



**REPORT UNDER THE FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY  
CHAINS ACT**

**FINANCIAL YEAR ENDED DECEMBER 31, 2023**

**Dated May 30, 2024**

## 1. INTRODUCTION

This Report (the “**Report**”), prepared pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “**Act**”) pertains to Propel Holdings Inc. and its subject wholly owned Canadian material subsidiaries, as provided in Schedule A (collectively, “**Propel**”, the “**Company**”, “**we**”, “**our**” or “**us**”).

Forced labour and child labour are contrary to our core values and policies. This Report sets out the steps we have taken and plan to take to prevent and reduce the risk that forced labour or child labour is used by the Company during the year ended December 31, 2023 (“**Fiscal 2023**”).

Propel is committed to preventing the occurrence of forced labour and child labour in our operations and supply chains. We do not tolerate child labour, forced labour or any other form of slavery and we expect that our suppliers share our commitment to ethical and responsible business practices and support our values. We also expect all directors, officers and employees of Propel to abide by our values and to act with integrity and comply at all times with all laws, regulations and rules that apply to us in the jurisdictions where we operate.

## 2. MEASURES TO PREVENT AND REDUCE RISKS OF FORCED LABOUR AND CHILD LABOUR

Generally speaking, in Fiscal 2023 we took the following measures to prevent and reduce the risk of forced labour or child labour in our activities and supply chains:

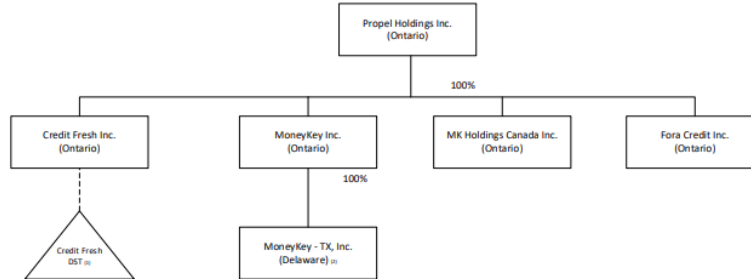
- We conducted a preliminary internal assessment of the risks of forced labour and child labour in our offices;
- We continued to strengthen our Third Party Vendor Management policies and processes to reduce risks related to forced labour and child labour in our activities and supply chains;
- In line with our Third Party Vendor Management Policy, we conducted due diligence on all third party vendors and applied risk assessment procedures prior to engaging new suppliers/vendors; and
- We conducted regular risk-based reviews of our suppliers/vendors.

Details of the above actions are set out in this Report.

## 3. OUR BUSINESS STRUCTURE AND SUPPLY CHAINS

Propel is an innovative online fintech company, committed to credit inclusion and helping undeserved consumers by providing fair, fast and transparent access to credit with exceptional service through its online and mobile-friendly platform. Through our artificial intelligence (“AI”) powered technology platform, Propel developed its own credit risk underwriting models to evaluate consumers in a more comprehensive way than traditional credit scores can. The result is the ability to offer better products to an expanded credit market for consumers while creating sustainable, profitable growth for Propel. We (i) operate as a direct lender and credit services organization (CSO); (ii) are also involved in multiple bank programs (directly and indirectly) where we provide certain services, including marketing, technology, underwriting and loan servicing for bank originated loans facilitated through our mobile-friendly technology platform; and (iii) also operate as a LaaS provider to multiple financial institutions. Our operations are either conducted through one of our three consumer-facing brands (MoneyKey, CreditFresh, or Fora Credit), or as white-labelled solutions through our LaaS program. Together with our partners, we currently operate in 41 states across the US, and 7 provinces in Canada.

The following organization chart sets out the intercorporate relationships of the Company and its material subsidiaries, together with the jurisdiction of formation, incorporation or continuance of each entity. For clarity, the subsidiaries below are only the material subsidiaries; the organizational chart below is not representative of our entire corporate structure.



Notes:

- (1) CreditFresh Inc., through wholly owned subsidiaries, is the sole beneficial interest holder of CreditFresh DST I, incorporated in the state of Delaware, and beneficially controls CreditFresh DST I.
- (2) MoneyKey Inc., through one of its wholly-owned subsidiaries, is the indirect owner of 100% of MoneyKey – TX, Inc., incorporated in the state of Texas.

Propel was incorporated on June 16, 2011, under the OBCA as 2288984 Ontario Inc. and Propel amended its articles of incorporation to change its name from 2288984 Ontario Inc. to Propel Holdings Inc.

The Company’s head office and registered address are located at 69 Yonge St., Suite 1500, Toronto, ON, M5E 1K3, Canada.

