Quorum Information Technologies Inc.
TSX-V: QIS | OTC Pink: QIFTF

2022 Sustainability Statement

Founded in 1996, Quorum develops, supports, acquires and markets innovative and robust technology solutions and services to traditional and electric vehicle dealerships and Original Equipment Manufacturers ("OEM") across North America.

Quorum's vision is to modernize how the automotive industry delivers an exceptional consumer experience through innovative products and services. Two important trends shaping the industry today are:
- increased demand by consumers for online purchasing of vehicles and related service and parts offerings; and
- increased demand by consumers for electric vehicles and related service and parts offerings.

With approximately 92% of its customers located in Canada, and 8% in the United States, Quorum's revenues are generated firstly from a software as a service (SaaS) business model, secondly as recurring services, and thirdly from one-time services. Through a remote workforce across Canada, Quorum relies on its human and intellectual capital.

In recognizing that environmental and social issues play an important role in maintaining and enhancing the ability of Quorum to create value over the long term, Quorum has chosen to publish an inaugural Sustainability Statement to address topics that are, or may be, financially material to its long-term sustainability.

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Quorum will continue to further incorporate environmental, social, and governance (ESG) criteria into its operational framework to reflect its commitment to its customers, partners, vendors, shareholders, employees, and to the communities in which it operates.

Quorum's Vision is to modernize how the automotive industry delivers an exceptional consumer experience through innovative technology and services that drive our customers' profitability.

Quorum's Mission: By providing a complete suite of seamlessly integrated products and services to our customers, we deliver innovative solutions that close the gap between consumer and industry needs.

Quorum's Values and Culture: These values enable our teams to deliver and support solutions for our customers, and the values fully engage, and acknowledge the contribution and health of our employees. Our values are:

- **Integrity & Transparency** - Operating with integrity, accountability and transparency in everything we do.

- **Wellbeing & Success** - Promoting employee health and wellbeing and fostering growth.

- **Quality & Efficiency** - Executing with a balance of quality and speed to continually deliver value for our stakeholders.

- **Innovation & Improvement** - Focusing on continuous improvement and innovation.

- **Support & Teamwork** - Consistently nurturing and encouraging collaborative relationships and providing support where needed.

- **Caring & Commitment** - Maintaining an unwavering commitment to customer success and providing an exceptional customer experience.

ENVIRONMENTAL SUSTAINABILITY PRACTICES

Optimization of energy use and protection against power grid disruptions

To optimize energy usage and protect against power grid disruptions Quorum is actively transitioning on-premises infrastructure deployments to a cloud-first approach. The cloud services providers that Quorum uses are actively working towards maximizing energy efficiency and establishing alternate power sources.

By utilizing their infrastructure, Quorum is leveraging the cloud services providers' investments in cloud infrastructure to reduce its own environmental impact, as well as mitigate the risk of power grid

disruptions. By utilizing the on-demand flexibility of cloud services, Quorum benefits by using only the resources required to compute and store data.

For software implementations where physical hardware is required, Quorum right-sizes these solutions to reduce energy requirements, and sources this hardware from manufacturers who provide energy efficient products and solutions.

Since Quorum was founded in 1996, it had historically installed and deployed its software solutions on-premises (main frame computers) and hosted the server infrastructure from its own physical locations.

Today, 100% of Quorum's software solutions are hosted on-cloud, with approximately 70% of Quorum's dealership customers accessing Quorum solutions through cloud services. We believe this has significantly minimized the energy required to deploy Quorum solutions for both Quorum and its customers, and Quorum continues to work towards transitioning 100% of its customers to the cloud.

While both access to energy and potential power grid disruptions pose a risk to the sustainability of Quorum's operations, Quorum is mitigating these risks by leveraging global cloud providers such as Microsoft Azure and Amazon Web Services (AWS).

Water use and water efficiency

Quorum's software product development, marketing and sales do not require water use for the production and delivery of our software services to our customers, and Quorum has moved to a virtual company business model whereby we have adopted technological tools to conduct the majority of our operations without physical office premises. Currently only approximately 10% of our employees work in-office daily.

Both cloud services providers Quorum utilizes (Microsoft Azure and Amazon Web Services (AWS)), are committed to reducing energy consumption, including through maximizing cooling efficiency by reducing the water required to cool cloud-based datacenters. They are doing so by maximizing the use of non-potable and recycled water for cooling purposes.

While an important sustainability issue, water usage and water efficiency do not pose direct material risks to the operations and sustainability of Quorum's business operations.

