%
Korean	0.20%
Japanese	0.07%
Multiracial or mixed heritage	4.77%
Prefer not to answer	8.75%

*Data is based on employee self-identified information.

Talent Attraction and Retention

We approach talent attraction and retention as a long-term relationship rather than a transactional process. From the moment an employee joins our organization, we aim to create an environment where expectations are clear, development is encouraged, and contributions are recognized.

Our employee value proposition is grounded in:

- Competitive and equitable total rewards;
- Clear performance and development pathways;
- Flexible and inclusive workplace practices; and
- A strong culture of recognition, feedback and belonging.

This means offering employees a balanced work environment supported by initiatives such as a 37.5-hour workweek, a Right to Disconnect policy, hybrid work arrangements, wellness days, access to virtual healthcare and mental health support, and a robust pension plan. These practices are designed to support employee well-being, engagement and retention, while maintaining operational effectiveness and consistency with applicable employment standards.

Retention is further supported through meaningful recognition. Our digital recognition platform enables peers and leaders to regularly acknowledge behaviours aligned with our values, reinforcing a culture where appreciation is visible and embedded in daily work — not reserved for annual milestones.

Understanding who we hire, where we hire and how long employees stay with us is critical to responsible workforce management. The data is reviewed through management reporting processes and used to support operational planning, talent pipeline development, targeted retention actions and risk awareness, particularly in roles or regions experiencing higher labour market pressure.



Talent Acquisition

Fairstone Bank monitors hiring metrics as part of its broader human capital management and workforce planning framework, recognizing talent availability and attraction as key enablers of operational resilience and long term strategy. During the reporting period, the Bank hired 402 employees, with recruitment activity primarily concentrated in Ontario (187 hires; 46.52% of the workforce) and Québec (112 hires; 27.86%), reflecting business scale and growth priorities in these regions. Hiring across other provinces and territories remained proportionate to operational needs.

During the reporting period, the Bank hired 402 employees with recruitment activity primarily concentrated in Ontario and Québec.



From a demographic perspective, hiring was predominantly focused on early- and mid career talent, with employees aged 25–34 accounting for the largest share of new hires (199; 49.50%), followed by those aged 35–44 (84; 20.90%) and 18–24 (66; 16.42%), supporting succession planning and future leadership capacity. Women represented 219 new hires (7.40% of the workforce), compared to 183 men (5.84%), contributing to the Bank’s objective of maintaining a diverse and sustainable workforce. These hiring metrics are reviewed in conjunction with turnover and engagement data to inform talent risk identification, mitigation actions and ongoing workforce strategy.

New Hires by Province

Province/Territory	New Hires (#)	New Hires (%)
Alberta	39	9.70%
British Columbia	34	8.46%
Manitoba	8	1.99%
New Brunswick	5	1.24%
Newfoundland and Labrador	8	1.99%
Northwest Territories	1	0.25%
Nova Scotia	7	1.74%
Ontario	187	46.52%
Prince Edward Island	1	0.25%
Quebec	112	27.86%
Saskatchewan	-	-
Yukon	-	-
Grand Total	402	

New Hires by Gender

Gender	New Hires (#)	New Hires (%)
Women	219	54.48%
Men	183	45.52%
Grand Total	402	

New Hires by Age Group

Age Group	New Hires (#)	New Hires (%)
18-24	66	16.42%
25-34	199	49.50%
35-44	84	20.90%
45-54	40	9.95%
55-64	13	3.23%
65+	0	0.00%
Grand Total	402	

Women represented 219 new hires (54.48%), compared to 183 men (45.52%), contributing to the Bank's objective of maintaining a diverse and sustainable workforce.



Talent Retention

Fairstone Bank tracks and monitors employee turnover on a regular basis to help identify engagement trends and emerging workforce risks across the organization. Voluntary turnover remains concentrated among early- and mid-career employees, with the highest rates observed in the 25–34 age group (8.7%), followed by employees aged 35–44 (3.7%). Voluntary turnover was most pronounced in Ontario (7.9%) and Québec (5.4%), reflecting the Bank’s largest employee populations.

In 2025, voluntary turnover rates for women (9.6%) were higher than for men (7.9%), while involuntary turnover remained relatively balanced across genders (3.1% for women and 3.5% for men). Total turnover (voluntary and involuntary combined) was similarly higher among women (12.7%) than men (11.4%). Across age groups, total turnover was highest among employees aged 25-34 (10.4%), consistent with broader labour market mobility trends. These insights support Fairstone Bank’s continued focus on targeted retention, career development, and employee experience initiatives across key talent segments.

Turnover by Gender (% of Total Workforce)			
Gender	Voluntary Turnover	Involuntary Turnover	Total Turnover
Women	9.6%	3.1%	12.7%
Men	7.9%	3.5%	11.4%
Not declared	0.2%	–	0.2%

Turnover by Province (% of Total Workforce)			
Province/Territory	Voluntary Turnover	Involuntary Turnover	Total Turnover
Alberta	1.6%	0.2%	1.8%
British Columbia	1.1%	0.2%	1.3%
Manitoba	0.4%	0.0%	0.4%
New Brunswick	0.2%	0.1%	0.4%
Newfoundland and Labrador	0.3%	0.2%	0.4%
Northwest Territories	–	–	–
Nova Scotia	0.4%	0.2%	0.5%
Ontario	7.9%	3.5%	11.3%
Prince Edward Island	0.1%	0.0%	0.1%
Quebec	5.4%	2.3%	7.7%
Saskatchewan	0.2%	0.0%	0.2%
Yukon	–	–	–



Turnover by Age Group (% of Total Workforce)			
Age group	Voluntary Turnover	Involuntary Turnover	Total Turnover
18-24	1.4%	0.3%	1.6%
25-34	8.7%	1.7%	10.4%
35-44	3.7%	1.4%	5.1%
55-64	2.0%	1.6%	3.6%
65+	1.8%	1.6%	3.5%

Employee Engagement and Experience

Employee engagement is a key indicator of organizational health, resilience and long-term performance. Each year, we invite employees to share candid feedback through our Employee Engagement Survey, which provides valuable insight into engagement levels, leadership effectiveness, inclusion, well-being and the overall employee experience.

The 2025 Employee Engagement Survey marked the first edition conducted following the integration of Home Trust. Participation remained strong, with 75% of employees taking part, reflecting a high level of trust in the survey process and confidence that employee feedback leads to meaningful action. Results showed a satisfaction rate of 83.5% and an Employee Experience Score of 12.2, indicating sustained engagement and a generally positive workplace experience during a period of organizational transition.

Survey findings are reviewed at the enterprise and business-unit levels, and translated into concrete actions, ranging from local team-based initiatives to enterprise-wide programs focused on leadership development, communication, and employee experience. Together, these indicators guide leadership accountability, promote continuous improvement and reinforce our commitment to creating a workplace where employees feel connected, supported and motivated.



Employee Training and Development

Fairstone Bank believes that investing in employee development supports both individual growth and organizational capability. Our learning and development approach is designed to support employees at every stage of their careers—from onboarding and skill building to leadership readiness and long-term career progression.

Average Hours of Training per Employee

Fairstone Bank tracks and reports the average number of training hours per employee as a key human capital indicator reflecting its investment in skills development, leadership capability and long-term workforce sustainability.

