



affirm

2024 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.

Corporate sustainability is an important consideration in how we do business, from how we develop products and services that empower consumers, to the way we support employees and give back to our communities. Last year, we introduced Affirm's first ever Environmental, Social, and Governance ("ESG") Report that detailed our strategy, program governance, and accomplishments under each pillar of ESG. This year, we are pleased to share an update on the progress of our program. Some of the highlights from this year include:

- We improved our emissions data collection processes and refined our Scope 1 (direct) and Scope 2 (indirect) greenhouse gas emissions for the 2023 fiscal year. We also calculated and disclosed our Scope 3 emissions for the first time. These efforts demonstrate our commitment to environmental awareness, and the results validate the environmental sustainability of our operating model.
- We conducted an extensive screening to identify and assess climate-related risks and opportunities that might impact our operations and consumers in North America. The results of that screening indicate that Affirm does not currently face any material climate-related risks.
- We continued to promote transparency for both current and prospective Affirmers. In November 2023, we published geographic differentials, pay grades, and pay structures for every job at the company. We believe this level of transparency inspires confidence in our compensation decisions, builds trust amongst our team, and attracts new, talented Affirmers to join our mission.

I am truly grateful to the hard-working Affirmers who have put this company on such a strong trajectory for the future. We look forward to providing additional updates as we advance on our sustainability 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.

\$0 in late fees in over 10 years

18.7 million Active Consumers¹

300,000+ Active Merchants

2023 Newsweek's Most Trusted Companies in America

Affirm ranked 6th out of 44 companies in the financial services industry in customer trust

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.

All figures presented in this Report are as of June 30, 2024 unless otherwise noted

¹ 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.

Key Performance Highlights

\$26.6B

FY'24 GMV¹

+90M

FY'24 Transactions

4.9

Transactions per
Active Consumer

92%

Transactions from
Repeat Users

Information presented as of June 30, 2024

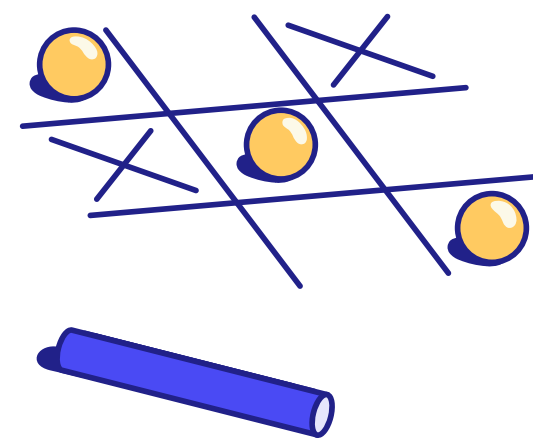
¹ Gross Merchandise Volume ("GMV") defined as the total dollar amount of all transactions on the Affirm platform during the period, net of refunds.

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, stockholders, 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.



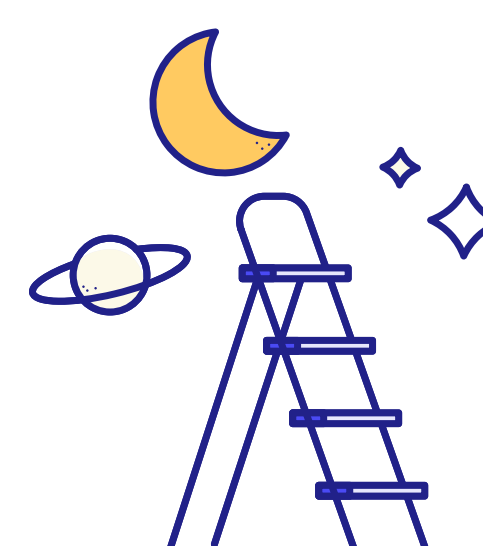
No fine print

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 sustainability reporting frameworks.

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:** Affirm views this topic as important because it supports efforts “to deliver honest financial products that improve lives” and ameliorates regulatory concern and feedback around Affirm’s product offerings, among other factors.
- **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 stockholders 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 accountability at the Board of Directors (“Board”) and management levels, 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 program governance

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

Board of Directors

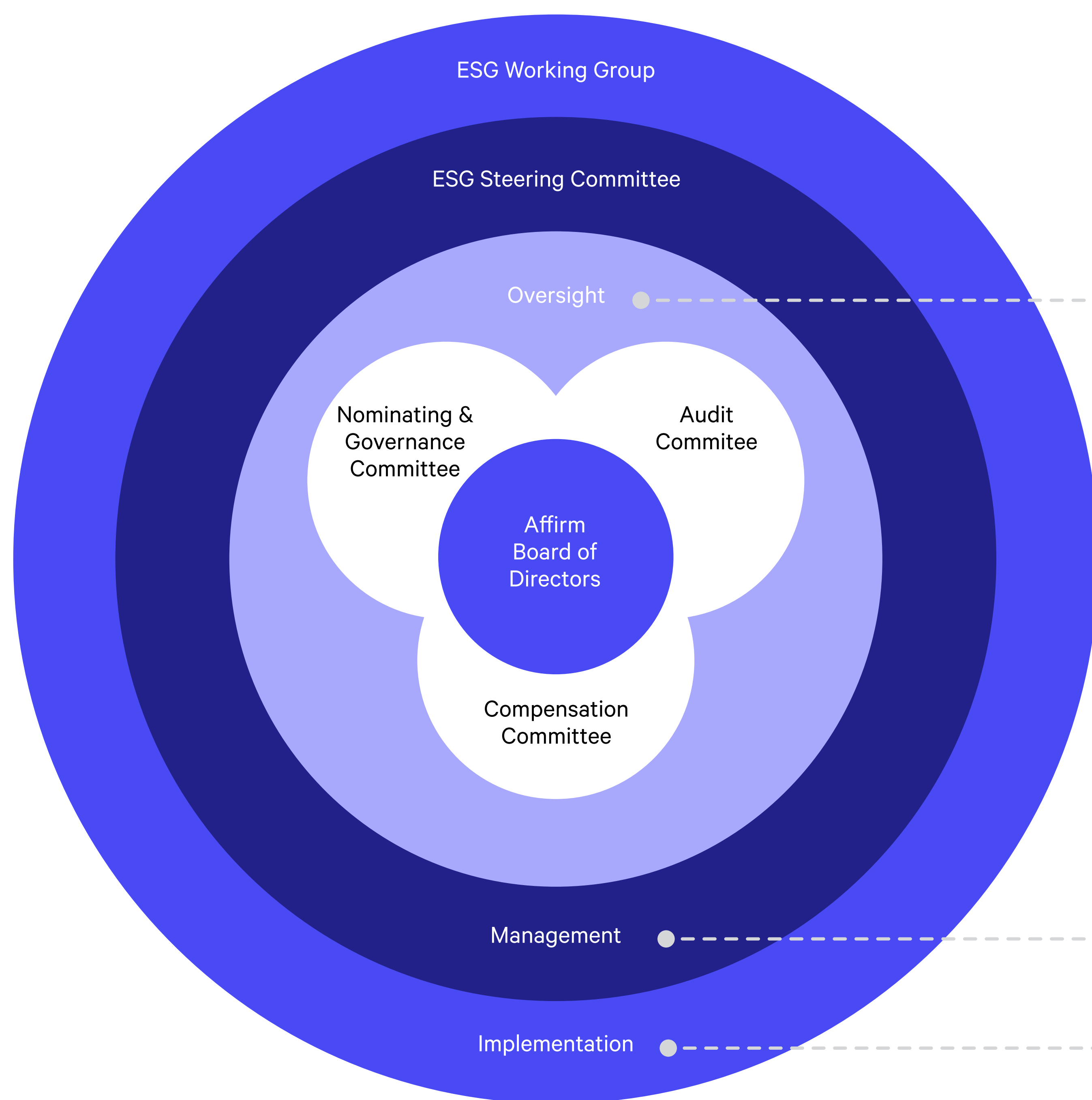
At the Board level, our Nominating and Governance Committee oversees our ESG program, generally, with our Compensation Committee providing oversight on key elements of the social pillar of our ESG program.

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.



● **Oversight:** Our Board, through its committees, plays an active role in ESG matters that impact Affirm’s business.

- **Nominating and Governance Committee:** Oversees our ESG program except for certain strategies and policies relating to human capital management.
- **Compensation Committee:** Oversees elements of our ESG program relating to human capital management.
- **Audit Committee:** Oversees, among other things, the integrity of our information technology systems, processes, and data as well as related cybersecurity matters.

● **Management:** Our management team, through the ESG Steering Committee, directs and manages the execution of our ESG strategy.

● **Implementation:** Our ESG Working Group, which has representation from at least eight corporate functions, is responsible for overall program implementation.



Board oversight of ESG

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

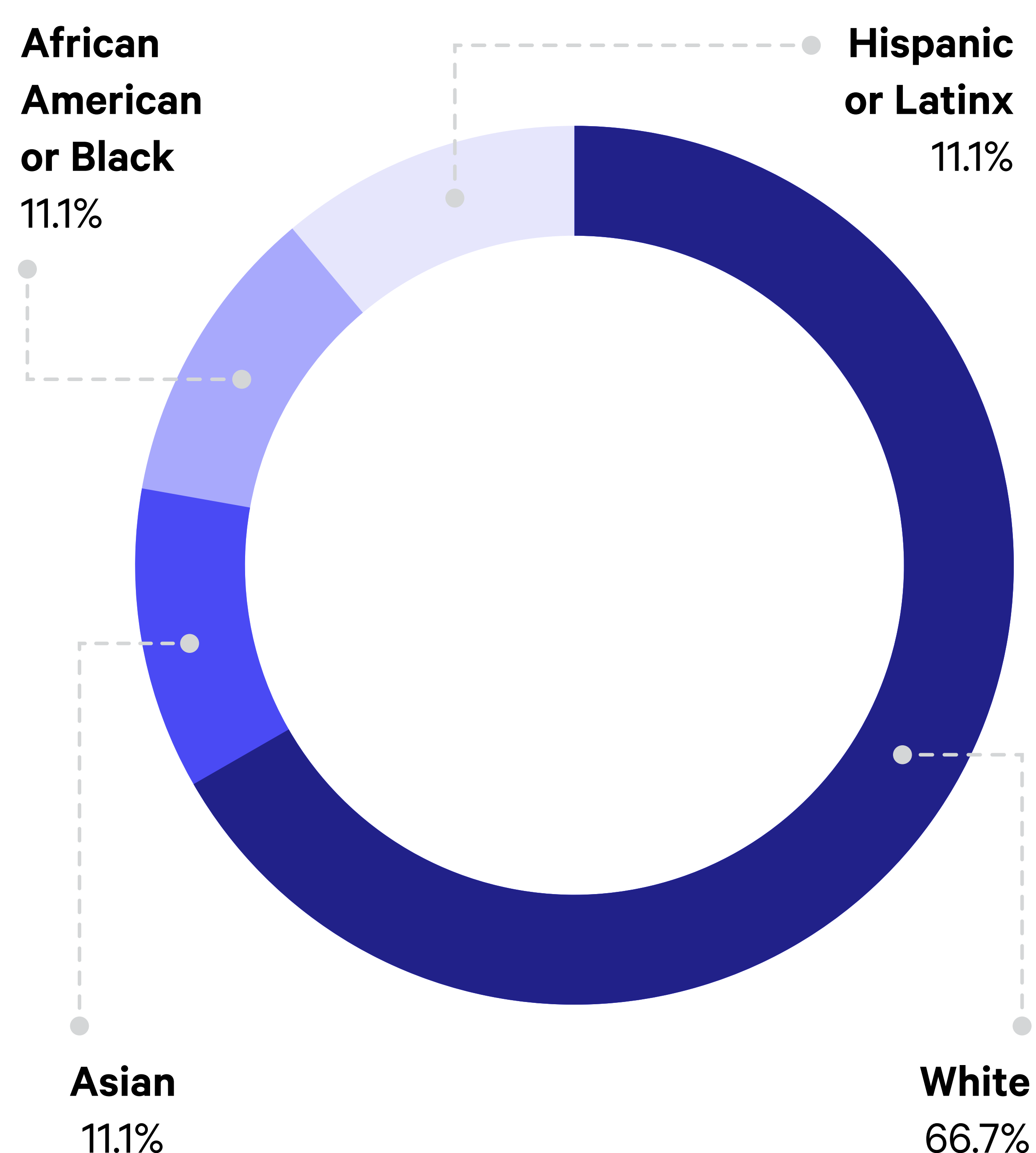
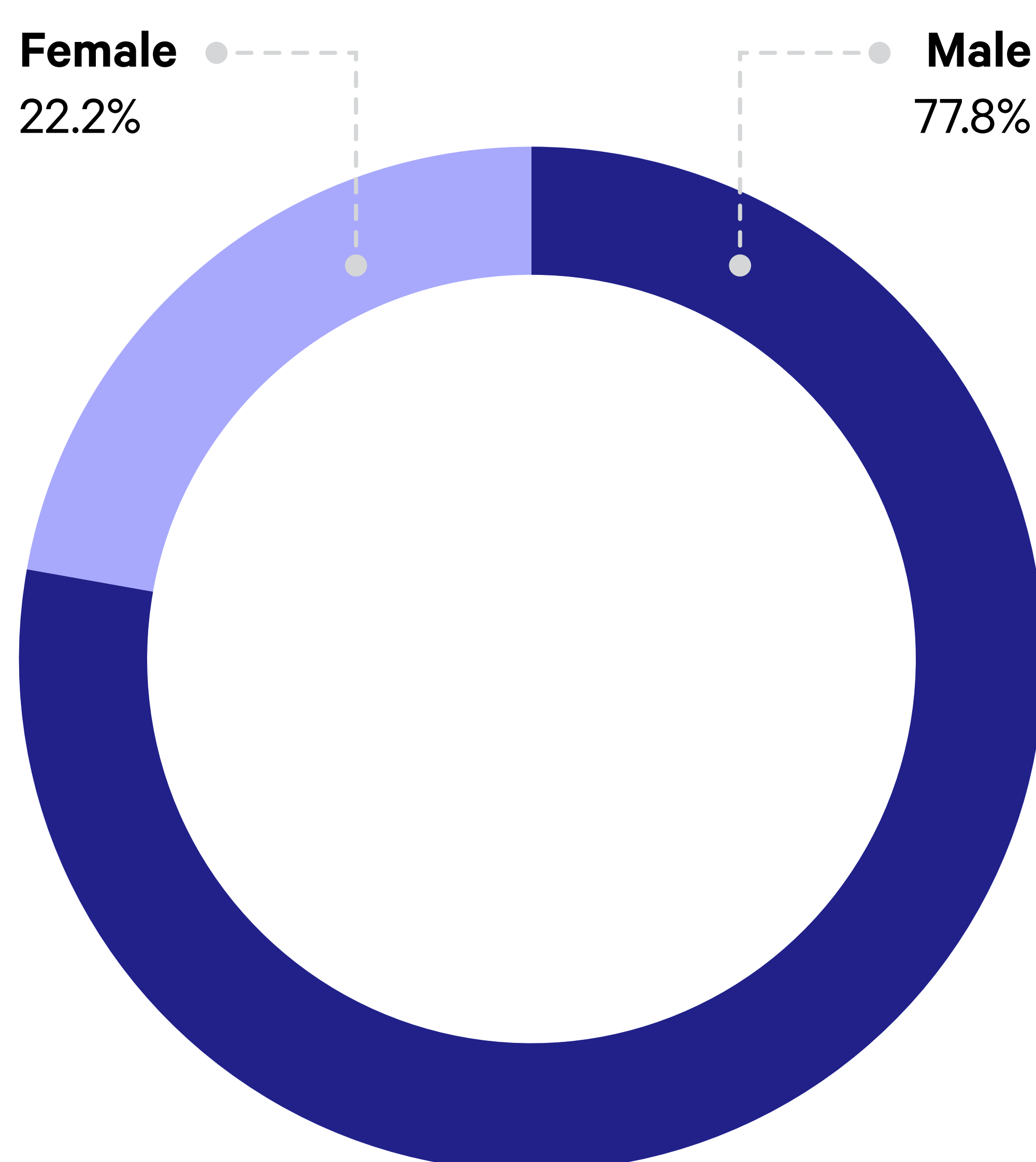
The Nominating and Governance Committee oversees, and periodically reviews, the activities, programs, risks, and public disclosures relating to our ESG program, except for certain strategies and policies related to human capital management. The Nominating and Governance Committee charter may be accessed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



