



Progress that Matters

ESG REPORT | JUNE 2023



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A Letter from Our CEO

Proud to present Progress that Matters.

Element's Environmental, Social, and Governance (ESG) actions in 2022 represent meaningful progress towards a future where we deliver sustained and positive differences to the clients and communities we serve globally.

This report documents the advancements we have realized in the two years since we made ESG a strategic priority. Our advances have been made possible by our people, clients, suppliers, and all the partners that support our efforts. Together, we share a commitment to operating with accountability, transparency, and a genuine desire to continue collaborating on this important work.

We start with accountability.

As a fleet management company, we have a unique opportunity to guide our clients through a wide spectrum of opportunities from lowering vehicle idle times to the more complex transition to lower carbon emissions. While it's just the start, these developments spark innovation and motivation to make new commitments including reducing the environmental footprint of our own business.

Transparency enables progress.

We are on a journey to understand our own impact so we can accelerate our progress. Last year, we interviewed key stakeholders and conducted a materiality assessment to provide a view of the financial and societal impacts of priority areas within our business.

We also inventoried three years of our historical greenhouse gas emissions to develop an understanding of our climate impact. This

level of discovery gave us the confidence to align our disclosures herein with the internationally recognized standards established by the Sustainability Accounting Standards Board. We are also aligning our efforts to five of the [United Nations Sustainable Development Goals](#) that are material to our business and our stakeholders. These actions underscore our commitment to accountability, transparency, and progress that matters.

Our impact is led by our people.

The strong momentum we've built is thanks to our people who continue to bring their energy, skills, and creativity to deliver on our ESG programs. This collective effort is a direct result of our dedication to building a more inclusive workplace through strong Diversity, Equity, and Inclusion (DE&I) practices. We care deeply about our people and providing equal access to opportunities. That caring also extends to our commitment to doing business with diverse suppliers and supporting equity in education, environmental projects, and emergency response. All of this work is anchored by Element's strong governance practices which have once again ranked among the top of Canadian publicly traded companies on the S&P/TSX Composite Index.

As we move forward, our focus will be to simultaneously accelerate the growth of our business and make a positive impact in the communities in which we live and work. It's an exciting time to be at Element and I'm looking forward to working alongside our people to make the most of the tremendous opportunity ahead.

Sincerely,



LAURA DOTTORI-ATTANASIO
President & Chief Executive Officer

About Element

As fleet experts, we make the complex simple for our clients. Element is the largest publicly traded pure-play automotive fleet manager in the world, providing world-class services to the owners and drivers of over 1.5 million commercial vehicles.

Our business is exclusively focused on providing a full range of fleet services and solutions to a growing base of world-class clients – corporations, governments, and non-profits – across the United States, Canada, Mexico, Australia, and New Zealand.

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. As the global leader in fleet management, we provide superior client experience and tailored solutions, along with deep and broad expertise to help our clients achieve extraordinary results.

At Element we ensure our clients’ vehicles are safer, smarter, and more productive.

PUTTING OUR CLIENTS FIRST

Our goal is to deliver a superior client experience, nurture strong partnerships, and achieve the highest standards of client satisfaction. We measure the consistency and effectiveness with which we deliver our services through Net Promoter Scores¹ (NPS). Our continued focus on client experience yielded strong NPS results throughout 2022, with global NPS increasing five points over the course of the year, finishing at a record high of 40.

ELEMENT: AT A GLANCE



2.5K+

employees around the globe



1.5M

vehicles under management



50+

countries serviced through our Element-Arval Global Alliance



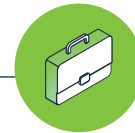
40

global Net Promoter Score



5.5K+

clients



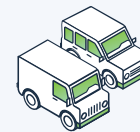
700+

industries

THE ELEMENT ADVANTAGE



Superior Client Experience



Tailored Solutions and Services



Deep Expertise and Coverage



Financial Strength and Resilience

¹ Net Promoter Scores (“NPS”) are established by asking a group of clients “How likely is it that you would recommend Element to a friend or colleague on a scale of 1-10?” Our Global NPS is a weighted (by geographic contribution to net revenue) average of our trailing-four quarter Net Promoter Scores in each of our geographies.



2022 Highlights

At Element, we are inspired by the possibility of a more sustainable and inclusive world, and dedicated to creating progress that matters to our people, clients, suppliers, and communities. This commitment is backed by accountability and transparency – we continue to set targets, share our progress, and improve our ESG performance globally.

75%

increase in Electric Vehicle originations

\$1.75B

spent with over 4,800 diverse suppliers

44%

women Board of Directors and **22%** diverse

55%

reduction in scopes 1 and 2 GHG emissions*



ENVIRONMENTAL

- Committed to **100% ELECTRIFICATION** of our internal fleet in New Zealand with Australia on target to be fully electric in mid-2024
- **100% OF ELEMENT'S INTERNAL FLEET** to be electrified by the end of 2025
- Launched approximately **70 EV PILOTS GLOBALLY**



SOCIAL

- **51% WOMEN** and **21% BLACK, INDIGENOUS, AND PEOPLE OF COLOUR** in our workforce
- **87% DE&I INDEX SCORE**
- **82% EMPLOYEE ENGAGEMENT INDEX SCORE**
- **11,482 ACCIDENTS AVOIDED** and **\$57M IN REPAIR SPEND** avoided through safety products



GOVERNANCE

- **TOP 7%** of 226 Canadian companies in The Globe and Mail's Board Games
- **ECOVADIS SILVER MEDAL**, top 25% of companies assessed
- **SIGNATORY** of the United Nations Global Compact

*compared to 2019 baseline, reduction calculated utilizing scope 2 market-based GHG emissions

ESG at Element

To achieve progress that matters at Element, we are driving advancements in fleet electrification, diversity within our workforce and across our value chain, and supporting our communities.



ESG Balanced Scorecard

Element aims to play a meaningful role in creating a more sustainable and inclusive future. To accomplish this, ESG is integrated into all facets of our business strategy.

In 2020, we began setting quantitative targets and measuring our results in each of the three pillars: Environmental, Social, and Governance. The resulting ESG Scorecard has been incorporated into Element’s global Balanced Scorecard to drive performance across the organization. Our 2022 ESG Balanced Scorecard and results are below.

	Strategic Objectives	Metrics	Status	Results
Environmental Reduce carbon footprint and invest in green technology	Reduce EFN carbon emissions	Electrification of Internal Fleet	●	<ul style="list-style-type: none"> 20% of our global fleet is electrified, with a goal of 100% by the end of 2025
	Enable client fleet electrification	EV Originations	●	<ul style="list-style-type: none"> 75% increase in EV originations over prior year
Social Catalyze positive social impact in the communities where we live and work	Attract and develop a diverse workforce	Diversity Representation Index	📍	<ul style="list-style-type: none"> Met our targets on both women and BIPOC¹ promotions and BIPOC¹ external hires
	Promote diversity across our supply chain	Supplier Diversity	●	<ul style="list-style-type: none"> \$1.75B spent with diverse suppliers Launched diverse supplier locator and diversity spend dashboard tools
	Give back to our communities	Total employee volunteered time Corporate donations	📍	<ul style="list-style-type: none"> 2,100 employee volunteer hours Met our target for donations to nonprofits
	Improve employee and client satisfaction	Employee Engagement Index Global NPS Score	📍	<ul style="list-style-type: none"> 82% employee engagement score 40 NPS
	Improve client and driver safety	Number of accidents per million kilometers driven	●	<ul style="list-style-type: none"> 3.95 preventable accidents per million kilometers driven
Governance Evolve ESG reporting, education and awareness	Improve external ESG scores	EcoVadis and ISS scores	●	<ul style="list-style-type: none"> EcoVadis silver medal – top 25% ISS score of 3 in both governance and social ratings²
	Board composition	Director independence, diversity and tenure	📍	<ul style="list-style-type: none"> Achieved target of 40% women on our Board of Directors

● Achieved ● Outperformed ● Progressed

1 Black, Indigenous, and People of Colour
 2 ISS scale is 1 to 10 with lower equaling less risk



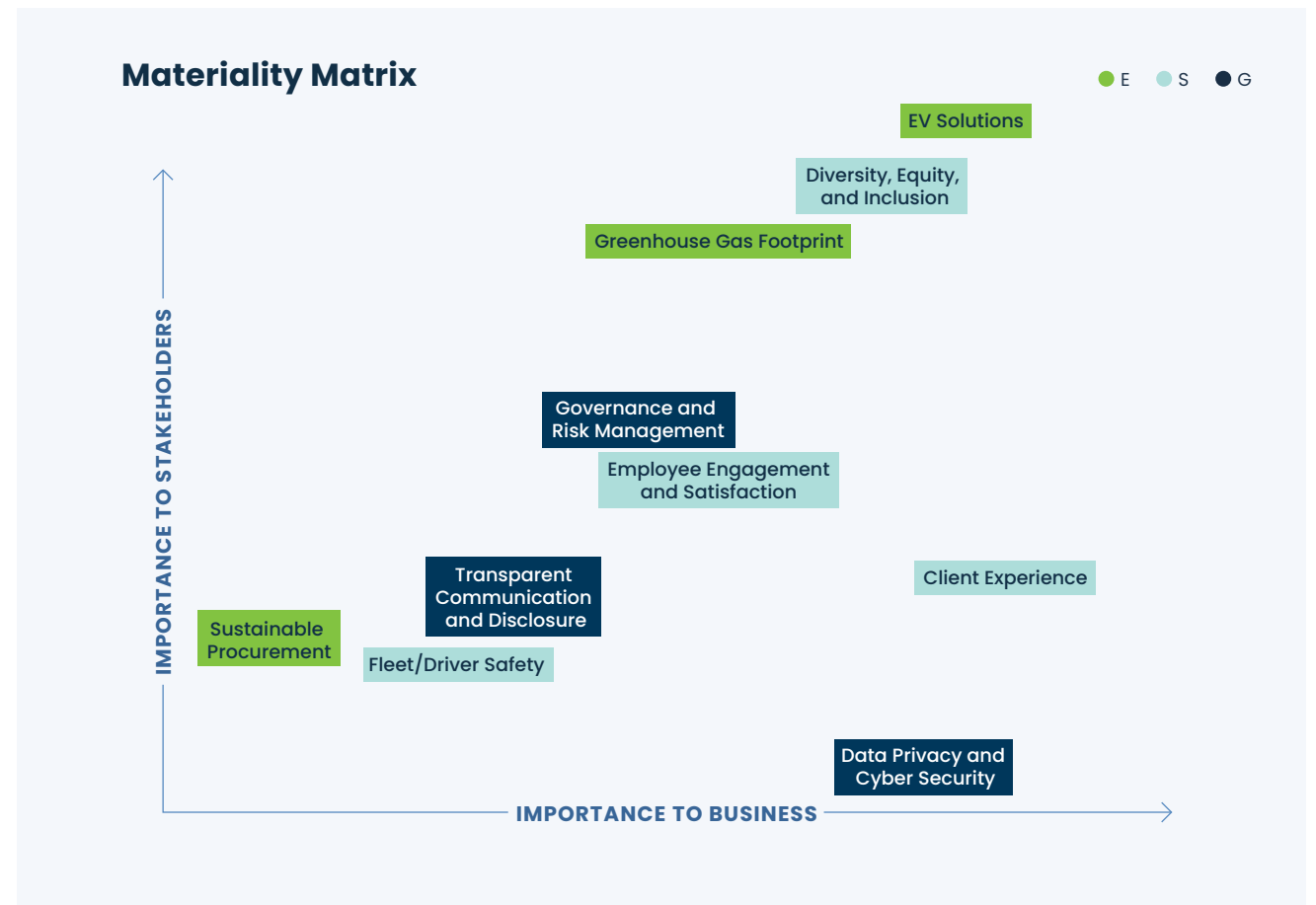
Materiality Assessment

STAKEHOLDER ENGAGEMENT

Our stakeholders play an important role in our strategy and programs. We engage key stakeholder groups regularly to ensure that they are considered in our decision-making process.