In 2025, employees completed an average of 15 hours of training, covering technical, leadership, compliance and professional development learning.

Training is delivered through a blended learning model that combines instructor-led programs, digital learning platforms and experiential development, supporting continuous learning across all roles and career stages. Core offerings include StarPath, a Canada-wide professional development and succession planning program designed to build leadership readiness within the Branch Network, and LinkedIn Learning, which provides employees with access to more than 16,000 expert-led courses encompassing leadership, business, personal development and technical skills.

In 2025, a total of 31 employees completed the StarPath program, highlighting strong engagement in leadership development across the organization. Of these participants, 18 were women, and 13 were men, underscoring our continued focus on providing equitable access to advancement opportunities and building a diverse pipeline of future leaders.

All elements together, this learning model supports Fairstone Bank's talent development strategy by strengthening internal capabilities, supporting career progression and cultivating the next generation of leaders, thereby contributing to employee engagement, retention and organizational resilience. Fairstone Bank continuously evolves its learning and development programs to align with business needs, regulatory expectations and emerging skill requirements, while expanding access to development opportunities that support employee growth and long-term organizational performance.

Skill Development, Upskilling and Transition Support

Our training and development framework supports employees at every stage of their career and is designed to be practical, inclusive and closely aligned with business needs.

It includes:

- Structured onboarding and role-based learning paths;
- Leadership development and succession planning programs;
- Digital learning through our internal learning platforms and external providers;
- Tuition reimbursement to support role-related education; and
- Transition and development support for new people managers.

These initiatives are designed to future-proof skills, enable internal mobility and support workforce adaptability in a changing financial services environment.

Performance and Career Development Reviews

Regular performance and career development conversations are central to aligning individual contributions with organizational goals and fostering long term employee growth. Through annual performance reviews, employees receive structured feedback, clearer expectations and guidance that empowers their ongoing development and career planning.

In 2025, 2,346 employees participated in annual performance and career development reviews, representing 98.70% of our workforce.

This high level of participation reflects consistent application of performance management practices across the organization and highlights clear expectations and meaningful employee-leader dialogue.

By maintaining near universal coverage of annual reviews, we reinforce accountability, support career progression and ensure employees have regular opportunities to discuss their performance, development and future aspirations with their leaders.



Looking Ahead

As we continue to evolve as a unified organization, our focus remains on strengthening employee engagement, leadership capability and workforce resilience. By listening to our employees, investing in their development and creating an inclusive, supportive work environment, we aim to remain an employer where people can build meaningful, long-term careers—and where our collective success is driven by empowered, engaged and skilled teams.

Pillar 4

➤ Managing our Exposure to Climate Risk Across our Business

Topics

Governance

Strategy

Risk Management

GHG Emissions Management



Climate change is reshaping the economic landscape. For financial institutions, its implications extend beyond environmental impact and are understood as a transversal risk that cuts across traditional financial and non-financial risk categories, including credit performance, asset valuation, capital adequacy, regulatory compliance, and access to funding. Climate change presents both physical and transition risks that may manifest through credit quality, collateral valuation, market conditions, operational resilience, and evolving regulatory and stakeholder expectations.

As a diversified Canadian lender with a lending portfolio concentrated in residential mortgages and selected commercial real estate lending, Fairstone Bank is exposed to climate-related risks primarily through borrower affordability, collateral values, and operational resilience rather than through ownership of material physical assets.



Fairstone Bank approaches climate risk as a strategic enterprise consideration. Our objective is clear: to preserve financial resilience, protect stakeholder confidence, maintain access to capital, and support sustainable long-term value creation.

Climate risk management and greenhouse gas (“GHG”) emissions management are material topics for our organization. Our approach reflects evolving regulatory requirements, including the Office of the Superintendent of Financial Institutions (“OSFI”) Guideline B-15 on Climate Risk Management⁷.

Based on analysis conducted to date, flood risk to mortgage collateral represents the most material physical climate risk in the short to medium term, while transition risks related



to borrower cost pressures and policy-driven economic adjustment are expected to emerge over medium to longer time horizons.

⁷ OSFI Guideline B-15 on Climate Risk Management. Annex 2-2 – Minimum mandatory climate-related financial disclosure expectations.

Governance

Climate risk governance at Fairstone Bank is supported by defined management oversight, reporting, and accountability structures, as outlined in Table 1 below. Management is responsible for identifying, assessing, and managing climate related risks and opportunities and for reporting regularly to senior management and relevant governance bodies to support effective oversight and decision making.



Table 1: Oversight and Accountability

Oversight Body	Frequency of Climate-Related Updates	Role and Responsibility in Climate Oversight
Board of Directors	Receive reports annually and on an ad hoc basis	<ul style="list-style-type: none"> Oversees material climate-related risks and opportunities. Ensures climate considerations are reflected in strategy, risk appetite, and key policies.
Governance Committee & Conduct Review	Receive reports annually and on an ad hoc basis as required from the EMC	<ul style="list-style-type: none"> Reviews progress against climate-related initiatives. Oversee climate-related risks, including conduct, reputational, regulatory, and emerging climate risks. Reviews management reporting on climate matters, including alignment with OSFI Guideline B-15 and evolving regulatory expectations. Escalates key issues to the full Board, as appropriate.
Executive Management Committee (EMC)⁸	Receives regular updates from management	<ul style="list-style-type: none"> Accountable for embedding climate considerations into day-to-day management and strategic execution. Oversee management of climate-related risks and opportunities. Integrates climate considerations into strategic initiatives, product development, and operational resilience.
Risk Management Committee	Received updates biannually from management	<ul style="list-style-type: none"> Reviews key climate-related risk exposures, scenario analysis results, and management actions to mitigate identified physical and transition risks and assesses alignment with the Bank’s enterprise risk appetite.
Climate Risk Working Group	Semi-annual	<ul style="list-style-type: none"> Coordinates the implementation of climate risk management activities, including alignment with OSFI Guideline B-15. Coordinates the assessment of climate risks relevant to credit risk and capital adequacy. Coordinates climate-related stress testing and exploratory scenario analysis to assess potential impacts on capital requirements. Update climate risk metrics and internal reporting to support oversight and decision-making.

⁸ The Executive Management Committee (EMC) is chaired by the Chief Executive Officer and composed of all members of the Executive Management Team

Management Reporting

The Conduct Review and Governance Committee receives periodic management reporting on climate matters, including:

- Identified material climate-related physical and transition risks and opportunities, including potential impacts on credit quality and collateral.
- Management actions and planned enhancements to mitigate and adapt to identified risks.
- Progress toward OSFI Guideline B-15 implementation and evolving disclosure readiness, including alignment with emerging Canadian Sustainability Standards Board (“CSSB”) standards.
- Key outputs from climate scenario analysis and stress testing used to inform risk assessment and planning.
- Operational Scope 1 and Scope 2 emissions and associated management initiatives.

Compensation

Climate related considerations are not currently incorporated into Fairstone Bank’s remuneration frameworks. Compensation outcomes are not linked to climate related performance metrics or objectives, with climate risk managed through governance and risk management processes rather than remuneration mechanisms.



Strategy

Strategic consideration of climate risk applies to Fairstone Bank’s core lending activities, with primary focus on residential mortgage lending and selected commercial lending portfolios. Retail lending is concentrated in urban and suburban areas across Canada, while commercial lending exposure is subject to product-specific and sectoral constraints.



