



Delivering Real Change

ESG Report | April 2022

A MESSAGE FROM THE CEO

The business of Element Fleet Management affords us an opportunity to effect real change for the betterment of our clients, our suppliers, our people, and the communities we serve. It's a responsibility we take seriously, and one that motivates us every day.

Since resetting our ESG strategy two years ago, we have made significant progress advancing our goals to make the world greener and more equitable. This work has elevated our position as the leading global fleet management business and raised the bar for our industry thanks to the transparency and commitment we have demonstrated at every step.

In our 2021 inaugural ESG report, we set out an ambitious strategy with equally ambitious targets. Thanks to our people and clients, Element made remarkable progress, exceeding nine of 11 targets set on our ESG Scorecard.

- We surpassed our goals for reducing CO₂ while driving an upward trend for Electric Vehicle (EV) originations. This included the launch of Arc by Element, our end-to-end EV fleet offering designed to support the complex transition to EV;
- We made significant progress on spend with diverse suppliers, reaching 80% of our goal for diversity spend on behalf of our clients;
- We furthered our commitment to equal pay for equal work; and

- Element was publicly recognized for our governance excellence, including first place in the Globe and Mail's Corporate Governance Rankings and moving up to silver in our sustainability ranking from EcoVadis.

These wins were accomplished in the same way we do everything at Element: by creating a plan, collaborating across teams, and putting our 'say-do' mindset to work driving accountability and commitment through every part of our organization.

How We Stay Accountable

We recognize that real and measurable ESG progress is an expectation from all our stakeholders, and rightly so. With that in mind, we shape our thinking and track our progress using both internal and external measures and inputs.

Externally, the [United Nations Sustainable Development Goals \(UNSDGs\)](#) frame our accountabilities for social impact. We are focused on four of the UN's key SDGs where we feel we can make the most difference: Quality Education; Industry, Innovation and Infrastructure; Responsible Consumption and Production; and Climate Action.

Internally, our Global Balanced Scorecard and our ESG Scorecard are powerful tools to drive alignment around our ESG objectives, providing timely and public feedback that guides our actions.

A Commitment from the Top

We ensure accountability by weaving ESG into our enterprise strategy, with board oversight, and an executive leadership team that puts the onus of excellence at the top of our organization.

In 2022 we are further deepening that executive commitment by embedding key ESG responsibilities directly across our most senior leadership team.

- In addition to her role as Chief People Officer, Jacqui McGillivray is now providing executive leadership to our Social Impact efforts as well as leading our overall ESG strategy and associated reporting.
- Jim Halliday, our Chief Operating Officer, has now assumed leadership of our EV and fleet electrification efforts. This expansion of his role, combined with his current oversight of strategic procurement, ensures our most senior operations leader is focused on broadening

our supplier network in a way that best supports the ESG goals of both Element and our valued clients.

- Our General Counsel, David Colman, remains accountable for driving good governance, continuous improvement, and best practices.
- Finally, Chris Gittens has been named Chief Digital Officer, a role in which he will ensure our digital strategy supports electrification and sustainable practices.

These accountabilities reflect our belief that ESG is integrated and transformative work – fundamental to our business, our culture, and our clients.

Our Path Forward

Over the coming year, we will continue to advance our ESG work with specific focus on a few key priorities:

- An inventory and quantification of our greenhouse gas emissions with a view to reporting on them beginning in 2023;
- The continuous improvement of our reporting framework using both International and Canadian standards to inform the right approach for our business; and
- We will continue to enrich Element's culture for our people with ESG as a vital anchor for the employee experience and the reputation of our company.

Building on what we have accomplished in just two short years, our commitment, our plan, and the determination of Element's 2,500 people will undoubtedly make a difference we can all be proud of for our clients and our communities.

I look forward to sharing our progress with you throughout the coming year.



Jay Forbes
PRESIDENT & CHIEF EXECUTIVE OFFICER



ELEMENT AT A GLANCE

Element Fleet Management Corp. (TSX: EFN) is the largest pure-play automotive fleet manager in the world, providing world-class fleet management services. Element’s purpose is to ensure that our clients’ vehicles and their drivers are safer, smarter and more productive.

Our business is exclusively focused on providing a full range of fleet services and solutions to a growing base of loyal, world-class clients – corporates, governments and not-for-profits – across North America, Australia and New Zealand. Element has approximately \$15 billion in assets and over 1 million vehicles under management.

Element provides an end-to-end suite of fleet management services that span the total fleet lifecycle, from acquisition and financing to program management and vehicle remarketing – helping clients optimize performance and improve productivity every step of the way.

We serve clients across a wide array of industries including agriculture, business services, chemicals, construction, consumer products, education, pharmaceuticals & non-profit.

Market Leader

- Well diversified across over 5,500 clients, 700+ industries, 5 geographies
- 50+ countries serviced through our Element-Arval Global Alliance
- 2,500+ employees across 11 offices
- Headquartered in Toronto with major offices in Mississauga, Baltimore, Minneapolis, Mexico City, Melbourne & Auckland



All monetary figures are in CAD unless otherwise noted.



ESG AT ELEMENT

Element has a comprehensive and actionable ESG strategy that is both aligned with – and reinforced by – our Global Balanced Scorecard (BSC), the management tool that Element uses to focus our team on achieving our strategic priorities.

Our strategy is also informed by leading ESG reporting frameworks including the Global Standards for Sustainability Reporting (GRI), the Sustainability Accounting Standards Board (SASB) and the United Nations Sustainable Development Goals (UNSDGs).



Our ESG Strategy is Based on Four Key Pillars:



As a fleet management company that manages more than 1 million vehicles for our clients, Element’s core sustainability objective is to enable our clients to reduce their carbon emissions.

By helping our clients to optimize the fuel economy of their internal combustion engine fleets, while guiding them down the path to fleet electrification, we can play a significant role in reducing greenhouse gas emissions.

Element has a proud history of fostering a diverse, equitable, and inclusive work environment. We are steadfast in the development of our people as well as equal pay for equal work through our pay-for-performance philosophy.

We strive to be an organization wherein mutual respect and mutual trust are absolute and where each of us is respected and has an equal opportunity to thrive.

Safety has long been a priority for Element. We have set meaningful targets for driver safety, including higher enrollment in safety programs and reducing vehicle accidents by drivers.

Element strives to provide a superior client and employee experience. Satisfaction is measured and managed through a number of BSC metrics, including Employee Engagement and Net Promoter Score.

Our Board of Directors has enacted changes to strengthen corporate governance, improve disclosures and foster the discipline of pay-for-performance. Our commitment to strong governance encompasses ethical conduct and human rights, emphasizes data governance, and stresses stakeholder consultation.

We have also made a commitment to increase our reporting and public disclosures of Element’s ESG initiatives and results, and set goals to improve our scores with recognized ESG ratings agencies.

ESG Scorecard

In 2020, we developed an ESG Scorecard which included metrics to measure our success in each of our four key pillars. The ESG Scorecard has been incorporated into Element's overall Balanced Scorecard to drive performance across the organization. In 2021, we set targets and began formally tracking our performance in each of the metrics outlined in this table.



In 2021, Element tied for first place with 98 points out of 100 in the Globe & Mail's annual Board Games report, which assesses corporate governance practices at Canada's largest companies.