Stakeholder	How we engage
 Our clients	<ul style="list-style-type: none"> Satisfaction surveys Meetings Client Advisory Board
 Our people	<ul style="list-style-type: none"> Engagement surveys Performance reviews Development conversations Business Resource Groups
 Our investors	<ul style="list-style-type: none"> Annual and quarterly disclosures Investor meetings and conferences Investor Day AGM
 Our suppliers	<ul style="list-style-type: none"> Supplier satisfaction surveys Supplier scorecards Requests for proposals Supplier onboarding
 Our communities	<ul style="list-style-type: none"> Community giving Volunteerism

A comprehensive understanding of priority ESG topics is crucial to Element’s strategic planning and reporting. To focus our efforts on the areas of greatest impact and influence, Element engaged a third-party to conduct an assessment of material topics, which was completed in December 2022. A short list of topics was identified, and 27 key stakeholders were engaged through interviews. The materiality assessment concluded that EV solutions, our GHG footprint, and DE&I will have the highest importance to Element’s long-term performance.



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (UN SDGs) provide a blueprint for a sustainable and inclusive world. Element is committed to progress and aims to contribute, focusing on five UN SDGs that we believe are most relevant to our global business. We are actively engaged with the United Nations, participating in programs including the SDG Ambition Accelerator and ESG Report Peer Review Program.

<div data-bbox="413 378 655 618"> <p>3 GOOD HEALTH AND WELL-BEING</p>  </div> <div data-bbox="451 654 542 683"> <p>Target</p> </div> <div data-bbox="451 699 768 760"> <p>3.4 Promoting Mental Health and Well-Being</p> </div> <div data-bbox="451 776 709 865"> <p>3.6 Reducing injuries and deaths from traffic accidents</p> </div> <div data-bbox="451 886 602 914"> <p>Our Actions</p> </div> <div data-bbox="451 930 768 1463"> <ul style="list-style-type: none"> • Element provides wellness and mental health resources for all our permanent employees and their families. • Our suite of fleet driver safety products and services make a difference, reducing preventable collisions by 21% (average) over three years. • Within the U.S. and Canada, we offer our DriverCare CoPilot® product to our employees and their families free of charge. </div>	<div data-bbox="841 378 1083 618"> <p>4 QUALITY EDUCATION</p>  </div> <div data-bbox="878 654 970 683"> <p>Target</p> </div> <div data-bbox="878 699 1158 760"> <p>4.3 Access to affordable, quality education</p> </div> <div data-bbox="878 781 1029 808"> <p>Our Actions</p> </div> <div data-bbox="878 824 1201 1357"> <ul style="list-style-type: none"> • Our employees participated in 6,635 hours of continuous education and training in 2022 including the McKinsey Leadership Academies. • Our employees received over \$290,000 in tuition reimbursement in 2022. • We provided \$10,000 in scholarships through UNCF (U.S.). • We donated \$10,000 to Chapter One (Canada) and \$7,500 to Reading Partners (U.S.) to provide books and resources to school children. </div>	<div data-bbox="1268 378 1510 618"> <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  </div> <div data-bbox="1306 654 1397 683"> <p>Target</p> </div> <div data-bbox="1306 699 1628 760"> <p>8.3 Promote economic inclusion in the supply chain</p> </div> <div data-bbox="1306 781 1456 808"> <p>Our Actions</p> </div> <div data-bbox="1306 824 1612 1170"> <ul style="list-style-type: none"> • Element directed \$1.75 billion in client spend to diverse suppliers in 2022. At Element, our supplier diversity program is a cornerstone of our Diversity, Equity, and Inclusion strategy. Over the past 25 years, we've built a strong network of more than 4,800 diverse suppliers. </div>	<div data-bbox="1696 378 1938 618"> <p>10 REDUCED INEQUALITIES</p>  </div> <div data-bbox="1733 654 1825 683"> <p>Target</p> </div> <div data-bbox="1733 699 2024 792"> <p>10.3 Ensuring equal opportunity and reduced inequality</p> </div> <div data-bbox="1733 813 1884 841"> <p>Our Actions</p> </div> <div data-bbox="1733 857 2042 1268"> <ul style="list-style-type: none"> • In 2022, we hired 47% women globally and 37% BIPOC in the U.S. and Canada. • We have achieved parity for women and BIPOC employees compared to men and non-BIPOC colleagues in the U.S. and Canada. We are committed to ensuring fair and equitable pay at every stage of the compensation process. </div>	<div data-bbox="2123 378 2365 618"> <p>13 CLIMATE ACTION</p>  </div> <div data-bbox="2161 654 2252 683"> <p>Target</p> </div> <div data-bbox="2161 699 2440 760"> <p>13.1 Strengthen climate resilience</p> </div> <div data-bbox="2161 781 2311 808"> <p>Our Actions</p> </div> <div data-bbox="2161 824 2483 1414"> <ul style="list-style-type: none"> • Element's goal is to electrify 100% of our internal fleet across all five countries in which we operate by the end of 2025. Currently we have achieved 20% electrification globally. • We bring our expertise and support to our clients, with approximately 70 EV pilot programs launched globally in 2022. • Being an influencing member of two EV alliances, we are advancing the sustainability of our industry through global partnerships. </div>
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Recognition

We were honored by the recognition for our efforts in 2022 from leading organizations:

WE SUPPORT



**UNITED NATIONS
GLOBAL COMPACT**

On June 2, 2022, Element became a signatory of the [United Nations Global Compact](#). We will submit our first Communication on Progress in 2023. Element Mexico has been a signatory since 2020 and submitted their second annual Communication on Progress in 2022.



TOP 7%

of 226 Canadian companies in the 2022 Globe and Mail Board Games



SOCIALLY RESPONSIBLE COMPANY

by ESR in Mexico (3rd consecutive year)



TOP 25%

of companies assessed by EcoVadis



BEST PLACES TO WORK IN 2022

Recognizes transformative work from climate to client satisfaction and employee engagement



BEST-IN-CLASS EMPLOYER

scoring in the top quartile for optimizing employee and organizational wellbeing, named by Gallagher



BEST CEOs IN MEXICO

Recognizes CEOs focused on business growth and culture



SUPPLIER LEADERSHIP AWARD IN DIVERSITY

from Johnson Controls International (3rd consecutive year)



Our ESG Approach

Element's ESG mandate is supported at all levels of our organization, beginning with oversight by our Board of Directors. Executive leadership reports to the Board at least quarterly to guide our strategy and monitor progress.

ESG OVERSIGHT

The Compensation and Corporate Governance Committee of the Board of Directors oversees all material Environmental, Social, and Governance matters. The committee convenes quarterly.

The ESG Steering Committee is comprised of Executives and Vice Presidents from Operations, Electric Vehicles, People, Performance and Culture, and Legal. The Steering Committee meets monthly and serves as a rapid decision forum to provide ongoing strategic direction to the ESG program.

- **DAVID COLMAN**, Executive Vice President and General Counsel: Governance
- **JIM HALLIDAY**, Executive Vice President and Chief Operating Officer: Electric Vehicle Solutions, Sustainable and Diverse Procurement, Safety
- **JACQUI MCGILLIVRAY**, Executive Vice President and Chief People and Social Impact Officer: Greenhouse Gas Footprint, Diversity, Equity, and Inclusion, Employee Engagement

The ESG Leadership Committee convenes global leaders from Operations, Electric Vehicles, People, Performance, and Culture, Product Management, Sourcing, Strategic Consulting, and Legal in monthly meetings to lead the implementation of the ESG program, support client engagement, and organize workstream members.

Additional senior executives have oversight responsibility for key aspects of our ESG strategy and related material issues, including:

- **CHRIS GITTENS**, Executive Vice President and Chief Digital Officer: Data Privacy and Security
- **DAVID MADRIGAL**, Executive Vice President and Chief Commercial Officer: Client Experience
- **FRANK RUPERTO**, Executive Vice President and Chief Financial Officer: Risk Management

ENVIRONMENTAL

Environmental

Element works to manage our own greenhouse gas footprint, help our clients reduce theirs, and move the fleet management industry to a lower carbon economy. We are well-structured to ensure our climate ambitions are realized. We are on a journey to educate our people, so every individual can understand their responsibility and impact.



Fleet Electrification

ELECTRIC VEHICLE GOALS

As part of our electrification journey, Element set firm commitments anchored in decarbonization:

- Install charging infrastructures across all global offices by 2023
- Electrify our internal fleet in Australia and New Zealand by mid-2024 and North America by the end of 2025
- Transition 350,000 client vehicles by 2030

100% of Element's internal fleet to be electrified by the end of 2025

ENABLING FLEET ELECTRIFICATION

To facilitate and support our clients' Electric Vehicle (EV) transition, we are developing new products and services that can scale to meet the demands of fleets of any size, from hundreds of vehicles to thousands. In 2022, we streamlined and scaled our approach to client fleet electrification:

- **EV TRANSITION PLANNING** We are supporting demands for bespoke analysis for Greenhouse Gas (GHG) reduction goal development, long-term EV transition roadmaps, EV feasibility studies, and custom pilot designs.
- **ROADMAPS AND PILOTS** [Arc by Element](#) helps position our clients for EV transition at scale through a series of pilots unique to their fleets. In 2022, we more than doubled our target with the launch of approximately **70 PILOTS** globally across a wide range of EV types and use cases.
- **DRIVER EXPERIENCE** Part of our pilot focus is the driver experience. We held over 30 driver support and education training sessions and effectively coordinated vehicle delivery with infrastructure deployment across 40 pilots globally.



ARC BY ELEMENT

At the beginning of 2022, Element launched [Arc by Element](#), our end-to-end fleet electrification solution. By the end of 2022, Element had **26,200** electric vehicles under management (eVUM) in our global vehicle portfolio (inclusive of HEV, PHEV and BEV) and have continued to see a rapid acceleration in eVUM through client engagement with our Arc by Element product.



ELEMENT'S EV PILOT EVALUATION TOOL

In late 2022, Element launched a new EV feasibility tool to develop customized reports for our clients. The tool considers multiple factors to create a prioritized list of recommended vehicles for EV transition in a client's fleet, along with comparative metrics and GHG savings by model type. With data from an industry-leading benchmarking database, Element's automated consulting tools enable client EV discussions to progress rapidly.

OUR PROGRESS IN AUSTRALIA AND NEW ZEALAND

Our comprehensive global end-to-end EV offering is built on the success of our colleagues in New Zealand who, 5 years ago, launched Australia and New Zealand's first integrated EV product by a fleet management company.

Continuing this leadership, our New Zealand and Australian internal fleets will be the first to be fully electric, with our New Zealand internal fleet achieving 100% electrification in 2021 and our Australian internal fleet expected to be fully electric by mid-2024.

We also completed the expansion of charging infrastructure across all office locations in 2022. Lessons learned through our early EV leadership and our own electrification process enable us to provide expert support for clients on their EV transition journeys, helping them overcome challenges from technical infrastructure to workforce change management.