Climate-Related Risks and Opportunities

Fairstone Bank has identified climate-related physical and transition risks that could be expected to affect its financial position, performance, and cash flows over the short, medium, and long term.

- **Physical climate risks** refer to the potential financial, operational, and reputational impacts arising from acute events such as floods, wildfires, storms, and heatwaves, and from chronic shifts such as rising average temperatures and sea level rise. These risks may affect the Bank through impacts on borrower credit quality, collateral values, insurance availability, business continuity, and third-party service providers.
- **Transition climate risks** refer to the potential impacts associated with the transition to a lower-carbon economy, including changes in climate policy, regulation, technological adoption, market and consumer preferences, and reputational expectations. These risks may influence borrower affordability, asset values, credit performance, and the Bank’s strategic positioning.

Climate related risks and opportunities were assessed at a high level as part of the climate related materiality assessment described in the [Risk Management](#) section. These risks are assessed within the Bank’s Enterprise Risk Management (“ERM”) framework based on analysis conducted to date, informed by portfolio characteristics, Moody’s Analytics⁹ economic scenarios for climate risk, and evolving regulatory and market developments. The tables below summarize the Bank’s current view of key climate-related risks and their potential impacts.

Table 2: Summary of Climate-Related Physical Risks

Risk Type	Description	Potential Impacts	Time Horizon ¹⁰	Value Chain
Acute	Increased frequency and severity of extreme weather events, including floods, wildfires, and storms.	<ul style="list-style-type: none"> • Damage to residential and commercial properties. • Reduced collateral value. • Increased borrower default risk. • Regional portfolio concentration impacts. 	Short, medium, and long term	Own operations, and downstream
Chronic	Increasing average temperatures.	<ul style="list-style-type: none"> • Increased household energy costs, reducing borrowers’ disposable income and ability to service debt. • Reduced borrower financial resilience, particularly for lower-income or fixed-income customers. 	Medium and long term	Own operations, and downstream
Chronic	Sea Level Rise and Coastal Erosion.	<ul style="list-style-type: none"> • Reduced long-term property values in certain coastal regions. • Increased insurance costs or reduced insurance availability for borrowers. 	Medium and long term	Own operations, and downstream

⁹ [Economic Scenarios for Climate Risk | Moody’s Analytics](#)

¹⁰ Short term: up to 1 year; Medium term: 1–3 years; Long term: beyond 3 years.



Table 3: Summary of Climate-Related Transition Risks

Risk Type	Description	Potential Impacts	Time Horizon	Value Chain
Policy & Regulation	Gradual tightening of carbon pricing, energy efficiency standards, or building codes under low emission scenarios.	<ul style="list-style-type: none"> • Increase household cost burdens (e.g., higher fuel, heating, or renovation costs). • Reduce borrowers' discretionary income and repayment capacity. These changes may disproportionately affect certain borrower segments and regions, increasing credit risk over time. • Increase in operating and compliance costs, reduce borrower cash flows and debt service capacity, and adversely affect the value and risk profile of commercial real estate and business lending. 	Short, medium, and long term	Own operations and downstream
Policy & Regulation	Increasing policy pressures and evolving climate-related expectations as the Canadian economy transitions to net-zero.	<ul style="list-style-type: none"> • Higher compliance costs. • Potential regulatory penalties. • Adverse financial or reputational impacts. 	Short, medium, and long term	Own operations
Technology	Adoption of new building technologies, energy efficiency standards, and low-emission technologies, including electric vehicles (EVs).	<ul style="list-style-type: none"> • Potential collateral repricing risk. • Impacts on property values securing loans. • Increased borrower capital expenditure requirements (e.g., home retrofits, vehicle replacement). 	Medium and long term	Own operations, and downstream
Market	Changes in consumer preferences and behaviour.	<ul style="list-style-type: none"> • As consumers increasingly prioritize low-emission vehicles and energy-efficient homes: <ul style="list-style-type: none"> – Assets such as older internal combustion vehicles or energy-inefficient properties may experience declining resale values. – Reduced value and recoverability of collateral securing certain loans. – Reduce demand for, and value of, less energy efficient commercial properties or business models. 	Medium and long term	Own operations, and downstream
Reputational	Evolving stakeholder expectations related to climate transparency and responsible lending.	<ul style="list-style-type: none"> • Reputational exposure. • Potential funding and investor perception impacts. 	Short, medium, and long term	Own operations, and downstream

Table 4: Summary of Climate-Related Transition Opportunities

Opportunity Type	Description	Potential Impacts	Time Horizon	Value Chain
Growth in Sustainable Consumer Finance	Increased demand for energy-efficient housing, low-emission vehicles, and home retrofits.	<ul style="list-style-type: none"> • Opportunities to develop or expand lending products that support consumer energy efficiency and emissions reduction. • Enable the Bank to align lending activities with evolving consumer demand and regulatory expectations. 	Medium and long term	Own operations, and downstream
Strategic Positioning and Reputation	Proactive integration of climate considerations into risk management and product design.	<ul style="list-style-type: none"> • Opportunities to strengthen the Bank's reputation with customers, regulators, and partners. • Support alignment with OSFI Guideline B-15 and emerging disclosure expectations, which can enhance the Bank's positioning within the Canadian financial sector. 	Short, medium, and long term	Own operations
Operational Efficiency	Transitioning internal operations toward lower-emission and more efficient practices (e.g., digitalization, energy efficiency).	<ul style="list-style-type: none"> • Reduce operating costs over time. • Improve resilience to future regulatory or cost pressures. • These efficiencies may provide long-term financial and operational benefits. 	Medium and long term	Own operations

Mitigation and Adaptation Measures

Indirect Adaptation Measures

- Enhancing flood related analysis for priority portfolios as data quality improves, to support adjustments to underwriting, pricing, or collateral monitoring in higher risk areas.
- Conducting deeper analysis of impacts on collateral quality over time, to inform lending decisions, loan terms, and portfolio management.

Indirect Mitigation Measures

- Assessing technology driven market dynamics in risk assessments, including impacts on borrower affordability and property values.
- Consider transition driven market dynamics in risk assessments, including impacts on borrower affordability and property values.

Climate Scenario Analysis

Climate scenario analysis supports a forwardlooking assessment of the Bank's credit and capital resilience under a range of plausible climate warming and transition pathways.

Macroeconomic Scenario Analysis

In 2025, Fairstone Bank conducted an exploratory climate scenario analysis focused on transition risk, leveraging externally developed macroeconomic scenarios provided by Moody's Analytics. The analysis was applied at a portfolio level to the Bank's residential and commercial mortgage portfolios. This scenario analysis evaluates the potential impacts of transition risk on credit risk outcomes through key macroeconomic transmission channels, including unemployment rates and housing price indices, under four climate transition scenarios outlined below.