	2021 Strategic Objectives	2021 Metrics	Results
Sustainability Reduce carbon footprint and invest in green technology	• Reduce client fleet petroleum consumed	• Cumulative grams of CO ₂ saved	• Element surpassed our cumulative goal of <i>127B grams</i> of CO ₂ saved (since 2017), with actual results exceeding our year-end target <i>by 3B grams</i> .
	• Reduce EFN carbon emissions	• Electrification of internal fleet	• Electrification of our internal fleet outperformed globally over the previous year, despite challenges presented by the pandemic and the associated microchip shortages.
	• Enable client fleet electrification	• EV originations	• Electric Vehicle originations continued an upward trend, <i>outperforming at year-end with 6,733 vehicles globally</i> .
Diversity, Equity and Inclusion Foster DE&I in our workforce and in our communities	• Attract, develop and retain a diverse workforce	• Diversity representation	• Our workforce is 50% women and 20% Black, Indigenous and People of Color (BIPOC).
	• Promote diversity across our supply chain	• Track pass-through spend/volume driven to minority and women-owned suppliers	• Element set an ambitious target for our pass-through diversity spend. Despite challenges related to the pandemic and vehicle acquisition, we achieved 80% of our goal. In 2021, \$1.5 billion USD was spent with more than 4,700 diverse suppliers across the U.S. That included approximately \$200 million USD with identified small businesses and \$700 million USD with women-owned businesses.
	• Give back to our communities	• Total employee volunteered time • Corporate donations	• Corporate donations exceeded our target with \$2.4 million CAD donated globally.
Safety & Satisfaction Prioritize client and employee Safety & Satisfaction	• Improve employee and client satisfaction	• Global Employee Engagement Index • Global NPS Score	• We achieved top quartile employee engagement scores globally, with our overall employee engagement index of 81%. Globally, we outperformed our client satisfaction goals with our NPS increasing from 22 in 2020 to 35 in 2021.
	• Improve client and driver safety	• Number of accidents per million kilometers driven	• We surpassed our ambitious target with an average 3.8 preventable accidents per million kilometers driven, improving client and driver safety through our accident management program offering.
Governance Increase ESG reporting, education and awareness	• Improve external ESG scores	• EcoVadis and ISS scores	• Element's EcoVadis score (an annual sustainability assessment) moved from bronze to silver in 2021. This result places Element among the 85th percentile of companies assessed by EcoVadis. Our ISS score also improved in 2021 by over 30%.
	• Board composition	• Director independence, diversity and tenure	• We exceeded our target of 30% women on our Board of Directors as 40% of our Board members are women.

SUSTAINABILITY AT ELEMENT

Element is strategically well-positioned to support our clients and lead our industry through the gradual electrification of automotive fleets over the next decade, and we are prudently investing to build out our capabilities.

Element manages a fleet of more than 1 million vehicles on behalf of our clients; through those relationships, and with access to these large fleets, Element is making a substantial impact for our clients and future generations by supporting the gradual acceleration of Electric Vehicle (EV) adoption.

Sustainability at Element centers on doing the right thing and enabling others to do so as well. We are excited for the one-way journey to electrification and are committed to our own sustainability initiatives and to supporting our clients' goals to reduce their own greenhouse gas (GHG) emissions. With a global presence across five markets and many more through our Element-Arval alliance, we are helping our clients reduce emissions from their existing fleets every day while preparing for the transition to electric and alternative fuel vehicles.

Internal Work Done on Sustainability

Element is working to reduce our emissions and improve sustainability across all our geographies.

We have:

- Increased our combined internal fleet in Australia and New Zealand to 40% EV with New Zealand over 50%.
- Provided increased flexibility and the tools for our people to work from home effectively, thus reducing our contribution to carbon emissions in the community.
- Created a centralized fleet electrification knowledge repository to use throughout our organization and externally, as well as developed training sessions to educate the broader Element community.
- Launched an internal weekly newsletter highlighting key EV news/trends in the industry.
- Participated in external events (panels, webinars, speaking engagements, forums) to share our perspective on electrification with the broader fleet community.

Making a Difference for Our Clients

Our clients have their own sustainability objectives and Element is helping them achieve those goals by:

Unlocking GHG-reducing operational efficiencies

- Advice: We continue to advise clients on how to select the best fit-for-use vehicle optimized for GHG reduction to integrate into their fleets to align with their internal electrification mandates.
 - Analysis: Helping clients right-size their fleets to optimize the number of vehicles required on the road.
 - Change Management: Using our driver training capabilities to help clients understand how to best understand their charging needs and ensure Plug-in Hybrid Electric Vehicles (PHEVs) and Battery Electric Vehicles (BEVs) are charged appropriately to reduce emissions.
 - Fuel Consumption: Helping clients make incremental improvements through initiatives such as moving to smaller engines (e.g., V-6 powered vehicles instead of V-8) and promoting fuel efficient PHEVs where BEVs are not yet feasible.
- #### Streamlining Electric Vehicle adoption
- We provide detailed feasibility analysis for EV adoption by clients.
 - We offer proven support for infrastructure and vehicle acquisition.
 - We use expertise from our consulting team, and dedicated EV team, to help clients manage the transition from ICE to EV.
 - We provide ongoing client care and services for EVs across all of our core fleet services – augmented by charging/infrastructure products and services to ensure comprehensive support.

The electrification of commercial fleets will be a complex technological shift. Element's strengths and expertise can help to simplify this transition for our clients. Element is advocating and supporting clients to take a 'pilot-first' approach so they can take incremental steps in these early days of electrification to position fleets for a successful, larger-scale effort.

We are at the early stage of a long journey, one which will make a meaningful impact in addressing the GHG emissions of our clients' vehicles. To be fully prepared, we have made significant progress in 2021, working internally to ready our own organization and with clients to take the first steps toward electrifying their fleets.

Situational Assessment

Element conducted a thorough situational assessment in Q1 2021 that was focused on identifying the primary areas of consideration to support our clients in accelerating their electrification and sustainability objectives.

We then developed content, webinars, and participated in events where we helped clients to understand the complexity of fleet electrification and best practices for moving forward:

- [Getting Charged Up About Electric Vehicles](#)
- [How Long Does It Take to Charge an Electric Vehicle?](#)
- [The Path to Electrification](#)
- [Best Practices for Scaling Fleet Sustainability](#)
- [The Top Three Barriers to Electric Vehicle Adoption](#)
- [Fleet EV Charging Solutions Guide](#)

We also launched an EV Sentiment survey to capture data from fleet managers and stakeholders on the primary challenges related to fleet electrification. We received approximately 150 responses from a cross-section of industries. From those responses we learned:

- Element clients representing 63% of vehicles under management are reported to be discussing, planning, or deploying EVs. Clients representing 57% of vehicles under management are planning to deploy beyond smaller pilot quantities by 2026.
- The top two drivers for EV adoption are:
 - Meeting sustainability goals – 62% of clients report having a GHG reduction target or a target in development.
 - Achieving lower total cost of ownership (TCO).
- The top three barriers identified by respondents:
 - Higher vehicle costs.
 - Vehicle range anxiety.
 - Charging infrastructure costs and accessibility.

