

# Sustainability Report

for  
**CHG-MERIDIAN  
Group**

**Reporting year 2024**

01/01/2024  
to 31/12/2024



# Sustainability report of the CHG-MERIDIAN Group for the fiscal year January 1, 2024 to December 31, 2024

## Contents

1	About this report .....	2
2	ESRS 2: General disclosures .....	3
2.1	Basis for preparation .....	3
2.2	Governance .....	6
2.3	Strategy .....	13
2.4	Impact, risk, and opportunity management.....	25
3	Environmental information .....	32
3.1	Climate change .....	32
3.2	Resource use and circular economy .....	45
4	Social information.....	53
4.1	Own workforce .....	53
4.2	Workers in the value chain.....	72
4.3	Consumers and end-users .....	73
5	Governance information .....	77
5.1	Corporate governance.....	77
6	Assurance Report.....	91
6.1	Assurance Conclusion .....	91
6.2	Appendix to the Assurance Report: Unassured elements of the combined non-financial reporting.....	94

# 1 About this report

This sustainability report for 2024 presents our sustainability performance at CHG-MERIDIAN. We highlight our impact in the social, environmental, and economic spheres, discuss the risks and opportunities arising from sustainability matters, and describe the concepts we have developed and the goals we have defined. This report is the separate combined non-financial Group report for 2024 for CHG-MERIDIAN AG and the CHG-MERIDIAN Group in accordance with the German Commercial Code (HGB, section 340 (4) in conjunction with 340i (5), sections 315b and 315c in conjunction with section 340a (1a) and sections 289b to 289e) and aims to inform our stakeholders about how we are meeting our responsibilities. Where there are differences in the assertions for the Group and for CHG-MERIDIAN AG, this is highlighted in the text.

In recent years, our sustainability report followed the framework of the Global Reporting Initiative (GRI). This year, we are breaking with the principle of consistency. It is the first time that our framework is based on selected disclosures under the European Sustainability Reporting Standards (ESRS) in combination with internal definitions in accordance with sections 315c (3) and 289d HGB. We are doing so due to the importance of ESRS as the standard accepted by the European Commission for sustainability reporting. The application of the selected ESRS disclosures is included in the contents index.

The following table shows the transition from minimum CSR-RUG requirements to ESRS disclosures:

Minimum requirements of CSR-RUG	Section
Environmental matters	Climate change, resource use and circular economy
Employee matters	Own workforce
Respect for human rights	Own workforce, workers in the value chain, management of relationships with suppliers (corporate governance)
Social matters	CHG-MERIDIAN has not identified any material impacts, risks, and opportunities in relation to affected communities, and thus does not report on social matters as defined by section 289c HGB.
Anti-corruption and anti-bribery matters	Corporate governance
Other matters	Consumers and end-users

The period under review in this report is the 2024 fiscal year (January 1, 2024 – December 31, 2024).

The 2024 sustainability report has undergone an independent review with limited assurance. The independent practitioner's report can be found in [chapter 6](#) at the end of this document.

## 2 ESRS 2: General disclosures

### 2.1 Basis for preparation

BP-1 – General basis for preparation of the sustainability report

#### Scope of consolidation

This sustainability report has the same scope of consolidation as the consolidated financial statements, which means all subsidiaries of CHG-MERIDIAN are included with the exception of Meridian Leasing Corporation<sup>1</sup>, which was acquired in the fourth quarter of 2024. This is the second time that information at Group level is being disclosed. The scope of application, in particular with regard to the metrics, is indicated in each chapter.

The disclosures regarding end-of-lease do not apply to the German subsidiary abakus Consulting GmbH, as it operates a different business model. The 'Governance' chapter relates to all CHG-MERIDIAN companies with the exception of abakus, devicenow, and circulee. The same applies to all disclosures in connection with the supply chain, where OPC in India is also excluded. The sustainability strategy and governance, and related measures, do not apply to our subsidiaries circulee, abakus, devicenow, and Meridian Leasing Corporation, although we do maintain a sustainability-related dialogue with the relevant contacts.

#### Disclosures on the upstream and downstream value chain

The materiality analysis takes the activities of CHG-MERIDIAN and of the upstream and downstream value chain into account. The double materiality analysis was produced in accordance with ESRS and thus exceeds the materiality definition in CSR-RUG (section 289c (3) HGB).

The sustainability report primarily describes CHG-MERIDIAN's own policies, actions, targets, and metrics; the upstream and downstream value chain is described in the sustainability report, and we have defined a wide range of strategies and guidelines (and in some cases, metrics) for the following areas: *sustainable procurement* (upstream and downstream supply chain), *data protection/information security* (downstream value chain), and *end-of-lease processes* (downstream value chain).

For further details about the value chain, see section [ESRS 2 SBM-1](#) ↓

#### Transparency

Transparency is one of the principles that underpin CHG-MERIDIAN's operating policy. With this in mind, the Company did not make use of the option to exclude certain information from its sustainability report, such as the disclosure of upcoming developments or matters that are still at the negotiation stage.

---

<sup>1</sup> Meridian Leasing Corporation was only included in the total number of employees (headcount).

## BP-2 – Disclosures in relation to specific circumstances

### **Time horizons**

We define the following time horizons in CHG-MERIDIAN's financial planning:

- Near-term horizon: less than one year (in line with IFRS)
- Long-term: more than one year

CHG-MERIDIAN's strategy has different timelines and includes a medium-term program with a five-year term (currently: NEXT 2025). Since sustainability is a strategic matter, we have harmonized the sustainability time horizons with the strategic time horizons:

- Short-term: less than one year
- Medium-term: 1-5 years
- Long-term: more than five years

Where our time horizons deviate from these general guidelines, this is indicated in the relevant part of the sustainability report.

