



**affirm**

# 2023 ESG Report

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## ESG report terminology

Terms used in this Environmental, Social, and Governance ("ESG") report, such as "significance" and "material" and variations thereof, are intended to be used only within the context of our ESG strategies, activities, progress, metrics, and performance. Such terms are distinct from, and do not refer to, concepts used in securities or other applicable law, and the use of such terms is not an indication that Affirm deems related information to be significant, material, or otherwise important to an understanding of its business or an investment decision with regard to Affirm securities.

## Incorporation by reference

All website addresses contained in this report are intended to provide inactive, textual references only. The content on, or accessible through, any website identified in this report is not a part of, and is not incorporated by reference into, this report or in any report or document that we file with the Securities and Exchange Commission.

# Message from our Founder and CEO, Max Levchin



At Affirm, our mission is to deliver honest financial products that improve lives. This mission has guided our work for more than a decade, as we built a scalable, sustainable business to stand the test of time.

Environmental, Social, and Governance (“ESG”) considerations are important to how we do business, from how we develop products and services and promote financial inclusion and socioeconomic empowerment for our consumers, to the way we support employees and give back to our communities. While ESG components have been built into our DNA since we were founded in 2012, we are now sharing what we have done with the introduction of Affirm’s first ever ESG report.

In this report, you will learn more about Affirm’s ESG strategy and program governance, as well as our various accomplishments to date under each pillar of ESG. While each of these accomplishments is important, I am particularly proud of a few:

- In 2022, we expanded our commitment to supporting Affirmers by focusing on well-being and mental health. These accomplishments, among others you will learn about in this report, demonstrate our commitment to employees.
- We confirmed that our Scope 1 (direct) and Scope 2 (indirect) greenhouse gas emissions for the 2021 and 2022 calendar years were minimal at 3,645 metric tons of CO<sub>2</sub> and 4,046 metric tons of CO<sub>2</sub>, respectively.
- We now have a dedicated ESG program with representation across all levels of the organization.

I am truly grateful to the hard-working Affirmers who have put this company on the trajectory for a sustainable future, and I look forward to providing additional updates on the progress we are making as we take the next step in our ESG journey.

Onward,  
Max Levchin

# About Affirm

## Who we are

Affirm was founded in 2012 with a mission to deliver honest financial products that improve lives. We are building the next-generation platform for digital and mobile-first commerce. We believe that by using modern technology, strong engineering talent, and a mission-driven approach, we can reinvent payments and commerce. Our solutions, which are built on trust and transparency, are designed to make it easier for consumers to spend responsibly and with confidence, easier for merchants and commerce platforms to convert sales and grow, and easier for commerce to thrive.

## Why we're here

To help consumers ***on their terms***.

Some financial products have historically benefited at consumers' expense: prolonging and maximizing time in debt and charging fees without adding value. Affirm took a long, hard look at the old system and knew that there had to be a better way. So we built it. Affirm empowers consumers by offering a transparent and flexible way to pay over time with no late or hidden fees. We provide consumers with increased purchasing power and greater control over managing their finances. We enable eligible consumers to pay on their terms in biweekly or monthly payments, rather than entirely up front. The interest-bearing transactions we facilitate only include simple interest. This means that the interest is based upon a fixed percentage the consumer agrees to up front at checkout and it never compounds. Consumers who choose Affirm never owe a penny more than what they agreed to on day one, even if they're late or miss a payment.

## To help merchants

Affirm helps merchants of all sizes drive growth and better serve their customers. We've proven that we can increase sales and introduce new consumers to our merchant partners. That's why our partners include household-name brands across home, lifestyle, fashion, beauty, travel, fitness, auto service and parts, and more. This network is further bolstered by the Affirm app, which gives consumers a convenient way to use Affirm as an omnichannel payment method, while providing a marketplace for merchants to reach consumers.



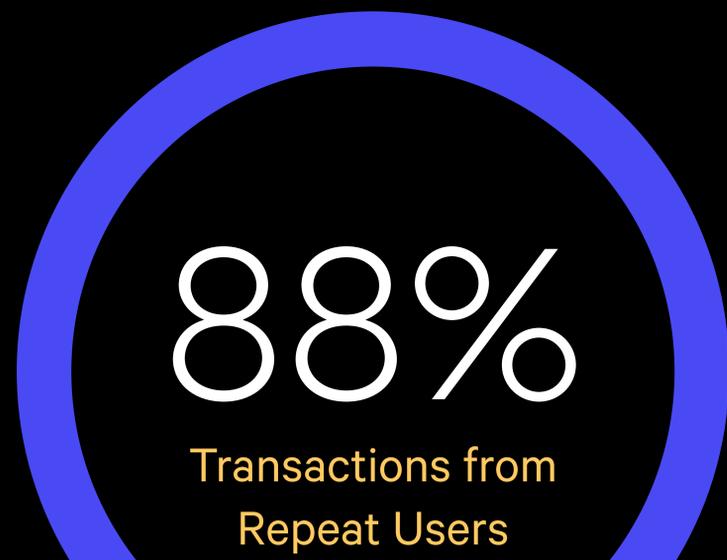
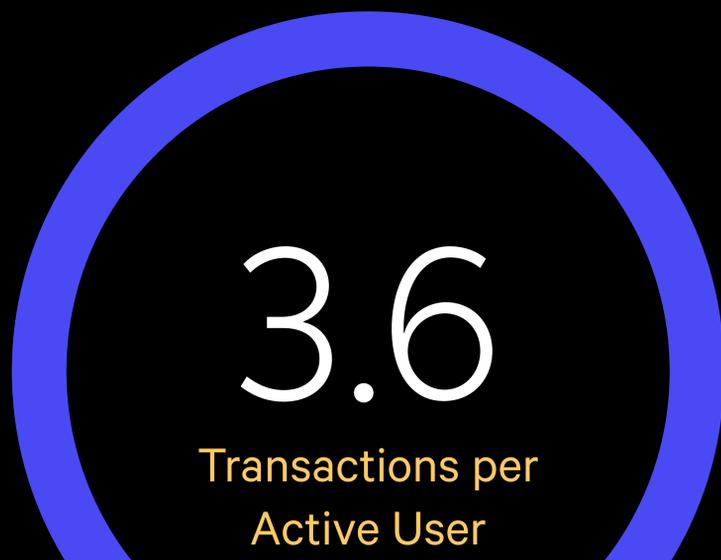
\$0 in late fees  
in over 10 years

16 million  
Active Consumers  
(as of March 31, 2023)

Average Order Value  
\$323  
for the quarter ended March 31, 2023

245,000+  
Active Merchants  
(as of March 31, 2023)

## Key performance highlights



Data as of March 31, 2023

Gross Merchandise Volume ("GMV") defined as the total dollar amount of all transactions on the Affirm platform during the period, net of refunds.

Active Consumers defined as consumers who engage in at least one transaction on Affirm's platform during the 12 months prior to the measurement date.

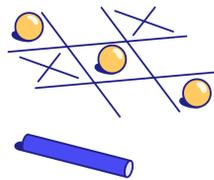
Percentage of transactions from repeat users based on transactions from the most recent quarter.

# Affirm's ESG strategy: Simpler is better

## ***Sustainably advancing our mission to improve lives***

At Affirm, our mission is to deliver honest financial products that improve lives. Our purpose is not solely to improve the lives of consumers, merchants, shareholders, and our employees, but also the communities in which we operate. Our business strategy is supported by our core values: Simpler is better; No fine print; It's on us; People come first; and Push the envelope.

Our ESG strategy directly aligns with these core values:



### ***Simpler is better***

**We make complex things simple and clear.** Which is why we will always strive to effectively communicate our ESG strategy, including our objectives and progress toward those objectives, in a clear, concise, and easily understandable manner.



### ***It's on us***

**We take full accountability for our actions, never shirking responsibility or passing the buck.** We view good governance as foundational to our ESG program as it promotes accountability in our efforts to make a positive social impact and to minimize our impact on the environment.



### ***No fine print***

**We are completely transparent and honest—with our stakeholders and with each other.** If we view an ESG metric as important, we will work toward disclosing it to our stakeholders.



### ***People come first***

**We consider our impact on people's lives before we think about our own interests.** This means we align our success with the success of our consumers, merchants, Affirmers, and the communities in which we do business.



### ***Push the envelope***

**We never stop innovating, taking smart risks, and raising the bar.** We actively manage our environmental impact across our facilities, which includes practices and partnerships focused on addressing climate change, sustainably managing resources, and mitigating our environmental impact.



# Affirm's first materiality assessment: No fine print

In April 2023, Affirm conducted its first materiality assessment, which was designed to identify ESG topics that are most important to our business and stakeholders. Informed by both internal and external stakeholder feedback, a team of Affirmers (comprising our ESG Working Group) identified 14 significant ESG topics, of which five were selected as most important to Affirm's business and stakeholders.