Table 5: Macroeconomic Climate Scenarios

Scenario	Description	Time Horizon ¹¹	Climate Policy
Net Zero 2050	Ambitious scenario that limits global warming to 1.5°C, reaching net-zero CO ₂ emissions around 2050. Physical risks are mitigated by restricting global warming to 1.5°C, but transition risks are still high.	Long-term	<ul style="list-style-type: none"> • Policymakers ramp up policies to tackle climate change immediately. • Rapid global action means that physical risk is low in this scenario. • Global temperatures rise 1.5°C above preindustrial levels.
Below 2°C	Global collective actions are immediately taken to reduce emissions and maintain global warming below 2°C.	Long-term	<ul style="list-style-type: none"> • A gradual ramp-up in climate policy, with a two-thirds probability of keeping global warming to less than 2°C above preindustrial levels. • The rise in the carbon prices push up fossil fuel prices, which flow through to consumer costs.
Delayed Transition	Global annual emissions do not decrease until after 2030, with strong policies needed to limit warming to below 2°C. This leads to both higher transition and physical risks than the Net-zero 2050 and below 2°C immediate scenarios.	Long-term	<ul style="list-style-type: none"> • Policymakers put off action to curtail climate change and abate carbon emissions until 2031. • The emissions trajectory is higher than in the Net Zero 2050 scenario, and global warming reaches 1.8°C compared with preindustrial levels by 2050.
Reference Scenario	The Reference is a counterfactual scenario in which climate change does not dislocate the global economy in any way. Global governments take no policy actions against climate change, but nonetheless physical risks do not materialize in a way that dents economic activity.	Long-term	<ul style="list-style-type: none"> • The economy would have to decarbonize without any governmental intervention or cost to economic prospects. • Massive success of carbon-neutral technologies along with decarbonization of the atmosphere could head off the risks of climate change without governmental policies.

Findings

Based on the exploratory scenario analysis conducted to date, Fairstone Bank’s business model is assessed as resilient under a range of plausible climate transition pathways in the short term, reflecting the Bank’s current mortgage-focused portfolio and balance sheet profile. Over medium- and long-term horizons, climate-related risks may influence borrower affordability, collateral values, and credit performance, which the Bank continues to assess through scenario analysis, stress testing, and capital planning processes. Scenariospecific impacts differed in timing but converged over time, with delayed transition scenarios producing more pronounced impacts in the medium term before aligning with other pathways.

Assumptions and Limitations

The Bank recognizes that this analysis has limitations. Addressing these limitations is a focus of the Bank’s forward-looking enhancement roadmap.

Key limitations include:

- Transition impacts are captured indirectly through macroeconomic variables rather than explicit modelling of individual climate policies or technologies.
- Scenario parameters are calibrated primarily at a national level, limiting insight into province-specific transition dynamics.
- Asset-level characteristics such as building energy performance or property-specific physical risk attributes are not yet incorporated.
- Use of short-term credit risk estimation models applied to longer-term horizons. Reliance on macroeconomic variables as proxies for transition impacts.

¹¹ Short term: 5-year forecast horizon; Long term: 100-year horizon to 2100 for countries; 30-year horizon for U.S. states and metro areas.



Following the Standardized Climate Scenario Exercise (“SCSE”), the priority was to conduct stress testing for flood risk to capture current incremental credit risk driven by existing flood risk exposure in residential mortgage and secured personal loan portfolios. This exercise is described in more detail in the following section. Consequently, no scenario analysis has been conducted for physical risks yet but is under consideration to understand how the flood depth exposure could evolve in the future.

The scenario analysis will be conducted in the future, and the results will be disclosed in a subsequent ESG report.

Forward Looking Enhancements

Climate scenario analysis is expected to be refreshed on a biennial basis, aligned with capital planning cycles. Building on the 2025 analysis, Fairstone Bank plans to enhance its climate scenario analysis capabilities in 2027 by:

- Updating climate scenarios using the latest Moody’s projections, including Net Zero 2050, 2°C Immediate, and Below 2°C Delayed pathways.
- Incorporating anticipated changes in portfolio composition and growth across residential and commercial lending.
- Continuing to refine methodologies as data availability, regulatory guidance and industry practices evolve.
- Implementing more granular asset-level physical hazard analysis of the mortgage portfolio.

Risk Management

Based on current analysis, Fairstone Bank views climate transition risks as more likely to manifest through borrower affordability and macroeconomic channels over time, while flood risk represents the most material physical climate risk to residential and commercial lending in the near to medium term.

Integration into Enterprise Risk Management

Climate-related risks are assessed within the Bank’s existing Enterprise Risk Management (“ERM”) framework given its potential impact on credit losses, collateral values, capital adequacy, liquidity, operational resilience, and reputation. For example, transition risks are considered in relation to borrower affordability, regulatory change, and reputational expectations, while physical risks are primarily relevant to operational continuity, vendor resilience, and data and technology infrastructure.

Climate-related risks are evaluated using the same qualitative and quantitative assessment tools applied to other non-traditional and emerging risks, with consideration given to likelihood, magnitude of impact, and time horizon.

Where relevant, climate considerations are incorporated into policies, standards and procedures for credit risk, collateral management, operational risk, and third-party risk, and are subject to the Bank’s established control environment and escalation protocols.



At this stage, climate risk management is addressed at an enterprise and portfolio level, supported by centralized risk assessments and oversight. A fully embedded bottomup operating model across credit underwriting and collateral management processes is not yet in place. The Bank has therefore established a forwardlooking work program to progressively enhance climate risk integration as methodologies mature and data availability improves.

Key elements of the current approach include:

- Portfolio level climate risk assessments and stress testing of residential and commercial exposures.
- Ongoing monitoring of geographic and sectoral concentrations relevant to climate risk.
- Consideration of climate risk implications in capital and risk oversight forums.
- Continued monitoring of evolving regulatory expectations, including OSFI Guideline B-15.

Risk Identification and Monitoring

Fairstone Bank’s climate risk identification and monitoring activities are informed by regulatory reporting and supervisory exercises completed in accordance with OSFI expectations.

Stress Testing and ICAAP*

Flood risk is considered a plausible short-term driver of credit risk for the Bank’s residential mortgage and secured personal loan portfolios and is now incorporated the yearly ICAAP process with a specific stress test that assesses capital requirements for flood risk.



The Bank leveraged the outputs of the SCSE analysis conducted last year to identify collateral assets of counterparties for residential mortgages and secured personal loans in high flood risk areas.

After identifying collateral assets located in high flood risk areas, an incremental risk weight was applied to calculate Risk Weighted Assets and consequently required capital requirements that accounts for the incremental credit risk from a 1 in 100-year flood event occurring. To ensure a conservative judgement of risk, the annual probability of the 1 in 100-year flood event was increased to 10%.

The Bank are actively considering improving the granularity of the stress testing approach for flood risk to improve the accuracy of capital allocation. Next year an asset-level analysis of flood risk impacts on counterparty collateral asset values will be considered. This would involve use of more granular flood hazard data and asset damage analysis to more accurately assess incremental credit risk driven by flood risk. In addition to exposed retail lending portfolios (residential mortgages and secured personal loans), commercial lending portfolios will be considered for inclusion in this updated exercise.

*Internal Capital Adequacy Assessment Process



Based on the Bank’s initial climate risk assessment, flood risk has been identified as the primary short-term climate-related risk relevant to the Bank’s residential and commercial mortgage portfolios. Accordingly, current stress testing analysis and monitoring efforts are focused on this risk category.

Flood risk monitoring is planned to be conducted on a semiannual basis in Q2 and Q4, which is considered appropriate given the relative stability of the Bank’s portfolio composition over the year. The Bank will continue to reassess risk identification and monitoring practices as climate risks, data quality and portfolio characteristics evolve.