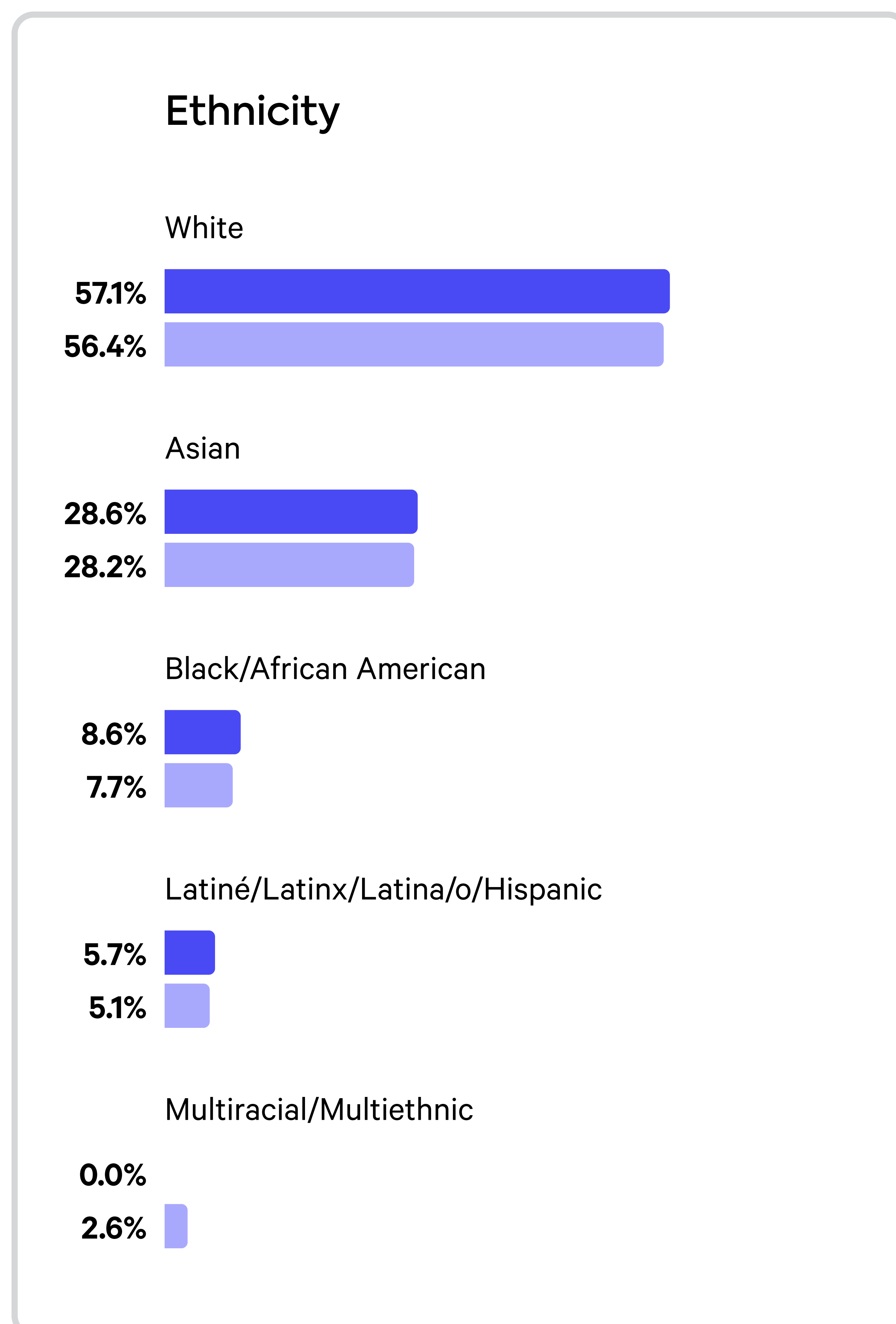


Management diversity

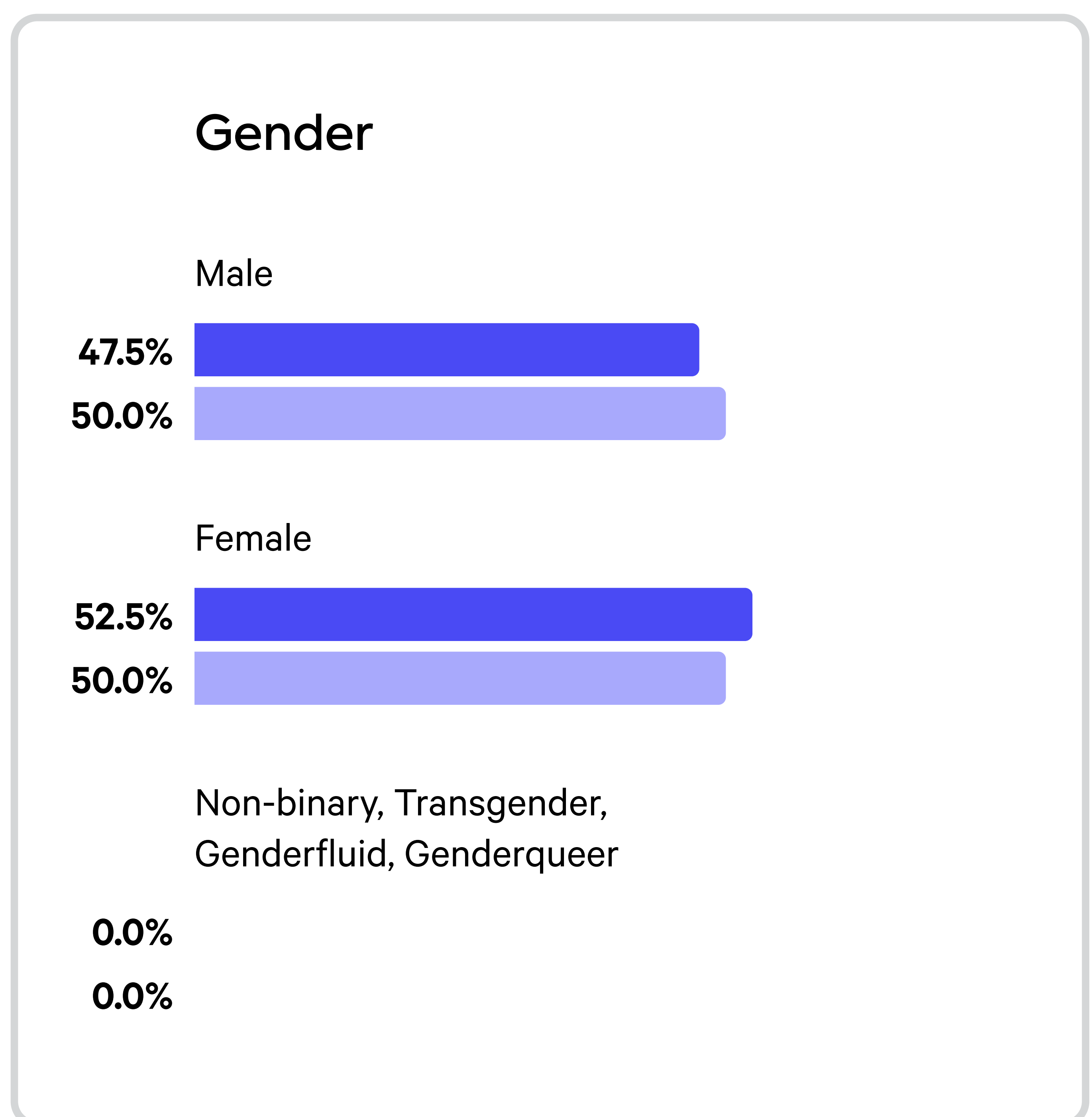
Diversity at the highest levels of our organization is a strength. The following graphics depict gender and racial/ethnic diversity at the Vice President level and above:

VP+

U.S. only



■ 2023 ■ 2024



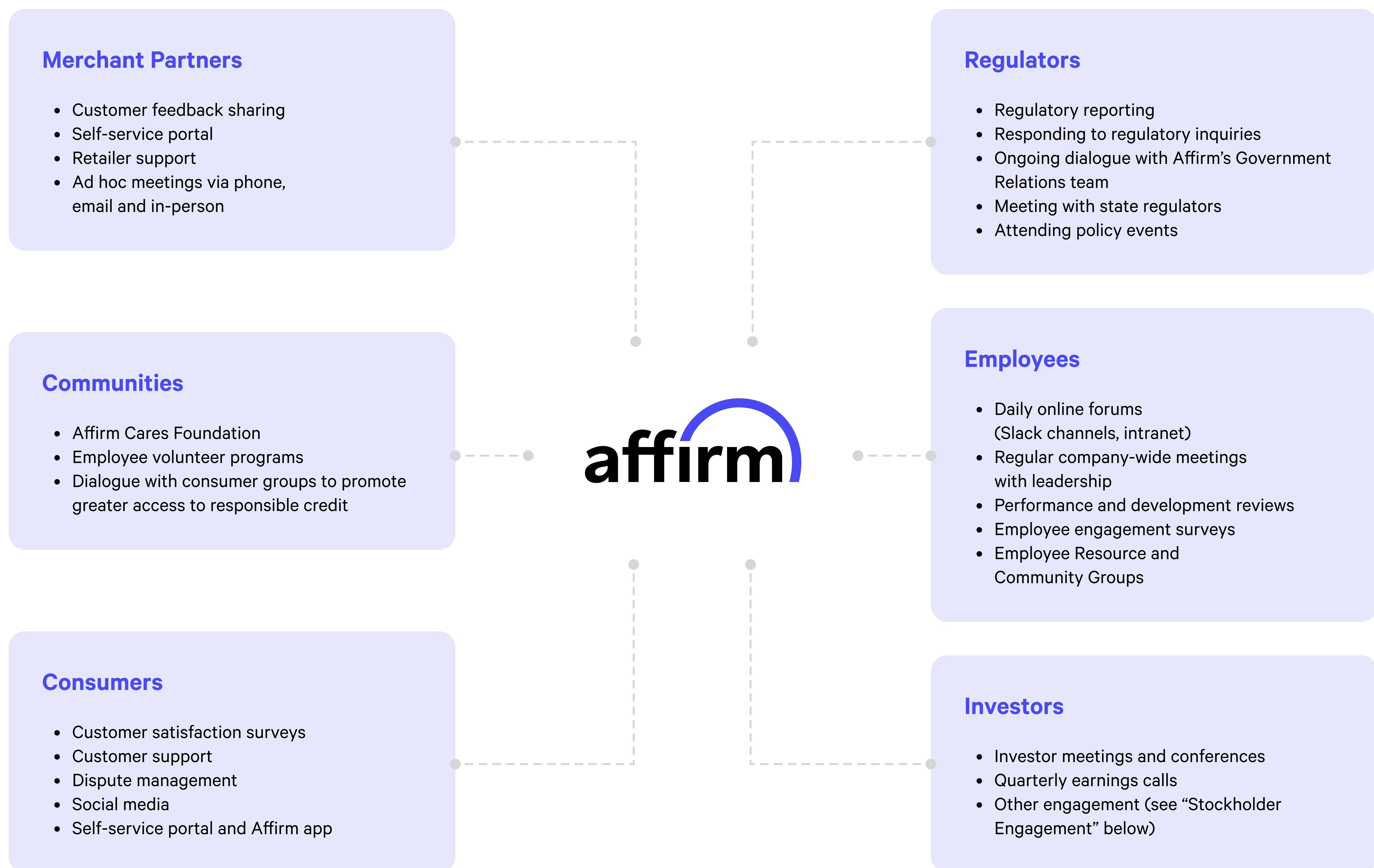
■ 2023 ■ 2024

Stakeholder engagement

Maintaining open and honest dialogue with various stakeholder groups is an essential component to our business and furthers our mission to deliver honest financial products that improve lives. We engage with a diverse group of stakeholders, including our employees, consumers, merchant partners, investors, regulators, and communities. We value stakeholder feedback and use it to both inform our business strategy and to better understand stakeholder needs, priorities and expectations.

We also recognize stakeholders' interest in timely information concerning our ESG program and activities and plan to continue to provide information through regular updates to our ESG Report.

Affirm regularly interacts with stakeholders using a variety of mechanisms, including in-person and virtual meetings, social media, outreach, and community events. The following highlights some of the ways in which Affirm engages each key stakeholder group:



Our public policy stakeholder engagement activities are overseen by our Government Relations and Public Policy team. We engage policymakers, regulators and legislators on matters of interest to Affirm and comply with all applicable state and federal laws and regulations when we do so.

Stockholder engagement

We seek regular engagement with investors to communicate our strategy and solicit feedback from the investment community. Management periodically engages a third-party consultant to obtain independent feedback from our investors.

In FY'24, management participated in a number of investor conferences and meetings, both virtual and in-person. These meetings were attended by various members of Affirm'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 Affirm's Board and committee meetings, as appropriate.

In addition to our traditional investor relations outreach program, in early FY'24, our Lead Independent Director and the Chair of our Compensation Committee, along with members of our senior management, conducted Affirm's first virtual governance roadshow that included presentations and discussions regarding governance, compensation and other matters with certain of our investors. Some of the engagement highlights from the roadshow are as follows:

- We met with investors, who we believe held in the aggregate approximately 34.3% of our outstanding common stock with approximately 25.7% of the voting power of our outstanding common stock as of August 2023.
- We offered meetings to additional investors, who we believe held in the aggregate approximately 18.6% of our outstanding common stock with approximately 4.9% of the voting power of our outstanding common stock as of August 2023.
- Excluding the holdings by our directors and executive officers, we met with investors representing approximately 38.4% of our outstanding common stock with approximately 40.7% of the voting power of our outstanding common stock as of August 2023.
- Excluding the holdings by our directors and executive officers, we conducted outreach to investors who we believe represented approximately 59.2% of our outstanding common stock with approximately 48.4% of the voting power of our outstanding common stock as of August 2023.

The governance roadshow provided us with an opportunity to discuss a wide range of topics with our investors, including our directors' skills and tenure, our Board's oversight roles and responsibilities, our ESG program, and our approach to executive compensation matters.

Our Board, as well as our management team, values the perspectives of our investors as it helps us to understand and evaluate the effectiveness of our current practices and related disclosures.

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.

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.

Threat Monitoring

Affirm uses processes, tools and technologies to ensure the safety and integrity of Affirm's data and systems. Security monitoring includes detecting and responding to network intrusions as well as suspicious activity on our systems, such as unusual login attempts.

Independent Assurance

Affirm engages trusted firms to conduct in-depth third-party audits of our data security throughout the year against security control frameworks, including NIST CSF, PCI DSS, and AICPA Trust Service Criteria; we are a PCI DSS Level 1 Service Provider for processing cardholder data, and we maintain SOC 1 and 2 Type 2 reports.

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.

Data privacy

The privacy of our customers 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 customer 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.



Cybersecurity Risk Management and Strategy

We have established a cybersecurity program, informed by the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF), that is designed to safeguard our information systems against cybersecurity threats. This program incorporates a variety of processes and cybersecurity tools designed to assess, identify and manage material risks from cybersecurity threats.

Those processes include automated and manual testing of our systems for vulnerabilities as well as monitoring and responding to suspicious activity. We use established cybersecurity risk frameworks to identify, measure and prioritize cybersecurity risks and develop corresponding cybersecurity controls and safeguards, and we have implemented a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents. Leveraging both internal and external resources, we conduct regular reviews and tests, including penetration testing as well as tabletop and red team exercises, to evaluate the effectiveness of our cybersecurity program, enhance our cybersecurity measures, and inform our planning. We periodically engage external auditors and consultants to assess our cybersecurity programs. We also maintain a risk-based approach to identifying and overseeing risks from cybersecurity threats associated with our use of third party service providers.

In addition, we require Affirm employees to participate in cybersecurity awareness training. These training sessions are designed to enhance our employees' awareness of cybersecurity threats and provide information about best practices to protect Affirm's information systems. We require additional tailored cybersecurity training for certain employees based on their specific job responsibilities.

Our cybersecurity program is integrated with our overall risk management program through our Chief Information Security Officer's ("CISO") participation in governance structures such as the Risk Management Committee and Technology and Operational Risk Committee, and the incorporation of cybersecurity into Affirm's overall compliance and enterprise risk management programs. Affirm also maintains cyber insurance coverage that may cover certain aspects of cybersecurity incidents, subject to the terms and conditions of the policy.

To our knowledge, as of August 29, 2024 (the date of publication of this ESG Report), Affirm had not experienced a data breach involving its information systems that we determined to be material under the SEC's cybersecurity incident reporting requirements.



Cybersecurity Governance

Our Board has delegated authority to its Audit Committee to oversee risks associated with cybersecurity threats. Members of the Audit Committee receive updates periodically from our CISO regarding cybersecurity risks. These updates include, among other topics, reviews of existing and newly identified cybersecurity risks, status updates on how management is addressing and/or mitigating those risks, information about cybersecurity incidents (if any), as well as updates regarding the status of key cybersecurity initiatives.



Our CISO is principally responsible for assessing and managing our cybersecurity risk management program, in partnership with leaders from our Technology, Information Security, Internal Audit, Legal and Compliance teams. Such individuals have an average of over 20 years of prior work experience in various roles involving technology, information security, auditing and compliance. These individuals, including the CISO, are informed about and monitor the prevention, mitigation, detection and remediation of cybersecurity incidents through their management of, and participation in, the cybersecurity risk management and strategy processes described above, including the operation of our incident response plan. As discussed above, our CISO then makes periodic reports to the Audit Committee regarding such matters.



Social responsibility: People come first

Financial inclusion and socioeconomic empowerment

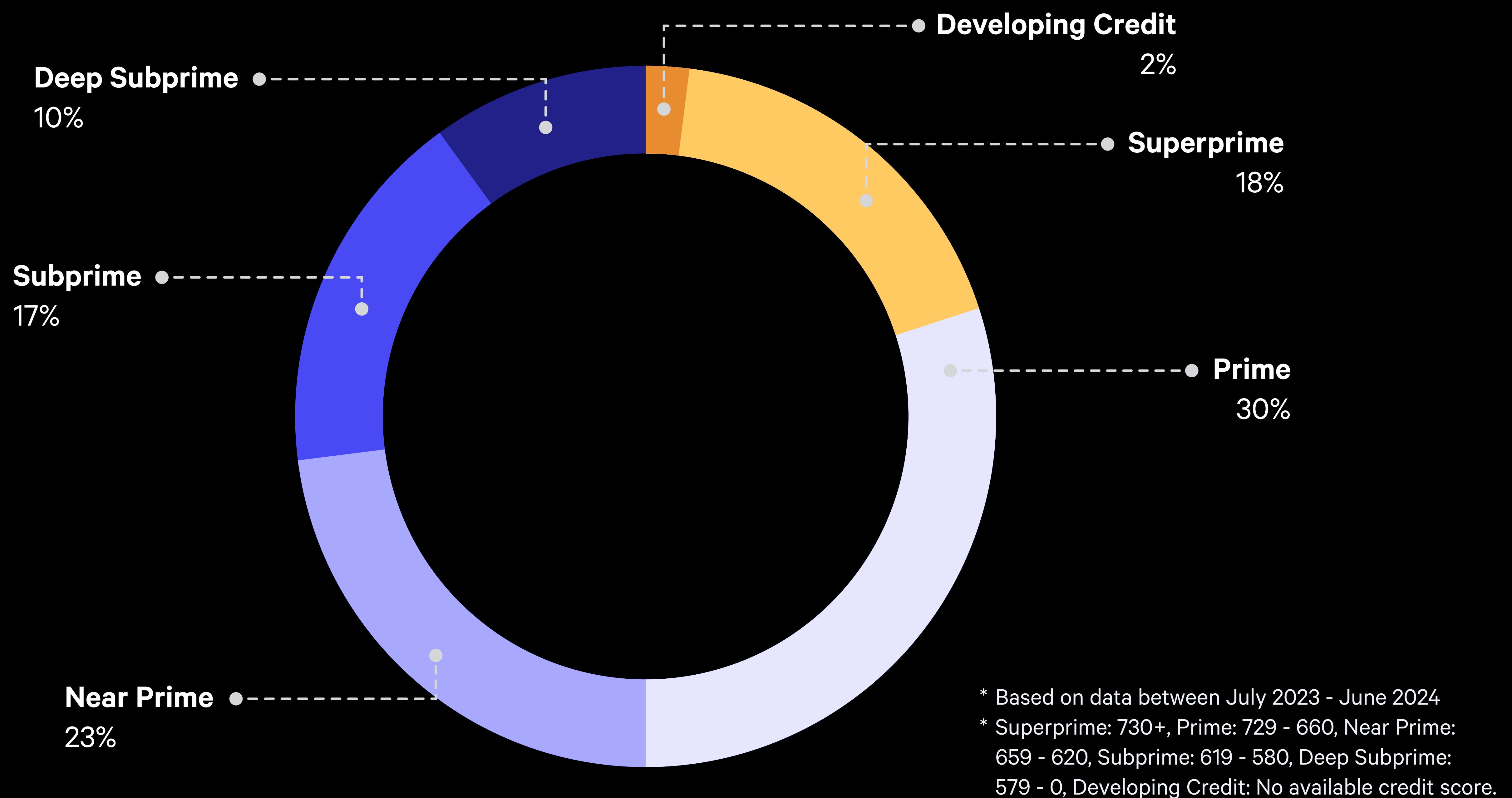
Affirm’s mission is to deliver honest financial products that improve lives. Built into this mission are the concepts of financial inclusion and socioeconomic empowerment, which mean providing access to credit to those in need of it in an honest, transparent, and responsible manner.