## Our methodology

### TOPIC IDENTIFICATION

We benchmarked, analyzed, and identified relevant topics based on ESG reports from peer companies, industry trends, and global ESG standards.

### STAKEHOLDER ENGAGEMENT

We conducted interviews with the ESG Working Group to identify the most important issues to their individual corporate function and their individual key stakeholders.

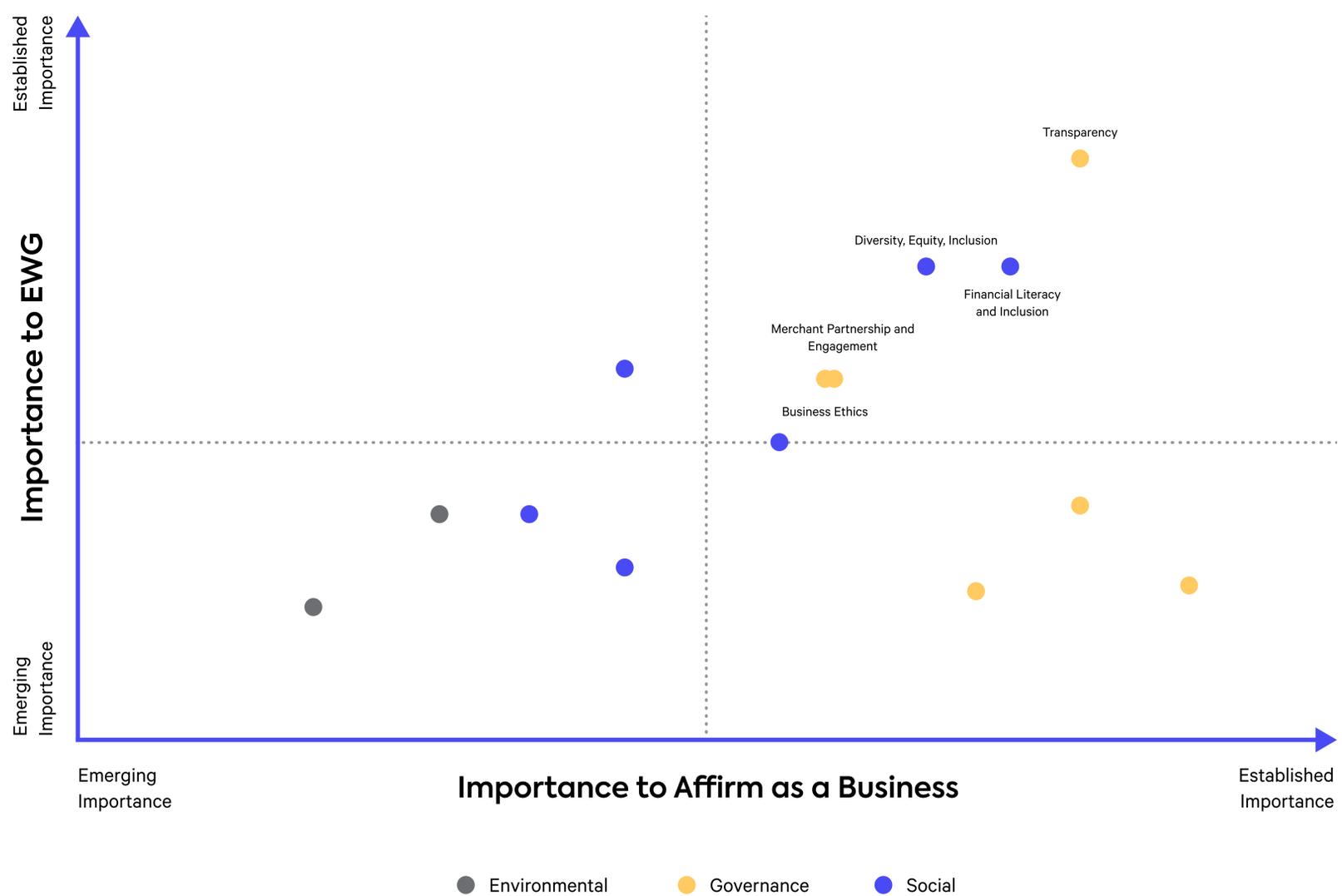
### MATERIAL TOPIC PRIORITIZATION

We then summarized the results from each topic prioritization activity and developed an ESG materiality matrix that will help prioritize our ESG strategy and disclosures going forward.

## Key observations

We identified five topics across the social and governance categories that are considered to be most important to Affirm:

- **Transparency:** Affirm is committed to providing accurate and complete disclosures to both internal and external stakeholder groups.
- **Financial literacy and inclusion:** This is a core tenet of Affirm’s business priorities. The importance of this topic may be viewed in support of Affirm’s efforts “to deliver honest financial products that improve lives” and ameliorate regulatory concern and feedback around Affirm’s product offerings.
- **Diversity, equity, and inclusion:** Affirm is committed to building a diverse and engaged community. Affirm has ongoing initiatives and established priorities aimed at enhancing employee engagement and promoting diversity at every level of the business.
- **Business ethics:** Under our Code of Ethics and Business Conduct, our employees, officers, and directors are held to the highest levels of ethical behavior and integrity.
- **Merchant partnership and engagement:** Affirm is focused on building strong merchant and vendor partnerships. Closely aligned with the company’s DE&I efforts, Affirm continues to invest in and create intentional outreach efforts that are designed to increase its merchant base, support merchant engagement, and improve merchant diversity efforts.



We expect to leverage the results of this materiality assessment, as well as feedback from future stakeholder engagement, to help guide the evolution of our ESG program.

# Governance: It's On Us

We believe that good governance drives the creation and preservation of value for our shareholders and other stakeholders. This includes a comprehensive approach to corporate governance that not only complies with all applicable laws, rules, regulations, and policies, but also demonstrates an unwavering commitment to our core values.

Our overall governance framework is designed to drive strong oversight, create Board and management accountability, and demonstrate our commitment to transparency, independence, and diversity. We seek to apply the same approach to the oversight, management, and implementation of our ESG strategy.

Our commitment to strong corporate governance is detailed in our most recent [Proxy Statement](#), which provides detailed disclosure on our Board structure and composition, risk oversight, stockholder engagement, executive compensation, and other key governance topics.

## ESG oversight

Our ESG program has representation from all levels of our company, including our Board of Directors, senior management, and employees who have a passion for building a sustainable future.

**BOARD OF DIRECTORS**

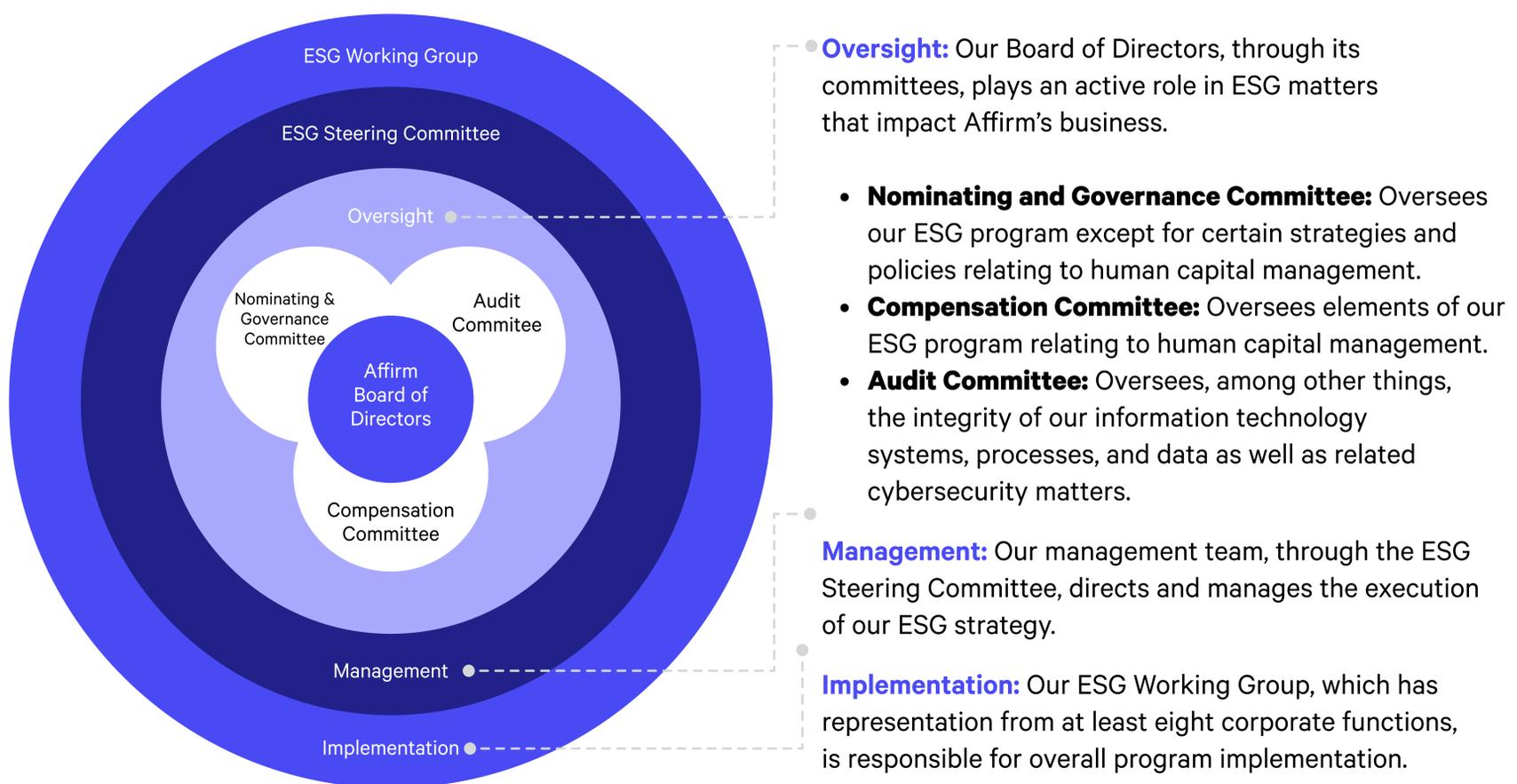
At the Board level, our Nominating and Governance Committee oversees our ESG program, generally, with our Compensation Committee providing oversight on key elements of the social pillar of our ESG program.