Climate Risk Return

In 2025, the Bank completed the Climate Risk 1 Return (OSFI Return 1000 – Physical Risk). This analysis assessed physical climate risk exposure across the Bank’s portfolios.

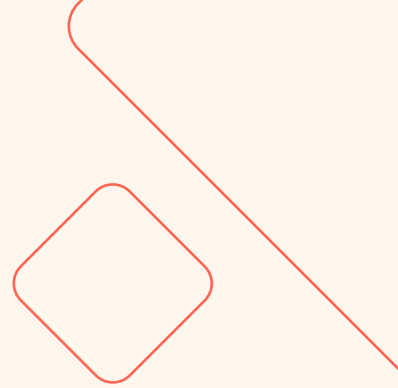
Due to the current unavailability of sufficiently granular emissions data for the relevant lending portfolios, the Climate Risk 2 Return (OSFI Return 1001 – Transition Risk) was not completed for the reporting period. Notwithstanding this limitation, the Bank’s assessment of climate transition risk is partially addressed through its macroeconomic scenario analysis described above.

Risk Monitoring

Currently, the Bank does not maintain a comprehensive set of formalized physical or transition climate risk indicators comparable to traditional financial KRIs. Instead, climate risk monitoring includes:

- Portfolio exposure mapping to flood-related hazard zones.
- Assessing potential credit and portfolio impacts using third-party macroeconomic scenarios.
- Evaluating portfolio sensitivity to key transition-related macroeconomic variables, such as housing prices and unemployment.
- Monitoring of emerging regulatory, supervisory, and disclosure expectations.

Climate risk assessments are reviewed through existing risk governance committees and are used to identify concentrations, emerging vulnerabilities, and potential areas for further analysis. As the Bank’s climate risk methodologies and data sources evolve, these initial indicators will be refined and translated into more robust and forward-looking metrics to support ongoing monitoring, escalation and decision-making.



GHG Emissions Management

The Bank’s GHG emissions reporting is aligned with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (“GHGP”) and reflects recognized industry practice for defining organizational boundaries, emission scopes, and calculation methodologies.

Organizational Boundary and Operational Control

Fairstone Bank defines its organizational boundary by using an operational control approach, consistent with the GHGP. Under this approach, the emissions inventory includes all operations and facilities over which the Bank has operational control, meaning the authority introduce and implement operating policies.

The organizational boundary therefore encompasses:

- Corporate offices and administrative facilities; and
- Branch locations across Canada where Fairstone Bank has operational control, including sites operated directly and those under lease arrangements where energy consumption is attributable to Fairstone’s operations.



This approach ensures consistency, completeness, and comparability of emissions reporting over time and supports effective emissions management and oversight.

Scope 1 and Scope 2 Emissions

Fairstone Bank’s operational GHG emissions include the following scopes:

- **Scope 1 (Direct emissions):** Emissions from the combustion of fuels under the Bank’s operational control, including natural gas, propane, and fuel oil used primarily for space heating.
- **Scope 2 (Indirect emissions):** Emissions associated with purchased electricity consumed at Fairstone Bank locations, calculated using location-based grid emission factors.

For 2025, operational GHG emissions were as follows¹²:



Emissions Category	2025 (tCO ₂ e)
Scope 1 (direct emissions)	1,251
Scope 2 (indirect emissions – locationbased)	1,119
Total Scope 1 & 2 emissions	2,369

¹² Reported 2025 Scope 1 and Scope 2 emissions represent the first full year following the merger with Home Trust and reflect the combined operational footprint. As a result, these figures are not directly comparable to prior-year disclosures, although emissions calculation and reporting practices have been in place since 2021.

Scope 3 (deferred)

The Bank recognizes the importance of financed emissions as a longer-term climate metric for financial institutions. As data availability, methodological consistency and regulatory guidance continue to evolve, Fairstone Bank plans to assess the feasibility of estimating financed emissions for priority portfolios, with initial focus on mortgage lending exposures.

Base Year

The Calendar Year 2025 (“CY25”) operational emissions inventory represents the Bank’s baseline year for monitoring performance and identifying abatement opportunities over time. Fairstone Bank chose this year due to the completeness and availability of data for all emissions sources and due to the acquisition of Home Trust.

Methodology, Data Sources and Assumptions

Emission Calculation

Operational GHG emissions are calculated using a combination of primary consumption data and estimation methodologies, consistent with the GHGP.

Specifically, emissions calculations are based on:

- Utility invoices and landlord provided energy consumption data where Fairstone Bank has access to direct metered information; and
- Estimation methodologies where direct consumption data is unavailable, including squarefootage based energy intensity factors applied at the facility or regional level.

Estimation approaches are applied on a consistent basis and are intended to improve completeness of the emissions inventory while maintaining conservative assumptions aligned with recognized industry practice.

Emission Factor Sources

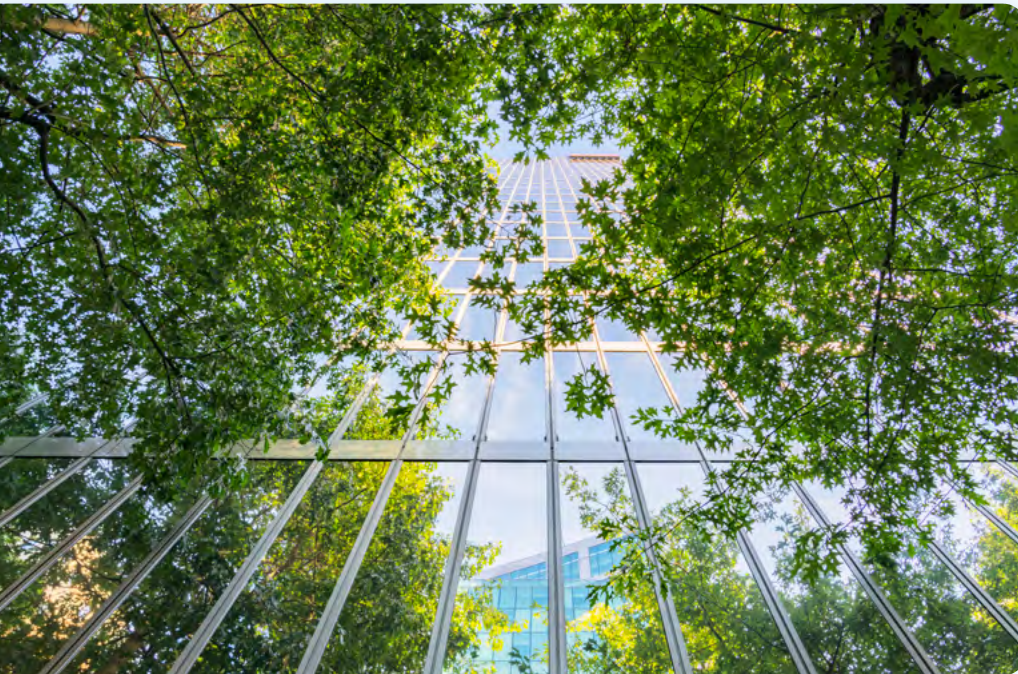
Emission factors are sourced from:

- Federal and provincial GHG inventories and electricity grid emission factors, reflecting regional differences in electricity generation; and
- Recognized industry conversion factors aligned with the GHGP and relevant national guidance.