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. 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. In fact, in FY’24, the average FICO score of an Affirm consumer was 652 with an average household income of \$74,000. This provides critical access to honest and transparent financing to consumers, without ever being subject to hidden or late fees. Most importantly, Affirm does not facilitate loans that we don’t believe can be repaid because we do not profit from consumers’ mistakes.

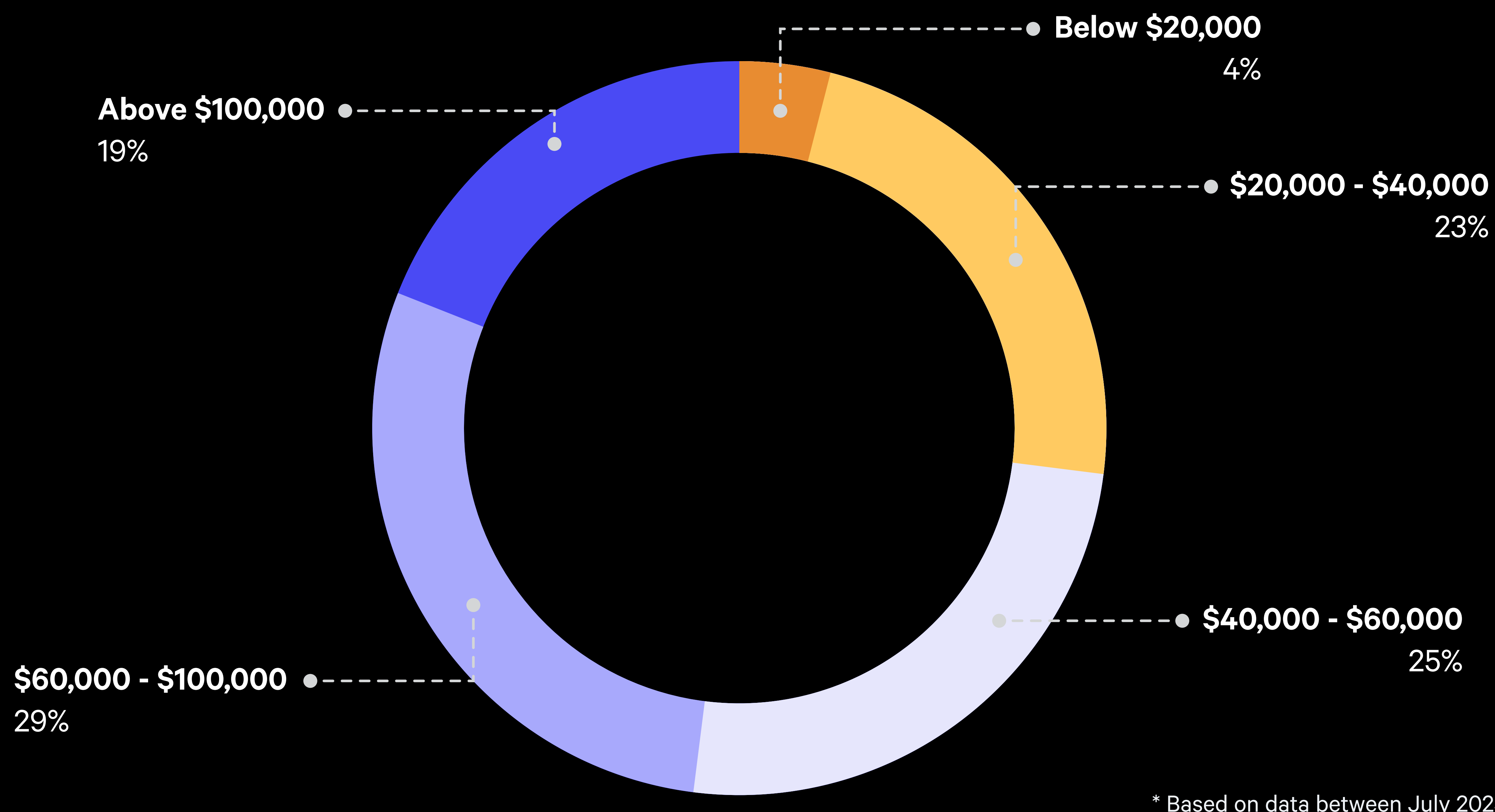
FY'24 FICO Score by Consumer

Affirm lends to consumers at all levels of the credit spectrum and underwrites every transaction individually. Approximately 52% of Affirm consumers had FICO scores below 660, and the average FICO score per consumer was 652 during FY'24.



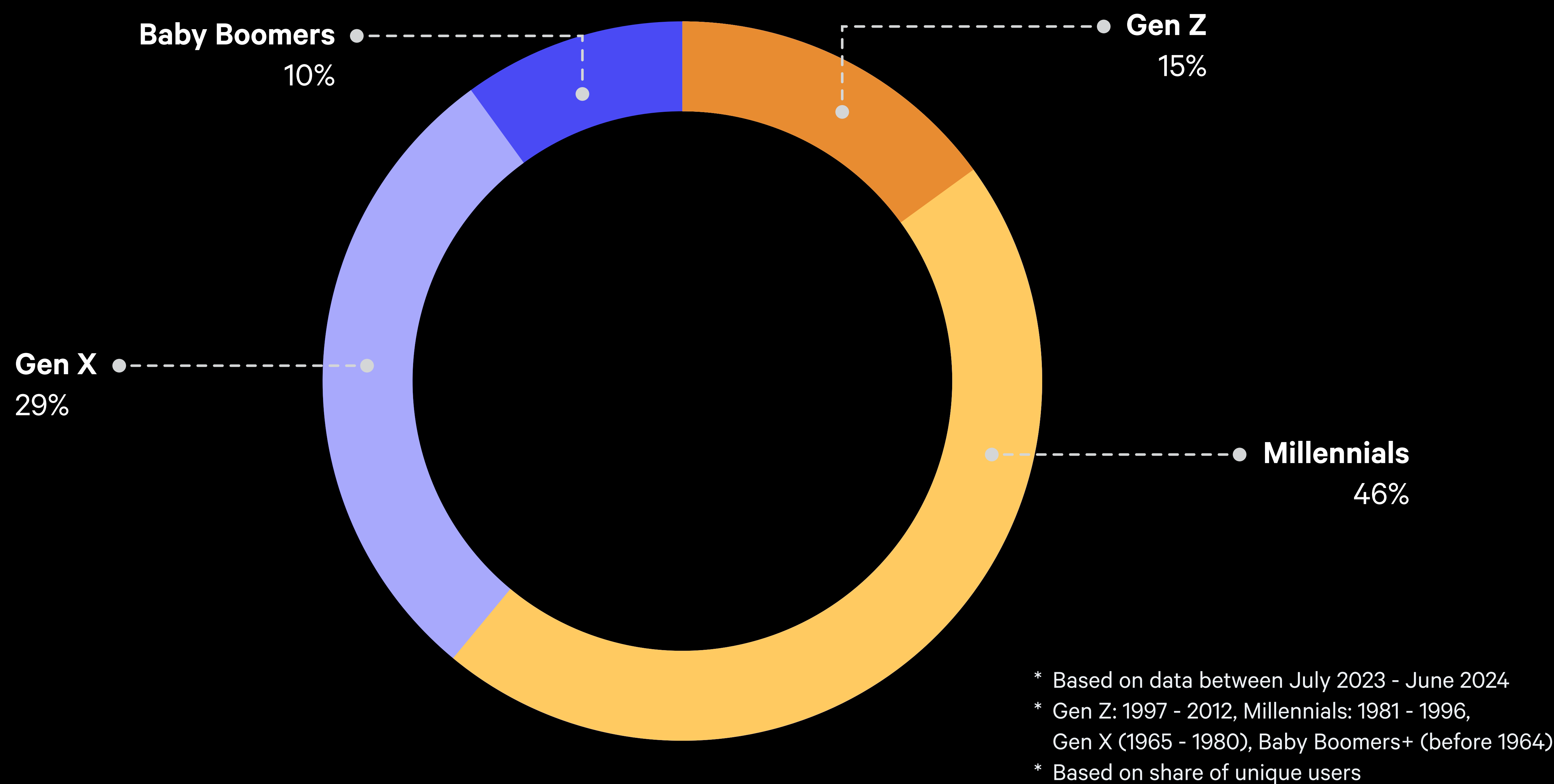
FY'24 Annual Income by Consumer

Affirm's consumers span all income levels. In FY'24, approximately 52% of Affirm consumers earned less than \$60K per year and average household income per consumer was \$74,000.

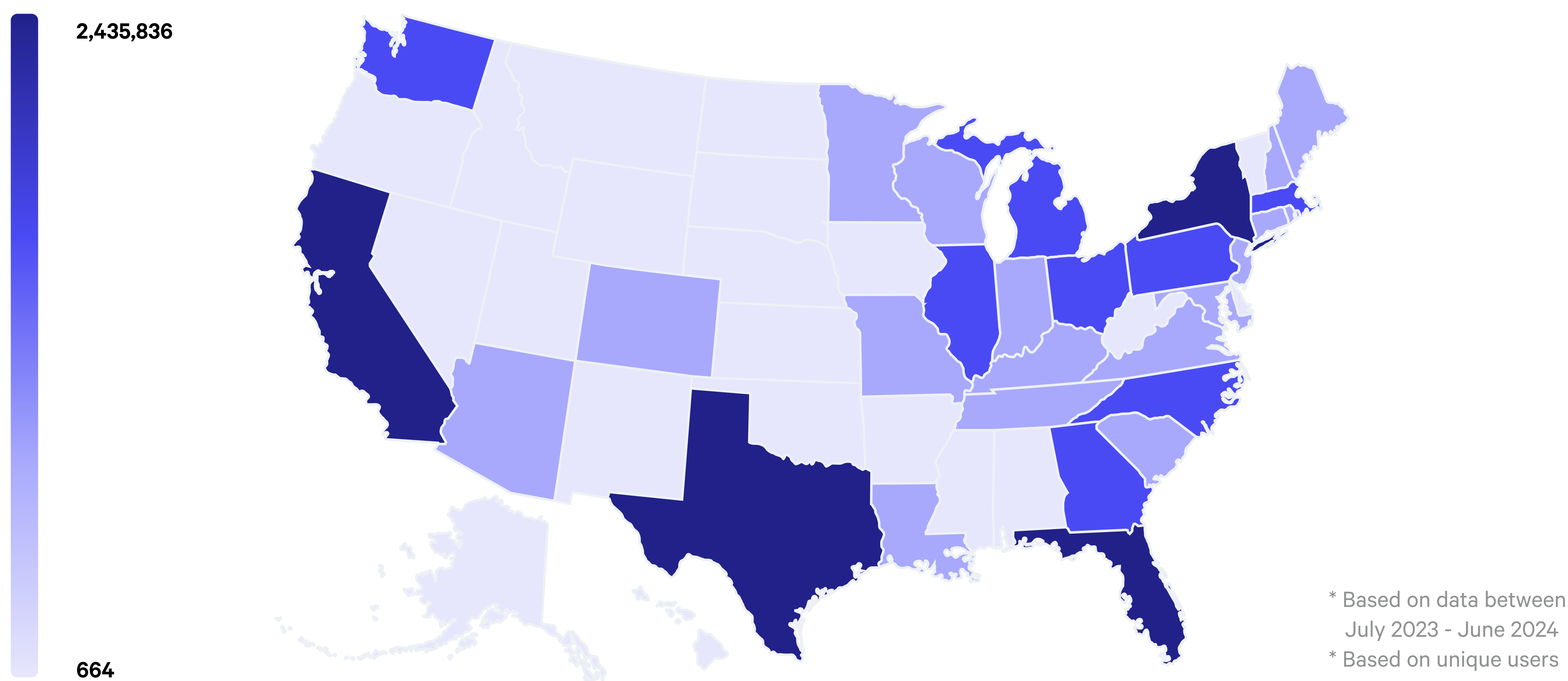


Moreover, Affirm's consumers are both demographically and geographically diverse

In FY'24, 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 over 40% of Affirm's active users in FY'24. 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.**

Customer Experience

Affirm's Customer Advocacy team is responsible for managing complaints, facilitating social media engagement, overseeing and analyzing servicing sentiment surveys (which assess customer satisfaction, customer effort score and other key servicing metrics), as well as coordinating and executing any customer-facing remediation efforts to ensure the most fair outcomes for customers. The Customer Advocacy team works adjacent to the broader servicing network to support engagement with our customers over phone, email and live chat to ensure a close connection to the trends that are driving customer contacts on the front lines of servicing.