100% of our internal fleet in New Zealand consists of electric vehicles and Australia is on target to be fully electric by mid-2024

FLEET ELECTRIFICATION TRENDS AND CLIENT DEMAND

Investment in EV and charging equipment is increasing from both government and private entities:

- **COLLECTIVELY, THERE IS \$500B+ USD OF PLANNED INVESTMENT IN VEHICLE ELECTRIFICATION** by original equipment manufacturers (OEMs), between 2022 and 2030.¹
- **IN 2022, 100 ADDITIONAL EV MODELS WERE INTRODUCED**, including the first electric pick-up trucks, improving availability of more service-oriented light duty vehicles. We expect growth in vehicle availability to accelerate client EV adoption.
- The Inflation Reduction Act (IRA) has introduced tax credits for U.S. electric vehicles and \$10B USD in funding to develop EV charging infrastructure. Element sees access to these credits as an accelerator for our clients' sustainability objectives. We are actively engaged with key stakeholders to help clarify rules and create processes to capture value from these tax credits on behalf of our clients.
- Recent changes in the Australian Fringe Benefit Tax have driven significant incremental client interest in EV suitability and requests for EV transition consultancies.
- Element is currently working with Transport Canada to enable us to apply directly for, and fully maximize, the EV related rebates within the iZEV Program on behalf of our clients.

¹ [ABI Research](#)

ENABLING EV TRANSITION

While EVs continue to be early in the adoption cycle, we are securing the resources and building best practices to ensure long-term viability for the EV transition:

INDUSTRY OPPORTUNITIES

- **VEHICLES** Vehicle acquisition is a fundamental component of fleet operations but has hindered client conversion in the near term due to inventory and supply chain constraints and the availability of relevant service vehicles. We continue to work closely with OEMs to incorporate new model launch timing into our clients' replacement planning for a seamless transition and minimal service disruption when these vehicles are available.
- **MAINTENANCE** Element's proprietary managed network continues to evolve their capabilities to meet market demand. Initiatives include identification of EV capable 'In Network Dealers' and enhancing technology to enable more visibility to those locations. Our maintenance experts are elevating their EV knowledge by participating in industry and internal training to assist drivers and clients with EV maintenance transactions.

ELEMENT PROGRESS

- **TRAINING** In 2022, Element partnered with I-CAR to deliver EV training and certification to our teams. We are pioneering EV-centric driver safety vehicle care training, enabling our clients to keep their drivers safe and maximize the residual value of the vehicles. In addition, we are supporting the development and delivery of EV-related education across the fleet industry through our leadership role in the International Automotive Remarketers Alliance.
- **BENCHMARKS** We are standardizing EV-specific benchmarking across all our product areas, and developing reporting for energy, utilization, battery health, and other novel EV requirements – all of which will be continually improved as the market evolves.

- **REMARKETING** We collaborate with leading and emerging remarketing sales support providers to spur the development of tools to assess EV battery health and build a comprehensive EV-specific remarketing infrastructure. As EVs become more prevalent in the aftermarket, we are in discussion with leaders in EV battery recycling to promote battery component re-use and recycling.

ENGAGEMENT

As the market leader everywhere we operate, Element is well positioned to lead our industry through the gradual electrification of fleets. Industry engagement was a key priority in 2022, with 24 speaking engagements and 21 pieces of content published globally. Some notable engagements included:



FRANCISCO CABEZA
Lead, Electric Vehicles, was interviewed on Mexico's Milenio National Business Television to discuss the myths around e-Mobility.



JASON KAZMAR
Director, EV Strategy and Sustainability, hosted a "Master Your EV Journey" webinar, bringing together industry leaders from Verizon, Black & Veatch, and the Rocky Mountain Institute (RMI) to discuss their journeys towards fleet electrification.



AVNINDER BUTTAR
Vice President, Strategy, and responsible for our Global EV Strategy participated in a panel at the Global Fleet Conference in Miami titled 'Fleet as a Strategic Asset: 5 Ways to Drive Margins' and hosted the Element EV Advisory Council in Charlotte, NC for a 2-day off-site discussing barriers to fleet electrification and collaborative ways to overcome them.



NATASHA MENON
Strategy Lead, Electric Vehicles, and the Custom Fleet team hosted clients in Sydney and Brisbane, Australia and Wellington, New Zealand to discuss the latest insights, current trends, and future possibilities for EVs.

Moving the Industry Forward

ELEMENT'S EV ADVISORY COUNCIL

Element established an EV Advisory Council in 2022 to ensure we connect with stakeholder groups in industries related to fleet electrification. Members include Verizon, Schneider Electric, EO, Motorq, National Grid, and RMI.

The Council is comprised of key partners, subject matter experts, and sustainability-focused clients. The Council is designed to identify barriers to electrification and collaborate on cross-functional solutions. Key areas of collaboration are supporting utilities and identifying how to make long-term investment decisions related to decarbonizing fleets at scale. In 2023, we will continue to work with this group on several studies and industry thought leadership to help accelerate decarbonization.

BEYOND EV

While transitioning Internal Combustion Engine (ICE) vehicles to EVs is the largest GHG reduction lever for a fleet, there are many ways to tackle GHG reduction in advance of fleet electrification at scale. We have the largest and deepest vehicle benchmarking dataset in the market, which enables us to assess the value of emission reduction initiatives and help clients develop fleet decarbonization plans.

Element works to find the best combination of GHG reduction strategies to fit each client's business needs. These solutions include:

- **REDUCING CLIENT FLEET PETROLEUM CONSUMPTION** through idle reduction tracking, vehicle rightsizing and optimizing utilization.
- **THE USE OF HYBRID ELECTRIC VEHICLES (HEV)** and more fuel-efficient vehicles.
- **THE INTRODUCTION OF ZERO-EMISSION VEHICLES (ZEV)** like plug-in hybrid vehicles (PHEV), battery electric vehicles (BEV), and fuel-cell vehicles (FCV).

We continue to explore additional ways to reduce GHG within our ICE vehicles, including low carbon fuels, lubricants, and the use of more sustainable consumables like tires and fluids.

STRATEGIC ALLIANCES

Element aims to lead the fleet management industry's energy transition. In 2022, we became a member of the Ceres Corporate Electric Vehicle Alliance and the Accelerate: Canada's Zero-Emission Vehicle Supply Chain Alliance.



The Corporate Electric Vehicle Alliance

Led by Ceres, the collaborative group of 32 companies is focused on accelerating the transition to electric vehicles. Element attended the inaugural meeting, and monthly engagements continue to increase our active participation in policies supporting zero-emission vehicle access for our clients.



Accelerate

Canada's Zero-Emission Vehicle Supply Chain Alliance is a five-year national initiative bringing together key players across Canada. Element will participate in workshops around infrastructure, investment, and fleet adoption to support development of the ZEV supply chain in Canada.



MARVA AND ARC BY ELEMENT

The cargo transportation sector accounts for **25%¹** of Mexico's greenhouse gas emissions. Through Arc by Element, Marva, a leading transportation and logistics services provider in Mexico, acquired the first 50 of 120 Class 8 EV semi-trucks. This shift has resulted in a significant reduction in emissions with **7,600 TONS OF CO₂ AVOIDED PER YEAR.**

¹ Climate initiative Mexico with data from Environmental Secretariat

Sustainability in Our Operations

Beyond fleet electrification, we work to reduce emissions in our global operations by reducing waste and saving energy. Element is dedicated to locating offices within LEED certified buildings; three of our seven office locations are LEED spaces, with a fourth location moving towards LEED certification in 2023. We offer recycling across our facilities, use electronic documents as often as possible, and provide reusable and recyclable containers and cutlery in our dining services. Our Communities, Activities, Recreation, and Environment (CARE) Business Resource Group also supports our efforts by rallying our employees to play a part in creating a more sustainable environment.

With the information garnered through our emissions inventory, we are enhancing our efforts to manage the environmental footprint of our facilities with a focus on reducing emissions.

We have implemented several strategies across our sites, working to improve sustainability across all aspects of our buildings. These include standardizing LED technology upgrades in line with best practices, implementing light sensors and timers for auto shut off, working with landlords to implement tracking systems to identify equipment upgrades to reduce energy, and pursuing internationally recognized certifications for leadership and strategy in energy design and operations.



Safelite®

PARTNERING TO REDUCE WASTE

In partnership with Safelite, our U.S. glass provider, Element recycled **344 TONS OF GLASS IN 2022** on behalf of our clients.

Our Repair First policy: In lieu of replacements, many of our clients opted to repair their windshields in 2022, with each repair resulting in at least **70% LESS CO₂ EMISSIONS**, reducing both cost and carbon footprint.

- Within our Baltimore office Element is experiencing \$200,000 in annual energy reduction cost savings, through identifying and eliminating a material percentage of phantom energy usage and automating HVAC systems.
- In Mississauga we are working with building management to optimize water supply and increase the fuel efficiency of water heaters.
- In Minneapolis new tracking software was introduced to allow for additional energy savings identification with the building planning to pursue an Energy Star certification in 2023, on top of their LEED certified status.

Emissions

In 2022, Element engaged an international greenhouse gas consultancy to calculate our 2022, 2021⁴, and 2019 emissions. Three years of emissions were calculated to gain a better understanding of our impact over time, with 2019 as a baseline. The emissions inventory was calculated in accordance with the Greenhouse Gas Protocol and includes our Scope 1, Scope 2², and upstream Scope 3³ emissions.

We continually strive to improve resource efficiency in our operations with a goal of shrinking our emissions footprint. Across our Scope 1 and 2 emissions, we reduced our greenhouse gas footprint 55% in 2022 (compared to our 2019 baseline). This is primarily due to internal fleet electrification and decreased energy usage. We reduced our global real estate footprint by 38% in 2022 generating a decrease in our facility emissions.

Upstream Scope 3 emissions have increased 4% from our 2019 baseline. This is a result of our growing business as we continue to originate vehicles (Capital Goods) on behalf of our clients and grow our vehicles under management (VUM). This growth in vehicle count allows Element to further our work with clients to provide infrastructure and solutions to reduce total costs of fleet operations (TCO) as well as provide a path to decarbonization. As ZEV model availability continues to grow in the market, we are committed to ensuring the full scope of decarbonization options are highlighted to clients through our Arc by Element offering – this includes ZEV introduction, idle reduction analysis and fleet rationalization. We also leverage advanced analytics to conduct greenhouse gas emission modeling for our clients to help support their emission reduction targets.

With a deeper understanding of our environmental footprint, we continue to hold ourselves accountable by making investments in people, technology, and our operations to advance our sustainability mandate. In 2023, we are working towards setting emission reduction targets across our facilities, business practices, and supply chain.

- 1 Scope 1: Emissions from sources owned or controlled by the reporting company.
- 2 Scope 2: Emissions due to activities of the reporting company but occur at sources owned or controlled by another company.
- 3 Scope 3: Emissions due to activities from assets not owned or controlled by the reporting organization, but the organization indirectly impacts in its value chain.

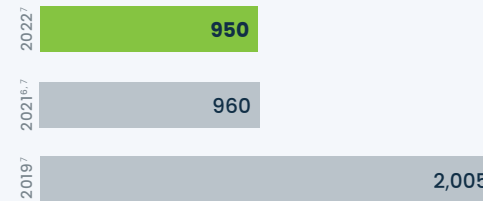
LOOKING FORWARD

Element continues to lead with integrity and build strong governance practices. As our ESG strategy matures, we will continue to enhance our public disclosures, ensuring we are meeting all reporting obligations, including climate disclosure requirements, and promoting a commitment to transparency. We are building necessary plans, infrastructure, and systems to meet future climate reporting requirements in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

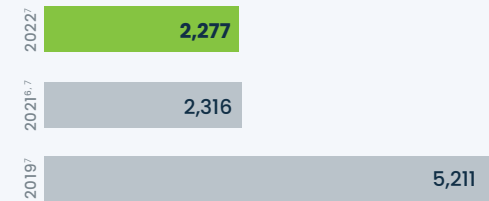
2019, 2021⁴, 2022 Greenhouse Gas Emissions (MT CO₂e⁵)

Values rounded to the nearest whole number

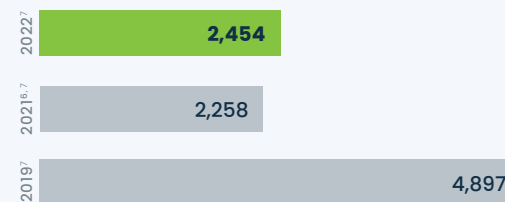
SCOPE 1



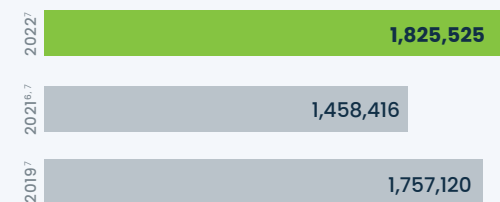
SCOPE 2 (market-based)



SCOPE 2 (location-based)



SCOPE 3 (upstream)



- 4 Inaugural GHG inventory conducted in early 2022 for baseline year (2019) and most recent year (2021)
- 5 Metric Tonnes of Carbon Dioxide equivalent
- 6 Reduction in 2021 emissions a result of macroeconomic factors influencing Element's operating environment
- 7 2019, 2021 and 2022, Scope 1, 2 and upstream scope 3 emissions were assured to a limited extent by EY



SOCIAL

Social

We are committed to the responsibility we have as corporate citizens and 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.