Global warming potentials are applied consistently across emission sources.

Data Management, Controls, and Governance

Fairstone Bank continues to strengthen data quality, internal controls, and documentation, including improving access to primary consumption data, enhancing estimation methodologies and reinforcing governance oversight, in anticipation of evolving regulatory, disclosure and assurance expectations.





Operational Emissions Management Initiatives

Initiatives supporting operational GHG emissions management include:

- Expanded digital processing and paper reduction.
- Flexible and hybrid work arrangements, reducing space and energy needs.
- Occupancy of greencertified or energyefficient facilities where possible.
- Ongoing review of branch footprint and space utilization.

These actions support emissions management while also contributing to operational efficiency and cost discipline.

Climate-Related Targets

Fairstone Bank has established qualitative climate-related targets that are proportionate to the Bank's current risk profile, data availability, and methodological maturity:

- Maintaining ongoing compliance with OSFI Guideline B-15 and related supervisory expectations.
- Monitoring and pursuing continuous improvement in Scope 1 and Scope 2 operational GHG emissions.
- Advancing the integration of climate risk considerations into enterprise risk management, stress testing, and capital planning processes.

These targets focus on regulatory compliance, operational emissions management, and the progressive integration of climate considerations into enterprise risk management, stress testing, and capital planning processes.

At this stage, the Bank has not established quantitative, time bound targets for physical or transition climate risks related to its lending portfolios due to limitations in data availability, forward looking metrics, and methodological maturity, particularly in relation to financed emissions and asset level climate risk.

The Bank expects to consider the development of quantitative targets as these capabilities continue to evolve, with all climate-related targets subject to internal governance processes and Board oversight. Fairstone Bank's climate-related targets are commensurate with the Bank's current risk profile, data availability, and methodological maturity, and are designed to support effective oversight of climate-related risks while aligning with evolving regulatory expectations.



Appendices

OSFI Guideline B-15 Content Index

This year, Fairstone Bank has enhanced its climate risk and opportunity disclosures based on the guidance of the Office of the Superintendent of Financial Institutions (OSFI) Guideline B-15: Climate risk management. While prior reports referenced the Task Force on Climate-related Financial Disclosures (TCFD), the TCFD completed its remit in 2023, with its recommendations incorporated into IFRS Sustainability Standards, including IFRS S2 (CSDS 2). Given the synergies between IFRS S2

and OSFI Guideline B-15, TCFD-specific references were removed for this reporting period. Fairstone Bank will continue to monitor developments in climate-related reporting standards.

The following content index summarizes Fairstone Bank's disclosures for the 2025 fiscal reporting period.

Disclosure Expectation	Reference
Governance	
a) Describe the governance body(ies) (e.g., board of directors, committee, other) or individual(s) responsible for oversight of climate-related risks and opportunities, including their identity, responsibilities, skills and competencies, process around staying informed including the frequency of meetings, oversight of strategy, major transactions, risk management processes, target setting and monitoring progress towards those targets, and a description of whether and how climate-related considerations are factored into their remuneration.	Section Upholding Responsible Governance and Shared Values Sub-section ESG and Climate Governance Framework p. 15
b) Describe management's role in monitoring, managing, and overseeing climate-related risks and opportunities, including the identity of the management-level position or committee as applicable, its governance processes, controls, and procedures, and how oversight is exercised over that position or committee.	Section Upholding Responsible Governance and Shared Values Sub-section ESG and Climate Governance Framework p. 15
Strategy	
a) Describe the climate-related risks and opportunities the FRFI has identified that could reasonably be expected to affect its cash flows, access to finance or cost of capital, including: <ul style="list-style-type: none"> • The classification of each climate-related risk as either physical or transition risk; • The expected timeframe for the occurrence of effects associated with each risk and opportunity (short, medium, or long term); • The FRFI's definitions of 'short term,' 'medium term,' and 'long term' in relation to strategic decision-making planning horizons. 	Section Managing our Exposure to Climate Risk Across our Business Sub-section Climate-Related Risks and Opportunities p. 43

Disclosure Expectation	Reference
Strategy	
<p>b) Business model and value chain</p> <p>Describe:</p> <ul style="list-style-type: none"> • The current and anticipated effects of climate-related risks and opportunities on the FRFI's business model and value chain; • Where in the FRFI's business model and value chain the climate-related risks and opportunities are concentrated. <p>Strategy and Decision making</p> <p>Disclose information about current and anticipated:</p> <ul style="list-style-type: none"> • Changes to the FRFI's business model, including its resource allocation, to address climate-related risks and opportunities; • Direct mitigation and adaptation efforts; • Indirect mitigation and adaptation efforts. <p>Financial position, financial performance, and cash flows</p> <p>Describe:</p> <ul style="list-style-type: none"> • How climate-related risks and opportunities have affected the FRFI's financial position, financial performance, and cash flows for the reporting period; • How the FRFI expects its financial position, financial performance, and cash flows to change over the short, medium, and long term, given its strategy to manage climate-related risks and opportunities. 	<p>Section Managing our Exposure to Climate Risk Across our Business</p> <p>p. 40</p> <p><i>*Disclosure reflects qualitative assessment and scenario analysis; further quantification will be developed over time.</i></p>
Risk Management	
<p>a) Disclose information about the FRFI's processes and related policies for identifying, assessing, prioritizing, and monitoring climate-related risks. In meeting this disclosure expectation, the FRFI should explain how it has applied Principle 3, and its supporting paragraphs, in Chapter 1 of this Guideline.</p>	<p>Section Managing our Exposure to Climate Risk Across our Business</p> <p>Sub-section Mitigation and Adaptation Measures</p> <p>p. 46</p>
<p>b) Disclose information about the FRFI's processes for identifying, assessing, prioritizing, and monitoring climate-related opportunities including information about whether and how the FRFI uses climate-related scenario analysis to inform its identification of climate-related opportunities related to portfolio resilience, capital access, and governance maturity were evaluated but none were deemed material at this time.</p>	<p>Section Managing our Exposure to Climate Risk Across our Business</p> <p>Sub-section Risk Management</p> <p>p. 48</p>
<p>c) Disclose information about the extent to which, and how the FRFI's processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into and inform the FRFI's overall risk management process.</p>	<p>Section Managing our Exposure to Climate Risk Across our Business</p> <p>Sub-section Climate Scenario Analysis</p> <p>p. 46</p>

Disclosure Expectation		Reference
Metrics and Targets		
a)	Disclose metrics used by the FRFI to assess climate-related risks and opportunities in line with its strategy and risk management process.	Section Managing our Exposure to Climate Risk Across our Business p. 40
b)	Disclose separately the FRFI's Scope 1 and location-based Scope 2 absolute gross GHG emissions for the period. Disclose the measurement approach, inputs, and assumptions the FRFI uses to measure its Scope 1 and Scope 2 GHG emissions, and the underlying reasons for these decisions. Disclose the reporting standard used by the FRFI to calculate and disclose GHG emissions. If the reporting standard used by the FRFI is not the GHG Protocol Corporate Standard, disclose how the reporting standard used by the FRFI is comparable.	Section Managing our Exposure to Climate Risk Across our Business Sub-section Methodology, Data Sources and Assumptions p. 52
c)	<ul style="list-style-type: none"> • Disclose any quantitative and qualitative climate-related targets the FRFI has set to monitor progress towards achieving its strategic goals, including: <ul style="list-style-type: none"> - The objective of the target; - The period over which the target applies; - The base period from which progress is measured; - Any revisions to the target and an explanation of those revisions; • Disclose information about the FRFI's approach to setting and reviewing each target and how it monitors progress against each target; • Disclose information about the FRFI's performance against each climate-related target and an analysis of trends or changes in the FRFI's performance. <p>For any GHG emissions target disclosed (and the corresponding metrics, if applicable), disclose it both gross of, and net of, carbon offsets, if applicable, and explain the type of offset (for example, carbon credit, nature-based, other).</p>	Section Managing our Exposure to Climate Risk Across our Business Sub-section GHG Emissions Management - Climate-Related Targets p. 53 <i>* Fairstone Bank currently discloses qualitative climate-related commitments; quantitative targets will be considered as data, methodologies and governance maturity evolve.</i>

SASB Content Index

Fairstone is dedicated to transparency and clarity 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 additional 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.