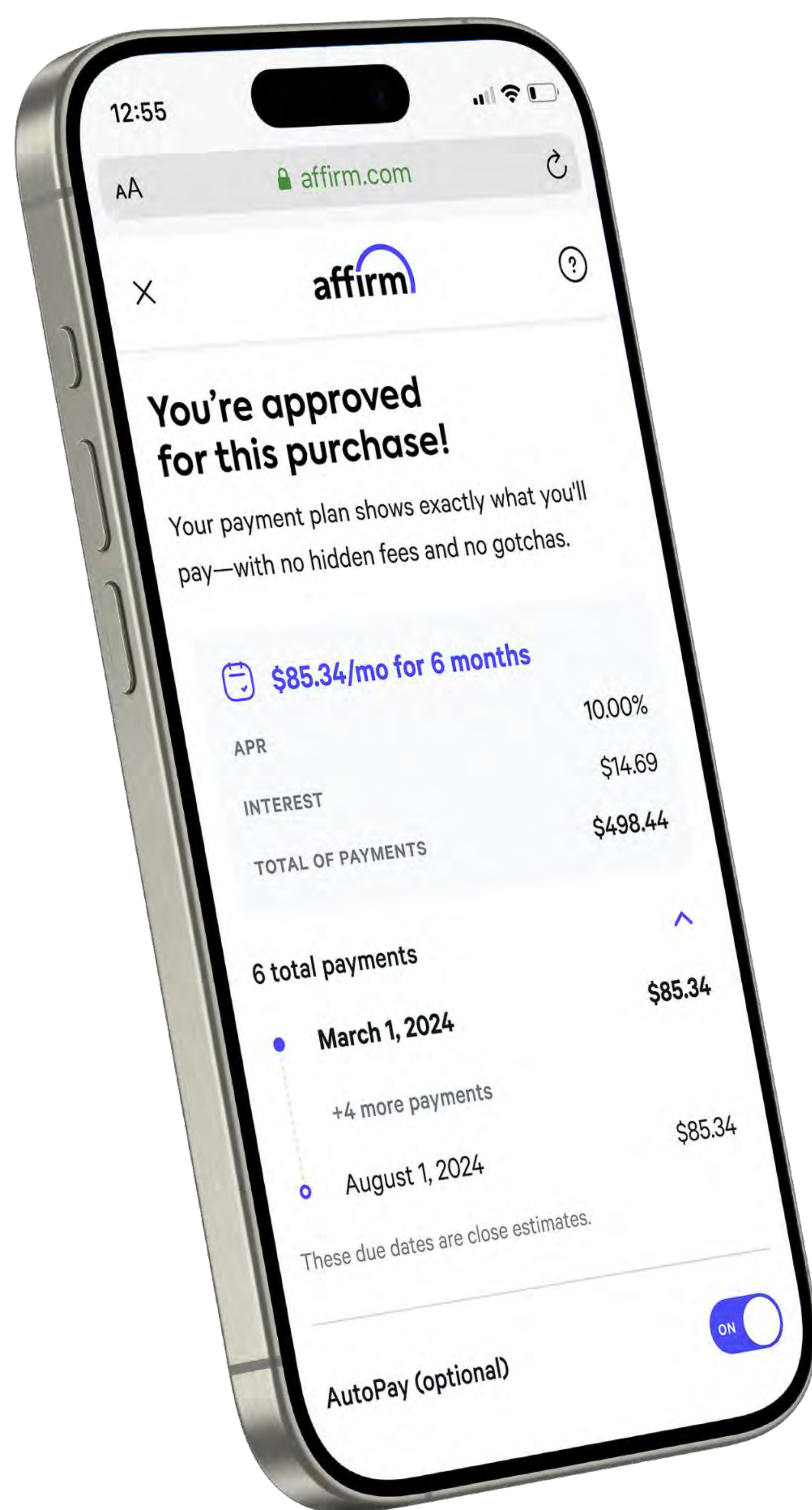
Customer feedback is evaluated on a daily basis across the Service Delivery and Customer Advocacy teams. The Customer Satisfaction Survey ("CSAT") is a best practice tool used primarily to gauge how customers feel about the service they received from the customer support agent. Affirm has designed its CSAT survey to additionally capture Customer Effort Score ("CES"), which assesses overall difficulty in issue resolution, and Customer Perceived Resolution ("CPR"), which assesses customer satisfaction with the resolution. This survey is sent to anyone who contacts Affirm and receives service from an agent. Through this comprehensive CSAT survey, Affirm generates daily feedback from customers that informs its business on customer sentiment towards Affirm as a product and service, overall, as well as their experience interacting with the servicing team.

Affirm uses the CSAT survey results to inform business decisions that advocate for a better customer experience. Cross-functional teams assess trends highlighted in monthly reports and weekly business reviews to ensure action is being taken to improve the customer experience. Some examples of improvements made as a result of the insights provided in these forums include, but are not limited to, the following:

Uniting the Affirm and Affirm Card (formerly Debit+) apps

Streamlining customers' contact experience and improving self-service capabilities

Redesigning the dispute management flow for customer disputes to improve resolution timeframe



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. This ensures that consumers receive consistent and transparent disclosures.

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 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 education and training, and vibrant communities. Since its inception in 2019, the Affirm Cares Employee Foundation has raised and awarded grants of over \$920K to local community non-profits. The Affirm Cares Annual Reports are available [here](#).



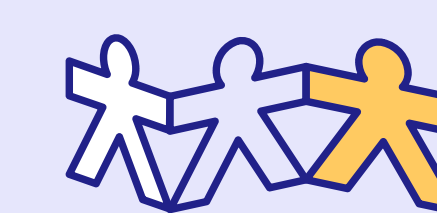
FINANCIAL LITERACY & INCLUSION

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. 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.

All Affirmers are required, both upon commencement of employment and annually thereafter, to attest to the Code by signing a written acknowledgement documenting their receipt, understanding, and agreement to comply with the Code. Additionally, Affirmers are required to complete mandatory training sessions on topics related to the Code, including harassment prevention, anti-bribery & corruption, and insider trading.



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. Affirm's [Human Rights Policy](#) embodies our commitment to human rights and outlines expectations related to ethical business practices, community engagement, protection of rights and economic inclusion, diversity and inclusion, and workplace conditions. 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 an integrated occupational health and safety management system based upon, and guided by, federally and internationally recognized standards and principles, including ISO 45001 and ISO 14001. The system is designed to effectively manage and address health and safety risks within our operations and 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 (for either Affirmers or individuals in a contractor capacity with Affirm) 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 lifecycle — 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 FY’24:

In FY’24, we launched Affirm’s DEI Learning Program. This program consists of self-paced courses for all Affirmers on topics like inclusive leadership & culture, practicing allyship, microaggressions, and neurodiversity in the workplace, along with a variety of other topics in support of cultivating psychological safety and a high-performance culture. **In collaboration with learning opportunities from our Learning & Development team, 52% of employees completed at least one self-paced course during the fiscal year.** We plan to continue to highlight both long-format and micro-learnings on DEI topics in continued collaboration with the Learning & Development team, make focused efforts to increase participation, and measure success of learning outcomes.

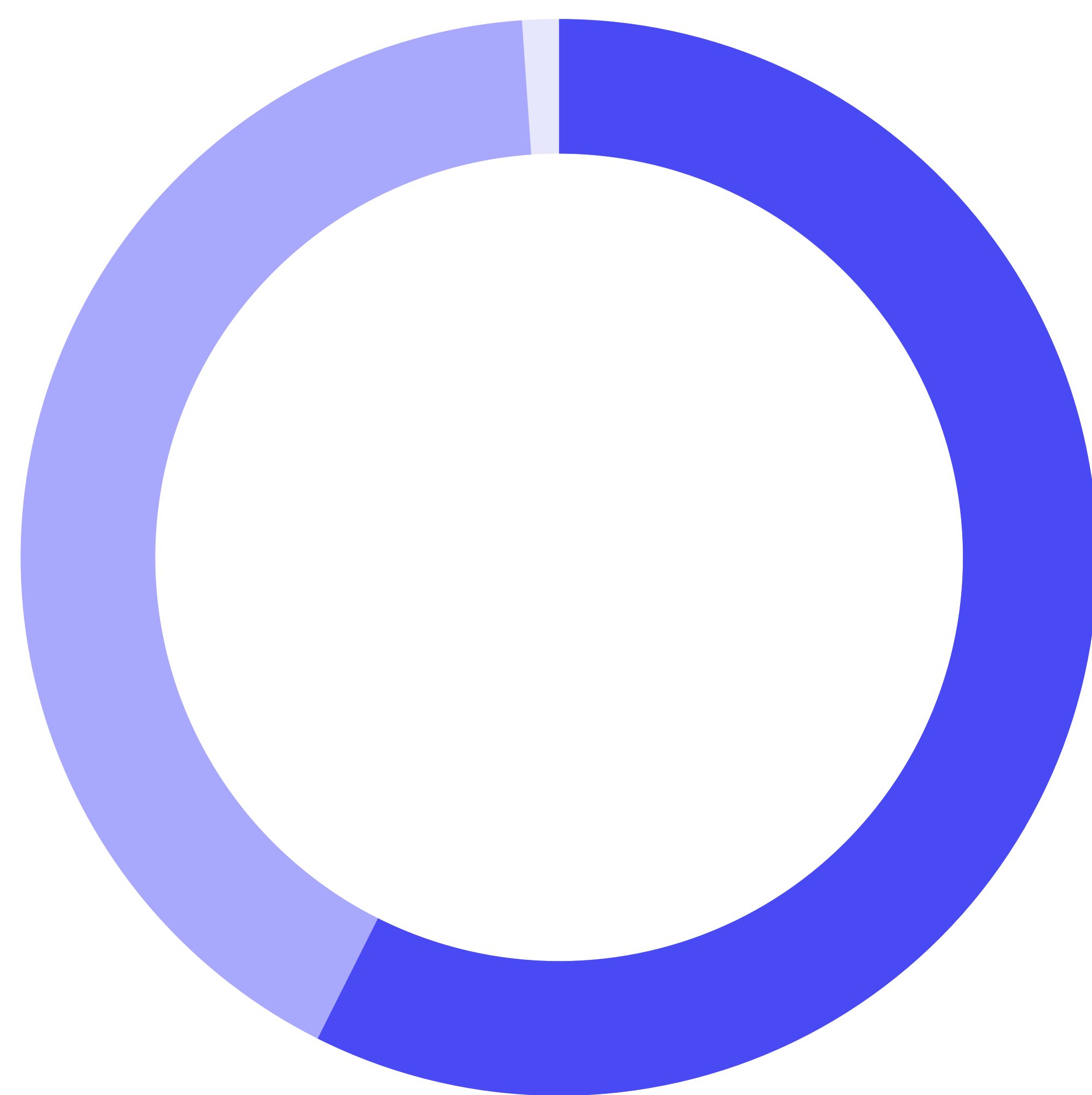
We have thoughtfully and intentionally redesigned our framework for Affirm’s Community program to increase impact, align with the greater DEI strategy, and foster a stronger sense of community for all Affirmers. The implementation of this redesign will roll out over several quarters and involve many program-specific initiatives, including:

- Tracking and sharing impactful data that tells the story of the Affirm Communities@ program.
- Executive Sponsorship engagement to ensure role alignment and expectations.