We hosted an EV webinar with experts in the EV space ([Webinar: Accelerating your EV Journey](#)) and outlined some best practices in rolling out commercial EVs. We plan to continue this series in 2022 with a webinar focused on navigating the complexity of electrifying depot-based fleets.

Launch of Comprehensive EV Offering

Commercial fleet electrification represents an incredibly transformative time in our industry, and we are ready, excited, and well positioned to enable this change.

A primary focus and output of our situational/strategic assessment was launching our full-service product offering aimed at helping our clients achieve near-term 'wins' in fleet electrification while prudently planning for the larger-scale rollout of EVs:

- **Core Fleet Services:** Our core fleet management services were updated to ensure that EVs can be supported throughout our entire end-to-end offering from setting fleet strategy to remarketing.
- **Maintenance / Collision:** Our vehicle service offering was expanded to help clients and fleet managers identify EV ready maintenance/collision shops.
- **New products and services:** We developed products and services that are necessary for fleet electrification with a focus on bringing charging infrastructure into the fleet manager's toolkit. Some of these new products and services include:
 - Turnkey products for home-based charging services and public charging.
 - Expansion of our services to include EV pilot planning and management support.
 - Consulting services which include EV feasibility analysis and fleet transition planning support.
 - Driver support and education for EVs.

EV demand will outstrip vehicle supply in the near term and Element is committed to supporting our clients to assess the best vehicle for their unique needs during this time. We can also determine appropriately sized pilots for our clients and assist with early ordering to secure vehicles as soon as possible.



OUR NEW SERVICE

A continuation of our EV success story

Following the success of our EV offering in Australia and New Zealand, and the development of an industry-leading service offering in North America, Element is pleased to have launched a new global offering for our EV activities, Arc by Element. This global offering will support the year-over-year growth in EV originations that will occur with the introduction of light-duty commercial service vehicles, decreasing costs for BEVs and the launch of customer pilots.

Our launch of Arc by Element will allow us to leverage our global scale and bring lessons across geographies to help our clients prudently accelerate the sustainability objectives for their fleet.



NEW CHARGING PRODUCTS

Public Charging – Supporting Blended ICE/EV Fleets

A major hesitation for clients in planning for electrification is the complexity of managing mixed ICE/EV fleets for the foreseeable future.

Element, in an effort to minimize the complexity of this transition, partnered with WEX and ChargePoint to launch a public charging product that would simultaneously provide our customers with access to the largest charging network in the U.S., and also integrate billing, management and reporting with pre-existing processes for traditional ICE vehicle fuel reporting.

As clients grapple with range anxiety as one of their top-three hurdles for electrification, products like this new fuel/charging integrated solution help to bridge the gap.

Home Charging Turnkey Solution – Accelerating the transition for home-based fleets

A significant number of clients have large fleets that are based at drivers' homes, and will require services to help manage the rollout of charging hardware to homes.

Our collaboration with Qmerit and Enel X will allow us to create a seamless, turnkey process for engaging with drivers and installing home chargers across both the U.S. and Canada.

Advantages for clients include:

- Cost management by engaging with a single point-of-contact for installation.
- Enhanced driver experience via a custom web portal.
- Access to best-in-class hardware and charger management software.
- Enhanced support for drivers and fleet managers through Element's comprehensive Fleet Partner Solutions (FPS) team.



‘Pilot First’ Approach

Balancing the growing interest in fleet electrification with the current practical realities – higher cost compared to ICE, limited vehicle availability, limited data related to real-world use impacts to batteries, etc. – led us to establish an industry-agnostic program for launching and managing EV pilots.

This program allows clients to begin taking steps toward electrification and helps them to prepare for large-scale readiness. This approach is gaining traction because it makes the entry point to electrification more manageable while still taking meaningful steps forward.

Pilot activities include, but are not limited to:

- Fit-for-use vehicle identification
- Change management support as an extension of our consulting offering
- Driver surveying, engagement, and training
- Supporting clients with infrastructure rollout
- Development of charging and energy reimbursement policies
- Metric setting and tracking
- Incentive identification and application support

As we progress into 2022 and beyond, we anticipate that OEMs experiencing oversubscribed interest in their new EV models will begin to prioritize chip allocation and other parts for these products given the interest and visibility – but demand will still likely outstrip production quantities. Element’s strong OEM relationships will help to ensure that our clients’ pilot programs are supplied with an appropriate number of EVs.

2022 Focus

In 2022, we will continue the development and scaled rollout of our EV strategy as we launch our industry-leading EV offering to clients, while strategically managing supplier partnerships that remain vital to our supply chain. This effort will be led by our Chief Operating Officer.

Building on our success in 2021, Element is continuing to scale our EV offering by focusing on four pillars:

- **Charging/Infrastructure** – We will continue to build our suite of services and products for charging. Infrastructure will be a major focus in 2022 as this will be one of the determining factors in the success of pilots and supporting clients to create momentum in the early stages of fleet electrification.
- **EV Adoption** – Through a combination of advocacy, thought leadership and service expansion, we believe that Element will be able to support our clients with EV adoption and help them to launch early pilots – these first steps will help to create forward momentum on this one-way journey of electrification.
- **Financing/Syndication** – Continuing to find unique solutions for financing vehicles and equipment will be a significant focus as EV purchase costs remain higher than ICE vehicles and TCO parity has not yet been reached for most use cases. Helping our clients to build strong financial support for their sustainability initiatives will bridge the gap until costs normalize between ICE vehicles and EVs.

- **Strategic Partnerships** – Collaborating with industry-leading organizations was a cornerstone of our 2021 strategy. By bringing our EV team and our Strategic Procurement organization under the same leadership, we will expand our capability to leverage our scale and access to large client fleets to build the strong partner relationships necessary to create industry-leading solutions to support our clients in electrifying their fleets.

The New Zealand Energy Efficiency & Conservation Authority recently announced that Element will receive funding from the Low Emission Transport Fund to develop a car share solution with charging management intelligence to optimize charging where capacity is constrained. The aim is to minimize cost of charging infrastructure in order to reduce driver anxiety, increase vehicle utilization, and reduce fleet manager workload through the automation of processes.

Element is also launching an external advisory council with large clients and industry stakeholders to identify fleet electrification barriers and to work collaboratively to identify solutions. Through this council, we will develop cross-sector awareness of the key issues across stakeholder groups and work collectively to support the acceleration of fleet electrification.





QUESTION & ANSWER

Interview with Avninder Buttar

VICE PRESIDENT, ELECTRIC VEHICLE STRATEGY

Avninder Buttar joined Element Fleet Management in December 2020 to lead our Electric Vehicle strategy. A dynamic sustainability champion with a proven track record of leading successful, transformative change, Avninder uses his background and experience in strategy, data analytics, engineering, and product development to tie strategy with sustainability. He is making it simple for our clients to make the gradual transition from ICE to EV.

Q: How is Element supporting clients to electrify their commercial fleets over the next decade?

A: I joined Element because I am passionate about sustainability and could see immediately how strategically well-positioned we are – not just to help our clients – but to provide real leadership on EVs in the fleet management and automotive industries.

We help clients because we understand the transition from ICE to EV can seem daunting. Our approach is to guide them through this complex process with prudent steps starting with pilots and internal stakeholder alignment all the way to broad rollout.