### **Structure of the sustainability report**

The sustainability reports up to and including 2023 were prepared in accordance with the GRI standards. With regard to the structure of the content, CHG-MERIDIAN followed the content of the materiality analysis carried out at the time. CHG-MERIDIAN carried out a materiality analysis for the 2024 reporting period in accordance with ESRS requirements. Sustainability reporting was reviewed on the basis of this new materiality analysis and the 2024 sustainability report structured in line with ESRS. Text content and metrics are based on selected ESRS disclosures, as presented in the [contents index](#).

Our sustainability reporting has evolved in recent years and has become more professional over time:

- 2020: First sustainability report in accordance with the Global Reporting Initiative (GRI) Standards
- 2021: Sustainability report in accordance with the GRI Standards with limited assurance covering Central Europe
- 2022: Sustainability report in accordance with the GRI Standards with limited assurance covering Central Europe
- 2023: Scope of the GRI-based sustainability report expanded to include the entire CHG-MERIDIAN Group with limited assurance
- 2024: First sustainability report with selected application of ESRS with limited assurance

### **Data sources and estimates for the sustainability report**

We occasionally rely on secondary data, such as sector-specific average data or other proxies, when calculating our corporate carbon footprint (CCF). This is highlighted in the [climate change](#) chapter. For the calculation of the total waste volume, the waste from our rented office locations is estimated on the basis of the volume generated at our headquarters in Weingarten, taking into account staff attendance. This is explained in more detail in the [resource use and circular economy](#) chapter.

Metric	Estimates/measurement uncertainty	Section
CCF	<p>The actual electricity consumption data for buildings in which we rent offices is often not provided until the middle/end of the following year. We therefore make some use of the previous year's data when calculating these Scope 1 and 2 emissions. Where no actual data on energy consumption for heating is available, it is calculated using an average consumption value per square meter, taking into account the climate zone in which the building is located.</p> <p>Additional uncertainty arises primarily from the choice and origin of emission factors.</p> <p>The uncertainty is greater for Scope 3, in particular for emissions related to the product lifecycle. These are often based on estimates per asset class.</p>	Climate change
Total volume of waste (office locations)	We do not have data on waste volumes for office-only locations where we rent larger office complexes. Waste data for these locations is estimated based on data from our headquarters in Weingarten, taking into account staff attendance.	Resource use and circular economy

### Retrospective restatement and errata from the previous sustainability report

- Energy consumption and mix: percentage of renewable energies
  - ➔ Disclosure was 26.6 percent; the correct figure is 27.7 percent (incorrect export from CCF tool)
- Resource outflows/disposal by waste type in tonnes
  - ➔ Change in the categorization of which waste is considered hazardous and which is not; therefore retroactive adjustment of the hazardous and non-hazardous total waste quantities
- Proportional emissions of equity investments factored in
- Improvement of data quality, particularly relating to buildings

## 2.2 Governance

### GOV-1 – The role of the administrative, management, and supervisory bodies

The governance structure has a strong influence on the sustainability strategy and the sustainability organization. The embedding of, and support for, sustainability in senior management and across all areas of the organization are of huge importance when it comes to implementing targets and optimizing an ambitious strategy.

#### **Administrative, management, and supervisory bodies**

CHG-MERIDIAN AG is the parent company of the CHG-MERIDIAN Group and an unlisted stock corporation. The Group's Board of Management has three members, who regularly report to the Supervisory Board on business matters. The Board of Management members, all of whom are male (0 percent women on the board), are CEO Dr. Mathias Wagner, CFO Ulrich Bergmann, and CSO Daniel Welzer. We have a Group-wide policy concerning conflicts of interest, and we comply with the rules and laws applicable to us as a regulated financial institution. No potential conflicts of interest were identified in the year under review. In 2023, we introduced a Group-wide policy concerning fit-and-proper assessments for the Supervisory Board, the Board of Management, and the holders of key positions and other roles. Additional guidance is provided by the code of conduct, the employee manual, the HR manual, and the disclosures and reporting policy. The policy is based on the 'Guidance Notice on management board members pursuant to KWG, ZAG and KAGB', the 'Guidance Notice on Members of Administrative and Supervisory Bodies pursuant to KWG and KAGB', the reliability checks defined in section 6 (2) no. 5 of the Money Laundering Act and the German Stock Corporation Act, the German Private Limited Companies Act, and other relevant norms (such as ISO) and legal provisions.

The Supervisory Board is made up of four men and two women (33 percent women on the Supervisory Board). The chairperson is male, the deputy chairperson is female. It comprises two majority shareholders (end of current term of appointment: 2028), two independent external individuals (end of current term of appointment: 2027 and 2028 respectively), and two employees (end of current term of appointment: 2027). 33 percent of its members are independent. No member of the Supervisory Board holds a position on the supervisory board of other regulated companies. The Supervisory Board represents 100 percent of employees (2023: 100 percent, 2022: 100 percent).

The majority of the Company's shares, around 62.4 percent, are owned by the family of its founder. The family of the chairman of the Supervisory Board holds 25.1 percent, while the remaining 12.5 percent are held by the Board of Management, senior executives, and other shareholders.