**ESG STEERING COMMITTEE**

Our ESG Steering Committee, which is comprised of senior members of our management team, oversees our ESG strategy, policies, and objectives. The Steering Committee meets as needed to evolve our ESG strategy, set objectives, budgets, and implementation timelines and monitor progress and results of our ESG program.

**ESG WORKING GROUP**

Our ESG Working Group consists of Affirmers across various functions within the organization. The Working Group is responsible for implementing the strategy, policies, and objectives established by the Steering Committee.



## Board oversight of ESG

Our ESG program is overseen at the Board of Directors level through delegations of authority to two Board committees:

The Nominating and Governance Committee oversees, and periodically reviews, the activities, programs, risks, and public disclosures relating to our ESG program, except for certain strategies and policies related to human capital management. The Nominating and Governance Committee charter may be accessed [here](#).

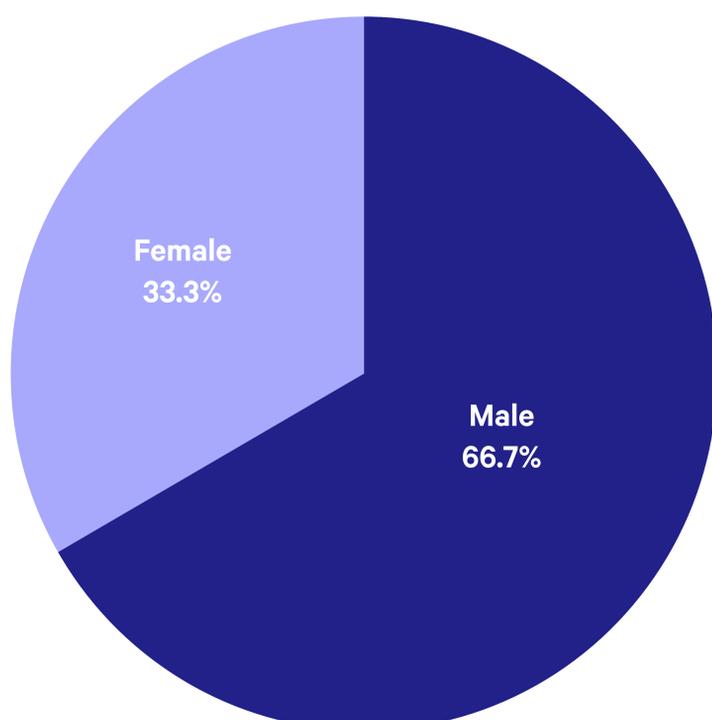
The Compensation Committee oversees, and periodically reviews, certain strategies and policies related to human capital management. The Compensation Committee charter may be accessed [here](#).

Our Board has adopted [Corporate Governance Guidelines](#) that address items such as the qualifications and responsibilities of our directors and director candidates and corporate governance policies and standards applicable to us, in general. In addition, our Board has adopted a [Code of Ethics and Business Conduct](#) that applies to all of our employees, officers, and directors, including our CEO, Chief Financial Officer, and other executive and senior financial officers.

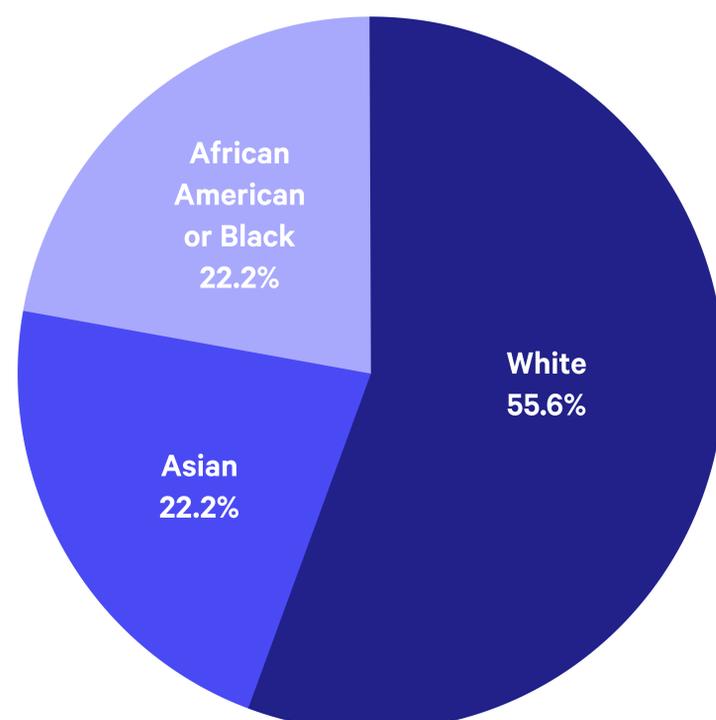
## Board diversity

The Board is committed to ensuring it has a relevant diversity of skills and experience to oversee the Company, its management, its strategic plan, and the execution of that plan. Among the qualifications considered in the selection of director candidates, our Nominating and Governance Committee (the “Committee”) considers: experience, skills, expertise, diversity, personal and professional integrity, character, business judgment, time availability in light of other commitments, dedication, and conflicts of interest, among other factors. As part of the search process for new directors, the Committee actively seeks to identify candidates who reflect diverse backgrounds, including diversity of race, ethnicity, and gender. Specifically, in any formal search for Board candidates where an initial candidate pool is assembled, the Committee will include, and will request that any search firm that it engages for such a search includes, qualified candidates with a diversity of race, ethnicity, and gender in that initial candidate pool.