One of the ways we do that is by recommending a pilot-first approach. Starting with a step-by-step process means we can better help clients navigate the challenges associated with vehicle availability and also get started on planning charging/ infrastructure strategy – which is the most significant consideration in the ICE to EV transition. This also creates the space for clients to consider how to manage what is realistic in the transition to EV against the desire to accelerate their own ESG efforts.

I should also add that Element brings an inside track to our clients by virtue of our experience in New Zealand, where roughly 2.85% of the ~30,500 vehicles we manage are EVs (BEV or PHEV). Our New Zealand experience and our global alliance with Arval continue to afford us a wealth of knowledge and insights.

Q: How will the emergence of EVs impact ICE vehicles longer term?

A: We continue to believe that the transition will be gradual. It is slowly happening now and it is fascinating to see how different markets are adapting. For example, we expect many additional U.S. states that have not already done so to ban the sale of ICE vehicles in their markets effective as early as 2035. Chinese and European emission mandates have already curtailed ICE vehicle sales in those markets.

The large manufacturers also have their own targets for EV sales and ICE retirement including GM with a goal to only sell zero emission light duty vehicles by 2035; Ford aspiring to have at least 40% of its U.S. light duty sales be electric by 2030; and Stellantis planning to have at least 40% of its U.S. light duty sales be in EVs by 2030, and 70% of its EU light duty sales by 2030.

Overall, we think this will be an evolution. When it comes to the typical fleet vehicles our clients maintain, light duty ICE vehicles have yet to face significant competition from EVs. We now see that changing as OEMs increase the availability of popular light duty models with electric drivetrains. But while there are limited truck and van models today, that number is expected to grow substantially in the next 18-24 months and then again in the latter half of the decade.

Q: What can Element offer clients who want to start their EV journey now?

A: For those who are just curious about EV, or are ready to get started but don't know how; Element offers Arc by Element; an end-to-end EV fleet offering developed to simplify the complex transition from ICE. I'm incredibly proud that we can tailor a bespoke strategy for clients that can include financing and sourcing, engaging a dependable network of charging infrastructure vendors, and integrates EV capabilities with the best-in-class fleet management services that Element already provides.

Q: What makes you so excited about this role?

A: I have spent most of my career focused on strategy, product development and helping organizations solve complex problems. Element enables me to use all of that experience and target it toward the electrification of fleets, a goal that will have a material impact on making the planet more sustainable. It is this impact that makes me excited, coupled with the support Element has shown for building out the capabilities and strategic partnerships to ensure we are the leader in fleet electrification. An electric future is a certainty, and while it may take us time to get there, being able to help support our clients to achieve their sustainability objectives, modernize their fleets and prepare for the next evolution in mobility makes it an exciting time to be at Element.

DIVERSITY, EQUITY AND INCLUSION

Our work to broaden diversity and deepen inclusion for our people, clients, suppliers, and communities continues. In the spirit of growth and continuous improvement, we are making an important update to our DE&I strategy – adding equity to how we approach diversity and inclusion.

Putting equity in the center of diversity and inclusion means providing equal opportunities to our people. Equity is an ongoing process, and we will examine our data to strengthen our current policies and practices and work together to help our people to thrive in their careers at Element.

Over the past 18 months, we moved quickly to advance our DE&I strategy and embed it into everything we do: We hired our Head of DE&I, set goals, and delivered across our four key areas of focus – our people, clients, suppliers, and communities. We held ourselves accountable by adding DE&I metrics to our Global Balanced Scorecard and met the aggressive target we set for ourselves in year one.



DE&I METRICS & MILESTONES

Key Metrics

- 86% DE&I Index score on Employee Engagement survey – our people feel respected, included, and valued regardless of our differences.
- 80% Wellbeing Index score on Employee Engagement survey – our people feel supported by their manager, believe their health and safety is a priority, and are positive on flexibility to balance their work and personal life.
- 28% increase in employee self-identification of diversity demographics year-over-year.
- 50% of our people are women globally.
- 40% of our Board of Directors are women.
- Close to a third of our senior management (Executive Vice Presidents and Vice Presidents) are women; 36% of all People Leaders at Element are women.
- 20% of our workforce identify as Black, Indigenous and People of Color (BIPOC) in the U.S. and Canada.
- 14% of our senior management and 10% of our Board of Directors identify as BIPOC.

Milestones

- Added a focus on Equity to our Diversity, Equity and Inclusion initiatives.
- Integrated DE&I into our Balanced Scorecard measuring global representation, hires, and attrition.
- Relunched our employee networks as Business Resource Groups (BRGs) with senior leader sponsorship and a consistent framework for greatest impact across all BRGs.
 - Membership increased by 33% year-over-year
 - 16% of our people are members of at least one BRG
 - BRG leaders at Element are twice as likely to be promoted
 - BRG leaders are 5.8% more engaged than employees overall
- Provided Inclusive Leadership training internally and externally.
- Joined the Women's Business Enterprise National Council (WBENC) as a corporate member, furthering our Supplier Diversity network.
- Created a Corporate Social Responsibility strategy centering on areas intricately connected to our business: education and the environment.

Our People

Element is committed to fostering a diverse, equitable, and inclusive culture. Our people – our greatest asset and differentiator with clients – represent many facets of diversity – from ethnicity, race, and gender, to age, ability, sexual orientation, military status, education, cultural backgrounds, and beliefs. We are committed to attracting and retaining diverse talent – avoiding biases and focusing on inclusivity, equal opportunity and a respectful work environment for all our employees. Element adheres to all applicable federal, state, and provincial legislation relating to Equal Employment, Human Rights and employment standards. As an organization, we pride ourselves on providing an employment journey free from discrimination. This pledge can be demonstrated in Element's Code of Conduct and Health and Safety commitments.

Equal Pay for Equal Work

Our compensation philosophy and principles are rooted in our pay-for-performance approach. This means “equal pay for equal work” and a commitment to ensuring fair and equitable compensation across Element. Our policies and practices reinforce this commitment, with oversight from our Board and senior leaders.

Element has been on a journey over the past few years to ensure equal pay for equal work across Element. We have done this through expanding eligibility and harmonizing annual bonus targets as well as through targeted salary adjustments to address any legacy pay gaps, ensuring an equitable approach for all employees.

We have undergone a robust analysis to assess differences in pay levels, adjusting for factors such as role, job level and geography. We have instituted an annual review of individual pay before year-end compensation decisions are finalized, and we adjust compensation as appropriate.

We pay competitively based on market rates for roles, experience and performance and we regularly benchmark against other companies both within and outside our industry to ensure our pay is competitive.

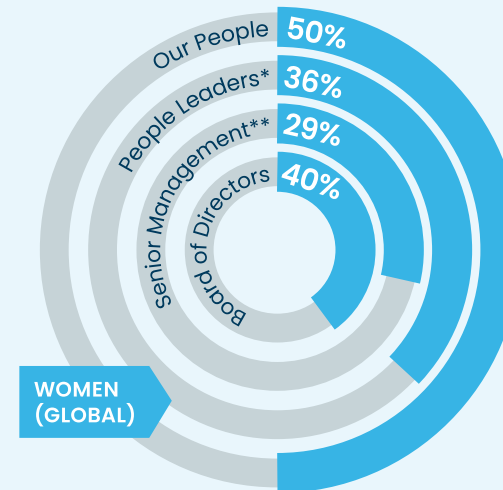
We believe our pay-for-performance approach, combined with our focus on a diverse workforce, will continue driving the advancement and representation of all dimensions of diversity including, but not limited to, race and gender.