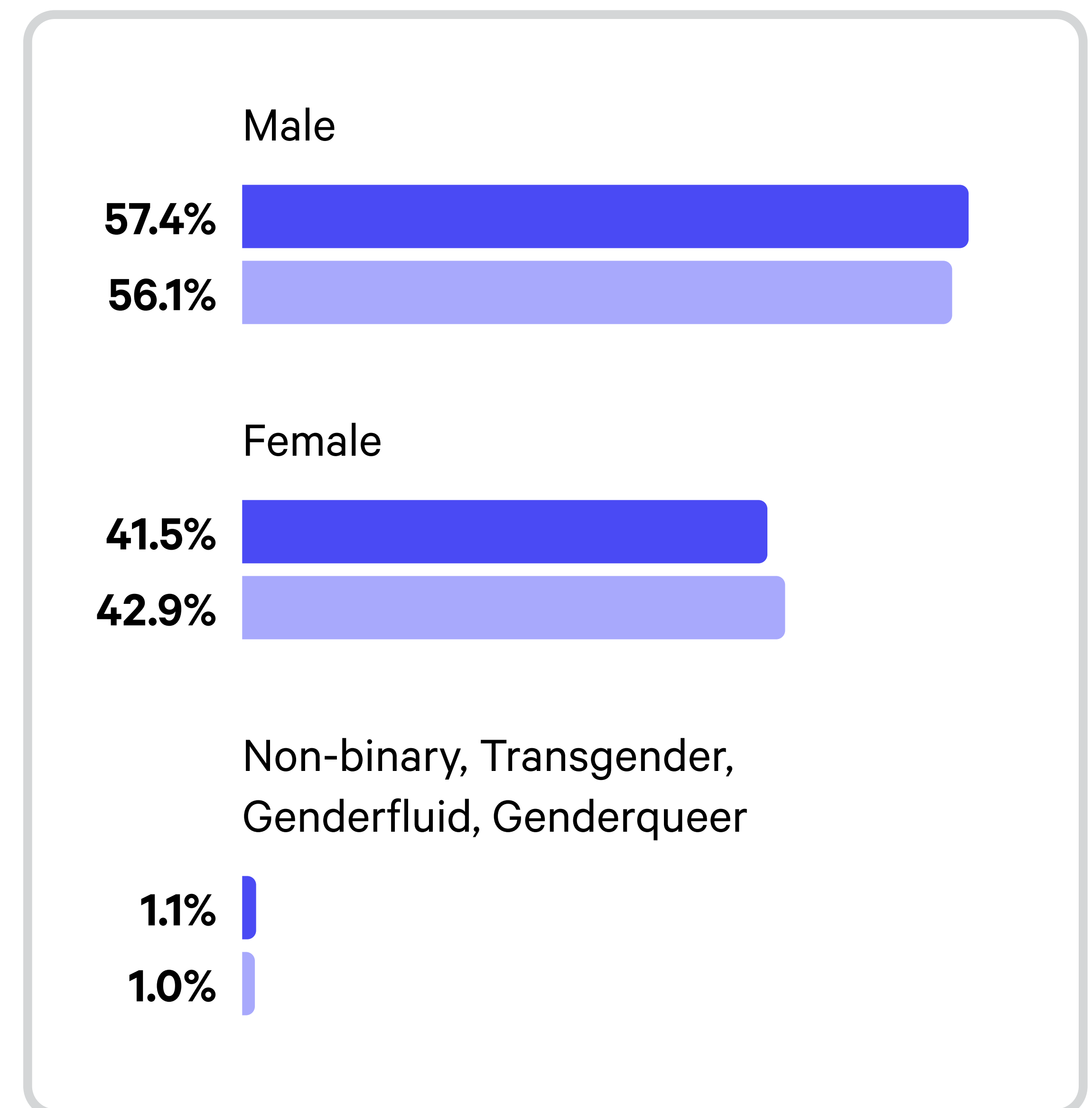
Affirm also seeks to establish our commitment to DEI within our merchant network, collect data on Affirm merchants owned by diverse communities, and share promotional opportunities with merchants that opt in. **In FY’24, through various Affirm-sponsored merchant diversity campaigns and promotions, we achieved a 61% year-over-year increase in merchant partners that are certified women-, veteran-, or minority-owned businesses.**

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 2024 report is available [here](#), but below are some highlights from the report that we are proud to share.

Gender



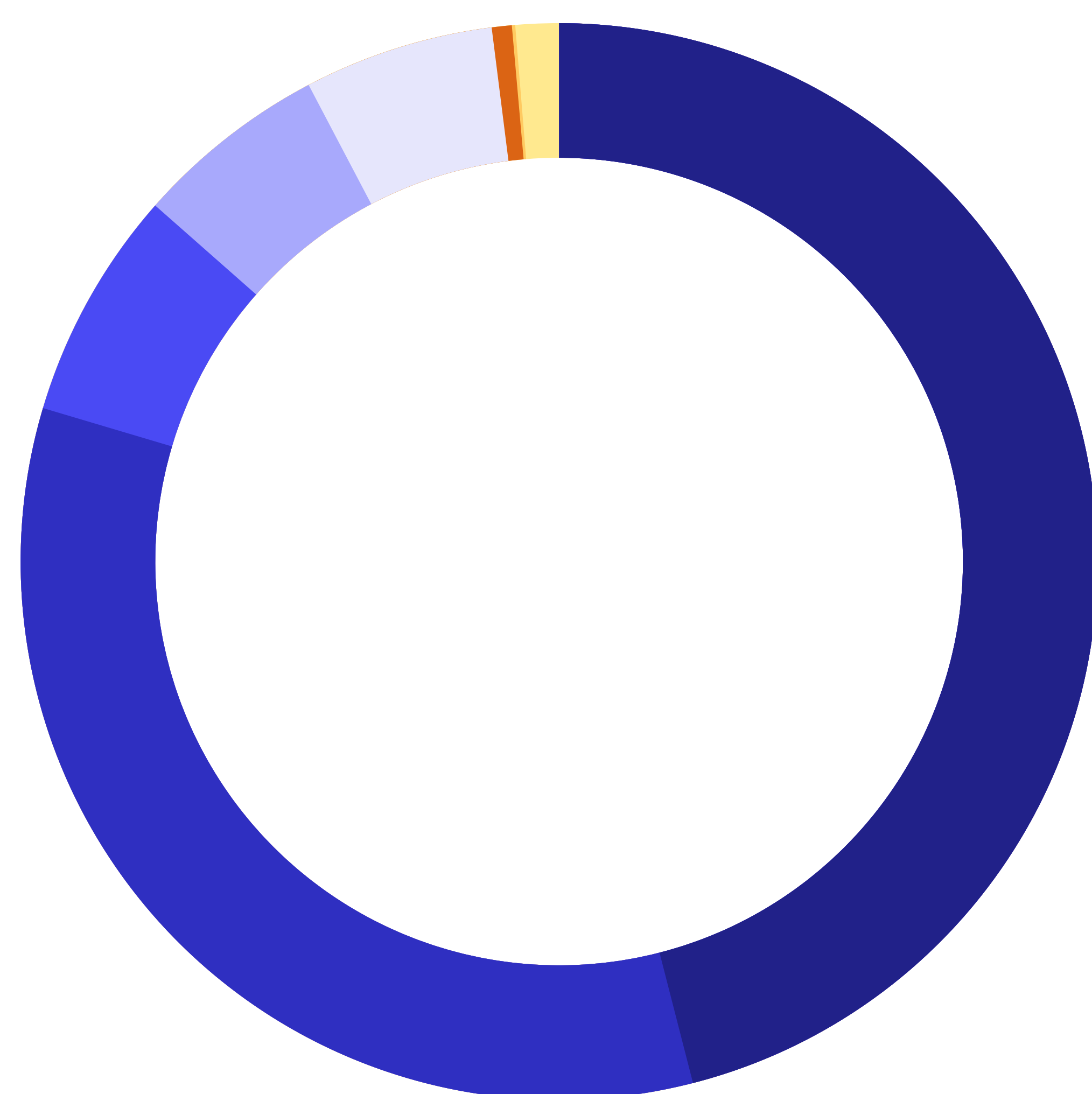
Male Female Non-binary, Transgender, Genderfluid, Genderqueer



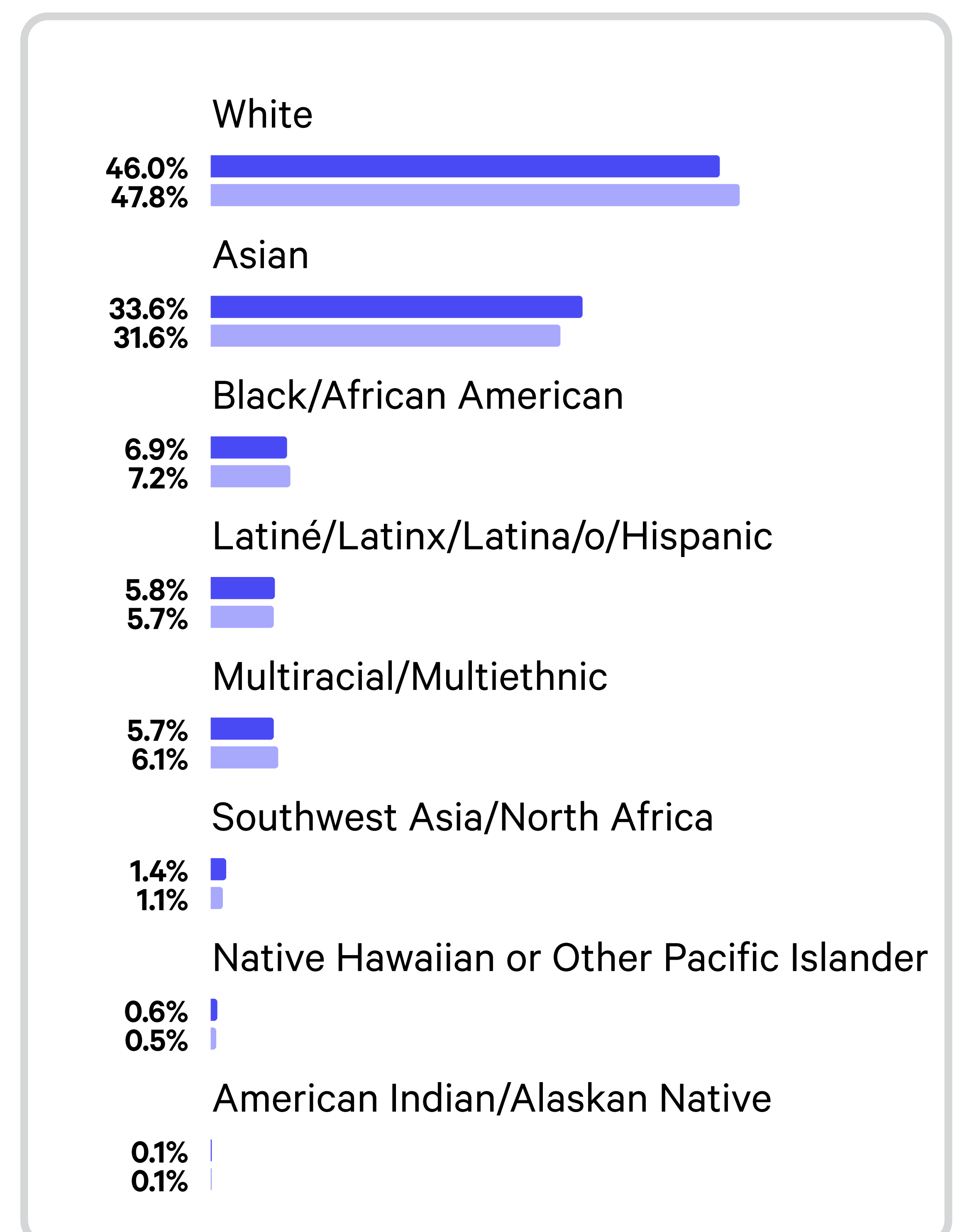
2023 2024

Ethnicity

U.S. only



White Asian Black/African American Latiné/Latinx/Latina/o/Hispanic Multiracial/Multiethnic Southwest Asia/North Africa Native Hawaiian or Other Pacific Islander American Indian/Alaskan Native



2023 2024

To see this data using U.S. government reporting categories, view our EEO-1 report [here](#).

Compensation

We have created a simple, flexible, and transparent [remote-first compensation structure](#) that reinforces Affirm's core values and links compensation to performance. In November 2023, we published geographic differentials, pay grades, and pay structures for every job at the company. We believe this level of transparency inspires confidence in how compensation decisions are made and builds trust amongst our team.

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.



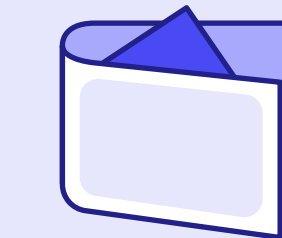
REMOTE-FIRST COMPANY

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 cash compensation recommendations anytime during the year with periodic cycles equity adjustments.



PAY EQUITY

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



Built In 2024 Best Places to Work

Affirm ranked in the top 100 best places to work in 2024 in the remote companies category.

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.

Wellbeing

Spending wallets provide \$650 per month for Affirmers to use on a wide range of expenses. We also provide a \$20,000 lifetime allowance for surrogacy, adoption, 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.

We offer full-time and part-time (regularly scheduled for at least 24 hours per week) employees 1 day (eight hours) of paid volunteer time at the start of every calendar year.

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.