**33% OF OUR CURRENT DIRECTORS ARE GENDER DIVERSE**



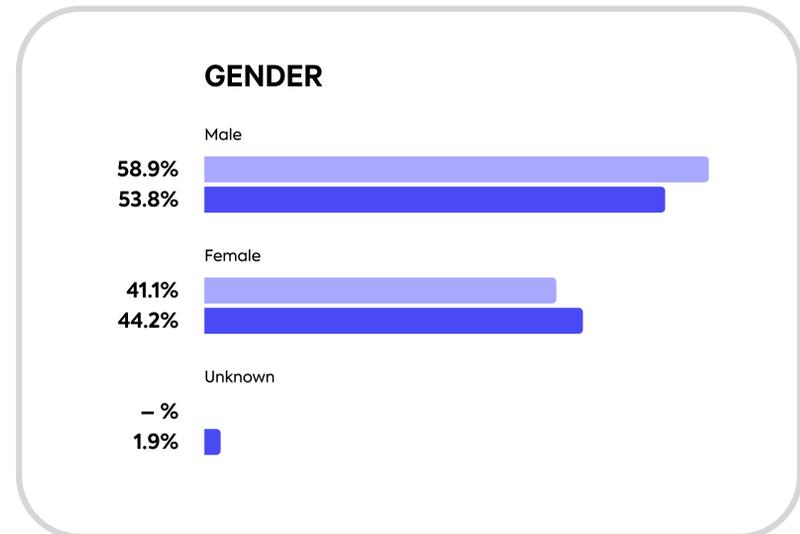
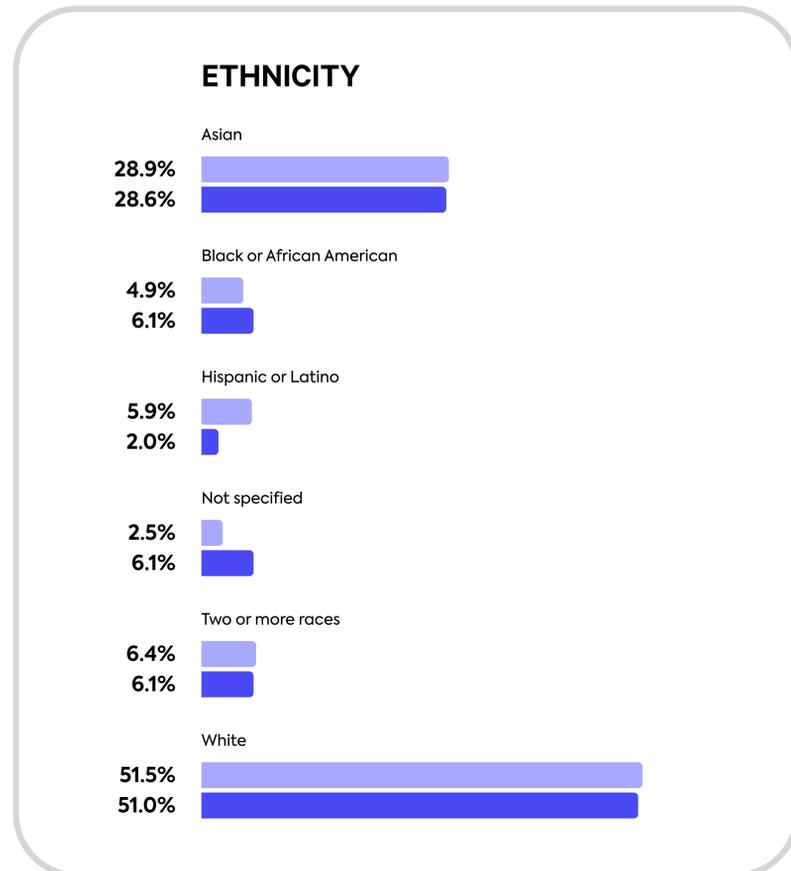
**44% OF OUR CURRENT DIRECTORS ARE RACIALLY AND/OR ETHNICALLY DIVERSE**



## Management diversity

Diversity at the highest levels of our organization is a strength. The following graphics depict gender and racial/ethnic diversity at the Vice President level and above:

VP+ (US-Only) ● 2021 ● 2022



'Unknown' represents employees who either declined to self-identify or for whom we have not yet been able to collect their self-identification data. Due to a process change in how we collect data, including the self-identification survey and new hire onboarding process, we have a higher percentage of unknown than we normally would expect and our process will be corrected so that, going forward, the unknown attribution will be limited to those who declined to self-identify.

## Stockholder engagement

We seek regular engagement with investors to communicate our strategy and solicit feedback from the investment community. During our 2023 fiscal year, management participated in a number of investor conferences and meetings, both virtual and in-person. These meetings were attended by various members of the Company's senior management, including our Chief Executive Officer, Chief Financial Officer, and/or Senior Vice Presidents. Management periodically discusses feedback, including key themes and other insights gained from the investor outreach meetings, at the Company's Board and committee meetings, as appropriate. Additionally, our Lead Independent Director met with several investors in advance of our 2022 Annual Meeting of Stockholders to discuss, among other topics, corporate governance, executive compensation, and ESG. Our Board of Directors, as well as our management team, values the perspectives of our investors as it helps us to understand and evaluate the effectiveness of our investor communications.



## Information security

We use a variety of methods to keep our network secure and data safe. We also apply best practices that align with security industry standards for protecting personal information. Our policies safeguard the collection, use, and disclosure of that information.

## Data security

As a global provider of payments and financial services technology solutions, one of our top priorities is protecting the security and confidentiality of consumers' personal data and financial information. Affirm maintains a data security program designed to be effective at protecting sensitive data and resilient in responding to the cybersecurity threats.



## Key components of Affirm's data security program include:

### DATA PROTECTION

Affirm uses industry-standard encryption both in transit on the internet and at rest on our systems.

### THREAT MONITORING

Affirm uses tools and technologies to identify and respond to suspicious activity on our systems, like unusual login attempts.

### APPLICATION SECURITY

Affirm designs its websites and applications with a focus on consumer data security. Our developers continuously work to improve our code and review it regularly for flaws, and we use web application firewalls to stop potential attacks online.

### PHYSICAL SECURITY AND RESILIENCY

Affirm hosts its systems in state-of-the-art data centers that maintain strict controls around access, redundancy, and environmental hazard protections.

### INDEPENDENT ASSURANCE

Affirm engages trusted firms to conduct in-depth, third-party audits of our data security throughout the year. We are a PCI DSS Level 1 Service Provider for processing cardholder data, and we maintain SOC 1 and 2 Type 2 reports in accordance with the AICPA.

## Data privacy

The privacy of our consumers and their data is a top priority for Affirm. We are committed to keeping our consumers' data confidential and secure so they can feel confident transacting with us. Affirm maintains physical, electronic, and procedural security measures to guard against unauthorized access to systems and uses various safeguards, including firewalls and data encryption. We enforce physical access controls to our buildings, and we authorize access to personal information only for those employees or agents who require it to fulfill their job responsibilities. And, moreover, Affirm never sells consumer personal information. Through our [Privacy Policy](#), we inform our consumers and employees about how and why we collect personal information.



## Cybersecurity

Our business and industry face an increasingly complex online threat environment. Affirm invests in leading cybersecurity and fraud-prevention technology designed to prevent, identify, and mitigate fraudulent activity.

Our Chief Information Security Officer (CISO) manages our cybersecurity function with oversight from the Audit Committee of the Board of Directors.

Employees are our first line of defense in protecting Affirm from cyber-attacks. We maintain a robust training program on cybersecurity risks and requirements. Annually, all employees are required to complete a mandatory training designed to help them identify and report suspicious activities. In addition, targeted awareness exercises are conducted and simulated phishing emails are periodically deployed to employees to train them on identifying and responding to email attacks.



# Social responsibility: People come first

## *Financial inclusion and socioeconomic empowerment*

Affirm’s mission is to deliver honest financial products that improve lives. Built into this mission are the concepts of financial inclusion and socioeconomic empowerment, which mean providing access to credit to those in need of it in an honest, transparent, and responsible manner.

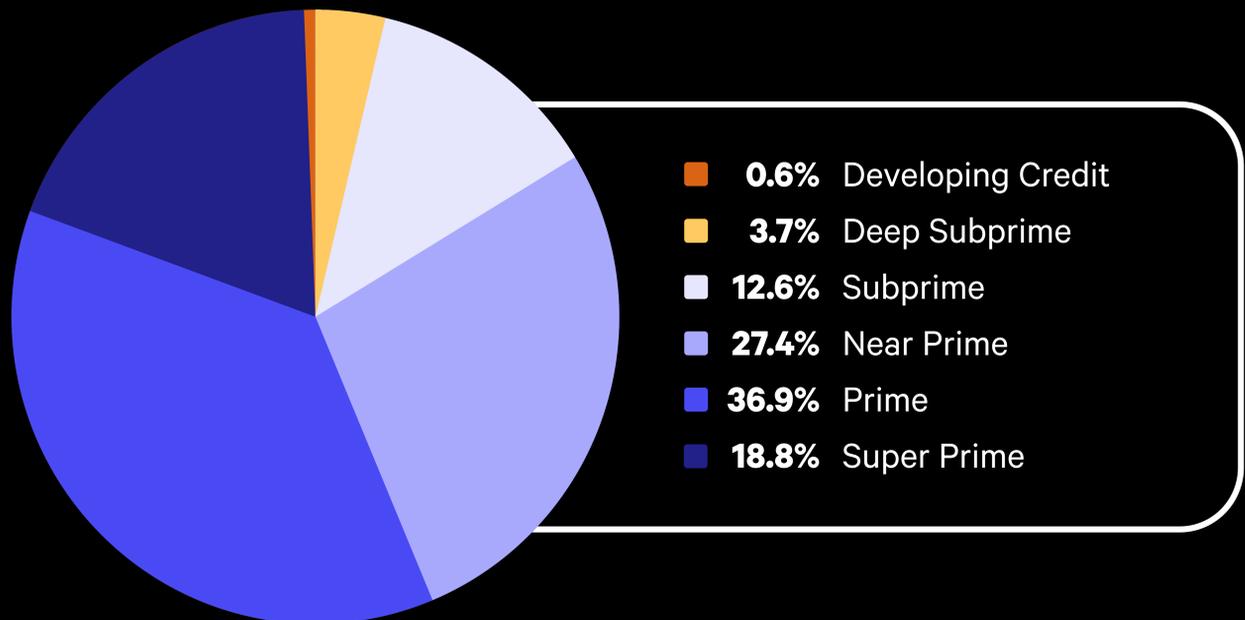
Historically, low and moderate income (“LMI”) borrowers and individuals with low (or no) credit scores have only had access to credit products with high interest rates, fees, and other hidden costs. This is due, at least in part, to closures of traditional financial institutions in rural and urban areas, lack of access to affordable financing options and predatory lending businesses filling the credit void. Unfortunately, these individuals are the ones who may need access to credit the most. With many current estimates indicating that more than half of Americans are living paycheck to paycheck (with that figure increasing dramatically in urban and rural areas), a significant portion of the American population—including LMI borrowers—are left to rely on some form of credit (credit cards, payday loans, pawn shops, etc.) to manage their personal cash flow. So that leaves many with a difficult choice: being unable to make necessary purchases or having to do so with credit products that may resolve short-term financial needs, but that may actually have an adverse financial impact in the long term.