#### **Supervisory Board**

The activities of the Supervisory Board include involvement in the company's strategic planning. As a governance body, it also scrutinizes the definition of corporate values and principles. Subsets of the overall strategy and guidelines are developed by the persons in charge of the relevant departments and approved by the Supervisory Board. Policies are prepared and approved at department level. This procedural structure applies across all areas, including matters relating to sustainability. Moreover, the Group Sustainability Board – which includes the members of the Board of Management – is responsible for assessing and managing

sustainability-related risks and opportunities and the impacts that the CHG-MERIDIAN Group has on the environment and society. The Supervisory Board works closely with the Board of Management and represents the shareholders of the company. In keeping with statutory provisions and the company’s memorandum and articles of association, it grants the Board of Management extensive authorizations to act on behalf of the company. The Board of Management is required to obtain approval from the Supervisory Board only for specific activities and transactions for which this requirement has been stipulated by law or in the memorandum and articles of association. The Supervisory Board may consult directly with other stakeholders such as supervisory authorities on matters of importance. The chairperson of the Supervisory Board does not hold a senior management position in the CHG-MERIDIAN Group. The Supervisory Board is elected by the Annual General Meeting. The criteria for selection and the fit-and-proper assessment of a member of the Supervisory Board are based on section 25d of the German Banking Act (KWG) and relevant laws and statutory provisions (in particular, the German Stock Corporation Act (AktG)). Furthermore, the Supervisory Board as a whole must have the expertise, capabilities, and experience required to fulfill its control function and to assess and supervise the Board of Management of CHG-MERIDIAN. These essentially comprise personal skills and theoretical and practical knowledge. The following table lists the Supervisory Board’s experience and expertise in relation to sector, product, and geographical region:

<b>Supervisory Board</b>	<b>Key experience and expertise</b>
Jürgen Mossakowski (Chairman of the Supervisory Board)	Long-standing Chairman of the Board of Management of CHG-MERIDIAN; auditing
Finja Kütz (Deputy Chairperson)	Member of the supervisory boards of other financial enterprises, such as Umweltbank; senior advisor
Meltem Onursal	Attorney
Luz Kling	Many years’ experience in sales at CHG-MERIDIAN
Frank Gelf	Many years’ service at CHG-MERIDIAN, including in management roles
Jürgen Scheftschik	Tax advisor and auditor

### **Sustainability organization established**

We want to systematically increase our contribution to sustainable development. To achieve this, we established a sustainability governance structure that includes the Group Sustainability Board and the Group Sustainability Office. The Group Sustainability Office is made up of four sustainability leaders and four sustainability managers – four women and four men – who regularly hold discussions as a committee. They manage key sustainability activities at CHG-MERIDIAN in the following four areas:

- Labor rights and human rights
- Business ethics
- Environment
- Sustainable procurement

Each area is the responsibility of a sustainability leader. The four sustainability managers, the environmental officer, and the anti-money laundering officer report to the Group Regulatory Officer, who oversees all three functions in accordance with the three-line model of the Institute of Internal Auditors (IIA). This allows us to pool similar tasks and functions more efficiently and make better use of synergies through topic-specific collaboration.

In 2023, a sustainability expert was appointed who works closely with sales and maintains a regular dialogue with the Group Sustainability Office. He reports directly to the CSO and assists sales employees around the world with sustainability matters.



GOV-2 – Information provided to and sustainability matters addressed by the undertaking’s administrative, management, and supervisory bodies

**Information on administrative, management, and supervisory bodies**

As explained in the previous chapters, both the Board of Management and the Supervisory Board are regularly informed about sustainability matters and receive training on these topics, including training on CSRD from an external provider.

*Group Sustainability Board*

The Group Sustainability Board is responsible for implementing our sustainability strategy across all of the Group’s functions. The most senior decision-makers of the CHG-MERIDIAN Group sit on this board, maintaining a continual dialogue and ensuring that expertise in the area of sustainability (including compliance, corporate governance, ISO certifications, equal treatment, diversity, and sustainable procurement) is expanded at management level on an ongoing basis. The Board of Management is informed about sustainability matters and progress with target achievement at least quarterly during the regulatory meeting. Within the Sustainability Board, the power to make final decisions lies with the Board of Management. The Sustainability Board oversees the Group Sustainability Office.

*Supervisory Board*

As described in ESRS 2 GOV-1, the Supervisory Board is a governance body. In addition to the sustainability report, the Supervisory Board also receives reports on other matters at least once per year, for example compliance and data protection, information security, money laundering, and environmental management. An overall risk report is submitted to the Supervisory Board on

a quarterly basis. Based on the risk inventory check, it contains all material risk types that contribute to sustainability risk as a cross-cutting risk from the institution's perspective. Consequently, sustainability risk is also reported on every quarter. The Supervisory Board also receives ad hoc reports and information about a wide range of topics, including sustainability. Moreover, periodic meetings are held that form part of the board's supervisory and due diligence obligations.

### **Consideration of sustainability in business decisions**

Business decisions take sustainability matters into account. Nevertheless, there is some tension between our sustainability efforts and our business performance: As the volume of lease originations increases, for example, so do our Scope 3 greenhouse gas emissions (in connection with the lease assets that our customers choose). Countervailing developments like these are taken into account when setting targets. In the case of the SBTi, for example, we have decided not to set absolute climate targets for Scope 3; instead, we include the customer, since it is they who select the lease assets (see section [Targets related to climate change mitigation and adaptation](#)).

### **Material topics in the reporting year**

Climate-related impacts were very important in 2024, primarily the emissions linked to lease assets (Scope 3), our ongoing commitment to the SBTi, and the continuing professionalization of our sustainability governance, which includes ratings such as CDP and EcoVadis, our CSRD reporting, and the initial configuration of our ESG data management software. The administrative, management, and supervisory bodies worked on the following IROs in 2024:

1. Climate impacts:
  - Own operations: generation of greenhouse gases, for example through the use of offices, the running of vehicles in distribution and administration, and from travel by employees
  - In connection with lease assets: generation of greenhouse gases in the upstream and downstream value chain in connection with lease assets (Scope 3)
2. Climate risk:
  - Loss of customers, and thus of lease originations, a transition risk if no climate action taken

### GOV-3 – Integration of sustainability-related performance in incentive schemes

To date, no sustainability matters (primarily the achievement of climate targets) have been included in the incentive and remuneration systems at senior management level (Board of Management and Supervisory Board).

