



Report under the Fighting Against Forced Labour and Child Labour in Supply Chains Act

Element Fleet Management Corp.

Financial year ending December 31, 2023



Introduction

Element Fleet Management Corp., together with its wholly owned Canadian subsidiary, Element Fleet Management Inc. (collectively "Element"), has prepared this report (the "**Report**") being submitted pursuant to Section 11 of *the Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "**Act**") for the financial year ended December 31, 2023.

This Report describes the efforts being taken by Element to enhance the transparency in our supply chains by outlining the steps taken during the 2023 financial year to prevent and reduce the risk that forced labour or child labour ("**Modern Slavery**") is used at any step of the production of goods in Canada or elsewhere, or of goods imported into Canada. This has been done in accordance with the mandatory reporting criteria outlined in Sections 11(1) and 11(3) of the Act.

Pursuant to the Act, Element's subsidiaries outside of Canada are not considered entities and are not in scope of this Report.

Steps Taken to Prevent and Reduce Risks of Forced and Child Labour

In 2023, Element took the following steps to prevent and reduce the risk of Modern Slavery in our supply chain:

- We assessed the risk of Modern Slavery in our supply chain by considering the following factors in respect of our top suppliers by spend:
 - the countries in which they have operations
 - their industry sectors
 - the types of goods we are purchasing
 - whether they are active members of the UN Global Compact
 - whether they employ low-skilled migrant workers
- We implemented due diligence processes for certain of our key suppliers to identify risks of Modern Slavery
- We enhanced our Vendor Code of Conduct, which sets out Element's expectation of suppliers, to share in our commitment to prevent Modern Slavery across our supply chain
- We have implemented policies that address Modern Slavery in our operations
- We require that suppliers comply with all applicable laws and regulations, including labour and employment laws

Element recognizes that the risk of Modern Slavery in our supply chain may change from time to time, and we are committed to monitoring these risks and implementing appropriate changes in our procurement and sourcing practices to prevent and reduce these risks.



Structure, Activities and Supply Chains

Element is a Canadian publicly traded corporation (TSX: EFN), with its head office located in Toronto, Ontario, and is the largest pure-play automotive fleet manager in the world, providing fleet services and solutions across North America, Australia and New Zealand. Element's services include vehicle acquisition, leasing, maintenance, safety and accident management, and remarketing, as well as Electric Vehicles ("EVs") and managing the complexity of gradual fleet electrification. From time to time, Element imports select vehicles and equipment from the United States, so our clients can re-allocate their leased assets to their Canadian affiliates.

In 2023, Element worked with direct suppliers including vehicle manufacturers ("OEMs"), upfitters, dealers, transporters, fuel, maintenance and repair providers, glass suppliers, remarketing vendors, EV charging vendors, telematics providers and other vehicle component manufacturers and suppliers. All direct suppliers are based in North America.

Element also works with indirect vendors that supply operational products and services to Element, including information technology products and services, professional services, and office supplies.

Element's top imports by spend, in 2023, originated from the United States.

Policies and Due Diligence in Relation to Modern Slavery

Element has developed a [Modern Slavery Statement](#) and implemented a [Human Rights Policy](#), which sets out our zero tolerance policy for modern slavery, forced labour, and human trafficking.

We also seek to ensure that our vendors and suppliers live up to our high standards for ethical conduct. Element's [Vendor Code of Conduct](#) sets out our expectation that all our suppliers 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, the prohibition of child labour, human trafficking, and slavery.

As part of our due diligence process, we confirm that our suppliers' businesses are established in accordance with legal standards by reviewing registration documents and financial documents. We also conduct assessments of certain direct suppliers, which includes both virtual and on-site inspections.

In 2023, Element conducted a survey of certain top suppliers by spend, which included questions about their risk assessments regarding modern slavery in their operations and supply chain. For the period under review, we focused on OEMs, as vehicle acquisition is our highest spend category and vehicle production is the most complex part of our supply chain. Element intends to expand the scope of this survey in 2024 to include additional suppliers based on identified risk categories and spend thresholds.

Parts of Element's Business and Supply Chains That Carry a Risk of Modern Slavery Being Used and The Steps It Has Taken to Assess and Manage That Risk

Element provides customized vehicle fleet financing, fleet leasing and related services to our clients. As part of these services, Element acquires vehicles and equipment from OEMs on behalf of our clients. We have identified a potential risk of Modern Slavery in the manufacturing process of those vehicles. In particular, there is a risk that Modern Slavery could be used to source certain raw materials that are included in the parts of the vehicles that Element purchases from OEMs, such as the minerals contained in vehicle batteries. We have also identified a potential risk of Modern Slavery in the supply chain for the technology products and services that Element uses in its operations.



With respect to our business, at the end of 2023, Element employed approximately 2,700 people globally, including 455 employees in Canada at the end of 2023. Most of Element’s employees work in professional, office-based roles and are required to comply with applicable laws and the policies discussed above. If an employee is not directly employed by Element (e.g. contingent, temporary or fixed term contractors) they are engaged through reputable recruitment agencies.

Measures Taken to Remediate Any Modern Slavery

Our assessment of our business and supply chains did not identify any instances of Modern Slavery. Accordingly, no steps were required to remediate Modern Slavery, or the loss of income associated with remediation efforts directed at Modern Slavery. In 2024, Element intends to utilize its Third-Party Risk Management framework to identify risks in our supply chains, including those related to the use of Modern Slavery, as well as potential remediation opportunities.

The Training Provided to Employees on Modern Slavery

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 compliance with laws, conflicts of interest, confidentiality, 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 report or seek clarification on ethics, compliance, policies, laws, and regulations, including any concerns about misconduct within our operations or supply chain.

Our employees are required to review and acknowledge compliance with our core policies every year. In 2024 we intend to implement mandatory training on Modern Slavery for our procurement team.

How The Entity Assesses Its Effectiveness in Ensuring That Modern Slavery is Not Being Used in Its Business and Supply Chains

As Element continues to evaluate the compliance measures in place that are designed to prevent and reduce the risk of Modern Slavery in our supply chains and business, we will consider implementing measures to assess the effectiveness of any of our processes, where appropriate.

Approval and Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

This report was approved by the Board of Directors of Element on May 14, 2024.

(Signed) *“Laura Dottori-Attanasio”*

Laura Dottori-Attanasio, I have the authority to bind Element Fleet Management Corp.
President and Chief Executive Officer

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