Affirm provides these individuals with another option. By looking at consumers as more than just their credit score, our underwriting is able to responsibly expand access to credit to more people, including those whose traditional credit scores may not represent their creditworthiness. This provides critical access to honest and transparent financing to consumers who need it the most, without ever paying hidden or late fees. And, most importantly, Affirm does not facilitate loans to consumers that we don’t believe can be repaid because we do not seek to profit from their mistakes.

## CY 2022 FICO score distribution by GMV

(Based on user's FICO score at the time of most recent purchase)

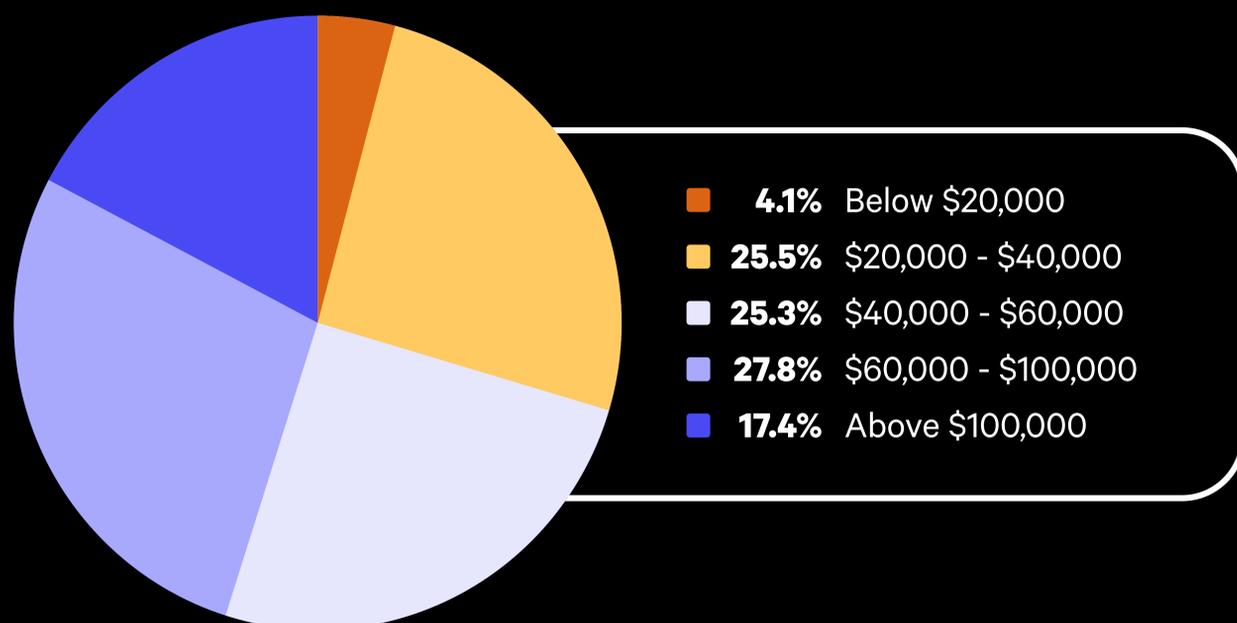
Affirm lends to consumers at all levels of the credit spectrum. Approximately 17% of Affirm's CY 2022 GMV came from consumers with FICO scores below 620, and nearly 45% of Affirm's CY 2022 GMV was from consumers with FICO scores below 660.



## CY 2022 annual income distribution

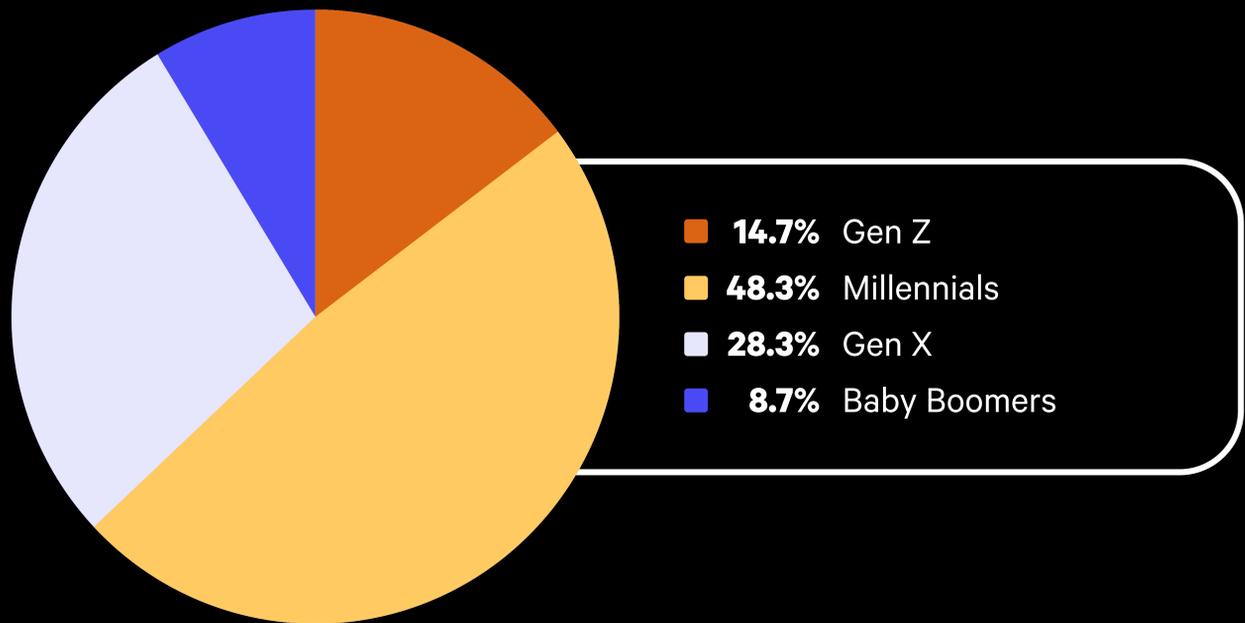
(Based on user's income at the time of most recent purchase)

Affirm's consumers span all income levels. In CY 2022, approximately 30% of Affirm consumers earned less than \$40K per year, and approximately 55% of Affirm consumers earned less than \$60K per year.