Workforce Diversity

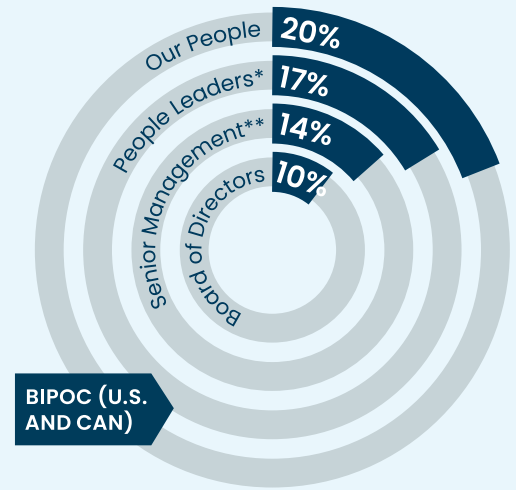
The systemic racism that we've seen revealed around the world in recent years, along with the pandemic that brought heightened awareness of inequities, shifted how we think about the role Element plays in creating and supporting a culture of Diversity, Equity and Inclusion for our people. In 2021, we set a goal to attract and develop a more diverse workforce and promote inclusive leadership. We also established our own diversity baseline by launching our *Count me in!* self-identification campaign. Thanks to the active participation of our people, we increased self-identification from 51% to 75% in Canada and the U.S.

Women: With more than 2,500 employees globally, we are proud that women comprise 50% of our people, 36% of people leaders, and 29% of our senior management. In 2018, we set a goal to ensure 30% gender diversity at the Board level and exceeded that goal with 40% women serving on our board in 2021.

Black, Indigenous and People of Color (BIPOC): Employees who self-identified as BIPOC in Canada and the U.S. make up 20% of our people, 17% of people leaders and 14% of our senior management (Executive Vice Presidents and Vice Presidents). We offered differential development to high potential BIPOC employees through programs like the McKinsey Black Leadership Academy and Ascend for Pan Asian professionals.



*People Leader is defined as an employee with at least one direct report and is inclusive of Senior Management as of 3/2022
**Senior Management is defined as EVPs/VPs as of 3/2022



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Awards

- Johnson Controls International (JCI) 2021 Supplier Leadership Award in Diversity – second consecutive year.
- Great Place to Work Mexico 2021 certification for the 2nd consecutive year. Element ranked in the Top 3 in our industry for both the “Best Places to Work” and the “Best Places to Work in Times of Challenge” rankings.
- Cigna well-being award for championing health, well-being and positively impacting the workforce.
- For the second consecutive year, Element received the distinction of ESR (Empresa Socialmente Responsable/Socially Responsible Company) in Mexico. The ESR Badge is a brand created and registered by the Mexican Center for Philanthropy, A.C. that recognizes the companies that have committed to integrating corporate social responsibility as part of their business culture, as reflected in policies and practices of daily action.

We remain focused on attracting, developing, and retaining women and BIPOC employees at all levels of the organization with specific focus at the leadership level. We hold ourselves accountable by monitoring and measuring representation, hires, promotions, and voluntary attrition for diverse groups including women globally and BIPOC employees in Canada and the U.S.

Element is making strides in advancing our DE&I strategy and embedding it into everything we do. When it comes to DE&I, our people, policies, and practices matter. Check out our inaugural [Diversity, Equity and Inclusion Policy](#), which is now available. In addition, you can read more about our [DE&I priorities, objectives and actions](#) – from culture to learning and talent development.

Our partnerships help make us stronger through effective practice sharing and benchmarking. We are corporate members of several diversity-centered organizations including, but not limited to, Seramount (formerly known as Diversity Best Practices), the Minnesota Business Coalition for Racial Equity, Disability:IN Minnesota, and the Human Rights Campaign.

Learning & Development

At Element, we understand that the learning agility of our employees is what will ensure our ongoing competitiveness and success as an organization. This is why we've made a strategic investment in learning both at a leadership level with the Element People Leader Experience and our new learning experience platform Learn@Element for all employees.

We support our people's development and career goals through integrated learning, skill development, and mentorship opportunities. We recognize efforts and celebrate accomplishments, building a learning mindset across the organization so that our people can thrive, build critical skills for the future, and reach their greatest potential. With Learn@Element, our people can identify the skills they need and track the development of those skills, and we can better manage and deploy our workforce.



Our Nine BRGs

Our BRGs are vibrant and active communities offering our people opportunities to learn, grow, celebrate and drive our diverse, equitable and inclusive culture forward. We have nine BRGs that keep our people engaged and connected through interactive programming focused on career, culture, community, and clients. Examples of our programming included role preparedness sessions, cultural celebrations throughout the year, educational programming such as understanding gender identity and pronouns, and volunteerism. The “B” in BRG comes into focus as we engage and collaborate with clients through speaking opportunities at events and providing insights that can impact our business and growth.



ACTIVATE! WELLNESS

Focuses on employee health and wellness



ADEPT

Abled & Disabled Empowering People Together



ASIAN EMPLOYEE

Unites cultural diversities and creates awareness via traditional events



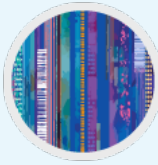
BLACK EMPLOYEE

Focuses on Black career growth, culture & community engagement



CARE

Communities, activities, recreation, and environment



LATIN

Shares and celebrates the culture and heritage of Latin employees



LGBTQ2+ ALLIES

Giving voice to our LGBTQ2+ members while increasing ally education & awareness



VETERANS

Supports active, retired and honorably discharged service members



WOMEN'S

Offers professional programming to develop and advance women and allies

Our employees can learn at their own pace, anywhere and anytime they choose. We offer over 136 learning paths in a wide variety of areas supported by 13 content providers. We introduced multi-modal and live experiences for Enterprise Onboarding, Diversity, Equity and Inclusion, Commercial Sales, Client Experience, IT, People Leadership, Business Skills and Compliance. In Q1 2022, we launched new on-the-job learning experiences, which included mentoring, short-term project assignments and job shadowing.

Business Resource Groups

Element's employee groups began in 1991 with the African American employee network. Over the last year, we evolved our employee networks to Business Resource Groups (BRGs) and created a renewed focus on employee-led programs and activities. We have nine BRGs that keep our people engaged and connected. Our executive team members are directly aligned as sponsors and are actively involved with these groups.

Our BRGs are vibrant and active communities offering our people opportunities to learn, grow, celebrate, and drive our diverse, equitable and inclusive culture forward. In 2021, 16% of our North American employees joined BRGs and 1,400 employees attended a BRG program. BRG leaders at Element are twice as likely to be promoted and are 5.8% more engaged.