Diversity, Equity, and Inclusion

Diversity, Equity, and Inclusion (DE&I) is a driving force in our culture. We seek to create an environment where all employees are respected and have the opportunity to thrive, regardless of race, ethnicity, religion, sexual orientation, gender, veteran status, or persons with disabilities. Our employees recognize the importance that DE&I plays in our culture. Our Employee Engagement Diversity Index which tracks employee sentiment around inclusivity, respect, and diverse perspectives achieved an 87% favourable score, above industry benchmark². We also measure ongoing progress through DE&I metrics in our Balanced Scorecards at the global and functional levels.

Element is committed to diversity. We recognize and value that the differences our people bring to the workplace add to our strength and help us achieve the best outcomes for our business, our clients, and the communities where we live and work.

REPRESENTATION IN OUR WORKFORCE

Element is over 2,500 employees globally. We are proud that women comprise 51% of our workforce with increases in overall representation and our people leaders. We welcomed our female President and Chief Executive Officer in May 2023.

Diversity self-identification by our employees occurs through our annual voluntary campaign for same, in which participation continues to improve, with 81% of employees participating in the U.S. and Canada in 2022. Employees who self-identified as Black, Indigenous, or People of Colour (BIPOC) comprise 21% of our people with increases across all levels and significant gains at the people leader level.

87%

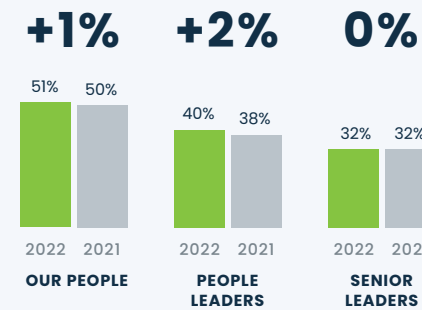
Employee Engagement Diversity Index score

21%

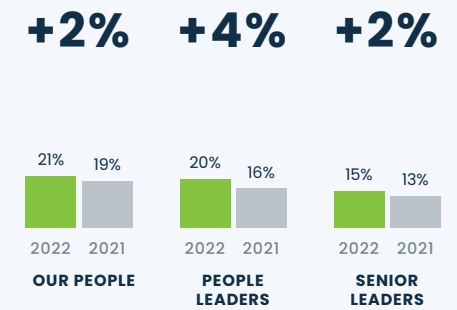
of employees self-identify as Black, Indigenous, or People of Colour (BIPOC)¹

Our People

WOMEN



BIPOC¹



¹ U.S. and Canada
² Qualtrics Industry Benchmark

DIVERSE TALENT RECRUITING AND DEVELOPMENT

Attracting, retaining, and promoting diverse talent is an important part of our talent strategy. Our partnerships with [Disability IN: Minnesota](#), the [Minnesota Business Coalition for Racial Equity](#), and [The Human Rights Campaign](#) help make us stronger through networking, effective practice sharing, and benchmarking. Our employees engage regularly with our partners. From committee work focused on retaining and recruiting local talent, to individual efforts developing and mentoring talent with our interns, we connect with the communities in which we live and work to further diversity and inclusion at Element. In Australia and New Zealand in 2022, we continued our Aboriginal and Torres Strait Islander job program in partnership with the Killara Foundation in Australia, and our Māori and Pacific Islander tertiary education partnership with the First Foundation in New Zealand.

Investing in training and advancing our people is one way we further a diverse and inclusive culture. We aim to grow diverse leadership and offer women and BIPOC employees differentiated professional development and leadership opportunities, including the [McKinsey Connected Leaders Academies](#). The program spans early career, mid-career management, and executive levels to provide leadership skills, networking, and sponsorship across career stages.

Beyond our investment in training and leadership, we remain accountable to driving diversity across the organization with monthly trend monitoring of our hires, promotions, and voluntary attrition for diverse groups, including women globally and BIPOC employees in the U.S. and Canada.

Creating an inclusive culture starts with awareness. Our people leaders are provided training on inclusive leadership and mitigating biases. Additionally, as part of our annual Element Foundations training, all employees are guided through unconscious bias coursework to further our awareness and inclusive practices.

19%

of all BIPOC employees have participated in the McKinsey Connected Leaders Academies, with planned cohorts going forward



EQUAL PAY FOR EQUAL WORK

Our compensation philosophy and principles are rooted in our pay-for-performance approach. For the past three years, we have conducted analyses with an independent external firm to assess differences in pay levels, adjusting for factors such as role, job level, and geography before year-end compensation decisions are finalized, and we adjust compensation as appropriate. Results of our latest review show that in the U.S. and Canada we have achieved parity for women and BIPOC employees compared to men and non-BIPOC colleagues. Using the learnings from the U.S. and Canada, we are working globally to close pay gaps in other regions. We will continue to conduct this review on an annual basis to ensure we maintain and move towards parity globally.

In the U.S. and Canada we have achieved compensation parity for women and BIPOC employees

This means “equal pay for equal work” and a commitment to ensuring fair and equitable pay at every stage of the compensation process, from the moment we hire to annual raises and promotions. Our policies and practices reinforce this commitment, with oversight from our Board and senior leaders.

Element pays competitively based on market rates for roles, experience, and performance. We regularly benchmark against other companies both within and outside our industry to ensure our pay is competitive. We have been working over the past few years to ensure equal pay for equal work across the organization. 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. In addition, providing managers with transparency to pay ranges has ensured their ability to position pay appropriately and equitably for their employees. 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.

BUSINESS RESOURCE GROUPS

Element’s nine Business Resource Groups (BRGs) are inclusive of Canada, Mexico and the U.S. Our BRGs foster a diverse, equitable, and inclusive culture by offering our employees the time, space, and opportunity to connect, share, and learn. Our BRGs hold cultural celebrations and community engagement activities throughout the year to help create an inclusive employee experience. Other BRG-hosted events, like our Role Preparedness Series, provide attendees with the opportunity to practice their professional skills and network with leaders.

Our Business Resource Groups continue to grow and thrive, with membership increasing 55% and event participation increasing 96% in 2022

In Australia and New Zealand, a Reconciliation Action Plan (RAP) was developed to support Aboriginal and Torres Strait Islander people achieve equality in all aspects of life. Our Australia and New Zealand team is leading the region in supporting Indigenous

peoples through launching a Reconciliation Action Plan (RAP). A RAP provides tangible and substantive benefits for Aboriginal and Torres Strait Islander peoples, increasing economic equity, and supporting First Nations self-determination. We align to regional best practices, seeking through progressing certification requirements from the Australian Workplace Equality Index (AWEI), Australia’s definitive national benchmark on LGBTQI+ workplace inclusion, and the Workplace Gender Equality Agency Employer of Choice for Gender Equality (EOCGE) citation, which recognises, encourages, and promotes organisations with an active commitment to workplace gender equality.

LOOKING FORWARD

DE&I is a key driver for Element’s growth and success, and we will continue to include relevant goals in our business plans at a corporate and functional level. As we look forward, continuing to invest in our people will be a key focus: from professional development opportunities through leadership programs to awareness and education through our BRGs and learning resources. Additionally, we will continue to listen and gather employee feedback to ensure DE&I plays a key role in our culture.

Business Resource Groups at Element



Abled & Disabled Empowering People Together (ADEPT) BRG



Activate! Wellness



Asian Employee BRG



Black Employee BRG



Communities, Activities, Recreation and Environment (CARE) BRG



Latin BRG



LGBTQ2+ Allies BRG



Veterans BRG



Women’s BRG



Supplier Diversity

CREATE

At Element, our [supplier diversity program](#) is a cornerstone of our Diversity, Equity, and Inclusion strategy. We've built a network of more than 4,800 diverse suppliers¹. In 2022, our diverse supplier spend was \$1.75 billion. Continuing to grow and enhance our network is essential to this success. We partner with a renowned third-party verifier to support diversity certification and provide additional opportunities for suppliers to grow their businesses.

SUPPORT

We proudly serve as connectors, providing opportunities for clients to utilize new and diverse suppliers – this leadership is paramount to our program. In 2022, Element released our Diversity Spend Dashboard and a first-of-its-kind supplier locator application, which is unique to the fleet management industry. Our Dashboard gives our clients and their drivers visibility to actionable insights and easy-to-use diverse supplier identification in the regions where they operate, which in turn, supports local businesses, and drives diverse supplier spend.

PARTNER

[Supporting supplier diversity](#) is an ongoing journey and a corporate focus. In 2023, we are working to expand our network in Canada and continuing to innovate our reporting for clients.

Element is a proud member of the National Minority Supplier Development Council, the Canadian Aboriginal and Minority Supplier

Council, the Women's Business Enterprise National Council, and Disability:IN Minnesota. This year, we joined the Canadian Council for Aboriginal Business.

4,800+

diverse suppliers

\$1.75B

spent with diverse suppliers



WOMEN-OWNED BUSINESSES

In 2022, we established tracking for women-owned businesses in our maintenance network in Mexico. This new program resulted in 102 businesses being identified within our network. A total of 185 clients in Mexico worked with our network of women-owned businesses.

¹ A diverse supplier is a business that is at least 51% owned and operated by an individual or group that is part of a traditionally underrepresented or underserved group.

Employee Engagement

Our people's appreciation of their experience was well-evidenced in a top quartile employee engagement score, driven by our dedication to employee development, health and wellness, safety, and flexible work arrangements that match our people's lives.

EMPLOYEE SATISFACTION AND ENGAGEMENT

Our annual Employee Engagement Survey is an essential tool for understanding our employees' experience at work. With an overall Employee Engagement score of 82% (up 1% from last year), and a 90% global participation rate, our employees have given us a clear picture of our strength as a company and a mandate on where to improve.

In 2023, we will introduce pulse surveys, which will help us understand the incremental impact of our actions. Additionally, we've created consistent processes for cascading results and tracking and communicating our progress throughout the year.

DEVELOPMENT

We recognize and value the expertise, skills, and talent that our employees bring to the workplace, knowing they lead to the best outcomes for our people, clients, suppliers, and partners. Talent development and career growth remain our top priority; we work to build and retain a high-performing and engaged workforce to successfully deliver on our objectives.

82%

Employee Engagement score

Element provides many resources and activities to give our people the opportunity to develop, both professionally and personally, including, but not limited to:

- On-the-job experiences, skill, and career development plans
- Formal learning through our online platform
- Free voluntary English classes for all employees in Mexico, supporting participants' English proficiency
- In 2022, we launched Opportunities Marketplace, an experiential learning program that provides our employees a place to seek out leadership roles within our BRGs, Six Sigma certifications, and mentorship connections

100% of employees completed DE&I, Client Experience, Compliance, and Safety and Ethics learning programs

Element's leadership development efforts aim to identify skill strengths and gaps, reduce turnover, develop talent, bring awareness to biases, and identify future leaders. We have implemented programs that accelerate manager effectiveness and enable a pipeline of high-performing

and high-potential talent. These programs include formal development planning, sponsorship and advocacy, skill development, leadership capability learning sessions, and more.