GOV-4 – Statement on due diligence

The following table lists the sections of the report where core elements of due diligence can be found, i.e. the processes implemented by CHG-MERIDIAN to identify impacts, risks, and opportunities (in the materiality analysis, for example) and the action taken to prevent negative impacts.

Core elements of due diligence	Subsections in the sustainability report
a. Embedding due diligence in governance, strategy and business model	Discussed in chapters: <ul style="list-style-type: none"> <li>- ERSR 2 – GOV-2</li> <li>- ERSR 2 – GOV 3</li> <li>- ERSR 2 – SBM-3</li> </ul>
b. Engaging with affected stakeholders in all key steps of the due diligence	Discussed in chapters: <ul style="list-style-type: none"> <li>- ERSR 2 – GOV 2</li> <li>- ERSR 2 – SBM-2</li> <li>- ERSR 2 – IRO-1</li> <li>- Policies related to own workforce</li> <li>- Processes for engaging with own workers and workers’ representatives about impacts</li> <li>- Policies related to consumers and end-users</li> <li>- Corporate culture and corporate governance concepts</li> <li>- Management of relationships with suppliers</li> </ul>
c. Identifying and assessing adverse impacts	Discussed in chapters: <ul style="list-style-type: none"> <li>- ERSR 2 – SBM-3</li> <li>- ERSR 2 – IRO-1</li> <li>- ERSR E1.SBM-3</li> </ul>
d. Taking actions to address those adverse impacts	Discussed in chapters: <ul style="list-style-type: none"> <li>- Actions and resources related to the climate policies</li> <li>- Actions and resources related to resource use and circular economy</li> <li>- Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions</li> <li>- Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions</li> <li>- Management of relationships with suppliers</li> <li>- Prevention and detection of corruption and bribery</li> <li>- Corporate culture and corporate governance concepts</li> </ul>
e. Tracking the effectiveness of these efforts and communicating	Discussed in chapters: <ul style="list-style-type: none"> <li>- ERSR2 - SBM-1</li> <li>- Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions</li> <li>- Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities</li> </ul>

	<ul style="list-style-type: none"> <li>- Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions</li> <li>- Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities</li> </ul>
--	---

#### GOV-5 – Risk management and internal controls over sustainability reporting

The two main controlling mechanisms at CHG-MERIDIAN are verification by a second person and the Three Lines Model of the Institute of Internal Auditors (IIA).

#### **The Three Lines Model of the Institute of Internal Auditors (IIA)**

- The first line comprises employees and managers, who identify and manage risk in their day-to-day work and implement internal controls.
- The second line comprises the areas of compliance, anti-money laundering, information security, data protection, business continuity management, outsourcing, environmental management, etc., including the governance aspects of all management systems and all senior management functions. Furthermore, non-financial risk management and sustainability are managed in the second line and are thus part of the internal control system (ICS).
- The third line is internal audit, which acts independently and provides objective auditing and consultancy services aimed at adding value and optimizing an organization's operating procedures. It supports the organization with target achievement by adding a systematic, disciplined approach to assessing and improving the effectiveness of risk management, control, and governance processes.
- The second and third lines work independently of the first and report directly to the Board of Management. They also work together and establish reporting lines to the Supervisory Board.

#### **Risks and controls in sustainability reporting**

Two material risks were identified in sustainability reporting. These risks were uncovered in last years' internal and external audits:

- First, there is the risk that material topics are omitted in the report, resulting in an incomplete sustainability report. This risk is to be mitigated by carrying out a materiality analysis before the sustainability report is produced. Appropriate steps in the materiality analysis process are intended to ensure that all topics that are material for CHG-MERIDIAN are identified and covered in the sustainability report.
- Second, there is a risk that flawed data is incorporated into the sustainability report, resulting in inaccurate content in the report. To mitigate this risk, the content of the report is checked by a second member of staff in the relevant department.

The ICS and the topic of sustainability (primarily reporting and the CCF calculation) are regularly reviewed during the audits by Internal Audit as the third line of defense. An audit with a

comprehensive focus on sustainability is carried out at least every two years. The findings are presented in audit reports.

CHG-MERIDIAN holds a range of ISO certifications, including ISO 14001 for its environmental management system and ISO 37301 for its compliance management system (see section Corporate culture and corporate governance concepts). The standards are part of our comprehensive understanding of sustainability, which is why metrics and qualitative information from the ISO standards are incorporated into our sustainability report. Thanks to the ISO process, a wide range of sustainability matters are subject to a regular external audit.