Propel is a reporting issuer in each of the provinces of Canada. The company’s common shares are traded on the TSX under the symbol “PRL”.

As of December 31, 2023 we employed approximately **462** employees, all of whom are located in Canada. Our workforce is comprised of highly skilled corporate and contact center employees. The majority of our employees belong to our **260** person in-house customer operations team who work in our two contact center locations in Toronto, Ontario and Winnipeg, Manitoba and who cover all customer facing interactions including loan origination, loan servicing and collections.

Propel does not engage in the manufacturing or handling of goods. As a technology-driven company, we believe that the risk of forced labour or child labour among our suppliers is low. The regions and industry in which Propel operates is generally not associated with high incidences of forced labour or child labour. This should be an indication of a relatively lower direct risk in our supply chain concerning these issues. Our supply chain includes mainly suppliers of consulting, professional advisory, marketing and communication, risk and credit analysis, and comprehensive information technology (IT) hardware and software solutions. Additionally, certain vendors may also provide supplementary support such as office equipment and workplace facilities.

#### 4. OUR POLICIES, GOVERNANCE AND DUE DILIGENCE PROCESSES

##### a. Code of Ethics (the “Code”)

The Code applies to all members of the board of directors, officers, employees, consultants, contractors and agents (collectively, “**Representatives**”) of the Company and its affiliates and subsidiaries. The Code ensures that we conduct business with integrity, honesty and respect, in compliance with applicable laws, regulations and policies, and in a manner that preserves the Company’s reputation and deters unethical

behaviour and wrongdoing. Adherence to the Code is a condition of employment with, or providing services to, Propel.

It is the responsibility of the Representatives to ensure that a compliance due diligence is performed prior to entering into business relationships with third parties. All agreements with vendors, suppliers, customers and third parties must be in writing and reviewed by the Corporate Secretary and must specify the goods and services to be provided and the fees to be paid. Throughout all business relationships, Representatives must continuously and properly monitor such third parties to prevent misconduct. In accordance with the Act, Propel is currently undertaking a thorough review of the Code to directly address concerns relating to forced labour and child labour.

#### **b. Employment and Recruiting Process**

Propel is committed to upholding human rights and ethical labor practices throughout its operations. We firmly believe that the risk of forced labour and child labour among our employees is negligible. Propel is dedicated to integrating human rights considerations into its policies, governance framework and decision-making processes. Consequently, our recruiting procedures adhere to the prevailing standards currently in force in Canada.

Our Human Resources department diligently oversees the preservation of our organizational culture, core values and behaviors across the entire Company. This includes the implementation of policies that prioritize diversity, inclusion, and the health and safety of our employees, which are paramount concerns for us. Our commitment extends to ensure a safe and healthy work environment, and we strive to meet or exceed all legislative requirements in this regard.

#### **c. Due Diligence Process**

Propel does not utilize forced labor and child labor in any aspect of its operations and supply chains. This includes, but is not limited to, all forms of bonded labor, slavery, human trafficking, and the employment of individuals under the legal minimum working age. Furthermore, we expect and encourage our suppliers and business partners to develop and implement ethic programs and standards that align with Propel's principles.

Propel has implemented a Third Party Vendor Management policy to establish a robust framework for managing vendor relationships. To ensure compliance, the company employs various methods and tools to assess its suppliers/vendors. Before engaging a new supplier/vendor, the Company conducts comprehensive due diligence to identify relevant risks, considering the supplier's structure, activities, geography, policies, compliance with national labor laws and regulations, and supply chains. The company maintains a repository of third party vendor questionnaire ("**Vendor Questionnaire**") responses, which potential suppliers/vendors must successfully complete as part of the due diligence process. These completed questionnaires are reviewed and approved before entering into any formal relationship. Additionally, Propel continuously monitors and assesses its relationships with suppliers/vendors to ensure ongoing effectiveness and compliance.

#### **d. Whistleblower Policy**

The Whistleblower Policy is outlined in the Code of Ethics. It establishes procedures for the receipt, retention, and treatment of complaints related to accounting, internal and disclosure controls, or auditing matters. The policy allows for confidential and anonymous submission of concerns made in good faith by employees and covers a range of complaints, including tampering with records, fraud, deficiencies in internal controls, and misrepresentations in financial records. Complaints can be made by phone, online, or by speaking to the chair of the Audit Committee. The policy ensures anonymity, prohibits retaliation, and

requires the retention of relevant records. The policy aims to maintain a culture of integrity and accountability within the Company, and it must be reviewed periodically by the Audit Committee.