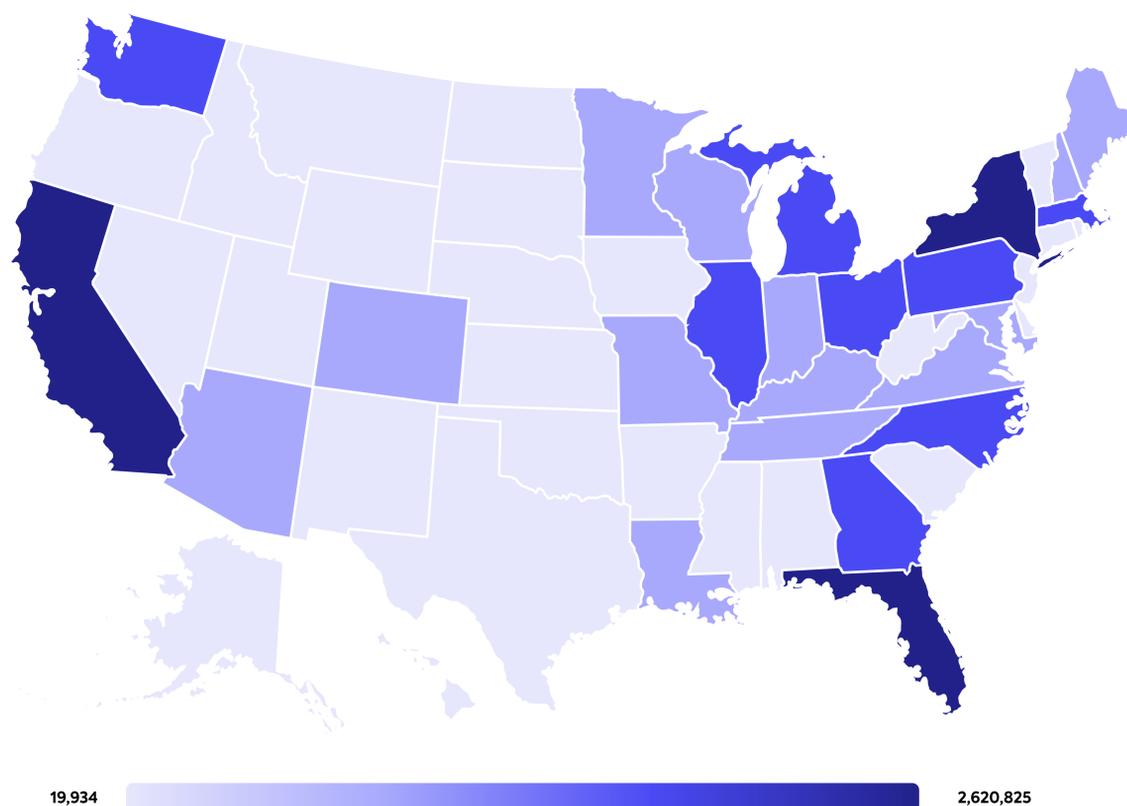


## Moreover, Affirm's consumers are both demographically and geographically diverse

In CY 2022, our largest cohorts of consumers were Millennials, followed by Gen X, Gen Z, and Baby Boomers.



Affirm's consumer base is reflective of the U.S. population, with users from the top five most populated states in the nation comprising approximately 40% of Affirm's active users in CY 2022. Notably, Affirm has consumers in every U.S. state.



We believe we can improve lives through responsible lending. Affirm's products are widely available—anyone with access to the Internet, regardless of their personal economic circumstances, may apply for an Affirm loan to complete a purchase. Moreover, Affirm empowers consumers by offering a transparent and flexible way to pay over time with no late or hidden fees and the ability to pay at their own pace in incremental payments with simple (as opposed to compounding) interest. Affirm's success is fundamentally aligned with consumers: **we win when they win.**

## Financial literacy and community impact

While we view financial inclusion as a critical component of our positive social impact, it is incomplete without the promotion of financial literacy. This is why Affirm's core value of "No fine print" is so important to our business—our consumers understand the exact payment terms before they complete the transaction. There are no "gotchas." There are no surprises.

All Affirm consumers to whom credit is extended receive Truth in Lending disclosures for all our products, even when it is not required. This ensures that consumers receive consistent and transparent disclosures.



<b>Purchase amount:</b>	\$500
<b>APR:</b>	20%
<b>Minimum monthly payment:</b>	\$46.32 over 12 months
<b>Total interest:</b>	\$55.81
<b>Total purchase:</b>	\$555.81

## Affirm Cares

We also seek to positively impact our communities through [the Affirm Cares Employee Foundation](#) ("Affirm Cares"). Affirm Cares is an Affirm employee volunteer-led 501(c)3 non-profit established by Affirm in late 2019. Affirm Cares aims to make a positive impact in the communities in which we work and live by sharing our expertise and funding across three impact pillars: financial literacy and inclusion, technology training and education, and vibrant communities. Since its inception in late 2019, the Affirm Cares Employee Foundation has raised and awarded grants of over \$850K to local community non-profits. The Affirm Cares Annual Reports are available [here](#).



### FINANCIAL LITERACY & INCLUSION

Provide fair and responsible credit for communities and businesses, credit education support, and nonprofit investments focused on equitable economic growth.



### TECHNOLOGY EDUCATION & TRAINING

Support access to technology for K-12 coding academies and bootcamps, as well as provide workforce development and support for small urban and rural businesses.



### VIBRANT COMMUNITIES

Partner with organizations focused on housing insecurity, homelessness, civic engagement, neighborhood preservation and revitalization, small business development, and community enrichment.



## Code of Conduct

Affirm's [Code of Ethics & Business Conduct](#) (the "Code") is at the center of everything we do. It reflects our commitment to upholding high ethical and legal standards and is core to the Affirm brand. The Code addresses ethical business practices, labor and employment standards, and inclusive workforce practices. Our Code applies to all Affirm employees, our officers (including our CEO and CFO), and our Board of Directors. Similarly, we expect our merchant partners, vendors, and other parties with which we conduct business to adhere to ethical business practices.

Affirm is an equal employment opportunity employer and makes employment decisions on the basis of merit and business needs. Our commitment to non-discrimination and equal employment applies to all aspects of employment and our employment processes, including hiring, transfers, promotions, compensation, benefits, and disciplinary action. We seek to comply with all applicable employment-related laws and regulations and do not tolerate discrimination against anyone based on characteristics protected by law, such as age, race, religion, gender (including identity and expression), color, national origin, veteran status, disability, and sexual orientation.

Affirmers are required annually to sign a written acknowledgement documenting their receipt, understanding, and agreement to comply with the Code.



## Human rights

At Affirm, we recognize our responsibility to respect and protect human rights by providing fair working conditions and prohibit the use of any forced, compulsory, or child labor by or for Affirm. In the near future, we plan to embody these responsibilities in a formal written policy. Similarly, we expect our merchants to respect and protect human rights by providing fair working conditions and to prohibit the use of any forced, compulsory, or child labor.

We are dedicated to creating a workplace that respects and values all employees and maintains an environment of open and direct communication. We believe that women's rights, minority rights, and economic inclusion are priorities for long-term success. Unconscious bias training is conducted to raise awareness and drive conversations to create more effective leaders, more productive teams, and a more inclusive organizational culture. Affirm strives to adequately compensate its employees and pays employees at least minimum wage, where applicable laws apply.

## Health and safety

Affirm puts employee health and safety at the forefront of our operations. We are committed to the health and safety of our employees and will exercise reasonable care in providing each employee a workplace free of recognized hazards, including violent acts or threats of violent acts against employees or third parties within our workplaces. Affirm does not tolerate violence or threats of violence and takes reasonable measures to provide a safe workplace that complies with applicable safety and health laws and regulations.

## Health and safety management system

Affirm has implemented a health and safety management system with a structured framework to effectively manage and address health and safety risks within our operations. The system encompasses, at a minimum, the below standards:

### Policy and commitment

Our Global Health and Safety Policies establish our commitment to employee safety and the framework for implementing a safe and healthy work environment at Affirm. The policies also establish the structure and responsibilities of health and safety at Affirm.

### Emergency preparedness and response

We have developed site-specific plans and procedures to effectively respond to emergencies within our workplaces. We maintain an emergency communication system to promptly inform impacted employees of emergencies and emerging threats that may have the potential to adversely affect them.

### Incident reporting and investigation

Processes are established to encourage the reporting of incidents, near misses, and hazards. Incidents are thoroughly investigated to identify root causes and implement corrective actions to prevent similar occurrences in the future.

### Risk assessment and hazard identification

We identify potential risks and hazards associated with our operations and evaluate their impact. Using these assessments, we prioritize preventative measures and implement controls to minimize risks.

### Training and competence

Employees receive appropriate health and safety training and/or resources to ensure they understand the risks associated with their work and know how to perform their tasks safely.

### Data compilation and audit

Affirm partners with a global leader in health and safety compliance reporting and self-auditing. All health and safety compliance requirements impacting our organization are identified and compiled within this system.

### Continuous improvement, feedback, and employee engagement

We foster a culture of continuous improvement, where feedback from employees, stakeholders, and external sources is actively sought and used to enhance health and safety practices. Lessons learned from incidents and near misses are incorporated into future risk management strategies. We encourage our workforce to engage in our Safety Committees to provide feedback, identify hazards, and get involved with a safety-centric culture.

## OSHA recordable accident rate

Affirm tracks work-related accidents, injuries, and near-misses in our workspaces. We have not had any instances of work-related accidents recordable under Occupational Safety and Health Administration (“OSHA”) standards for at least three recent consecutive years.



## Diversity, equity, and inclusion at Affirm

We believe that diversity, equity, and inclusion (“DEI”) are important as we scale and build our high-performing team. Our strategy involves embedding DEI into our processes, programs, and structures at Affirm across the employee life cycle—how we hire, develop, advance, and retain Affirmers, and in how we do business.