## 2.3 Strategy

### SBM-1 – Strategy, business model, and value chain

#### **Company profile**

The CHG-MERIDIAN Group is a leading global technology use company. Using the skills of our workforce of 1,600 employees, we design, finance, and deliver customized technology usage models for the IT, industrial, and healthcare sectors. Our 42 locations in 30 countries manage the technology infrastructures of large corporations, SMEs, public bodies, and hospitals. Our approach is to support our customers with their digital transformation and help them to run their business in an efficient and sustainability-oriented manner. Based on the principles of the circular economy, our service portfolio includes planning, financing, and operational implementation, as well as certified data erasure, refurbishment, and remarketing of used equipment at our two technology centers in Germany and Norway, and via our international network of partners. Taking a lifecycle-thinking approach, CHG-MERIDIAN relies on refurbishment and reuse to extend asset lifecycles. As a technology management company, we offer our customers end-to-end support, from the needs-based procurement of assets to green transportation, and throughout the useful life of their equipment. Once an asset comes to the end of its first lifecycle, we refurbish and remarket it for a second lifecycle. Old, non-reusable assets or those containing sensitive data are recycled and the resources they contain returned to the material cycle. In contrast to a linear economic model where the value of an asset is almost entirely lost at the end of its lifecycle, the circular model aims to retain an asset's value for as long as possible. This is how our business model contributes to the circular economy. CHG-MERIDIAN's business model is not energy intensive in itself (according to the NACE code classification in Regulation (EU) 2022/1288).

CHG-MERIDIAN also has subsidiaries with different business models, for example devicenow and circulee, which were founded in 2022. The company devicenow provides a global rental model for IT devices, while circulee offers refurbished IT hardware for small and medium-sized enterprises. Our subsidiary abakus advises companies on procurement in IT and other areas of technology.

Across three technology segments, we offer customized business concepts tailored to our customers' requirements and applications. In the IT segment, we assist them with the comprehensive and efficient delivery of their technology projects. One solution we offer in Germany is talentime, a benefits program with tax relief. In the industry segment, we lease industrial infrastructure for fleet management, production, machinery, warehouses, and logistics. And in the healthcare segment, we finance advanced healthcare technology and hospital IT. Our service portfolio also includes the tesma technology and service management system, the insurance service Asset Care<sup>®2</sup>, our end-of-lease services, and certified data erasure with eraSURE<sup>®3</sup>. Customers can also make a financial contribution to climate action through our carbonZERO<sup>®4</sup> product. The Client Sustainability Report<sup>®</sup> product gives every customer access to the carbon footprint of their leased IT assets over a customizable period.

---

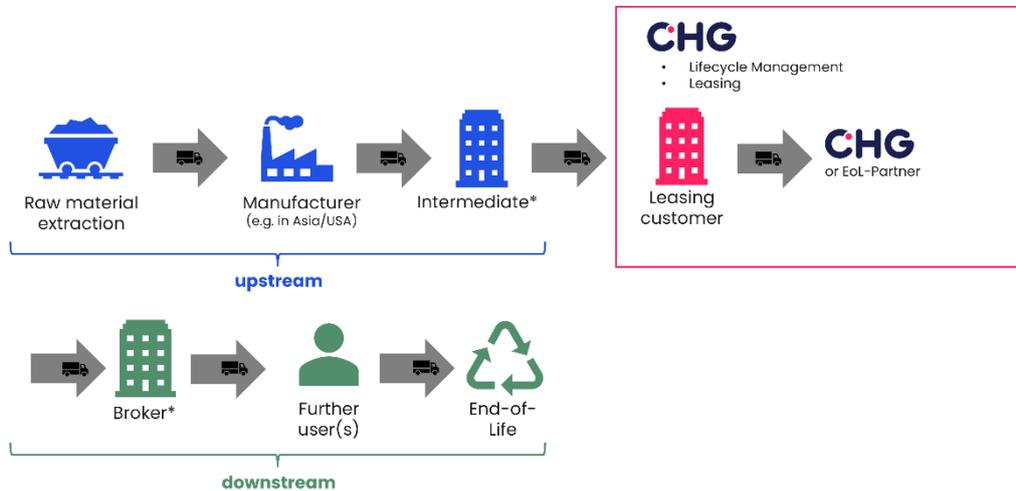
<sup>2</sup> Available in the Central Europe region.

<sup>3</sup> eraSURE<sup>®</sup> is officially available in Germany, Austria, Switzerland, Netherlands, Belgium, Luxembourg, and France. The technology center in Skien offers a similar data erasure product for the market in northern Europe.

<sup>4</sup> Available in all CHG-MERIDIAN markets.

## Our value chain in detail

Whether technology is used in the IT, industrial, or healthcare sectors, our business model's entire value chain covers the extraction of raw materials used to manufacture lease assets all the way to the end-of-life/recycling of these assets. The following chart shows the standard journey of a lease asset:



\*in special cases, these supply chain members are skipped

Fig.: Standard journey of a lease asset, from raw material extraction to end-of-life

The general processes of leasing can be explained using a **lease triangle** (see chart below):

- The customer orders the assets from the manufacturer, who delivers them to the customer. The invoice for the assets is sent to CHG-MERIDIAN (as the lessor).
- The customer confirms receipt of the assets to CHG-MERIDIAN. CHG-MERIDIAN then pays the manufacturer.
- The customer pays back the full amount, including margin/residual value, to CHG-MERIDIAN in installments over the minimum lease term.

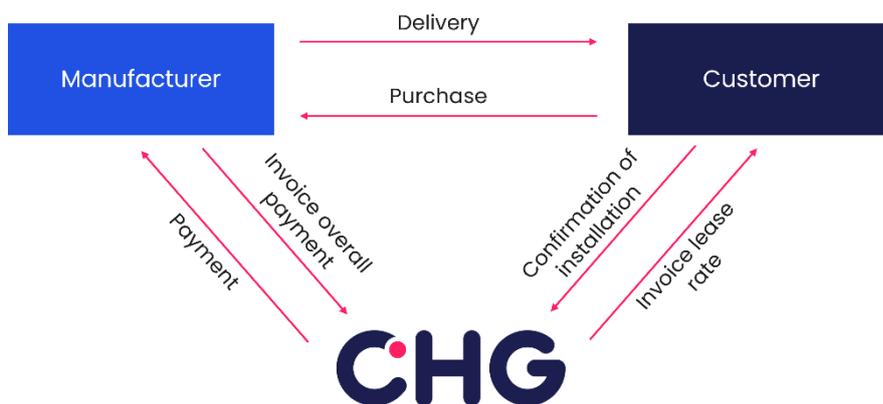


Fig.: Classic 'leasing triangle'