## **5. TRAINING**

Propel's employees receive regular tailored training on ethical topics and our policies, including but not limited to the Code and Third Party Vendor Management Policy. All new employees are assigned a mandatory onboarding training package which includes training on the Code. Propel's employees are required to certify their abidance by the Code on annual basis. They shall acknowledge they have reviewed and will follow the Code and Propel's policies and procedures.

In 2024, Propel intends to provide training to targeted audiences that will include child and forced labour.

## **6. RISKS ASSESSMENT OF FORCED LABOUR AND CHILD LABOUR IN OUR BUSINESS AND SUPPLY CHAINS**

Within our organization, we prioritize collaborating with suppliers to address labour related concerns and working conditions throughout their supply chains. By staying informed about sectors and regions vulnerable to modern slavery, we proactively identify and address associated risks. We believe that the likelihood of modern slavery among our suppliers is very minimal. The regions and industries within our operational scope generally are not associated with high incidences of such practices. Should our due diligence reveal the presence of modern slavery risks, we will consider the appropriate remediation strategies in compliance with international standards ensuring our commitment to ethical sourcing practices.

## **7. MEASURES TAKEN TO REMEDIATE FORCE LABOUR OR CHILD LABOUR**

In Fiscal 2023, we have not identified any incident of forced labour or child labour in our activities or supply chain. We therefore did not need to take any measures to remediate an incident of forced labour or child labour. Notwithstanding, the Code and Whistleblower Policy offer a reporting mechanism for our employees to report ethical or legal violations, among other concerns.

If we do identify incidents of forced labour within our activities or supply chains, we will consider the appropriate remediation strategies in compliance with international standards. We recognize the potential impact, including financial, of our actions should we elect to take any measures to eliminate the use of forced labour or child labour, including ceasing to do business with problematic suppliers due to their practices towards forced labour and child labour. Even if we have not yet been faced with such circumstances, we would favor complying with our commitments to fight forced labour and child labour while trying to mitigate any adverse impact arising therefrom.

## **8. MEASURING OUR EFFECTIVENESS**

Although a formal detailed assessment of our performance regarding our commitments towards forced labour and child labour is not yet in place, we will nonetheless continue to review our processes, policies and practices, including our assessment of our suppliers, to align with industry best practices and mitigate our risk towards forced labour and child labour.

Should we be made aware of any issues regarding the behavior of members of our supply chain, it is our commitment that we would quickly address the situation by entering into discussions with the relevant party, investigating the facts and circumstances and entertain required corrective actions with the supplier and ensure such corrective actions are fully implemented. To date, there have been no such instances that have been raised.

In preparing this report, Propel engaged with key areas of its organization. We remain committed to preventing forced labour and child labour from taking place in our business and in our supply chain. We will continue to review and improve our policies, processes and practices regularly to determine any adjustments that could help us fight against forced labour and child labour.

## 9. DISCLAIMER

This Report does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. Furthermore, this Report has not been prepared as financial or investment advice or to provide any guidance in relation to our future performance.

## 10. CAUTIONARY NOTE REGARDING FORWARD LOOKING INFORMATION

*Certain statements made in this Report may constitute forward-looking information under applicable securities laws. These statements may relate to our future plans and procedures to continue our efforts to combat forced labour or child labour in our activities or supply chain. As the context requires, this may include certain targets as disclosed in the prospectus for our initial public offering, which are based on the factors and assumptions, and subject to the risks, as set out therein and herein.*

*Often but not always, forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should", "would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology.*

*Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the factors discussed in the "Risk Factors" section of the Company's annual information form dated March 12, 2024 for the year ended December 31, 2023 (the "AIF"). A copy of the AIF and the Company's other publicly filed documents can be accessed under the Company's profile on the System for Electronic Document Analysis and Retrieval Plus at [www.sedarplus.ca](http://www.sedarplus.ca).*

*The Company cautions that the list of risk factors and uncertainties described in the AIF is not exhaustive and other factors could also adversely affect its results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. The forward-looking information contained in this Report represents our expectations as of the date of this Report (or as the date they are otherwise stated to be made) and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.*

## 11. APPROVAL

This Report was approved by the Board of Directors of Propel.

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

I have the authority to bind Propel.

Per: (signed) "Clive Kinross"

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Full Name: Clive Kinross  
Title: Chief Executive Officer  
Date: May 30, 2024

**Schedule A**

**Material Subsidiaries**

1. Credit Fresh Inc.
2. MoneyKey Inc.
3. MK Holdings Canada Inc.
4. Fora Credit Inc.