Our Diversity and Inclusion Steering Committee (“DISC”), an internal committee made up of senior leaders from across Affirm, provides oversight, support, and guidance to departments and teams on initiatives that may impact the ability to support diverse populations of key constituencies: employees, consumers, and merchants. DISC is also responsible for reviewing that internal and external initiatives reflect our high bar for DEI, and the members help to amplify high-impact DEI efforts happening within their own departments. Below are several achievements from our DEI work in calendar year 2022:

Affirm launched two new Community Groups (“CGs”), Neurodiversity@ Affirm and Southwest Asian and North Africa (“SWANA”). The Neurodiversity@ Affirm CG’s mission is to offer confidential support to all neurodiverse-identifying individuals to become stronger and more confident, especially in controlling one’s life and advocating for one’s rights and needs. SWANA’s mission is to bring people from the SWANA region together to foster a sense of belonging and connection.

In 2022, we focused on supporting Affirmers around the world after opening offices in three countries (Spain, Poland, and Canada) in 2021. This year, Poland-based Affirmers started chapters of our Women@ Affirm Employee Resource Group and Mental Wellness CG. More than 50% of Poland-based employees expressed an interest in joining Mental Wellness and Women@ already has commitment from half of the office.

Affirm also seeks to establish our commitment to DEI within our merchant network, collect data on Affirm merchants owned by diverse communities, and share promotional opportunities with merchants that opt in. In 2022, through various Affirm-sponsored merchant diversity campaigns and promotions, we:



Achieved a 93% increase in the number of merchants identifying as majority-owned by URGs

(underrepresented groups)



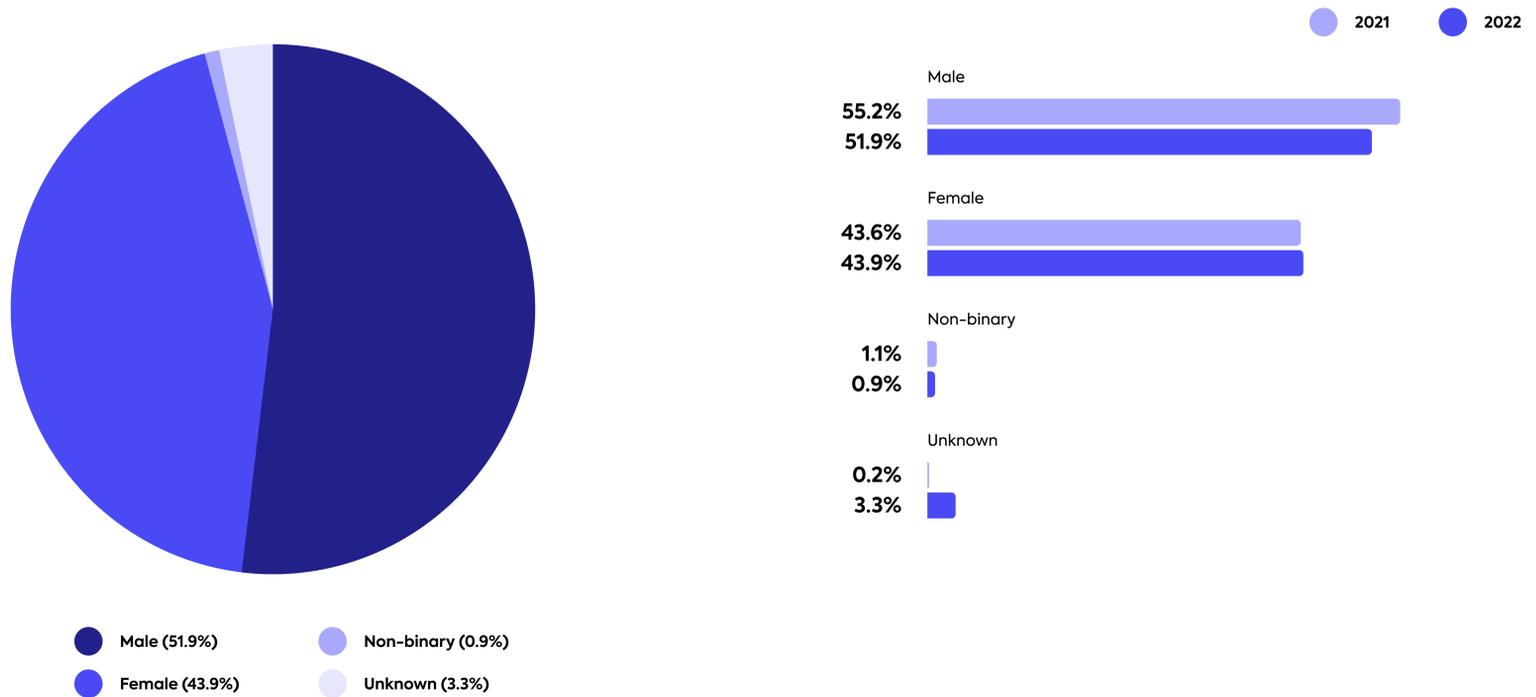
Increased participation in Client Diversity Survey by 164%



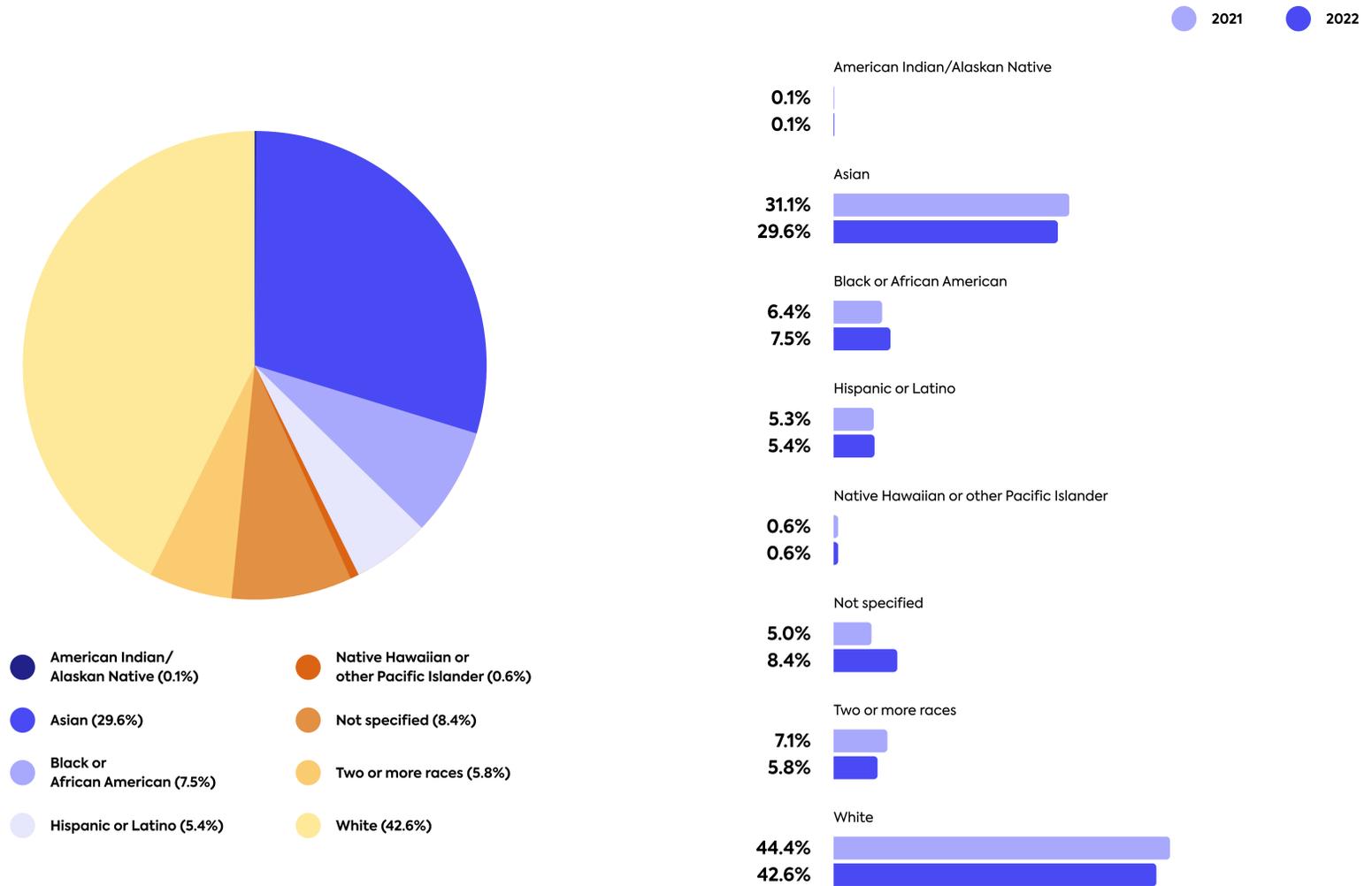
Increased URG merchant promotions by 130%

We annually publish our DEI Report, which discloses certain demographic information relating to our team and outlines our DEI goals, our progress toward them, our areas for improvement, and where we expect to focus our efforts. The 2022 report is available [here](#), but below are some highlights from the report that we are proud to share:

### COMPANYWIDE GENDER



### US ETHNICITY



Our data for race/ethnicity is limited to the U.S. only due to differing standards and laws in the various countries where Affirm has employees. We're reporting data for countries with 5 employees or more.