HEALTH AND WELLNESS

Element fosters a holistic culture of well-being by supporting three dimensions of wellness: physical wellness, emotional wellness, and financial wellness. This holistic model demonstrates Element's commitment to helping our people feel valued and supported, both personally and professionally. We received an 80% Well-Being Index score on Element's Employee Engagement survey; this index focuses on work-life balance, employee well-being, and workload. Our wellness approach creates an engaged, resilient workforce that is more creative, productive, and invested in organizational success.

Physical

To promote physical health we offer medical coverage, telehealth, health coaching programs, disease management programs, and rewards programs that encourage routine wellness testing and healthy habits.

Emotional

Element supports our people's emotional well-being through mental health resources, including counselling and family support, company-wide days off, an annual winter break to extend holidays in all geographies.

Financial

Element's Total Rewards program offers resources for financial wellness such as personal finance information and webinars.

EMPLOYEE WELLNESS PROGRAMS

We have several employee support programs, such as our Employee Assistance Program (EAP), Eldercare, and Parenting resources. Full-time Element employees with 12 months of continuous service are eligible for Paid Parental Leave (PPL) following the birth of a child or placement of a child with them for adoption.

Reproductive Healthcare

The health benefits we make available to our people are in support of the philosophy that decisions on healthcare — and equal access to that care — is a personal right that should be afforded to all of our people. With that in mind, we are fundamentally committed to providing a variety of resources to help our employees and their families care for their total well-being, which includes access to all reproductive healthcare.

EMPLOYEE HEALTH AND SAFETY

The health and safety of our employees, suppliers, and clients is critical to Element. We are committed to making the work environment safe, secure, and healthy — and we hold each other accountable for promoting a positive working environment for all. Element complies with all applicable laws and regulations related to safety and health in the workplace. We expect each employee to promote a positive working environment for all. [Element's Employee Environment, Health, and Safety Program](#) outlines our expectations and practices regarding workplace conduct and safety. Element conducts mandatory annual training to ensure all employees are compliant with our core business practices and standards. This training varies by region and covers Workplace Health and Safety, Anti-Harassment, Workplace Violence, Safe IT and Data Practices, Unconscious Bias, and other core policies. Training is monitored to ensure 100% employee completion.

RETURN TO OFFICE

Throughout the COVID-19 pandemic, we made the safety of our people our top priority. With 95% of our people working remotely through 2020 and 2021, we began voluntary return



to office pilots with an official return for our hybrid employees in May 2022. Since then, many of our people are enjoying a 'Collaborative Hybrid' work environment enabling in-person connection and collaboration, while still allowing for flexibility.

Flexible Work Arrangements

Element offers flexible work arrangements to promote flexibility, productivity, and well-being. Such arrangements may be short-term or longer term in nature, depending on business role and needs:

- Collaborative Hybrid
- Flexible work schedules
- Remote work and/or telecommuting

Our Flexibility within a Framework is grounded in our Ways of Working (WOWs) and the guiding principles of productivity, flexibility, and employee well-being. Element's expectations are that our people will fulfill business obligations while taking the time off they need.

Work Norms

- **FOCUS DAYS** Monday and Friday provide time to prepare for or wrap up the week, avoiding recurring meetings and scheduling time for focus. These transition days provide time to complete outstanding tasks, make a workplan for the upcoming week, and focus on development and learning.
- **COLLABORATION DAYS** Tuesday to Thursday are used for regular meetings and time to collaborate with others throughout the business.

LOOKING FORWARD

In 2023, we will continue to enhance the employee experience through employee listening programs, career conversations, and flexibility to foster work-life integration.

Driver Safety

Driver safety is a priority at Element – for the health and welfare of our employees and our clients' drivers, as well as the safety of the communities where we operate. Our approach focuses on developing and delivering technology solutions, products, and services that improve driver safety, and increasing the adoption of these tools. Our goal is to reduce accidents and collision severity.

Our suite of fleet driver safety products and services make a difference – reducing preventable collisions by 21% (average) over three year.



HOW WE ADDRESS DRIVER SAFETY

Our products and services help clients assess driver risk and take steps to remediate it.

Our **DRIVERCARE RISK MANAGER**® solution is a portal that integrates relevant streams of data to assess driver risk level. The platform then provides online training and a structured driver coaching program that help drivers learn better ways of driving and prepare them for safely handling dangers on the road. The platform is customizable to support each client's unique goals for improving fleet driver safety. **DRIVERCARE CONNECT**® is the connected version of this solution and integrates driver behaviour to deliver even greater results through proactive coaching. **DRIVERCARE COPILOT**® is the latest version of this solution, enabling fleets to include the software on a mobile device, capturing additional safety data points. We also offer **DRIVERCARE COPILOT**® to all Element employees and family members in the U.S. and Canada at no charge.

- **CONNECTED DRIVER BEHAVIOUR** innovations directly engage employees and client drivers and help them gain awareness of their performance behind the wheel. Drivers can view their own driving behavioural trends to self-manage improvement.
- Element's **FLEET SAFETY CONSULTING** team analyzes collision and risk data to make improvement recommendations specific to each client. We assist them in making data-driven decisions to improve fleet driver safety.
- In addition to safety training that addresses technical driving skills, Element offers **DRIVER WELL-BEING** resources for all client drivers and employees to help them be mentally, emotionally, and physically prepared to drive safely.

LEADING-EDGE SAFETY PRODUCTS

Driver risk management has typically been reactionary with remediation of risk after a collision or driving infraction conviction has occurred. Element's innovations in Connected Driver Behaviour leverage active driving behaviour data, collected from both in-vehicle telematics devices and a mobile telematics application available through a smartphone, to shift driver risk management from reactive remediation to proactive prevention. By blending telematics data into risk scoring and assessments, our model now includes leading indicators for crash risk, enabling clients to be proactive with risk remediation and avoid collisions.

Element offers the **DRIVERCARE CONNECT®** product for drivers with traditional in-vehicle telematics devices. We launched the new product in the fourth quarter of 2021, and currently have 33% of eligible drivers enrolled in the service.

Our **DRIVERCARE COPILOT®** product can be used by a driver by simply downloading an app to their smartphone. This product was also launched in the fourth quarter of 2021 and immediately had an impact on identifying hidden risks in client fleets. Both DriverCare Connect and DriverCare CoPilot also provide clients with an objective basis for recognizing good drivers and encourage competitions between drivers and teams to promote safe driving behaviours.



LOOKING FORWARD

Throughout 2023, as more fleets enroll in our leading-edge safety products, we look to harmonize our data and unearth trends in collision reductions. This increased visibility to proactive risk management data will provide the opportunity to further analyze the relationship between driving behaviours and collision risk.

Our product roadmap for DriverCare Connect and DriverCare CoPilot focuses on incremental improvements on these products and new features, including further reducing collision rates and related costs, as well as using idle time data to quantify the impact that driving behaviours have on fuel usage and emission.

DRIVERCARE COPILOT IN ACTION

One of our fleets employing DriverCare CoPilot found that drivers who had previously been ranked in the lowest risk category using only collision and motor vehicle record data were displaying high risk behaviours behind the wheel. This enabled proactive remediation of risk for any driver who exhibited these behaviours.

Another feature of DriverCare CoPilot is its ability to detect phone distractions when the vehicle is in motion. Though our client had a zero-tolerance policy for use of electronic devices while driving, 11% of their drivers were shown to be in violation of this policy. Reinforcement of these policies and coaching helped 75% of these drivers become compliant.

Research indicates that regular use of DriverCare CoPilot can decrease accident rates by as much as 29% per million miles driven. Clients on Element's Safety Program had approximately six fewer incidents per million miles driven in 2022, resulting in 11,482 accidents avoided and \$57M in repair spend avoided.

Community Involvement

Our [Corporate Social Responsibility Policy](#) reflects our commitment to giving back and creating positive impact in the communities where we live and work through corporate financial donations and employee volunteerism, including a paid volunteer day. At Element, we centre our community engagement and corporate giving efforts on programs that increase equity in education, encourage environmental innovation, and provide emergency response.

EDUCATION

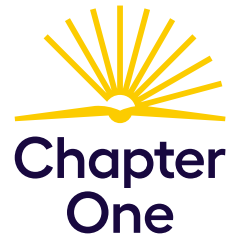
Education is a key focus for us in supporting the future of our communities. We support programs that advance access to education for historically underrepresented groups through scholarships, donations, volunteerism, and local community engagement programs that enable opportunity and access for diverse students.



We partnered with [UNCF](#) to provide annual scholarships and increased our support to include five scholars for the 2022-2023 school year.



We also grew our partnership with longtime community partner, [Reading Partners](#). A U.S.-based national non-profit, the organization mobilizes communities to provide students with the proven, individualized reading support they need. In addition to our annual book drive, we began funding local events, including tutoring and book fairs.



In 2022, we began partnering with [Chapter One](#), a non-profit with programming in the U.S., Canada, and the U.K., with the mission of advancing childhood literacy. In addition to our employee 1:1 tutor volunteers, Element's donation helps Chapter One to provide staffing and resources for two classrooms in Canada.



In New Zealand, we continued a partnership with the [First Foundation](#) who provide targeted financial and mentoring support to give talented youth from underprivileged, low socio-economic backgrounds the opportunity to get ahead. Our funding supports the completion of a candidate's full university degree, and work experience in our workplace.



In Mexico, we support [Casa Hogar Alegría](#), a non-profit that transforms the lives of girls that lack family care by providing them with food, housing, and integral education so they can become independent women. Our donations have supported a new house in Guadalajara serving 72 girls, providing accommodations and critical supplies from bedding to food to first aid. Our financial support also supported day-to-day operations and increased staffing.



ENVIRONMENT

Element supports sustainability in our communities through partnerships that create a positive impact on the environment.

In Mexico, our employees kicked off an annual reforestation event with a non-governmental organization, [Naturalia](#). Over 95 employees and their family members planted 1,000 trees in Sierra de Guadalupe, volunteering 285 hours.

In partnership with [Clean up Australia](#) and [Keep New Zealand Beautiful](#), 35 members of our Custom Fleet team spent 98 hours volunteering to clean up local communities.

As the environment is a new global focus area for us, we are seeking partners for future philanthropic donations and giving of our time.



EMERGENCY RESPONSE

When our people or clients are impacted by a natural disaster, we do what we can to help, from activating communications on updated routes and where to get fuel for drivers to providing financial support for disaster response. In 2022, we donated to organizations including, but not limited to, the [Canadian Red Cross](#), the [American Red Cross](#), and [TECHO](#) in Mexico to help communities impacted by earthquakes, hurricanes, and floods.

Element Mexico works with TECHO, the largest housing organization in Latin America. TECHO works to eradicate poverty by building new homes with access to potable water, sewage systems, electricity, and reduce the housing deficit caused by poverty and natural disasters.



SUPPORTING OUR LOCAL COMMUNITIES

Element seeks to build strong communities and make a positive difference where we live and work. Across our global footprint, we provide financial support to create impact through partnerships with local non-profits.

We've supported [The Lift Garage](#), a Minnesota-based non-profit auto repair service, for those that meet the U.S. Federal poverty guideline, for over five years. As a fleet management company, we believe in The Lift Garage's mission that car repair is a vehicle for repairing lives. In addition to donating funds, Element provided 300 winter safety kits to the Lift Garage to distribute to guests requiring car repairs.