Integration of environmental considerations into strategic planning for data centres

Environmental considerations for Quorum include reducing Quorum's data centre carbon footprint, maximizing data centre energy efficiency, maximizing data centre cooling efficiency, and utilizing sustainable data centre power sources. These environmental considerations have resulted in Quorum moving to cloud-based services and relying on industry leading cloud services providers that are committed to becoming carbon neutral, water positive and zero waste.

Both cloud services providers that Quorum utilizes, Microsoft Azure and Amazon Web Services (AWS), are committed to reducing their energy consumption through maximizing power efficiency, as well as powering their operations using 100% renewable energy within the next decade. Additionally, there is a commitment to reduce the water required to cool their data centers by maximizing the use of non-potable and recycled water for cooling purposes, as well as using recycled materials in the construction of their cloud data centers to further reduce emissions.

Quorum believes that by integrating its environmental considerations into its strategic planning for data centres, both materially, and positively, impacts its long-term sustainability.

SOCIAL CAPITAL SUSTAINABILITY PRACTICES

Data Privacy and Freedom of Expression

Responses to requests for customer information from governments or law enforcement

In providing its B2B software products and services to automobile dealerships, Quorum stores some customer contact information (i.e. business address and phone number). Quorum does not store more sensitive individuals' information like social insurance numbers (SIN's), or any individual or business payment information.

If there was a request from government or law enforcement, it would be related to our dealership customer's business information. To date, Quorum has not received a request for customer information from any government or law enforcement agency. If a request was made it would be reviewed and responded to by Quorum's Chief Financial Officer.

Use of personal data for revenue opportunities

Quorum does not use personal data to generate revenue.

Government-required Monitoring, Blocking, Content Filtering, and Censoring of Data

Quorum does not manage any Business to Consumer (B2C) software applications aside from a few of our dealership software products that are designed to assist automotive dealers in their digital retailing efforts for automobile services and automobile sales.

To the end of 2022, Quorum has not had to respond to any government-required monitoring, blocking, content filtering, or censoring of data, and thereby there has not been any impact from this on Quorum's reputation and growth.

Approach to Collection and Use of Customer Data for Secondary Purposes

Quorum does not collect or consume any customer data for secondary purposes.

Data Security

Identification and Addressing of Vulnerabilities and Threats, and Prevention of Data Security Breaches

Software Production Environment

Quorum performs regular security vulnerability assessments of all its software production environments and maintains a regular process for deploying critical and recommended security patches to these production environments. Management is not aware of any data breaches to date.

In leveraging a cloud-unified security management system, this security system provides advanced threat protection across all of Quorum's cloud environments. This security management system provides tools to strengthen Quorum's security posture and protect against threats, through constant monitoring of the workload and changes to the cloud environment. A dashboard provides a unified view of the security posture of the cloud workload, including security alerts, coverage information, and regulatory compliance reporting. Reports and alerts are available to create awareness of outstanding security threats including mitigation suggestions.

Employee Information Technology

Quorum's approach to preventing data security risks and vulnerabilities from employee laptops is by securing each of Quorum's laptops using device encryption data protection features that address the threats of data theft or exposure from lost, stolen or inappropriately decommissioned laptops, an active directory and group policy with VPN access to secured, on-premises resources, and restricted accounts with least privileged access on both system and through-network services (both on-premises and on the cloud).

Quorum's Employee Policy on the use of Quorum's technology requires that employees ensure the safety and security of all Company data stored on Company cell phones and computers (or laptops). To maintain the security and privacy of customer information, Quorum employees observe the Clean Desk Policy. All employees are required to take appropriate actions to prevent unauthorized persons from having access to customer information, applications, or data. Employees are also required to make a conscientious check of their surrounding work environment to ensure that there will be no loss of confidentiality to data media or documents.

Practises to take all reasonable efforts to always safeguard data on Quorum's company cell phones and computers, include safe internet usage practices, use of anti-virus monitoring software where available, preventing and prohibiting access to the cell phone or laptop by third parties, and taking all reasonable efforts to prevent loss or theft of the device(s). In addition, all staff, including contractors and vendors with access to Quorum systems are responsible for taking appropriate steps to select and secure their passwords.

Quorum's approach to identifying and remediating data security threats from employee laptops includes malware protection and notification on infection; login policies through Office 365 notifying when logins

are from abnormal geographic regions; and email policies notifying when emails are redirected and upon abnormal activity. In situations where Quorum becomes aware of abnormal activity or data loss, Quorum's Security Incident Response Plan would immediately be initiated. As part of that response the compromised account would be locked to prevent any further potential data compromise, and after the investigation is completed and any issues are mitigated, a password change for the end user would be initiated.