With regard to our **responsibility in the supply chain**, this means that while we purchase the lease assets and can thus be considered part of the supply chain, it is the customer who negotiates with the supplier of these assets. The customer chooses the supplier and the assets, and concludes the contracts, and it is the customer who can influence the supplier. As the funding partner and lessor, CHG-MERIDIAN has no influence on the supplier, neither in the choice of supplier nor in the choice of products. Although we have very limited influence on suppliers in this respect and due diligence is more of a matter for the customer, our approach to sustainability means that we request proof of sustainability wherever possible. This is particularly true with regard to major IT equipment manufacturers.

In the lease business, particularly where we provide technology management, CHG-MERIDIAN is fully responsible for the contractually agreed range of services and their provision. We can exert greater influence in this kind of business relationship and identify levers that encourage responsible procurement. The same applies to all suppliers involved in the end-of-lease process, such as subsidiaries, production partners for data erasure and refurbishing services, and our recycling partners. Other suppliers involved in non-customer-related procurement include companies through which we make purchases for our own use, such as office supplies, furniture, electricity, and rent.

The spheres of influence and due diligence are summarized in the chart below:

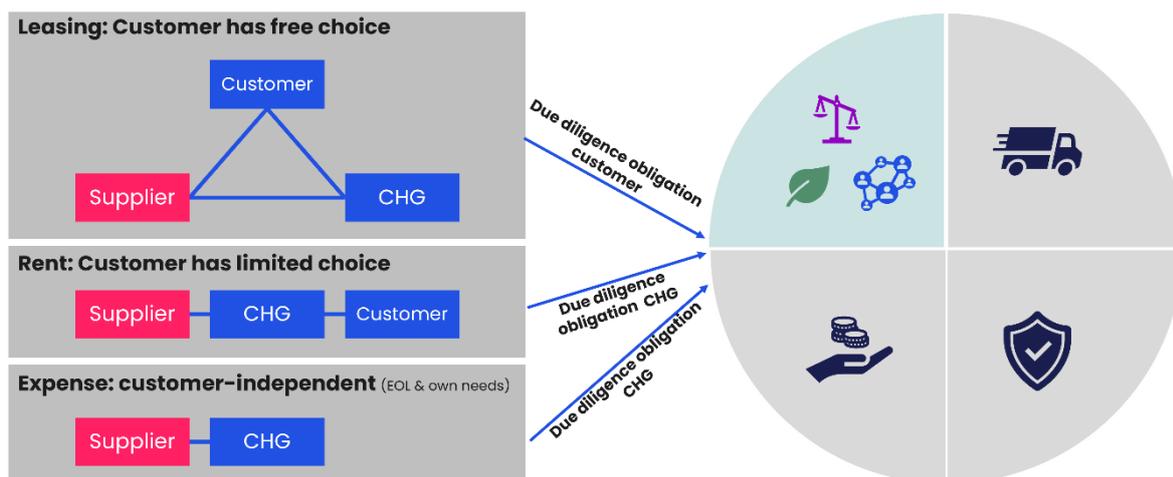


Fig.: Due diligence in the supply chain by type of business relationship

### Description of the customer structure, including categorization by sector

Our customer base is very diverse. Across the Group, we handle technology management for over 15,000 customers. We manage the technology infrastructure of large corporations, small and medium-sized enterprises, hospitals, and the public sector.

### CHG-MERIDIAN in numbers

- The volume of lease originations in 2024 reached €2.83 billion, of which the IT sector accounted for 68.5 percent, the industry sector for 26.4 percent, and the healthcare technology sector for 5.1 percent.
- Thereof:

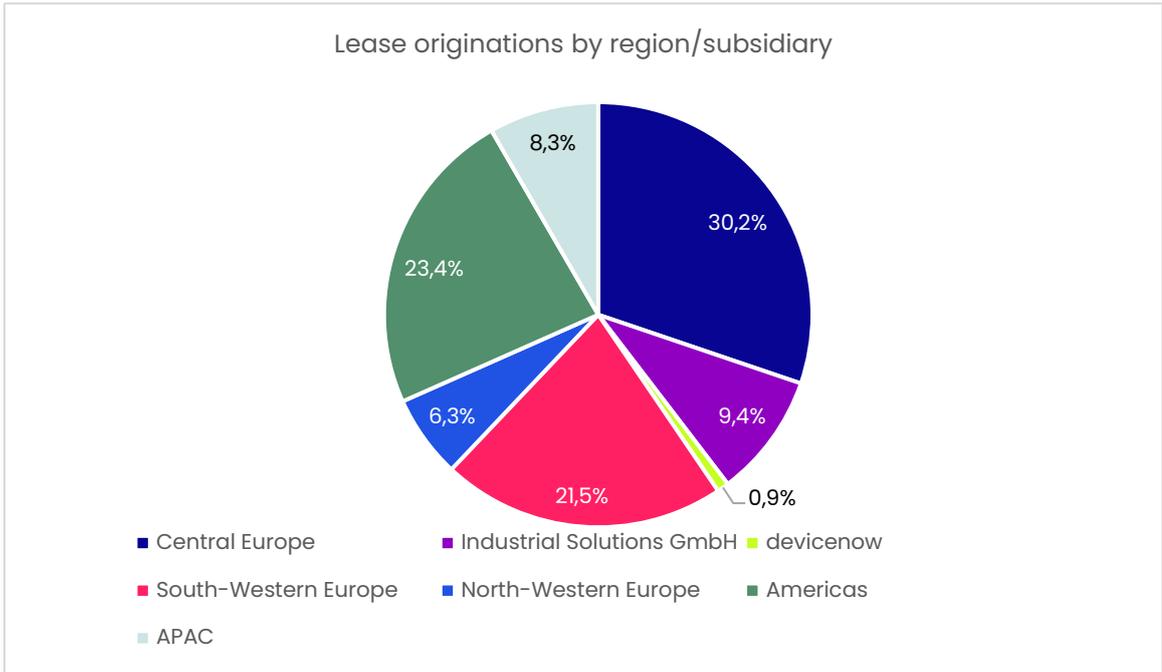


Fig.: Lease originations by region/subsidiary

- The total value of the financed and managed technology portfolio as at December 31, 2024 was €11.73 billion.

We employ 1,600 employees across the Group: 196 in the Americas, 264 in South-Western Europe, 115 in North-Eastern Europe, 113 in Asia-Pacific, 811 in Central Europe, and 101 at other subsidiaries.

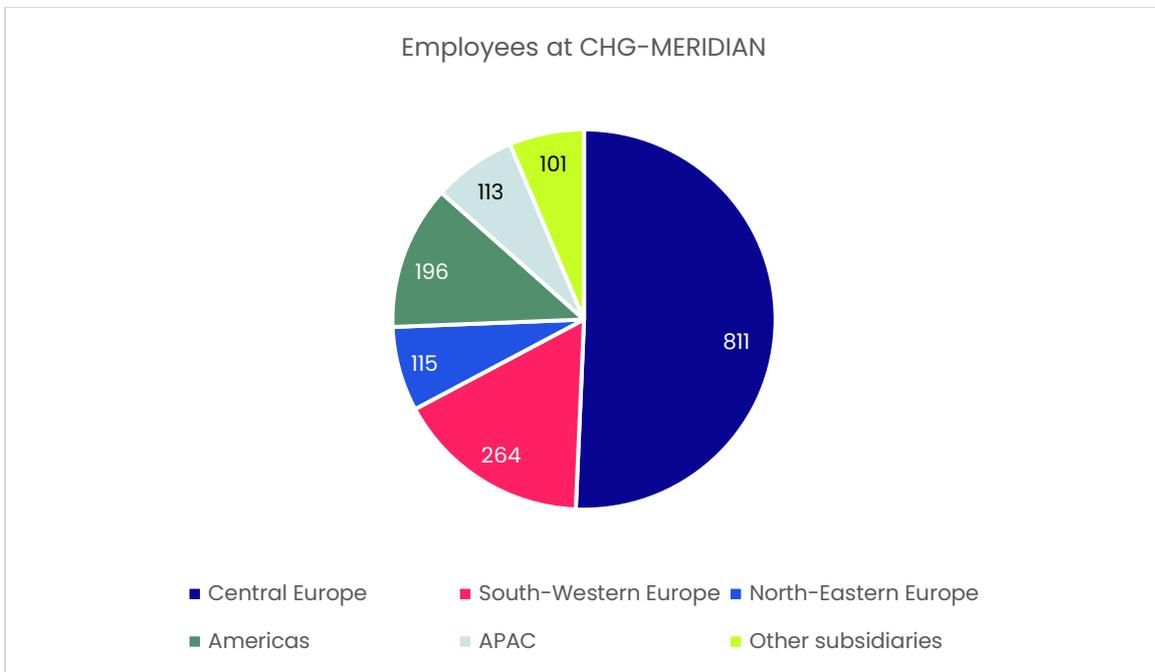


Fig.: CHG-MERIDIAN employees by region/subsidiary

## Sustainability in CHG-MERIDIAN's overall strategy

Profitable growth is CHG-MERIDIAN's long-term goal. We are increasing the added value for our stakeholder groups through sustainable corporate governance and by following a business model geared toward sustainability and the circular economy.

CHG-MERIDIAN pursues a sustainability strategy that was developed with reference to the United Nations' 17 sustainable development goals (SDGs) and approved by the Group Sustainability Board. It is enshrined in a joint functional strategy alongside the regulatory, compliance, and audit strategy. Rather than considering sustainability in isolation, we view it as a function that interacts with other sub-strategies and departments. Each department, country, and employee implements the sustainability strategy through operational measures, ensuring that these are compatible with the existing corporate and function-specific strategies. This is how we ensure that sustainability is integrated across the CHG-MERIDIAN Group and that it is the main principle that guides our actions. We have set ourselves goals in our four action areas up to 2025 (see table) and have already achieved some aspects of them.

Action field	Goal	Time horizon	Scope	Status	SDG target
Labor rights and human rights	Progressively increase the proportion of women in management positions to 30 percent	2025	Group excluding Meridian Leasing Corporation	27 percent (milestone for 2024 not achieved)	SDG 5.5
Business ethics	Comprehensive training on our shared values (e.g. code of conduct) for all current and new employees	Ongoing	Group excluding Meridian Leasing Corporation, OPC, devicenow, abakus, and circulee	Ongoing	SDG 16.5
	Five ISO-certified management systems that apply across Germany, Austria, and Switzerland, and expansion of the scope of applicability of three of these systems to all of Europe by the end of 2025	2025	Group excluding Meridian Leasing Corporation, OPC, devicenow, abakus, and circulee	Target achieved in 2024	SDG 16.4 and 16.5
Environment	Reduction in direct and indirect greenhouse gas emissions (scopes 1, 2, and partly 3) per employee by 25 percent compared to the base year 2020* <sup>5</sup>	2025	Group excluding Meridian Leasing Corporation	-15 percent CO <sub>2</sub> eq per employee (milestone for 2024 not achieved)	SDG 13.2

<sup>5</sup> Scope 3 emissions in the categories 3.6 (business travel) and 3.7 (employee commuting) relate to the base year 2019 in order to reflect pre-pandemic travel patterns.