BRGs provide opportunities for exposure to senior leaders. Element's Women's BRG hosted a Board of Directors series to engage, inspire and empower our people. The series kicked off featuring three Element Directors: Virginia Addicott, Joan Lamm-Tennant and Andrea Rosen. Each Director shared their career journey and advice on career progression and advancement.

To invest in and develop our BRG board members, we held a virtual BRG Leadership summit with executive team members and leading BRG expert Dr. Robert Rodriguez to celebrate their work and drive our BRG strategy forward.

Employee Health, Safety, and Wellness

Employee health, safety, and wellness has always been an important aspect of our culture, but it has become one of our key areas of focus during the pandemic. We offer a wide range of benefits to support our people and their families, including comprehensive benefits packages, paid parental leave, Employee Assistance Programs, access to wellness and support resources through LifeSpeak and ReThink, and more. Our benefits are supported through our Activate! Wellness BRG with the programming focused on all aspects of employee wellness – financial, mental, and physical.

With the pandemic impacting our daily lives, we introduced *Flexibility Within a Framework*, which emphasizes focus days on Mondays and Fridays and collaboration days Tuesdays through Thursdays. We also observe email and core meeting hours to help respect one another's work-life integration. Our leaders are encouraged to make deliberate efforts to connect with their teams, be curious and agile by challenging their thinking, make time for learning and continuous improvement, and live the future of work at Element now by embracing our *Flexibility Within a Framework* model.

“Flexibility to me means work/life balance. It enables me to be productive at work and to be a ‘super mom’ at home.”

Sahar Burney
VP, ACCOUNT MANAGEMENT AND
WOMEN'S BRG CO-CHAIR

Return to Office

Throughout the pandemic we made the safety of our people our top priority. As we considered a return to office for the 95% of our employees who were working remotely, our decision to require vaccination was grounded in that principle.

In 2021, Element launched voluntary return to office pilots across North America. These pilots allowed us to ensure our enhanced safety protocols are effective and test our workspaces and technology in preparation for our broad return. We continue to monitor public health guidance in all of our jurisdictions and are ready to pivot our response to keep our people safe.

We are working towards a ‘Collaborative Hybrid’ work environment that will enable a unique and rewarding employee experience. Hybrid employees will work from the office 2-3 days a week allowing for in-person connection and collaboration, while still allowing for flexibility.

Our Clients

We are leading by example in our industry and our commitment to Diversity, Equity and Inclusion extends to our clients. From leading breakout discussions on DE&I with our Client Advisory Board to presenting at industry conferences such as NAFA, a partnership with Element is a partnership in DE&I. Our Director, ESG, Sheri McGrath, spoke at client conferences focused on sustainability, demonstrating the clear links between DE&I, Supplier Diversity and Corporate Social Responsibility.

Our Suppliers

We invested in building a diverse network of suppliers on behalf of our clients. Our Supplier Diversity initiatives began in earnest in the early

1990s. Today, we are purposeful in directing spend to minority-, women-, veteran- and service-disabled veterans, and LGBTQ2+-owned businesses as well as small businesses. We work with our clients to achieve their Tier 1 and Tier 2 diverse spend goals.

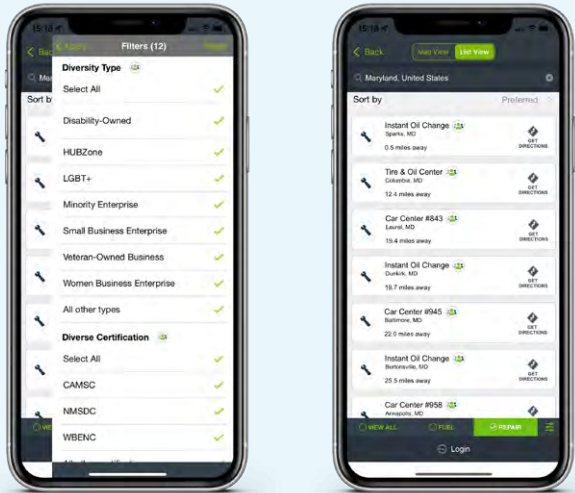
Despite the challenges we faced in 2021, we expanded our focus and grew many facets of our Supplier Diversity program. We expanded our supplier diversity taskforce by involving more internal stakeholders and continue to meet bi-monthly in order to enhance our already robust program. We hold ourselves accountable by measuring our clients’ spend with diverse suppliers through our Balanced Scorecard.

Over the last year, we significantly invested in tools to support our diverse supplier recruitment, identification, and reporting to enable us to provide even more robust, real-time diverse spend data to our clients. In early 2022, we were the first fleet management company to offer a diverse supplier locator filter in our Xcelerate for Drivers tool. This feature allows companies that prioritize supplier diversity to direct their drivers to diverse-owned maintenance providers.

We have developed active partnerships with national supplier councils in both the U.S. and Canada to advance business opportunities for certified women and minority business enterprises including the National Minority Supplier Development Council (NMSDC), the Women’s Business Enterprise National Council (WBENC), Disability:IN Minnesota and the Canadian Aboriginal and Minority Supplier Council (CAMSC). Through these partnerships, we incorporated industry effective practices and learning to our program.

Our New Tools Help Companies Prioritize Supplier Diversity by:

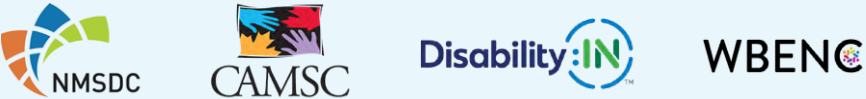
- supporting diverse supplier recruitment
- sharing real-time diverse spend data
- providing a diverse supplier locator



Promoting Diversity Across Our Supply Chain

We are proud to have received client supplier diversity awards recognizing our dedication and excellence in Supplier Diversity. Johnson Controls International (JCI) awarded Element with their 2021 Supplier Leadership Award in Diversity for the second consecutive year.

Element is a proud corporate member of:



Giving Back to Our Communities

At Element, we are committed to, and care deeply about, the responsibility we have as corporate citizens. We are active members of the communities where we work, live, and do business. Driven by our responsibility to future generations, we are tackling the issues we face as a society by investing our time, talent, and financial support with a sustainability lens. We actively engage with nonprofits through philanthropic donations, our employee volunteer programs and our Business Resource Groups, including:



Our Communities

At Element, we care deeply about and actively support the communities where we live and work.

In 2021, we donated over \$2.4 million CAD to more than 30 non-profit organizations in our communities.

- With \$2 million in support in 2021, we are proud to have completed a 10-year capital campaign commitment to St. Michael's Hospital toward the new atrium and hospital tunnel construction, completing our \$15 million pledge.
- We supported Mt. Sinai Hospital with \$0.125 million as part our \$1 million pledge.
- As natural disasters struck in locations impacting our people and clients, we supported several organizations whose mission includes disaster relief and recovery such as the Canadian Red Cross, American Red Cross, and Doctors without Borders.
- Globally, our employee-led Business Resource Groups through their community pillar initiative selected non-profits aligned with historically excluded groups.



Element employees work with Veteran & civilian group The Mission Continues to paint and refresh the lobby of non-profit women's organization The Well for International Women's Day.

Over the last year, we took the opportunity to re-examine our community-giving strategy and focus through the lenses of our people, clients, and business strategy. Going forward, we will center our community engagement and corporate giving efforts on programs that increase equity in education and encourage environmental innovation to create vibrant and sustainable communities.