We are proud to have fulfilled two philanthropic commitments in 2022:

- A \$15 million, eight-year pledge, to contribute to building the [Peter Gilgan Patient Care Tower](#) at St. Michael's Hospital in Toronto. Element's logo is now on display in the atrium; in addition, "Element Way" will be the main throughfare through the hospital from the Bond Wing to the Peter Gilgan Tower, which is expected to be completed in 2025.
- A \$1 million, eight-year pledge, to the [Sinai Health Foundation](#) in support of patient care and research needs.



ELEMENT EMPLOYEES GIVE BACK

At Element, we take pride in encouraging our employees to volunteer in their local communities. With our volunteerism policy, our employees can take a paid day off to volunteer for organizations they care about.

In 2022, **OUR EMPLOYEES' VOLUNTEER HOURS TRIPLED** year-over-year. Additionally, each of our BRGs receives philanthropic dollars to distribute to local community organizations for which they support and volunteer. In recent years, as part of our season of giving campaigns, our BRGs have supported over 20 local community charities.

Through our Veterans BRG, our employees provided food service to homeless veterans at [The Baltimore Station](#) in Baltimore, MD and were honored with a Baltimore Station Community Partner Award for support and generosity to the organization.

LOOKING FORWARD

Giving our time to the community will continue to grow and evolve as we identify additional non-profit and environmental partnerships and enhance our work with current partners.

GOVERNANCE

Governance

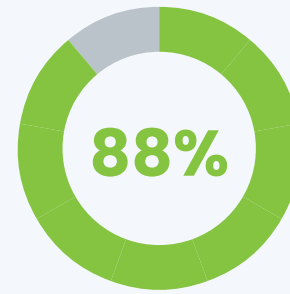
Strong governance continues to be a priority for Element. We are committed to accountability, transparency, and integrity.



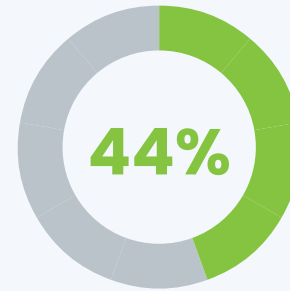
BOARD OF DIRECTORS

The Chair of our Board, David Denison, has extensive experience both as an executive and a director with a number of organizations, including some of North America’s largest and most respected organizations, and previously served as Chair of the Canadian Coalition for Good Governance. His experience establishes a strong foundation that extends to the rest of Element’s Directors.

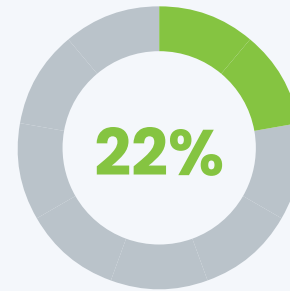
Our board is comprised of individuals from a variety of backgrounds and with diverse perspectives, which fosters better decision-making and promotes improved corporate governance. The Board has made the identification of diverse candidates a key search criterion in the director selection and nomination process.



Eight out of nine directors are independent, with the CEO as the only non-independent director



Four out of nine directors are female



Two out of nine directors are diverse, including one that is a person with a disability

The Board has no director entrenchment and continuously brings in new perspectives with new directors joining the Board in four of the last five years

INVESTOR DAY AT ELEMENT

Element’s inaugural [Investor Day](#) in November 2022 drew over 250 attendees, including investors and analysts, to hear first-hand from our leadership teams about Element’s business model and growth strategy. A focus at Investor Day was placed on ESG and Electric Vehicles, highlighting the gradual electrification of automotive fleets over the next decade.

SHAREHOLDER ENGAGEMENT

Element has an engaged and supportive shareholder base. At Element’s 2022 Annual Meeting, shareholders voted with:

99%

approval for every director on our Board

96%

approval for Element’s Say on Pay resolution

The overwhelming support for Element’s Say on Pay resolution reflects our commitment to sensible executive compensation practices, including a compensation program that promotes close alignment between compensation and shareholder returns.

ETHICS AND COMPLIANCE

Maintaining integrity in all we do is essential to building trusting relationships with all stakeholders. Element is committed to ethical conduct and has implemented comprehensive policies, training, and monitoring to ensure compliance with these standards. Our [Code of Conduct and Ethics](#) (Code of Conduct), which is approved by Element's Board, outlines Element's expectations, and sets out our policies on topics including conflicts of interest, confidentiality, competition, health and safety, and the prohibition of harassment and discrimination. The Code of Conduct encourages employees to raise concerns, without fear of retaliation, and includes a confidential reporting process and anonymous helpline. We strongly encourage employees to discuss concerns or seek clarification on ethics and compliance policies, laws, and regulations, and to do so anonymously if they so choose.

Element's Board also reviews and approves Element's [Anti-Corruption Policy](#), which sets out detailed rules for engaging with clients and suppliers, including government entities. In addition, Element's Credit Policy has Know-Your-Client obligations to help prevent money-laundering. Element conducts due diligence at the time of vendor onboarding and, in the U.S., a daily update is provided via LexisNexis to ensure funds are not sent to entities that may appear on any government watch list.

Employees are required to review and certify their adherence to our core policies on an annual basis including:

- [Anti-Corruption Policy](#)
- [Code of Conduct](#)
- [Data Protection Policy](#)
- [Disclosure Policy](#)
- [Insider Trading Policy](#)
- [Whistleblowing Policy](#)

In 2022, Element established a Compliance Council to monitor and ensure all our policies are up-to-date, effective, and in compliance with applicable laws. We also advanced our Risk Council to identify, assess, and mitigate the risks that Element faces as an organization. The Compliance Council is comprised of stakeholders from all aspects of the business including policy owners, functional leads, executive leaders, legal, and internal audit. Meetings are held quarterly, or as needed, and provide a forum to address concerns, share updates, and track progress.

Element's Board has direct oversight over our compliance program. We provide a quarterly report to the Audit Committee on any concerns raised related to the Code of Conduct or Whistleblowing Policy. We will continue to place significant emphasis on maintaining transparency within our organization, built on strong ethics and integrity.

HUMAN RIGHTS

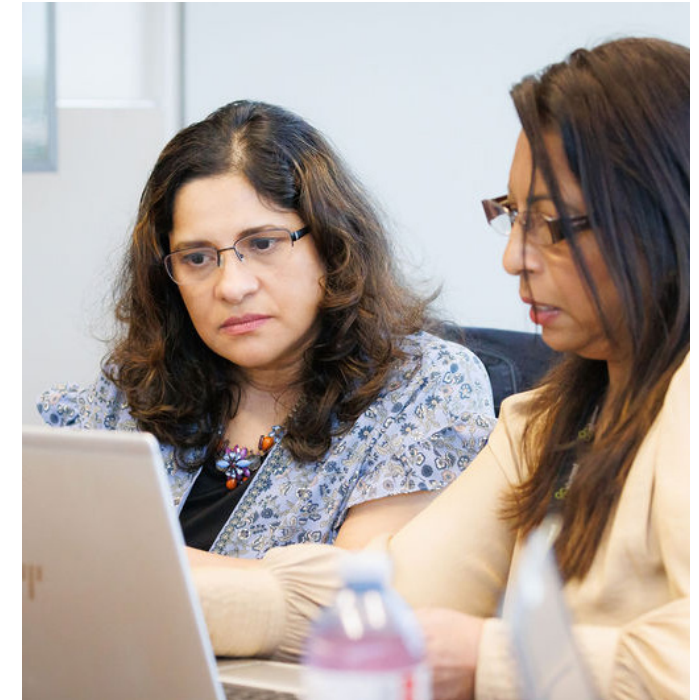
We continue to advance our [Human Rights Policy](#), which outlines Element's principles in respect of human rights, including prohibitions against child labour, forced labour, and discrimination. Element conforms to the United Nations Declaration of Human Rights and is committed to a safe working environment and the freedom of association of its employees.

Element is committed to respecting human rights, not infringing on the rights of others and addressing any risk(s) or instance(s) of modern slavery within our operations and supply chain, acting in accordance with all federal, state and provincial legislation.

VENDOR CODE OF CONDUCT

We also seek to ensure that our vendors and suppliers live up to our high standards for ethical conduct, which are outlined in Element's [Vendor Code of Conduct](#).

Our Vendor Code of Conduct outlines the expectation that our vendors are responsible stewards of the environment, including the implementation of environmental controls in



their operations. In addition, we expect vendors to share our commitment to human rights and implement practices that reflect respect for human rights and conform with the International Labour Organization (ILO) standards appropriate to the location and context in which their activities take place. This includes, but is not limited to:

- Prohibition of child labour, human trafficking, and slavery
- Commitment to freedom of association and fair and livable working conditions, including working hours and living wages
- Actions to ensure anti-discrimination and anti-harassment

We expect our suppliers to adhere to our Vendor Code of Conduct. In addition, we conduct assessments of our suppliers, which includes both virtual and on-site inspections.

RISK MANAGEMENT

Element has risk management processes in place to monitor, evaluate, and manage the principal risks it assumes in conducting its business activities. One of the key risk mitigation activities is the Enterprise Composite Risk Index (ECRI) which is comprised of six indices:

- Revenue
- Credit and Collections
- Treasury
- Operations
- Information Technology
- People

The organization's ability to effectively manage these risks has matured through increased awareness and monitoring. Our cross-functional Enterprise Risk Council, led by our Chief Financial Officer, was created to drive risk awareness deeper into the organization. The Risk Council identifies and monitors major risks that require attention across the organization. Council members include all Executive Vice Presidents, as well as delegates from key functional areas and provides quarterly reports to the Credit and Risk (C&R) Committee of the Board of Directors. The C&R Committee is currently comprised of four independent directors, including a chairperson. To learn more about Element's risk management process, see Element's [annual management circular](#).

BUSINESS CONTINUITY

Element's Business Continuity Plan (BCP) focuses on providing continuity of a consistent, superior client experience for our clients and drivers, and the best possible support for our employees, suppliers, and investors. The BCP is designed to minimize impact to our clients – and their clients – who rely on Element products and services by providing a comprehensive written plan for use during a business disruption event.

Our BCP provides guidance and resources for managing, coordinating, and communicating during short or long-term events which may impact Element's normal operations, products, and services, including loss of utility services, connectivity interruptions, catastrophic events (weather, natural disaster, building damage), pandemics, and data centre or significant IT application outages.

BCP teams are designated for each type of event to execute the plans, and during a business disruptive event, the teams are prepared to support BCP efforts across impacted site locations, as well as across departments as needed, including support for our clients and drivers. In addition, the BCP team ensures communication and training to relevant stakeholders.

DATA SECURITY

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

Element's legal team, in consultation with external experts, has developed and implemented data governance and protection policies to ensure that Element is meeting its data protection and data security obligations. We leverage Managed Security Services in a 24x365 operating model for continuous security monitoring of Element's systems and applications for threat detection and response to security events and incidents. In addition, Element's IT team works extensively to protect and monitor our systems to detect vulnerabilities, prevent data breaches, and respond quickly in the event any system anomalies are detected.

All Element employees are required to complete information security training to defend against phishing, social engineering, data protection, and other types of malicious activity. Element conducts regular enterprise phishing simulations as training exercises. To date, Element has not experienced any material data 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, as necessary, to maintain strong data governance and security.

The Road Ahead

SUSTAINABILITY

We have identified four areas for continued focus as we work to unlock opportunities to innovate and drive future advancements in sustainability:

1. Client Enablement

Element continues to evolve the way we enable fleet electrification. We continue to learn from our deployments, build better analytical tools, and develop pilot options including micro and rental to meet clients where they are, and build processes to effect change within client organizations.

2. Infrastructure

We will continue to expand our charging capabilities and options across hardware, software, and services partnerships. For our distributed fleets, we are continuing to scale our home installation services and expand our public charging solution coverage. For depot fleets we are exploring build-to-own and shared depot models, as well as financing options to lower upfront capital expenditure requirements.

3. Data

We are leveraging vehicle data to improve planning decisions and operations including energy management, vehicle performance, and vehicle durability.