'Unknown' represents employees who either declined to self-identify or for whom we have not yet been able to collect their self-identification data. Due to a process change in how we collect data, including the self-identification survey and new hire onboarding process, we have a higher percentage of unknown than we normally would expect and our process will be corrected so that, going forward, the unknown attribution will be limited to those who declined to self-identify.



## Compensation

We have created a simple, flexible, and transparent remote-first compensation structure to ensure that employees have the ability to make the best decisions for themselves and their families. Our objectives are to reinforce Affirm's core values and link compensation to performance.

The following are the key components of Affirm's compensation program:



### Transparent compensation structure

Access to published cash and equity pay grades for all roles at the company to promote transparency in compensation.



### Remote-first company

Support a competitive remote-first compensation approach with the ability to live and work from any supported country.



### Frequent compensation reviews

Ability for managers to submit compensation recommendations multiple times a year with periodic cycles for cash and equity adjustments.



### Pay equity

Periodically review pay equity results using statistical software to identify and remediate statistically significant differences in pay.

## Benefits

Anchoring to our core value of People Come First allows us to take a human-centric approach to benefit design and decision making. When people come first, we empower employees to perform at their best by supporting all aspects of their health and wellbeing throughout life's moments.

In practice, this means that we offer a wide range of benefit programs to meet the diverse needs of Affirmers.

### Health

Access to market-leading medical plan coverage, with \$0 contributions for employees and their dependents.

100% coverage for in- and out-of-network mental health services to ensure there are no financial barriers to receiving necessary care.

Partnership with a leading mental well-being vendor to provide 12 free therapy/coaching sessions to employees and their dependents, annually.

### Financial

Access to a financial well-being platform with tools and resources for financial planning, and unlimited 1:1 access to a certified financial planner.

### Well-being

A lifestyle stipend account provides nearly \$700 per month for Affirmers to use on a wide range of lifestyle/well-being, technology, or food-related expenses. We also provide a \$20,000 lifetime allowance for surrogacy, adoption, fertility, or egg freezing expenses.

Free access to a family planning vendor that provides support and resources related to family building needs, e.g., fertility, pregnancy and postpartum, adoption, surrogacy, among others.

### Time away

A Flexible Time Off program ensures Affirmers have the ability to take time off and recharge when they need it.

We offer 20 Away Days in the US, inclusive of federally observed holidays and wellness days.

18-week paid parental leave is available to birth parents and non-birth parents, in addition to a 4-week "ramp back" period where employees receive 100% of their regular salary for working half of their normal hours (to allow an easier transition back to work).

We provide 10 Health Days per year for illness/preventive care, and 15 days for Life Happens Leave, which can be used for situations related to COVID, caregiving responsibilities, travel for purposes of receiving out-of-state medical care, among other reasons.

A full list of the benefits that Affirm offers employees is available [here](#).



## Training and development

At Affirm, we take pride in investing in our employees' success and growth. This includes providing Affirmers with meaningful learning resources, development programs and career opportunities to support them at every stage of their journey. This enables a high-performance culture where Affirmers can drive impact for the organization and thrive in their career.

Our commitment to our employees begins with our Affirm Foundation program, which is a 100-day onboarding program designed to help new hires build foundational skills, connections, and knowledge to succeed in their roles.

Beyond the Affirm Foundation program, Affirmers are supported in a number of ways, including through blended learning and career experiences. By way of example, Affirm offers the following training and professional development programs for employees:

### LearnNow

A one-stop shop for all learning content at Affirm, including 6000+ eLearning courses offered by Udemy.

### Leadership development programming

A series of curricula for people leaders to develop, refine and practice foundational leadership skills: feedback, psychological safety, 1:1s, etc.

### BetterUp coaching

Offered to director-level employees and above, BetterUp is a coaching platform that connects participants with ICF-certified coaches. Used as both a self-guided leadership development tool and a support resource.

## Performance management

Affirm conducts regular performance evaluations to foster the growth and development of our employees. Affirm's performance and feedback program includes the following elements:



### Ad hoc feedback

Encouraged throughout the year to supplement formal review discussions.



### Upward feedback

Completed by employees to provide feedback about their experience with their managers via a multiple choice survey.



### Self check-ins

Completed by all Affirmers to reflect on their performance areas of strength and opportunity during the assessment period, as well as desired skills on which they plan to focus in future periods.



### Peer feedback

Feedback from employees' peers or partners throughout the year, either requested by managers or shared directly peer-to-peer, to provide additional perspective for employees on their performance and development.



### Manager reviews

Completed by managers to indicate whether an employee is meeting the expectations of their role and level, as well as a brief description of the employee's performance areas of strength and opportunity observed during the assessment period.

# Environmental impact & sustainability: Push the envelope

We actively manage our environmental impact across our facilities through practices and partnerships focused on addressing climate change, sustainably managing resources, and mitigating our environmental impact. We believe that energy and resource data collection and disclosure will showcase a quantifiable view of Affirm's environmental impact and provide insights on where we can focus our ongoing efforts to be a more sustainable company.

## Energy efficiency

Affirm is a remote-first company, which results in relatively lower energy consumption at our office locations. We lease our office locations and generally operate in buildings with accredited green building certifications. **In 2022, 87% of our office footprint (based on square footage) was covered by either a Platinum or Gold Leadership in Energy and Environmental Design ("LEED") certification, with only a single office location not meeting this criteria.**



Our San Francisco headquarters is located in a sustainable office building that is Energy Star, LEED Platinum, and WiredScore Gold-certified, reflecting its energy efficiency.



Our Toronto office is located in an Energy Star Certified, LEED Platinum, and Boma Best Gold building.



Our Chicago and New York offices are located in buildings that are LEED Gold certified.

## Environmental footprint

While Affirm's environmental footprint is relatively small, we recognize the need to address climate change and are committed to identifying ways to lower our emissions in our operations. As part of that commitment, we took an important step this year by calculating our Scope 1 and Scope 2 emissions to better assess our environmental impact. We intend to use this data to inform future strategies to make meaningful reductions.

Affirm's Scope 1 emissions are the direct emissions from operations that are owned or controlled by Affirm, primarily the on-site energy consumed through the heating of our offices. Affirm does not maintain any of our own physical data centers. We host everything in the cloud, which helps improve energy efficiency.

Affirm's Scope 2 emissions are the indirect emissions from the generation of purchased electricity consumed by Affirm, primarily the electricity used in our offices. We calculated our emissions using location-based methods.

We are in the process of evaluating our Scope 3 emissions and will consider disclosing this information in future reports.

## Operational greenhouse gas emissions by scope

Greenhouse gas emissions	2021	2022
Scope 1*	3,341	3,683
Scope 2*	304	363

\* In metric tons of CO<sub>2</sub> equivalent

## Waste management

Effective waste management is important to Affirm’s overall sustainability efforts. We are committed to implementing strategies to reduce the amount of waste we produce and increase our conservation efforts. As part of these efforts, we have established recycling and composting practices at our office locations.

Affirm’s waste management initiatives include:



Recycling bins are utilized throughout our office locations to recycle paper products, plastics, and glass.



Compost bins are available for food waste at our office locations.



Compostable utensils and dishes are stocked in our office kitchen locations.



We partner with TerraCycle® to recycle the coffee pod waste created in our offices. The used coffee grounds from the pods are composted, and the metal and plastic components are recycled.



We partner with a third-party electronic waste recycling company to dispose and recycle decommissioned electronics and tech equipment. In 2022, we recycled 220 laptops and approximately 100 pounds of electronic waste.

## Partnership with LiquiDonate

The cornerstone of Affirm’s ESG strategy is to sustainably advance our mission to improve lives. In 2023, we partnered with LiquiDonate, an organization known for keeping “gently loved” items out of landfills and moving them into the community. Together, we were able to **divert 9,000 pounds of office items from landfills** to local nonprofits, schools, and businesses in need.



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