Our corporate giving centers on:

- Education: We support programs that advance access to education for historically underrepresented groups. We do this through scholarships, donations, volunteerism, and local community engagement programs that enable opportunity and access for diverse students.
- Environment: We support innovative solutions aimed at creating cleaner and more sustainable ways to live. We do this by partnering with organizations on initiatives that create meaningful, positive impact on the environment.

These focus areas help guide our efforts to build solutions that spark positive change for the clients we serve, helping to build stronger, more sustainable and resilient communities.



Assembling kits for the Lift Garage, enabling each client to receive an Element safety kit.

SUSTAINABLE DEVELOPMENT GOALS

Element's ESG strategy and actions are aligned with four of the United Nations' 17 Sustainable Development Goals (UNSDGs).

In addition, Element Mexico is a member of the UN Global Compact and, during the month of August 2021, presented its first Progress Report Communication with all the initiatives achieved during the period August 2020-August 2021.



4 Quality Education

Quality Education is aligned closely with our Diversity, Equity and Inclusion strategy. We believe in access to opportunity and the power of education. Element supports literacy through our partnership with Reading Partners to get diverse books into the hands of children in our local communities. For over six years, our Black Employee Business Resource Group has hosted book drives annually supporting diverse authors. We provide scholarships, mentorship and internships to diverse students through the United Negro College Fund, building the next generation of intellectual capital. Providing line of sight for our youth to a vast array of career possibilities also creates a talent pathway and pipeline for Element's workforce of tomorrow.

9 Industry, Innovation and Infrastructure

As part of our end-to-end EV solutions for our clients, ensuring that we tackle infrastructure and charging will mean that clients and the broader public are benefiting from increased availability and access. Element continues to develop new solutions that broaden knowledge and access to electrification and charging infrastructure.



12 Responsible Consumption and Production

Element is also committed to ensuring that we act as stewards and responsible stakeholders in the electrification of fleets. Element has created an EV Advisory Council bringing together influential stakeholders across all relevant sectors to discuss the barriers that exist for fleet electrification and how to build solutions to overcome them.

13 Climate Action

Element continues to work closely with our clients to identify actions that can contribute to the reduction of GHGs. Our corporate focus and strategy are focused heavily on prudent fleet electrification, and we continue to develop new products and services to support our clients with their electrification journeys. Across all the regions where we operate and in close coordination with our global alliance partner Arval, we stay committed to having as broad an impact as possible on climate action.



SAFETY

Safety is a key priority at Element. Our commitment is underpinned by providing technology solutions that drive a culture of safety in our clients' organizations and their communities.

Our DriverCare Risk Manager solution imports various data such as collision history, traffic camera violations and other factors into a risk scoring model that addresses driving behaviour with online training and coaching. This solution continues to reduce client collision rates on average by 15%, resulting in fewer accidents and injuries for our clients' employees.



In 2021, Element successfully deployed two new safety products: DriverCare CoPilot and DriverCare Connect. Both of these products provide our clients with a proactive solution to avoid driver collisions. By integrating driver data such as braking, speeding, acceleration, cornering, and seatbelt utilization into our risk scoring solution, clients can take incremental steps to remediate driver behaviour before a collision occurs. In addition, DriverCare CoPilot provides our clients with the ability to address distracted driving behaviour through its ability to detect phone interaction while the vehicle is in motion. In fact, we deployed the DriverCare CoPilot App for our own commercial team in an effort to promote safe driving behavior practices at Element.

Our suite of driver safety training modules is available for all Element employees. The lessons address safety techniques such as proper spacing, braking, hazard and distracted driving awareness so that our employees can advise our clients on the importance of proper driving techniques.

Element continues to deploy educational resources to our employees and clients and has a series of training modules focused on "Driver Well-Being." These resources go beyond the traditional safe driving techniques by presenting helpful tips for driver wellness, including how to address healthy eating, fatigue, fitness, and stress management for drivers who spend long periods of time on the road.

We support the Lift Garage, a Minnesota-based non-profit auto repair service for those that meet the 150% U.S. Federal poverty guideline. Element provides safety kits for each client vehicle.



SATISFACTION

Client Satisfaction & Net Promoter Score

Our clients rely on our expertise to identify and action productivity improvements. Our ability to proactively advise and support clients in managing industry first challenges has resulted in an



outperformance on cost savings identified and actioned. In 2021, we identified over \$1.5 billion of client productivity improvement opportunities, 30% of which were actioned by our clients and prospects.

Our global Net Promoter Score (NPS) measures client satisfaction and asks how likely a client is to recommend Element to a friend or colleague. We run the NPS Survey quarterly with clients with 100 or more vehicles. The score reported on the Balanced Scorecard reflects a rolling 12-month score. Globally, we outperformed our goals and our NPS increased from 22 in 2020 to 35 in 2021. We also receive simple scores from clients following each interaction. These scores are independent of our Balanced Scorecard and continue to indicate that our service delivery is strong, and that client satisfaction remains high.

Employee Satisfaction and Engagement

Our people's understanding and appreciation of the duty of care we exhibit was well-evidenced in the top quartile employee engagement score they awarded us in 2021 – a score of 80% during a global pandemic and the resulting OEM vehicle shortages. We know that employee experience drives client experience – and our Balanced Scorecard reflects this important relationship by giving our Employee Engagement Index equal weight with the Net Promoter Score. This year's feedback from our employees will help guide our actions toward the things that matter most to them: namely, communication and collaboration across teams, focusing on employee career growth and development and creating real focus, so workload becomes more manageable – thus enabling our people to take advantage of the flexibility and opportunities that come from a career with Element. We are committed to building a strong, vibrant and growing Element capable of delivering long-lasting value to all of its stakeholders.



GOVERNANCE

Strong governance continues to be a priority for Element and that commitment was recently recognized by Element's first-place standing in the Globe and Mail's annual Board Games assessment, a comprehensive ranking of Canada's corporate boards from one of Canada's leading publications.

In 2021, Element scored 98 out of 100, placing us in a tie for first place out of 220 Canadian public companies. We are proud of the significant progress Element has made to establish itself as a leading Canadian company known for good governance. This includes strong oversight of compensation governance as demonstrated by our pay-for-performance philosophy and commitment to equal pay for equal work.

Element's commitment to strong governance starts with the Chair of the Board, David Denison. Mr. Denison has extensive experience both as an executive and a director with a number of organizations, including some of Canada's largest companies, and previously served as Chair of the Canadian Coalition for Good Governance. His experience is a tremendous asset to Element and establishes a strong foundation for good governance, which extends to the rest of the Board.

In 2021, Element further improved the composition of the Board with the election of Arielle Meloul-Wechsler, Air Canada's Executive Vice President, Chief Human Resources Officer and Public Affairs.