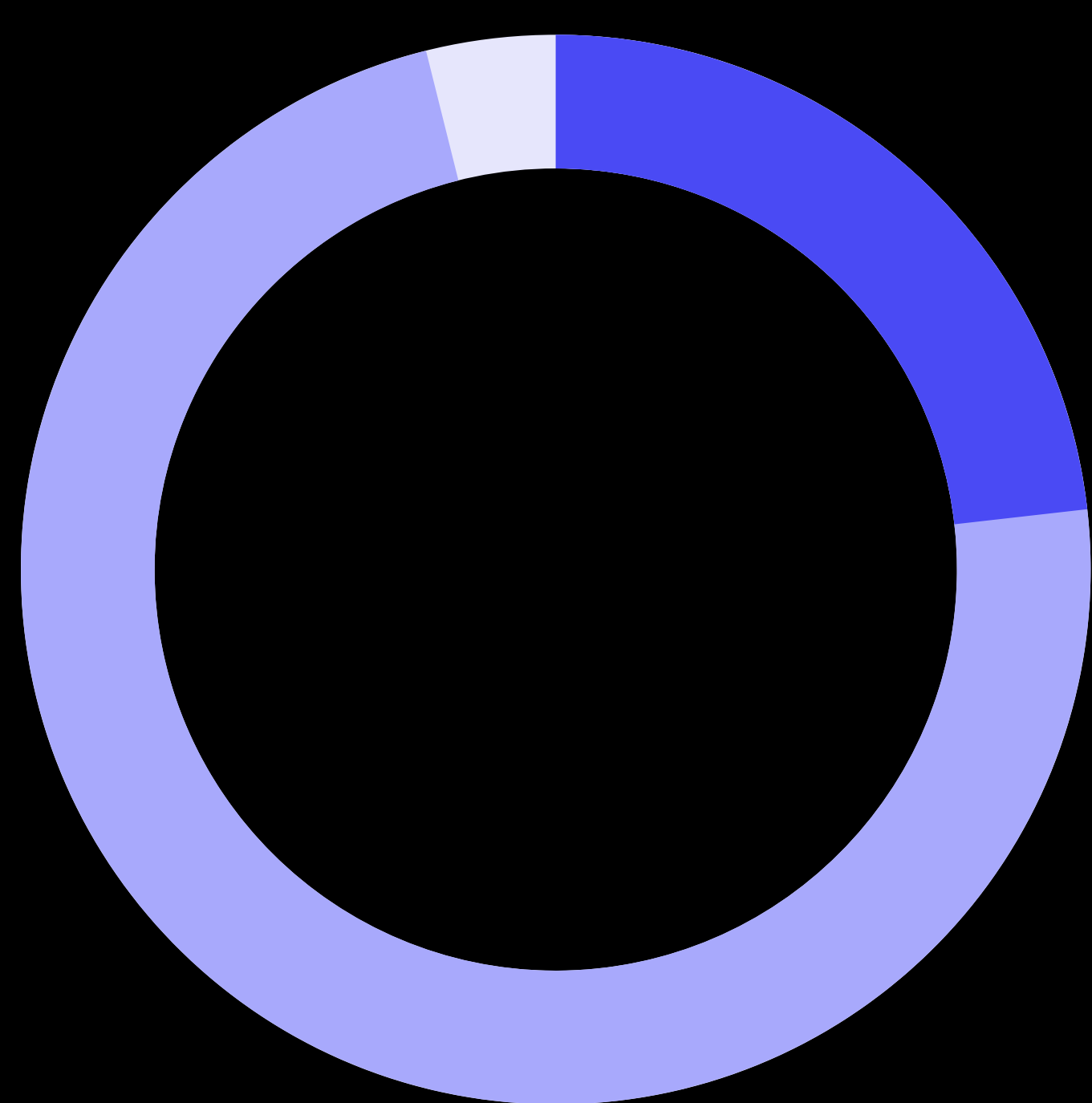
BetterUp coaching

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.

Senior Leader Summit

Annual summit that brings together Affirm's most senior leaders to deepen cross-functional relationships, develop leadership capabilities, and remove barriers to high performance across the organization.

How are employees investing their time to learn?



- 23% Business skills
- 72% Technology skills
- 5% Personal development

In FY'24, the average annual hours of training per employee was **18.05 hours** (or a total of 28,414 learning hours across all Affirmers). Employees completed training on various business topics such as leadership, management skills, facilitation, instructional design, business analysis, and project management. In addition, employees also completed tech training topics on Python, JavaScript, Web Development, AWS Solutions, and Kubernetes.

Affirm evaluates the effectiveness of our learning programs through a number of approaches, including skills assessment tools, management insights (including quarterly employee engagement surveys and learning feedback surveys), and needs assessments to ensure that our learning content enables Affirmers at all levels to be successful and grow their capabilities in support of Affirm's goals and mission.

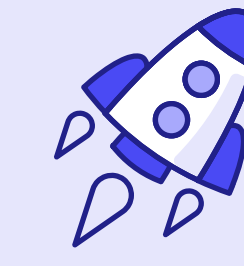
Performance management

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.



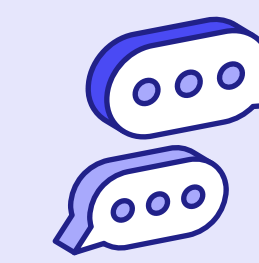
UPWARD FEEDBACK

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



SELF REVIEWS

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.

Employee Satisfaction and Engagement

Affirm monitors employee satisfaction and engagement through quarterly surveys

The TAP Survey

The TAP Survey is a pulse check on employee sentiment. In addition to engagement, it focuses on key themes, such as learning, leadership, wellbeing, DEI, and compensation & benefits. In FQ4'24, 81% of Affirmers completed the TAP Survey with an overall engagement score of 7.8 (out of 10).

As a direct result of feedback from the DEI portion of the TAP survey, psychological safety will be a top focus area for the DEI team in FY'25

The High Performance Culture Survey

The High Performance Culture (“HPC”) Survey measures how effectively Affirm is removing barriers to productivity and cultivating a high performance culture over time. Our proprietary HPC survey is directly tied to our FY'24 Company Objectives and Key Results (“OKRs”). In FQ4'24, 81% of Affirmers completed the HPC Survey with an overall score of 8.0 (out of 10).

As a direct response to Affirm feedback, the People Analytics team launched the Meeting Optimization Initiative aimed at improving our meeting culture. Removing barriers, such as unnecessary meetings, is aimed at accelerating productivity across Affirm to help cultivate a high performance culture.



Affirm is proud to be a Great Place to Work Certified company in the United States

According to the 2021 [Great Place To Work Global Employee Engagement Study](#), 85% of employees at Affirm say it is a great place to work compared to 57% of employees at a typical U.S.-based company.

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. To demonstrate our commitment to minimizing our environmental impact, we adopted an [Environmental Policy](#) in January 2024.

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. **As of the end of FY’24, 89% 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 refining our processes for calculating our Scope 1 and Scope 2 emissions - as well as calculating our Scope 3 emissions for the first time - to better assess our environmental impact and to be more comprehensive in our emissions reporting. More specifically, we calculated our Scope 1 and Scope 2 emissions based on actual consumption data rather than using estimations based on square footage for the substantial majority of our office locations, which was the methodology we used for the 2023 ESG Report. We intend to use this data to inform future strategies to make meaningful reductions.

Our operational GHG emissions footprint

The largest drivers of our operational GHG emissions are the energy we use in our offices (electricity, heating and cooling), our cloud computing, business travel, home working, and use of sold products. Our key categories of emissions include:

- Scope 1** Affirm's Scope 1 emissions are the direct emissions from operations that are owned or controlled by Affirm. Because Affirm leases all office locations, the energy consumed through the heating of our offices is considered Scope 2 emissions. Affirm does not maintain any of our own physical data centers. We host everything in the cloud, which helps improve energy efficiency. Affirm's cloud and marketing services are included in our Scope 3 emissions.
- Scope 2** Affirm's Scope 2 emissions are the indirect emissions from the generation of purchased electricity, heating, and steam consumed by Affirm.
- Scope 3** Affirm's Scope 3 emissions are the indirect emissions from our value chain, including both upstream and downstream emissions associated with the energy used to operate our cloud services (Category 1 - Purchased Goods and Services), commercial air travel (Category 6 - Business Travel), remote work (Category 7 - Home Working) and use of affirm's products (Category 11 - Use of Sold Goods).

Greenhouse Gas Emissions by Scope

In metric tons of CO² equivalent

Greenhouse gas emissions	2023***
Scope 1	N/A
Scope 2*	158
Scope 3**	5,766
Total greenhouse gas emissions	5,924

* As a result of refining our data collection process for the FY'24 ESG Report, we reclassified Scope 1 emissions as Scope 2 emissions. This is due to the fact that Affirm does not own its offices. Affirm's Scope 2 emissions are comprised of purchases of finished energy – primarily electricity, heating, and steam.

** Scope 3 emissions are comprised of: Category 1 (Cloud Computing) - 528 metric tons of CO²; Category 6 (Business Travel) - 2,242 metric tons of CO²; Category 7 (Home Working) - 2,768 metric tons of CO²; and Category 11 (Use of Sold Products) - 228 metric tons of CO².

*** See Affirm's 2023 ESG Report for information on Scope 1 and Scope 2 emissions for the 2021 and 2022 calendar years. Note that the difference between FY'23 emissions and previously reported emissions is due to the following factors: transitioning methodology from estimations to actual consumption; transitioning assessment periods from calendar to fiscal year; reclassification of Scope 1 emissions to Scope 2 emissions due to the nature of ownership of our office locations (leased vs. owned); and significant decreases in square footage leased at certain of our office locations that occurred during FY'23.

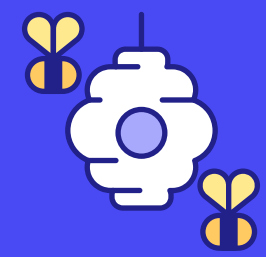
Affirm's FY'23 GHG emissions totaled 5,924 metric tons of CO². Substantially all of our emissions (97%) are classified as Scope 3 that, by definition, are from sources neither owned nor controlled by Affirm.

Emissions for each activity have been calculated by applying measurements and relevant emissions factors to actual consumption data. The inventory is believed to encompass all relevant Scope 1, 2 and 3 emissions for which Affirm is accountable, according to current practice of carbon reporting as defined by the Greenhouse Gas Protocol Standard (World Business Council for Sustainable Development and World Resources Institute, 2004).

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.



In the past, we partnered with TerraCycle® to recycle coffee pod waste created in our offices through a process where used coffee grounds from the pods were composted and the metal and plastic components were recycled. As of the end of FY’24, our offices do not create enough waste to warrant a continued partnership with TerraCycle.



We partner with a third-party electronic waste recycling company to dispose and recycle decommissioned electronics and tech equipment. In FY’24, we recycled 695 computers, tablets and phones, and over 1,800 pounds of electronic waste was either recycled or diverted from landfills.

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.

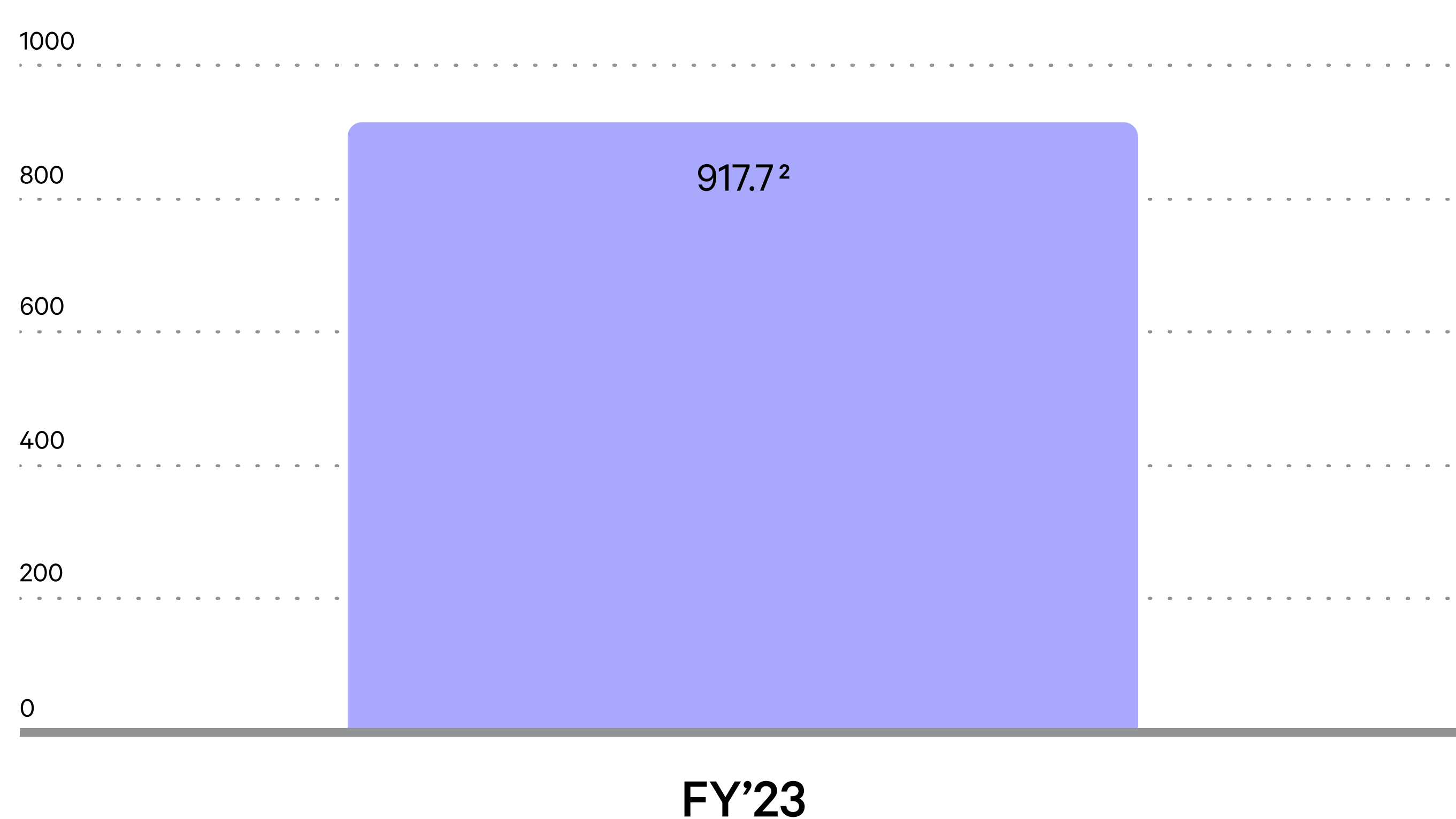


Water Management

Affirm recognizes the importance of effective water management and that access to clean water is a universal human right, as defined by the United Nations.¹ Due to both the nature of our business and our remote-first operational structure, Affirm consumes relatively low volumes of water in our leased office locations and uses low-flow faucets and fixtures. We obtain water from the local water utilities that serve our locations, and in FY'24, we began to track our water usage at the office locations where we receive a water utility bill.