Where SASB metrics are identified as 'not disclosed', this reflects a refined application of metric-specific disclosure criteria, even where related qualitative context may have been provided elsewhere in prior or current reporting.

SASB Code	Metric	Response
Customer Privacy		
FN-CF-220a.1	Account holders whose information is used for secondary purposes	Fairstone Bank does not publicly disclose the number of account holders whose information is used for secondary purposes; however, this information is monitored internally. Please refer to Fairstone Bank's Privacy Statement for more information on how customer privacy is protected.
FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Fairstone Bank does not disclose this information. In the normal course of business, Fairstone Bank and its subsidiaries are involved in various claims relating, among other matters, to loan portfolios and supplier agreements, including court proceedings, regulatory investigations, class actions, and other legal remedies. However, Fairstone Bank does not believe that any proceedings in which it is involved could have a material negative impact on its consolidated financial position.
Sales Practices		
FN-CF-270a.1	Total remuneration for covered employees that is variable and linked to the number of products and services sold	Fairstone Bank 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	Annual Percentage Rate (APR) is assigned at the Product and Credit risk level for the customer. Due to the confidential nature of the metric, Fairstone Bank 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	

SASB Code	Metric	Response
Sales Practices		
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	Fairstone Bank reports on complaints escalated to the Ombudsman for Banking Services and Investments (OBSI). In 2025, the Bank had 81 complaints escalated to OBSI. (i) OBSI recommended monetary or non-monetary relief on 7 complaints (8.6%). (ii) Fairstone does not currently collect this information. (iii) In 2025, the percentage of complaints investigated by the OBSI where the resolution differed from the Fairstone Commissioner of Complaints or Home Trust's Customer Complaints Appeals Officer was 0%.
FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	In 2025, 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		
FN-CF-230a.1	Number of data breaches (i) Involving personally identifiable information (PII), (ii) Account holders affected	Fairstone has not encountered any cybersecurity 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 Bank'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 Fairstone Bank protects customer privacy.
Consumer Finance		
FN-CF-000.A	Number of unique consumers with an active credit card account, prepaid debit card account	1,397,810 represents the total number of unique customers with an open credit card balance.
Financial access and inclusion		
FNCB240a.3	List of financial literacy initiatives for unbanked, underbanked or underserved customers	Fairstone Bank supports financial inclusion through financial literacy initiatives aimed at improving financial capability among underserved and nearprime customers. These initiatives include partnerships, digital education resources and tailored customer support, and are designed to complement responsible product design, underwriting discipline and consumer protection frameworks. (p. 24-25)

SASB Code	Metric	Response
Financial Access and Inclusion		
FNCB240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked or underserved customers	In 2025, Fairstone Bank's financial literacy initiatives reached approximately 300,000 individuals (p. 25).
FN-CB-240a.5	Description of policies and procedures for ensuring non-discriminatory mortgage origination	The underwriting of mortgages is based solely upon the financial attributes of the borrower, their ability to pay, and the value and marketability of the underlying mortgage security. In the event a mortgage application is declined where the borrower(s) and the property both meet baseline lending criteria, the decline is subject to management review.
Systemic Risk Management		
FNCB510a.2	Description of the whistleblower policies and procedures	Fairstone Bank's whistleblower Policy is designed to provide assurance that business misconduct or other wrongdoing is reported, and that employees and external parties have both direct and confidential channels to raise concerns for review and investigation. The Policy also protects the whistleblower from retaliation for disclosures made in good faith. Corporate compliance, through the corporate security and investigations function, has oversight of the Whistleblower program, with consultation with Human Resources. (p. 16)
FN-CB-510a.3	Description of efforts to minimize conflicts of interest and unethical business practices	Code of Conduct training is delivered to all employees, setting out clear expectations for acceptable conduct across the organization, along with a duty to report incidents of concern and conflicts of interest, both real and perceived. Allegations of misconduct are subject to independent corporate investigations, and a zero-tolerance approach is taken towards intentional misconduct. (p. 16)
Talent Attraction and Retention		
FN-CB-330a.2	Employee turnover rate	As part of its human capital management framework, Fairstone Bank monitors workforce metrics to support operational effectiveness and long-term business objectives. The Bank reports employee turnover, including voluntary and involuntary departures. Turnover information is also reviewed by province, gender, and age group to support workforce planning and oversight. (p. 37)

Additional Data Tables

Upholding Responsible Governance And Shared Values

Fair Practices, Anti-Corruption and Conflicts of Interest	p. 17
Percentage of employees who completed the training on anti-corruption	99%
Number of minutes of anti-corruption training each year per employee	35
Customer Complaints and Legal Proceedings	p. 17
Percentage of customer complaints that resulted in monetary or non-monetary relief	8.6%
Complaint Management	p. 17
Number of Complaints Reviewed by the Commissioner	34
Resolved	9
Closed	25
Ongoing	0
Compliance Oversight and Outcomes	p. 18
Fines or non-monetary sanctions, including those related to environmental, social or economic matters	0
Training and Compliance Culture	p. 18
Percentage of employees who completed the compliance training	99%
Number of minutes of essential compliance training each year per employee	90
Cybersecurity and Data Privacy	p. 22
Percentage of employees who completed the training on cybersecurity	98%
Number of minutes of cybersecurity training each year per employee	40

Expanding Financial Access and Inclusion Across Customers and Communities

Financial Literacy as an Enabler of Access	p. 25
Number of financial literacy blogs published	96
Number of individuals reached by literacy initiatives	300,000
Supporting Customers Through Financial Hardship	p. 26
Number of customers benefited from remediation solutions	13,000
Customer Satisfaction and Experience	p. 27
Customer Satisfaction	
Personal Loans	98.7%
Retail Financing	89.6%
Credit Cards	86%
Net Promoter Score	
Personal Loans	40
Retail Financing	48
Credit Cards	60
Building Alongside the Communities we Serve	p. 30-31
Total amount invested in community initiatives across Canada	770,000
Number of community organizations supported by the Community Sponsorship Program	37
Total amount invested in the Community Sponsorship Program	108,906

Expanding Financial Access and Inclusion Across Customers and Communities

Community Matters Month	p. 31
Number of employees who participated	1,301
Number of hours contributed	9,760
Number of organizations supported	167
Number of food drives supported	65