Ms. Meloul-Wechsler has significant experience in human resources, culture and communications, among other areas, and was a strong addition to the Board. A few key attributes of the Board's composition include:

- 9 out of 10 directors are independent, with Jay Forbes (President & CEO) as the only non-independent director
- 4 out of 10 directors are women, surpassing Element's previously stated goal of 30% gender diversity, and 10% are BIPOC
- The Board has no director entrenchment and continuously brings in new perspectives with over half of the Board joining since 2018 and new directors joining the Board in each of the last four years

Since 2018, the Board has overseen the rebuilding of the senior management team under President & CEO Jay Forbes, who has demonstrated extensive experience, skill and integrity in leading the organization. Element's strong governance has translated to an engaged and supportive shareholder base. At Element's 2021 Annual

Meeting, over 85% of shareholders voted, with over 95% approval for every director as well as Element's Say on Pay resolution. The overwhelming support for Element's Say on Pay resolution is a reflection of Element's commitment to sensible executive compensation practices, including a compensation program that promotes close alignment between compensation and shareholder returns.

Key Governance Policies

Ethics

Element considers ethics a core value within the organization and expects its employees to conduct themselves in an ethical manner. This starts with Element's Code of Conduct and Ethics (the "Code"), which is reviewed and approved by Element's Board of Directors. Employees are required to



certify their adherence to the Code upon joining the organization and on an annual basis thereafter. The Code sets out Element's policies with respect to issues such as harassment, health & safety, concern reporting, prohibition against retaliation, competition and fair dealing and confidentiality, among others. Employees are encouraged to report any concerns through a number of available channels without fear of retaliation of any kind. Element has an additional Whistleblower Policy for matters related to financial reporting where concerns can be raised directly with the Audit Committee of the Board of Directors. In addition, Element's Credit Policy, which is reviewed and approved annually by Element's Board of Directors, has Know-Your-Client obligations to protect Element against money-laundering. Element also runs its outgoing payments through a database to ensure that funds are not sent to entities that may appear on any government watch list. Element takes pride in the fact that we have not been subject to any harassment or discrimination lawsuits. We will continue to place significant emphasis on maintaining transparency within our organization, built on strong ethics and integrity. Not only does Element prioritize our own ethical conduct with our [Code of Conduct and Ethics](#), but we also seek to ensure that our suppliers live up to the same high standards outlined in Element's [Vendor Code of Conduct](#).

Data Governance

Data governance is a critical component of any business, especially in the current digital environment, and Element places significant emphasis on its data governance. As part of Element's approach to enterprise risk management, both the executive management team and the Board of Directors, through its Credit & Risk Committee, provide oversight of Element's information security. The Credit & Risk Committee receives quarterly risk assessments from executive management, including risks related to information security, and mitigation efforts. Element's

legal team, in consultation with external experts, has developed data governance policies to ensure that Element is meeting its data security obligations. In addition, Element's IT team works extensively to protect Element's systems and continuously monitors Element's systems to detect vulnerabilities and prevent data breaches. All Element employees are required to complete information security training to protect against phishing and other malicious activities. To date, Element has not experienced any material data security breaches and no personally identifiable information for any individual has been compromised. Element will continue to focus on data security and will engage both legal and technical experts, if and when necessary, to maintain strong data governance and security. Element has also worked with its insurance providers to put in place appropriate cyber coverage to insure against information security risk.

Human Rights

In addition to the [Code of Conduct and Ethics](#), Element has a [Human Rights Policy](#) that is reviewed and approved annually by Element's Board of Directors. The Human Rights Policy outlines Element's principles in respect of human rights, including prohibitions against child labour, forced labour and discrimination, as well as Element's commitment to a safe working environment, and the freedom of association of its employees.

Stakeholder Consultation

Element believes that it is important to consider all of its stakeholders, including employees, clients, investors and suppliers. As such, Element engages all stakeholders to solicit their feedback and considers such feedback when setting its corporate strategy. In addition to our Employee Engagement survey and our Client NPS Survey, Element also meets with investors regularly to answer investor questions and obtain feedback on Element's strategic objectives and ESG matters.





QUESTION & ANSWER

Interview with Andrea Rosen

INDEPENDENT DIRECTOR SINCE MAY 2019
CREDIT & RISK COMMITTEE, AND COMPENSATION &
CORPORATE GOVERNANCE COMMITTEE

Q: Why is investing in ESG important?

A: While there is a renewed focus on ESG, the most fundamental aspect of a corporation's sustainability mandate has always existed. As Boards of Directors, we must think about our fiduciary role for society's savings, first and foremost. We need to invest in a way that is sustainable and doesn't create negative implications for future generations. When we invest well and the returns are good, society can fund more things such as education or healthcare toward a more equitable society.

Q: Your extensive experience has afforded you a lot of insight; what is the next big thing to watch for in ESG?

A: The big development is which measurement tools are going to be used and determining what information is pertinent to share. While corporations have measured profits as an indication of whether they are good fiduciaries of society's savings, they haven't measured a lot of the externalities. The lens is intensifying on these things that haven't been previously measured.

We must become more sophisticated and unified in our disclosure. Our people, our clients, and our investors are looking for steady, clear signs of progress with meaningful, measurable targets. The era of slogans masquerading as strategies is over.

Q: When it comes to learnings from the pandemic and elevated societal awareness about the impact of systemic racism, what role should companies play to drive meaningful change?

A: Over the last several years, we have been reminded, several times over, of the serious inequities that exist, and have been allowed to exist, in our society. The role of a corporation is to be an inclusive employer. As companies, we have an opportunity to make a difference through more inclusive hiring and development practices, as well as cultural competency. In the long term, we must believe and take action to ensure our society is an inclusive one.

Q: How can companies like Element Fleet Management lead from the front when it comes to Diversity, Equity & Inclusion?

A: I have been particularly vocal about pay equity. Companies have control over how much they pay people. They also have a duty to ensure equal pay for equal work – and that still isn't the case across corporate Canada today. There has been a passive acceptance that women and visible minorities earn less for the same job over the course of their respective lifetimes, and this has tremendous compounding, systemic impacts on our society – from retirement savings, to education, to health outcomes. I'm pleased that Element, with support of the Board, has taken steps to align equal pay for equal work.

PATH FORWARD

ESG is transformative work that serves as a cornerstone for our culture and reputation.

To drive progress in this vital area Sheri McGrath is now Director, ESG, assuming accountability for Element's ESG strategy and reporting with continued accountability for DE&I and community engagement. In her role, Sheri will foster collaboration between Environmental, Social and Governance initiatives and the respective subject matter experts including, but not limited to:

- Avninder Buttar, Vice President, Electric Vehicle Strategy; and
- Laura Sheppard, Assistant General Counsel

Looking ahead, Element's ESG strategy is consistently evolving to reflect the priorities of our clients, our people, and our business. We perform a mid-year review of our Balanced Scorecard, including our ESG metrics and actions, to formulate our 2023 enterprise strategy, tightly integrating ESG with our business plans for optimal impact.

Element recognizes the importance of adhering to a standard ESG reporting framework and we are pleased to see the Canadian Securities Administrators' proposal regarding mandatory disclosure of climate related matters. While we have not yet determined which framework is most appropriate for our business, we continue to review all frameworks including SASB, GRI and TFCF.

As part of our commitment to carbon reduction, we have initiated plans to take an inventory and quantify our GHG emissions and aim to begin reporting in 2023. This process involves both internal stakeholders and external parties to ensure a thorough and transparent process.

Stay connected for ESG news and updates:
elementfleet.com/about-us/esg



elementfleet.com