4. Partnerships

Fleet electrification is still in its early stages, and we see opportunities to form new partnerships with industry leaders and clients that have strategic business objectives in the electrification space.



DRIVING FORWARD TOGETHER

Our ESG team works collaboratively across our business to drive awareness so that each of our people can have an impact from guiding clients as they transition to EVs, to hiring and developing diverse talent, to volunteering in our local communities.

Building on our Sustainability Accounting Standards Board disclosure, Element recognizes the importance of adhering to standardized reporting frameworks. In 2023 we intend to work towards Task Force on Climate-related Financial

Disclosures alignment and further our understanding of climate-related risks and opportunities. Using the knowledge gained from our greenhouse gas inventory process we will begin scenario planning to inform the establishment of emission reduction targets.

Join us on the journey.
For Element ESG news and updates visit:
elementfleet.com/about-us/esg

Indices

INDICES



GHG Index

Direct (Scope 1), Indirect (Scope 2²) and other Indirect (Scope 3³) Upstream GHG emissions⁴:
Values rounded to the nearest whole number

	2022 ⁷	2021 ^{6,7,8}	2019 ⁷
Scope 1: Direct – MTCO₂e⁵			
Scope 1	950	960	2,005
Subtotal	950	960	2,005
Scope 2: Indirect – MTCO₂e			
Market-based	2,277	2,316	5,211
Location-based	2,454	2,258	4,897
Subtotal	2,277	2,316	5,211
Scope 3: Other Upstream Indirect – MTCO₂e			
Purchased goods and services	15,137	12,224	16,238
Capital goods	1,793,304	1,382,744	1,646,134
Fuel- and energy-related activities	1,150	1,091	1,592
Upstream transportation and distribution	12,448 ⁹	60,118	90,607
Waste generated in operations	438	505	933
Business travel	796	140	934
Employee commuting (including teleworking)	2,252	1,594	682
Subtotal	1,825,525	1,458,416	1,757,120
Grand Total (Scope 1+2+3 Upstream) MTCO₂e	1,828,752	1,461,692	1,764,336

1 Scope 1: Emissions from sources owned or controlled by the reporting company.

2 Scope 2: Emissions due to activities of the reporting company but occur at sources owned or controlled by another company.

3 Scope 3: Emissions due to activities from assets not owned or controlled by the reporting organization, but the organization indirectly impacts in its value chain.

4 Element's greenhouse gas footprint is prepared in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, GHG Protocol Scope 2 Guidance, GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, and GHG Protocol Technical Guidance for Calculating Scope 3 Emissions

5 MTCO₂e – Metric Tonnes Carbon Dioxide equivalent

6 Inaugural GHG inventory conducted in early 2022 for baseline year (2019) and most recent year (2021)

7 2019, 2021 and 2022, Scope 1, 2 and upstream scope 3 emissions were assured to a limited extent by EY

8 Reduction in 2021 emissions a result of macroeconomic factors influencing Element's operating environment

9 2022 value calculated in partnership with suppliers, please refer to Table 3 on page 40

GHG Protocol Corporate Standard

ORGANIZATIONAL BOUNDARIES – OPERATIONAL CONTROL

Element defines its organizational boundaries for corporate reporting of consolidated GHG emissions according to the Operational Control Approach.¹ Under this approach, Element will account for 100 percent of the GHG emissions for operations over which it has operational control. This approach was chosen to align with our goal to reduce GHG emissions across all our facilities.

BASE YEAR – 2019

The fiscal year ending in 2019 is the base year for Element's greenhouse gas inventory (Scopes 1, 2 and 3). This year was chosen as the most recent operating year not influenced by extraordinary macroeconomic factors. Both Market-based and Location-based Scope 2 methodologies were used to calculate the base year emissions and the reported years thereafter. Element intends to set Scope 1, 2 and 3 reduction targets with Scope 2 targets adhering to the Market-based approach.

Adjustments to Base Year Emissions – Structural & Methodology Changes

Structural changes, methodology changes and/or discovery of significant errors can necessitate a recalculation of the base year emissions inventory. Structural changes include mergers, acquisitions, and divestments of operations or facilities, and/or outsourcing or insourcing of GHG emitting activities. Methodology changes include changes in activity data accuracy, changes in emission factors, and/or changes in the methodology used to calculate GHG emissions. In cases where changes are made, these changes will be made to all reported years in a given report so that all emissions are reported using the same basis for all years.

Element defines a "Significance Threshold" requiring a change in the base year emissions as a significant structural or methodology change or discovery of error(s) resulting in at least a 5% change in Scope 1, 2 or Scope 3 corporate-wide GHG emissions over or under the emissions that would result if a correction is not made. ESG Leadership will evaluate the

Significant Thresholds on an annual basis and may make adjustments to the thresholds as deemed appropriate.

EMISSIONS QUANTIFICATION METHODS

Element's GHG emissions are quantified using emission factors from the WRI/WBCSD GHG Protocol, the Environmental Protection Agency (EPA), the (UK) Government, the International Energy Agency (IEA), and other credible and public sources, as outlined in Table 1. Where sources have updated factors by year, appropriate factors were used for each inventory year. The emission factors applied in the calculations to quantify direct and indirect emissions as well as the calculation and estimation methodology is listed in Table 1. IPCC Assessment Report 6 was used for all Global Warming Potentials (GWPs) when converting gases to carbon dioxide equivalent (CO₂e).²

¹ WRI/WBCSD GHG Protocol Corporate Standard: <https://ghgprotocol.org/corporate-standard>

² [Sixth Assessment Report – IPCC](#)

TABLE 1: ELEMENT'S EMISSIONS FACTORS AND METHODOLOGIES FOR EMISSIONS QUANTIFICATION

Emissions		
Scope 1	Relevant Emission Factors (EFs)	Calculation & Estimation Methodology
Facility Heating via natural gas	Appropriate emission factor for Natural Gas from US EPA ³	When utility data is not directly available (for example because utilities are included in the rent), Element estimated natural gas consumption by multiplying the square footage of the facility by the average natural gas intensity (MMBTU/sqft/year) applicable for the climate region from the US EIA Commercial Buildings Energy Consumption Survey data ⁴ . For facilities outside of the US, Element made an assumption of the most applicable climate region.
Facility Cooling – refrigerant leakages	US EPA Climate Leaders' Direct HFC and PFC Emissions from Use of Refrigeration and Air Conditioning Equipment ⁵	Estimated for all facilities based on their square footage using available industry averages for amount of refrigerant used and leaked in office buildings ⁶ .
Transportation of materials, products, waste, and employees	Appropriate emission factor for diesel and/or gasoline from DEFRA 2022 ⁷ , 2021 ⁷ , and 2019 ⁷	Calculated emissions from fuel consumption data for each vehicle in Element's private fleet. Where fuel consumption data was not readily available, it was estimated using spend on fuel and the average price of fuel. For vehicles that are used for both personal and business purposes, an estimate of the proportion used for business purposes was made using internal data reported by employees.
Scope 2	Relevant Emission Factors (EFs)	Calculation & Estimation Methodology
Electricity	Location-based: Appropriate emission factors associated with the electric grid sub-region defined by eGRID ⁸ for the USA, by the National Inventory Report of Greenhouse Gas Sources and Sinks for Canada ⁹ , and IEA for other countries ¹⁰ . Market-based: Green-e [®] Residual Mix Emissions Rates ¹¹ for the USA, and other countries used location-based emission factors where residual mix emission factors were not available.	When utility data is not directly available (for example because utilities are included in the rent), Element estimated Electricity consumption by multiplying the square footage of the facility by the average Electricity intensity (kwh/sqft/year) applicable for the climate region from the US EIA Commercial Buildings Energy Consumption Survey data. For facilities outside of the US, Element made an assumption of the most applicable climate region.
Scope 3	Relevant Emission Factors (EFs)	Calculation & Estimation Methodology
Cat. 1 – Purchased goods and services	EEIO spend-based emission factors for indirect emission from supply chains, which have been adjusted each year for an estimate of inflation ¹² .	Estimated by multiplying the spend on goods and services purchased by either vendor-specific emission factors or EEIO spend-based emission factors. Vendor-specific emission factors were determined using CDP data on scope 1-3 emissions and annual revenue, where available and complete. If CDP data did not include all relevant and material upstream scope 3 categories, it was not considered complete, and EEIO spend-based emission factors were used instead, based on the applicable commodity type.
Cat. 2 – Capital goods	EEIO spend-based emission factors for indirect emission from supply chains, which have been adjusted each year for an estimate of inflation ¹² .	Same calculation methodology as Cat. 1
Cat. 3 – Fuel- and energy-related activities	Electricity regions were assigned to each facility based on location, and in line with those used for Scope 2 calculations. Where region specific data was unavailable, country-specific emission factors were used. For fuel usage including natural gas, diesel, gasoline, and propane, Well-to-Tank (WTT) emission factors from DEFRA 2022 ⁷ , 2021 ⁷ , and 2019 ⁷ were applied based on usage.	Well-to-tank Efs from DEFRA and average grid loss factors on specific energy consumption from Scope 1 & 2
Cat. 4 – Upstream transportation and distribution	EEIO Supply Chain Greenhouse Gas spend-based emission factors ¹² were applied to spend data, while DEFRA emission factors ⁷ were applied based on direct activity data. EPA emission factors ³ for the U.S. used in 2022.	Mileage data or fuel consumption data for specific vendors was used where readily available and multiplied by applicable emission factors. Where such data was not readily available, emissions were estimated by multiplying the spend on transportation services by EEIO spend-based emission factors.

Cat. 5 – Waste generated in operations	EPA emission factors ¹² from 2022, 2021, and 2019 for Waste Generated in Operations; applied based on type of waste and appropriate waste stream. EEIO emission factors for waste-related spend ¹²	The weight of waste directly from vendor data was used where readily available and multiplied by emission factors based on the type of waste and waste disposal method. Where such data was not readily available, but spend data was readily available, emissions were estimated by multiplying the spend on waste removal services by EEIO spend-based emission factors. Where waste weight data or waste spend data was not readily available, a custom approach was developed to estimate waste. Specifically, waste was either estimated by multiplying the square footage of the facility by a waste intensity metric from a comparable facility, or waste was estimated by multiplying the number of employees at the facility by an estimate of the per capita daily waste generation for the applicable country (Statista, 2018 ¹⁴).
Cat. 6 – Business travel	DEFRA emission factors from 2022 ⁷ , 2021 ⁷ , and 2019 ⁷ Flights, Hotel stay, Car rental, taxi	For flights, mileage data for each flight was used where readily available and multiplied by haul-specific and class-specific emission factors. Where mileage data was not readily available, it was estimated using spend on flights and the average price and length of domestic flights. For hotel stays, the number of hotel nights for each business trip was used where readily available and multiplied by a country specific emission factor. Where the number of hotel nights was not readily available, it was estimated using spend on hotels and the average price of hotel nights. All spend associated with business travel for car rental, taxis or other ground transportation was used to attain an estimate of average mileage per dollar spent to multiply by an associated emission factor for the method of travel.
Cat. 7 – Employee commuting	Appropriate electricity emission factors associated with the electric grid sub-region defined by eGRID ³ for the USA, and IEA for other countries ¹⁰ . US EPA Natural Gas emission factor ³ DEFRA employee commuting emission factors for 2019 ⁷ , 2021 ⁷ , and 2022 ⁷ .	Estimated based on number of employees at each of Element’s facilities, hybrid work policies and attendance data derived from facilities security badge data systems. For employees who commute, city-level estimations on commuting mode and distance traveled were used for each site. Specifically, for employees located within the U.S., US census data ¹³ was used for commuting mode statistics. For other employee locations, country and city specific commuting mode statistics were used. An emission factor for each commuting mode was then used to calculate emissions. For remote employees, incremental consumption as a result of working from home was estimated using regional energy intensity for both natural gas (MMBTU/person/day) and electricity (kWh/person/day) usage and then multiplied by the applicable emission factor.
Cat. 8 – Upstream leased assets	Not Relevant, Element does not lease any assets other than our offices, included within our Scope 1 and 2 emissions	
Cat. 9 – Downstream transportation and distribution	Not Relevant, Downstream transportation emissions determined to be immaterial with majority falling under category 4	
Cat. 10 – Processing of sold products	Not Relevant, Element does not sell products that require further refinement	
Cat. 11 – Use of sold products	Relevant, additional analysis is being conducted on this category with the intent to publicly disclose in a future year	
Cat. 12 – End-of-life treatment of sold products	Relevant, additional analysis is being conducted on this category with the intent to publicly disclose in a future year	
Cat. 13 – Downstream leased assets	Relevant, additional analysis is being conducted on this category with the intent to publicly disclose in a future year	
Cat. 14 – Franchises	Not relevant, Element does not operate franchises.	
Cat. 15 – Investments	Not Relevant, Investments determined to make an immaterial portion of emissions, with asset investment via leases determined to fall under category 13	