Water Consumption

(in thousands of gallons)



¹ The United Nations defines the right to water as universal access to sufficient, safe, acceptable, physically accessible, and affordable water.

² Water consumption is presented only for office locations where Affirm received a water utility bill during the 2023 fiscal year (Pittsburgh, Toronto and Chicago). For our Chicago office location, we calculated water consumption through a proration method that estimated our water usage based on our percentage square foot occupancy when compared to the building's overall square footage.

2024 Climate-related Risk and Opportunity Screening

Introduction

In FY'24, Affirm conducted a physical and transition risk and opportunity screening designed to identify and assess climate-related risks and opportunities that might impact its direct operations and consumers in North America. The analysis focused primarily on Affirm's five leased offices in San Francisco, Chicago, Pittsburgh, New York City, and Toronto, as well as four states with a significant consumer presence (California, Texas, Florida, and New York). In summary, the results of this risk assessment indicate that Affirm does not currently face any material physical or transition risks related to climate change.



Vulnerability Assessment

The first step in Affirm's climate-related risk and opportunity screening was to conduct a vulnerability assessment for both physical risk and transition risk.

Physical Risk

Physical risk refers to the potential impact of the physical consequences of climate change. The physical risk vulnerability screening examined the following climate hazards: increasing average temperatures, heatwaves, droughts, wildfires, winter weather, heavy precipitation and inland flooding, and sea level rise. The following assets were considered: offices, employees, data processing centers, and consumers. The screening covered these steps:

- determining asset exposure to each of the climate hazards based on historical and future location-specific data, as well as available climate scenarios;
- measuring sensitivity of assets to the relevant climate hazards; and
- identifying Affirm's existing adaptive capacity measures, such as mitigation efforts, to climate hazards, as applicable.

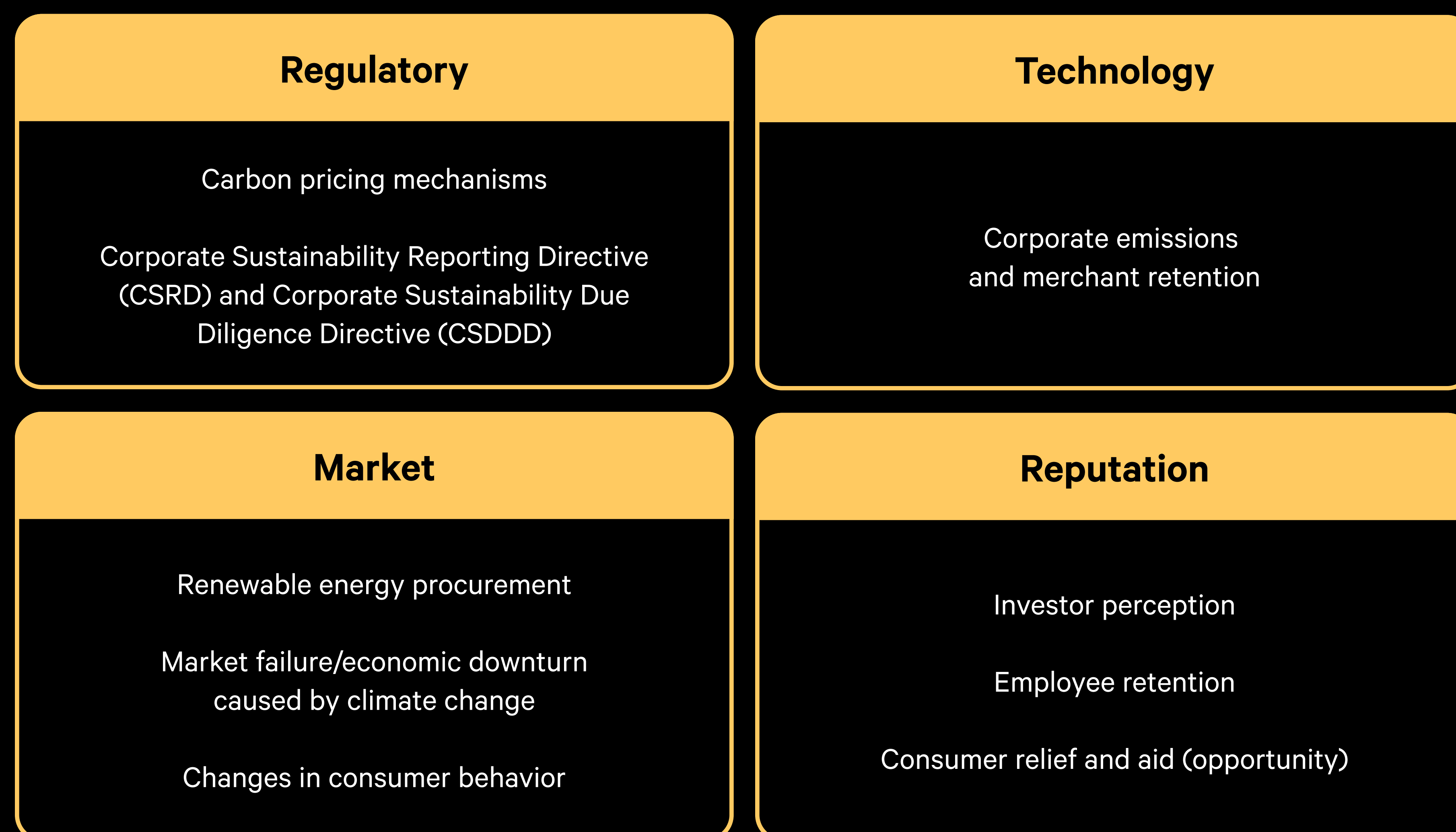
The initial physical screening focused on assessing which climate hazards may lead to unavoidable business disruption. It was determined that employees, either working in an Affirm office or remotely in the area of an Affirm office, may be affected by the effects of wildfires, heatwaves, and heavy precipitation and flooding. In addition, winter weather was determined relevant for assessment in the Chicago office. Affirm was determined to be vulnerable to these four climate hazards.

Furthermore, Affirm evaluated physical risks of its consumers across the four in-scope states and concluded that the occurrence of any of these four climate hazards would likely have no significant impact on Affirm revenue, since Affirm's consumers are spread out across varying climates within those states, and climate-related events (such as wildfires) historically have not had a meaningful impact on Affirm revenue.

Having concluded that Affirm was vulnerable to these four climate hazards, as discussed under "Risk Assessment" below, Affirm then proceeded to conduct a risk assessment in order to estimate for each office the potential financial impact on revenue associated with these hazards.

Transition Risk

Transition risk refers to the risks associated with addressing or adapting to future market, technology, or other changes related to climate change. Transition opportunities are benefits that efforts to mitigate and adapt to climate change may produce. The transition risk vulnerability screening process included identifying risks and opportunities, determining the type of risk/opportunity, and evaluating the relevancy to Affirm of such risks and opportunities. The vulnerability rating per risk and opportunity was determined by its relevancy and Affirm's adaptive capacity or ability to mitigate exposure to various regulatory, market, technology, and reputational changes. Eight risks and one opportunity were evaluated:



While corporate emissions and merchant retention and market failure/economic downturn caused by climate change were identified as highly relevant risks, no single merchant represented more than 10% of Affirm's total revenue as of June 30, 2024, and Affirm has diverse originating bank partners. Therefore, the results of this vulnerability assessment indicate that Affirm has a high adaptive capacity to mitigate these respective risks. However, the results also indicate that Affirm is vulnerable to the following transition risks and opportunities:

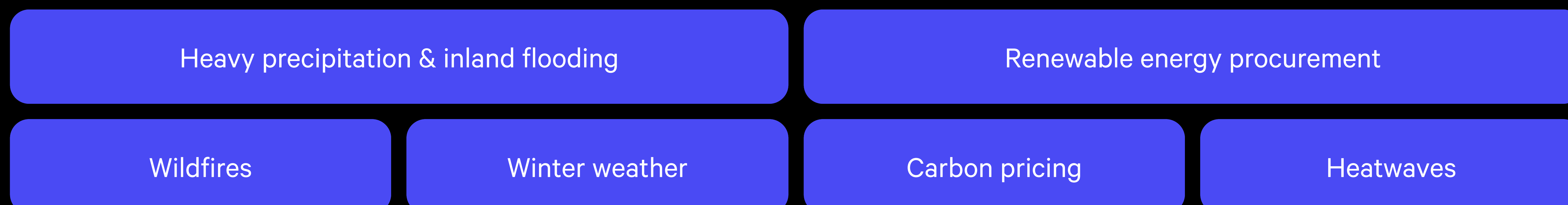
- carbon pricing mechanisms
- CSRD and CSDDD
- renewable energy procurement
- investor perception
- employee retention
- consumer relief and aid (opportunity)

Having concluded that Affirm was vulnerable to these transition risks, as discussed under "Risk Assessment" below, Affirm then proceeded to conduct a risk assessment to assess, either quantitatively or qualitatively as data allowed, the potential financial impact of these risks and opportunities.

Risk Assessment

Risks and opportunities to which Affirm was determined to be vulnerable were assessed to estimate the potential financial impact. Where financial impact could not be estimated quantitatively, the impacts were assessed qualitatively.

The following physical and transition risks were assessed quantitatively:



The following transition risks were assessed qualitatively due to data limitations and uncertainty related to impact:



Where possible, potential risks were quantified using climate impact factors and Affirm-specific inputs. The results of this financial consequence assessment were evaluated using Affirm’s existing Risk Assessment Methodology to ensure that climate-related risks are aligned to Affirm’s overall enterprise risk management process. Financial consequence ratings and likelihood ratings were used to determine overall risk ratings per facility.

Based on this scale, Affirm concluded that it is only exposed to one High physical risk (heatwaves in San Francisco). This is due to both lower rates of air conditioning use in the San Francisco Bay Area and a high concentration of Affirm employees.

While not quantified, Affirm concluded that exposure to CSRD and CSDDD presents a High transition risk to Affirm as there will be additional burden to comply with reporting obligations in the event that its business expands into the European Union (the “EU”).¹

The following risks are categorized as Moderate or Low:

Risk category	Risk
Moderate	<p>Heatwaves (New York City, Pittsburgh, Chicago, Toronto)</p> <p>Heavy precipitation and inland flooding (New York City, Pittsburgh, Chicago)</p> <p>Wildfires (New York City, Pittsburgh, Chicago, San Francisco)</p> <p>Investor perception</p>
Low	<p>Heavy precipitation and inland flooding (Toronto)</p> <p>Wildfires (Toronto)</p> <p>Winter weather (Chicago)</p> <p>Carbon tax</p> <p>Renewable energy procurement</p> <p>Employee retention</p> <p>Consumer relief and aid (opportunity)</p>

Overall, the identification and quantification of Affirm’s physical and transition risks in direct operations sets the foundation for Affirm to develop a comprehensive climate strategy.

¹ As of the end of FY’24, Affirm’s operations in Poland and Spain did not meet the employee or net turnover thresholds required under CSRD, and Affirm securities were not listed on EU-regulated markets. If Affirm’s employee presence in the EU increases in future years, if Affirm commences operations in the EU that generate net turnover that exceeds CSRD reporting thresholds, or if Affirm-affiliated entity securities are listed in the EU, Affirm may become subject to CSRD and CSDDD. The jurisdictional applicability of these frameworks will be monitored in future years.



affirm