Engaging our Employees and Supporting their Development Throughout their Careers

Total number of employees	2,521
Workforce Size, Structure and Gender Representation	p. 33
Total Employees by Province/Territory	
Alberta	198
British Columbia	129
Manitoba	55
New Brunswick	54
Newfoundland and Labrador	50
Northwest Territories	3
Nova Scotia	61
Ontario	1,250
Prince Edward Island	6
Quebec	679
Saskatchewan	33
Yukon	3

Engaging our Employees and Supporting their Development Throughout their Careers

Gender Ratio	p. 34
Percentage of men	38.48%
Percentage of women	61.48%
Not declared	0.04%
Gender Representation by Leadership Level	p. 34
C-Suite	41.67%
VPs	25.93%
Directors	39.19%
Managers (incl. Sr.)	58.69%
Other levels	65.81%
Workforce Ethnic Composition	p. 34
White	43.89%
South Asian (e.g. Indian, Pakistani, Sri Lankan)	19.14%
Black	8.49%
Chinese	3.00%
Filipino	3.00%
Arab	2.94%
Latin American	2.74%
Southeast Asian (e.g. Vietnamese, Cambodian, Laotian, Thai)	0.85%
West Asian (e.g. Iranian, Afghani)	0.78%
Indigenous	0.65%
Korean	0.20%
Japanese	0.07%
Multiracial or mixed heritage	4.77%
Prefer not to answer	8.75%

Engaging our Employees and Supporting their Development Throughout their Careers

Employees with Disability or Accessibility Need

Physical or mobility	2.17%
Vision-related	1.95%
Hearing-related	1.23%
Mental health-related (e.g. addiction, anxiety, depression)	7.00%
Neurodivergence (e.g. ADHD, autism, dyslexia)	5.49%
Chronic illness or pain	4.26%

Talent Acquisition p. 35

Number of employees hired	402
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New Hires by Province

Alberta	39
British Columbia	34
Manitoba	8
New Brunswick	5
Newfoundland and Labrador	8
Northwest Territories	1
Nova Scotia	7
Ontario	187
Prince Edward Island	1
Quebec	112

New Hires by Gender

Men	183
Women	219

Engaging our Employees and Supporting their Development Throughout their Careers

New Hires by Age Group

18-24	66
25-34	199
35-44	84
45-54	40
55-64	13
65+	0

Talent Retention p. 37

Turnover by Gender (% of Total Workforce)

Men

Voluntary Turnover	7.9%
Involuntary Turnover	3.5%
Total Turnover	11.4%

Women

Voluntary Turnover	9.6%
Involuntary Turnover	3.1%
Total Turnover	12.7%

Not Declared

Voluntary Turnover	0.2%
Involuntary Turnover	-%
Total Turnover	0.2%

Engaging our Employees and Supporting their Development Throughout their Careers

Turnover by Age Group (% of Total Workforce) p. 37

18-24

Voluntary Turnover	1.4%
Involuntary Turnover	0.3%
Total Turnover	1.6%

25-34

Voluntary Turnover	8.7%
Involuntary Turnover	1.7%
Total Turnover	10.4%

35-44

Voluntary Turnover	3.7%
Involuntary Turnover	1.4%
Total Turnover	5.1%

55-64

Voluntary Turnover	2.0%
Involuntary Turnover	1.6%
Total Turnover	3.6%

65+

Voluntary Turnover	1.8%
Involuntary Turnover	1.6%
Total Turnover	3.5%

Engaging our Employees and Supporting their Development Throughout their Careers

Turnover by Province (% of Total Workforce) p. 37

Alberta

Voluntary Turnover	1.6%
Involuntary Turnover	0.2%
Total Turnover	1.8%

British Columbia

Voluntary Turnover	1.1%
Involuntary Turnover	0.2%
Total Turnover	1.3%

Manitoba

Voluntary Turnover	0.4%
Involuntary Turnover	0.0%
Total Turnover	0.4%

New Brunswick

Voluntary Turnover	0.2%
Involuntary Turnover	0.1%
Total Turnover	0.4%

Newfoundland

Voluntary Turnover	0.3%
Involuntary Turnover	0.2%
Total Turnover	0.4%

Engaging our Employees and Supporting their Development Throughout their Careers

Nova Scotia	
Voluntary Turnover	0.4%
Involuntary Turnover	0.2%
Total Turnover	0.5%
Ontario	
Voluntary Turnover	7.9%
Involuntary Turnover	3.5%
Total Turnover	11.3%
Prince Edouard Island	
Voluntary Turnover	0.1%
Involuntary Turnover	0.0%
Total Turnover	0.1%
Quebec	
Voluntary Turnover	5.4%
Involuntary Turnover	2.3%
Total Turnover	7.7%
Saskatchewan	
Voluntary Turnover	0.2%
Involuntary Turnover	0.0%
Total Turnover	0.2%

Engaging our Employees and Supporting their Development Throughout their Careers

Employee Engagement and Experience		p. 38
Employee engagement survey participation rate		75%
Employee engagement score		83.5%
Employee experience score		12.2
Employee Training and Development		p. 38-39
Number of training hours completed by our employees		15
Number of trainees who completed the StarPath program		31
Performance and Career Development Reviews		p. 39
Total number of employees who received a performance review		2,346
Percentage of employees who completed a performance review		98.70%

Managing our Exposure to Climate Risk Across our Business

GHG Emissions Management		p. 51
Total GHG Emissions in 2025		2,369 tCO₂e
Scope 1 GHG emissions		1,251 tCO ₂ e
Scope 2 GHG emission		1,119 tCO ₂ e

Caution Regarding Forward-Looking Statements

This ESG Report contains forward-looking statements within the meaning of applicable securities laws. These statements are provided to help readers understand Fairstone Bank's current ESG priorities, commitments, objectives and anticipated initiatives, and to outline management's expectations regarding future environmental, social and governance performance. Readers are cautioned that forward-looking statements may not be appropriate for other purposes.

Forward-looking statements may include statements relating to the Bank's ESG strategy, priorities, goals, targets, initiatives, commitments and planned actions, as well as expectations regarding customer outcomes, employee engagement, community impact, regulatory compliance and responsible business practices.

Such statements are generally identified by words such as "expects," "anticipates," "plans," "believes," "seeks," "intends," "targets," "aims," "may," "will," "should," "could," or similar expressions.

These statements are based on management's current expectations and assumptions, including assumptions related to economic and social conditions, regulatory and policy environments, stakeholder expectations, availability of resources and the Bank's ability to implement ESG initiatives. Actual results may differ materially due to risks and uncertainties, including evolving regulation, climate impacts, workforce challenges and changes in stakeholder expectations

This ESG Report also includes forward-looking information about climate-related risks and opportunities, including physical and transitional risks, and our approach to governance, risk management, scenario analysis and the disclosure of Scope 1 and Scope 2 greenhouse gas emissions. Such information is based on current assumptions, estimates and methodologies that may evolve over time, and is subject to inherent uncertainty; actual outcomes may differ materially due to changes in climate impacts, regulation, data availability and measurement approaches.

Except as required by law, Fairstone Bank undertakes no obligation to update or revise any forward-looking statements.



Questions or Feedback

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

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



For more information, visit [FairstoneBank.ca](https://www.fairstonebank.ca)

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