- 3 [GHG Emission Factors Hub | US EPA](#)
- 4 [Energy Information Administration \(EIA\) - Commercial Buildings Energy Consumption Survey \(CBECS\) Data](#)
- 5 [Direct HFC and PFC Emissions from Use of Refrigeration and Air Conditioning Equipment | NEPIS | US EPA](#)
- 6 HVAC Systems Design Handbook. Fifth Edition, Table 4.1, 2010
- 7 [Greenhouse gas reporting: conversion factors - GOV.UK \(www.gov.uk\)](#)
- 8 [Emissions & Generation Resource Integrated Database \(eGRID\) | US EPA](#)
- 9 [National inventory report: greenhouse gas sources and sinks in Canada.: En81-4E-PDF - Government of Canada Publications - Canada.ca](#)
- 10 [Emissions Factors - Data product - IEA](#)
- 11 [Green-e® Residual Mix Emissions Rate Tables | Green-e](#)
- 12 [US Environmentally-Extended Input-Output \(USEEIO\) Technical Content | US EPA](#)
- 13 [Commuting \(Journey to Work\) \(census.gov\)](#)
- 14 [Statista, 2018](#)



TABLE 2

2022 Scope 1 & 2 Emissions ¹ Summary									
	Total MTCO ₂ e ⁴	CO ₂ (MT)	Ch ₄ (MT)	N ₂ O (MT)	HFC (MT)	CO ₂ (MTCO ₂ e) ²	Ch ₄ (MTCO ₂ e)	N ₂ O (MTCO ₂ e)	HFC (MTCO ₂ e)
Scope 1	950.54	753.08	0.06	0.01	0.14	753.08	1.71	1.62	194.12
Scope 2 (Location-based)	2,453.95	2,440.97	0.17	0.03	-	2,440.97	5.08	7.91	-
Scope 2 (Market-based)	2,277.29	2,274.91	0.02	0.01	-	2,274.91	0.48	1.89	-
2021 ³ Scope 1 & 2 Emissions ¹ Summary									
	Total MTCO ₂ e ⁴	CO ₂ (MT)	Ch ₄ (MT)	N ₂ O (MT)	HFC (MT)	CO ₂ (MTCO ₂ e) ²	Ch ₄ (MTCO ₂ e)	N ₂ O (MTCO ₂ e)	HFC (MTCO ₂ e)
Scope 1	959.75	756.24	0.05	0.01	0.14	756.24	1.48	1.60	200.43
Scope 2 (Location-based)	2,258.49	2,245.86	0.18	0.03	-	2,245.86	5.28	7.36	-
Scope 2 (Market-based)	2,315.85	2,314.48	0.01	0.00	-	2,314.48	0.44	0.93	-
2019 Scope 1 & 2 Emissions ¹ Summary									
	Total MTCO ₂ e ⁴	CO ₂ (MT)	Ch ₄ (MT)	N ₂ O (MT)	HFC (MT)	CO ₂ (MTCO ₂ e) ²	Ch ₄ (MTCO ₂ e)	N ₂ O (MTCO ₂ e)	HFC (MTCO ₂ e)
Scope 1	2,005.10	1,686.15	0.09	0.01	0.22	1,686.15	2.71	3.14	313.11
Scope 2 (Location-based)	4,896.80	4,865.78	0.45	0.06	-	4,865.78	13.31	17.71	-
Scope 2 (Market-based)	5,210.80	5,209.01	0.02	0.00	-	5,209.01	0.58	1.21	-

2022 Scope 1 & 2 Region Totals MTCO ₂ e	2022	2021	2019
Scope 1			
ANZ	38.82	124.13	211.80
US/CAN	711.22	727.48	1,688.33
MEX	200.50	108.12	104.97
Scope 2⁴			
ANZ	340.34	98.01	132.59
US/CAN	1,829.30	2,172.63	5,032.36
MEX	107.64	45.21	45.85

SCOPE 3

Element's scope 3 inventory was calculated in partnership with our suppliers, the below table includes the percentage of dollar spend where emissions were calculated using supplier-specific emission factors.

TABLE 3

	Category 1	Category 2	Category 4
2022	37.80%	34.76%	52.78%
2021	43.27%	47.89%	-
2019	1.38%	48.36%	-



¹ Element's greenhouse gas footprint is prepared in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, GHG Protocol Scope 2 Guidance, GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, and GHG Protocol Technical Guidance for Calculating Scope 3 Emissions

² MTCO₂e – Metric Tonnes Carbon Dioxide equivalent

³ Inaugural GHG inventory conducted in early 2022 for baseline year (2019) and most recent year (2021)

⁴ Totals calculated utilizing scope 2 market-based GHG emissions

SASB Index

For calendar year 2022 Element has chosen to use the voluntary Sustainability Accounting Standards Board (SASB) framework for our industry. Transportation Sector, Car Rental and Leasing Standard TR-CR.

TOPIC	ACCOUNTING METRIC	CODE	RESPONSE	US	CA	MX	AUS	NZ
Customer Safety	Percentage of rental fleet vehicles rated by NCAP programs with an overall 5-star safety rating, by region	TR-CR-250a.1	In 2022, the percentage of vehicles in our fleet rated 4 or 5 stars in their respective countries.	85%	85%	Data unavailable	94%	94%
	Number of vehicles recalled	TR-CR-250a.2	In 2022, all OEM voluntary and involuntary recalls in our fleet including minor part recalls by country:	78,294	13,770	711	923	0
Fleet Fuel Economy & Utilization	Rental day-weighted average rental fleet fuel economy, by region	TR-CR-410a.1	In 2022, the average fuel economy of our fleet:	16.7 mpg	14.0 mpg	14.9 km/l	N/A	21.0 km/l
	Fleet utilization rate	TR-CR-410a.2	As a fleet management company, we provide services to clients' fleets while in operation and do not rent vehicles.					
Average vehicle age		TR-CR-000.A	In 2022, the average age of our fleet:	50 months	26 months	42 months	44 months	45 months
Total available rental days		TR-CR-000.B	As a fleet management company, we provide services to clients' fleets while in operation and do not rent vehicles.					
Average rental fleet size		TR-CR-000.C	In 2022, the average number of vehicles in our fleet by country:	267	49	84	77	45

UN SDG Index

Element aims to contribute to sustainable development and has identified five sustainable development goals as priorities for our contributions in line with our business practices.

GOAL	TARGET	OUR ACTIONS
3 Good Health and Well-Being	<p>3.4 Promoting Mental Health and Well-Being</p> <p>3.6 Reducing injuries and deaths from traffic accidents</p>	<ul style="list-style-type: none"> Element provides wellness and mental health resources for all of our permanent employees and their families. Our suite of fleet driver safety products and services make a difference, reducing preventable collisions by 21% (average) over three years. Within the U.S. and Canada, we offer our DriverCare CoPilot® product to our employees and their families free of charge.
4 Quality Education	4.3 Access to affordable, quality education	<ul style="list-style-type: none"> Our employees participated in 6,635 hours of continuous education and training, including the McKinsey Leadership Academies. Over \$290,000 in tuition reimbursement was given to employees in 2022.
8 Decent Work and Economic Growth	8.3 Promote economic inclusion in the supply chain	<ul style="list-style-type: none"> In 2022, we spent \$1.75B CAD with our network of more than 4,800 diverse suppliers.
10 Reduced Inequalities	10.3 Ensuring equal opportunity and reduced inequality	<ul style="list-style-type: none"> In 2022, we hired 47% of women globally and 37% BIPOC hires in the U.S. and Canada. Our workforce is 51% women. We have achieved pay parity for women and BIPOC employees compared to men and non-BIPOC colleagues in the U.S. and Canada. We are committed to ensuring fair and equitable pay at every stage of the compensation process. 44% of our Board of Directors are women.
13 Climate Action	13.1 Strengthen climate resilience	<ul style="list-style-type: none"> Element's goal is to electrify 100% of our internal fleet across all five countries in which we operate by the end of 2025. Currently we have achieved 20% electrification globally. We are supporting the electrification of our clients' fleets with approximately 70 pilot programs launched globally in 2022. To advance the sustainability of our industry, we are a member of two global alliances: Ceres Corporate Electric Vehicle Alliance and the Accelerate: Canada's Zero-Emission Vehicle Supply Chain Alliance.



About this Report

This sustainability report highlights Element's contributions for our key stakeholders: our people, clients, investors, and the communities where we work and live.

About Element

Element Fleet Management Corp (TSX: EFN) is the largest publicly traded pure-play automotive fleet manager in the world, providing world-class services to the owners and drivers of over 1.5 million commercial vehicles. For more information, visit www.elementfleet.com/investors.

Report content

Element has published this report to provide an overview of our company's operations related to environmental, social, and governance topics.

Reporting Period

Unless specified otherwise, all data and information in this ESG Report pertains to efforts in fiscal year 2022, which began on January 1, 2022, and ended on December 31, 2022.

Report Cycle

Issued annually since 2021

Report Boundaries

Element North American operations (U.S., Canada, and Mexico) as well as Australia and New Zealand, which operate as Custom Fleet.

Currency References

Canadian dollars except where otherwise noted

Reporting Frameworks

This report was created with reference to the Sustainability Accounting Standards Board (SASB) standard for the Car Rental and Leasing Standard industry in the transportation sector. In addition to this report, Element responds to CDP and issues a Communication on Progress to the United Nations Global Compact.

Independent Assurance

Element obtained limited assurance provided by EY over our Scope 1, Scope 2, and upstream Scope 3 emissions. Refer to www.elementfleet.com/2022IndependentGHGAssurance for the Independent Practitioner's Assurance Report.

Review

Element's sustainability disclosures and data underwent internal quality checks and are factual to the best of our knowledge at the time of reporting. The report underwent a formal review and approval process by senior management from each functional area, the Executive ESG Steering Committee, and executive management.

Forward-looking statements

This document contains certain forward-looking statements and forward-looking information regarding Element Fleet Management Corp. ("Element") and its business which are based upon Element's current expectations, estimates, projections, assumptions and beliefs. In some cases, words such as "plan", "expect", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "target", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements and forward-looking information. These statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements or information.

Forward-looking statements and information in this document may include, but are not limited to, statements with respect to, among other things, fleet electrification, diverse supplier spending, and other of our environmental, social and governance (ESG) related impacts and objectives.

A discussion of some of the material risks affecting Element and its business appears under the heading "Risk Management" in Element's Management Discussion and Analysis for twelve-month period ended December 31, 2022, which has been filed on SEDAR and can be accessed at Element's profile on www.sedar.com.

Additional Information

For additional information, visit our website at www.elementfleet.com