Integration of Third-Party Cybersecurity Standards into Data Security Practices

Quorum utilizes standard cybersecurity frameworks in defining and assessing its data security practices. Quorum also leverages several industry leading products to assess security vulnerabilities in its production environments, as well as assessing the security of our code throughout our software development processes.

HUMAN CAPITAL SUSTAINABILITY PRACTICES

Recruiting and Managing a Global, Diverse and Skilled Workforce

Exposure to labor shortages from a lack of qualified technical science, technology, engineering and mathematics (STEM) candidates

The potential risks from Quorum's exposure to a lack of qualified technical STEM candidates, include hiring the wrong candidate and a higher employee turnover rate, discussed here as follows:

- The potential risks from hiring the wrong candidate are costly and can include lost time and productivity, poor customer service, and potentially a negative reflection on Quorum's brand with Quorum's customers. Hiring the wrong candidate can also destroy employee team morale because of potentially toxic communications and behaviour.

- The potential risks from a high employee turnover rate as a result of labour shortages from a lack of qualified technical STEM candidates include the costs of losing trained, productive and qualified employees, losing employees with valuable organizational knowledge, and training employee replacements. The risks may also include a negative impact on a company's reputation in the marketplace.

Strategies Employed to Attract, Recruit, and Retain Qualified Technical Candidates

Quorum is currently in phase one of a three-phase project focusing on developing an EVP (employee value proposition) to support efforts to harmonize the employee culture after the acquisition of four companies since 2017. The aim is to cultivate a clearer sense of self as an employee of Quorum, deepen key Quorum brand associations, and deepen the awareness of Quorum as an employer of choice.

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Quorum is also focused on further developing awareness of its employer branding. The strength of Quorum's reputation carries through the hiring process and into the employee lifecycle. A strong employer brand in alignment with Quorum's culture is a powerful force for reducing turnover, improving retention, and keeping employees engaged.

The employee experience also affects employee engagement, and higher engagement levels improve both Quorum's culture and increase productivity, ultimately creating a positive impact on Quorum's revenue and profits. Quorum has also worked on several initiatives in 2022 to improve the employee experience (EX), including communication, onboarding, and performance management process improvements, and employee learning and development (L&D).

Ensuring Gender, Racial and Ethnic Diversity Throughout the Organization

Through its Employer Branding project, Quorum is currently evaluating its company culture and investigating how best to ensure diversity across its management and technical employees by identifying and formalizing its Employee Value Proposition (EVP).

Quorum is also incorporating evolving human capital practises to better engage and motivate minority employees, including through the communication of work life balance principles, the provision of modern role charters versus traditional job descriptions, proactively sourcing a diverse pipeline of potential management and employee candidates, and providing Quorum management and employees with unconscious-bias training.

LEADERSHIP & GOVERNANCE

Intellectual Property Protection & Competitive Behavior

Anti-Competitive Behavior

As a provider of B2B software products and services to automobile dealerships, Quorum does not sell its software products and services directly to the automobile dealership's customers. Quorum has an open integration policy for building integration between our software products and our competitors' products to allow our dealership customers to have choices between products in the market (including our competitors'). Quorum has not received an anti-competition complaint nor has had any concerns raised regarding anti-competitive behavior.

Managing Systematic Risks from Technology Disruptions

Prevention and Response to Performance Issues and Service Disruptions

Quorum relies on several different technologies to monitor and alert on product stability issues and early-outage warnings. Quorum has architected its web applications in such a way that failover and automated restarts live at the core of the design. Should Quorum suffer a service disruption or outage,

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Quorum has two separate internal groups that form to manage the issue immediately: our Communications Team and our Resolution Team.

Our Communications Team has been designed to ensure that our customers are aware of what we know about the issue and what we are doing to resolve it. We also provide hourly communications updates until the issue has been resolved.

Our Resolution Team works to first identify the issue at hand, then deploys a team of experts to resolve the issue, and then ultimately delivers the communications team with a root cause analysis report (RCA) containing the symptoms of the event, the cause, what action was taken, and what is being done to ensure the event does not happen again.

Additional Contextual Considerations (at year end 2022):

Number of Licenses or Subscriptions

Quorum has over 15,000 users across its product suite.

Percentage Cloud-Based

Quorum's solutions are 70% cloud-based, and 100% of Quorum's solutions have a Cloud offering. Quorum is continually moving more dealership users to its Cloud offerings.

Data Processing Capacity and Percentage Outsourced

Approximately 35 TB of Quorum's data is processed per month, and approximately 62% of that data processing capacity is outsourced.

Amount of Data Storage and Percentage Outsourced

Quorum stores approximately 40 TB of data across its different application environments. Of that, approximately 40 TB of storage, 89% of the storage is outsourced.

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