Sustainable procurement	Supplier assessment and the introduction of procurement standards to cover own requirements and customer requirements resulting from lease obligations	2024	Group excluding Meridian Leasing Corporation, OPC, devicenow, abakus, and circulee	100 percent, target achieved with fault tolerance regarding December 31	SDG 8.8 and 12.2
-------------------------	--	------	--	---	------------------

### Contribution to the sustainable development goals

We regard the United Nations' sustainable development goals (SDGs) as a compass for sustainable economic practices and thus as a key factor for the future success of our business. Our business model enables us to play a part in achieving some of the UN SDGs. The sustainable development goals (SDGs) are the centerpiece of the United Nations' 2030 Agenda, the action plan for a better and more sustainable global future adopted in 2015. The 17 SDGs and 169 targets set uniform standards and formulate concrete goals for global challenges such as climate change, species extinction, poverty, and hunger. They are aimed at governments, businesses, and society. The goals to be achieved by 2030 offer the most comprehensive vision for sustainable development.



CHG-MERIDIAN wants to be part of the solution to overcoming the challenges of our time and actively help to shape the path toward sustainable development. As part of an analysis, we evaluated the 17 goals of the 2030 Agenda, their 169 targets, and their indicators against our business activities and our sustainability activities. The result of this analysis was that our company can contribute to seven SDGs and relevant targets.

- SDG 4: Promote learning
- SDG 5: Promote gender equality
- SDG 7: Procure green electricity
- SDG 8: Do business sustainably
- SDG 12: Consider circularity
- SDG 13: Protect the climate
- SDG 16: Preserve integrity

### SBM-2 – Interests and views of stakeholders

#### Dialogue with stakeholder groups

Satisfied customers and employees, transparency vis-à-vis the general public and auditing bodies, and reliable supplier and partner relationships are crucial to our success. In the course of the materiality analysis, we identified relevant stakeholder groups. We are continuously refining our approach to addressing the interests of our stakeholders so that we can maintain a

reliable dialogue with the most important groups. External stakeholder groups include customers, funding partners, business partners, public institutions, and the wider public. Internal stakeholder groups, including our shareholders and our employees, also play an important part. We host annual events, such as international and local funding partner conferences, in order to maintain an ongoing dialogue. A number of sustainability-related events were organized in 2024, for example the Sustainability Conference at the technology center in Gross-Gerau. As a finance and technology service provider, we also maintain a dialogue with public bodies, such as the German Federal Financial Supervisory Authority (BaFin) and similar institutions in the countries in which we operate.

Our shareholders and our employees are important internal stakeholders, which is why we keep them informed about sustainability topics via our People and Culture department, our corporate communications, and the works council at the technology center in Gross-Gerau. In addition, we provide a number of platforms on which they can share relevant information. Where appropriate, the interests, views, and rights of our employees are factored into the corporate strategy. For example, the ideas of the Diversity, Equity & Inclusion (DEI) committee, which was established by the employees, are implemented and, in some cases, aspects are incorporated into the sustainability strategy.

We also consider the general public to be a stakeholder, and enter into dialogue with non-governmental organizations (NGOs) on an ad hoc basis. The communities in which our locations are based are also important to us.

### Dialogue formats with stakeholder groups

We actively include our stakeholders' interests in our actions through our existing dialogue formats and plan to expand these in the future. As a matter of principle, we treat any relevant matters raised by stakeholders as confidential. The Board of Management is informed of the views and interests of various stakeholder groups via the materiality analysis and subsequent approval process.

Stakeholder group	Dialogue formats
Shareholders	<ul style="list-style-type: none"> <li>- Annual General Meeting</li> <li>- Closed meeting</li> <li>- Supervisory Board meetings</li> </ul>
Employees and works council	<ul style="list-style-type: none"> <li>- Ongoing internal communication and dialogue</li> <li>- Regular employee survey</li> </ul>
Customers	<ul style="list-style-type: none"> <li>- Key account management</li> <li>- Annual report</li> <li>- Events</li> <li>- External communication</li> <li>- Sustainability ratings</li> <li>- Customer satisfaction survey</li> </ul>
Funding partner	<ul style="list-style-type: none"> <li>- International Funding Partner Conference</li> <li>- Local funding partner conferences</li> <li>- Annual report</li> </ul>
Business partners (including suppliers)	<ul style="list-style-type: none"> <li>- Supplier and service management</li> <li>- Annual report</li> <li>- External communication</li> <li>- Sustainability ratings</li> </ul>
Public institutions	<ul style="list-style-type: none"> <li>- Audits and audit reports</li> <li>- Annual report</li> </ul>

	<ul style="list-style-type: none"> <li>- Compliance with statutory notification and reporting obligations, and with supervisory consultations</li> </ul>
General public and NGOs	<ul style="list-style-type: none"> <li>- Annual report</li> <li>- External communication and events</li> <li>- Ad hoc dialogue</li> <li>- UN Global Compact</li> </ul>

## Overview of our ratings, memberships, and initiatives

We use the EcoVadis sustainability rating platform to continuously improve our own performance in the area of sustainability and meet the sustainability expectations of the abovementioned stakeholders, chiefly our customers. CHG-MERIDIAN was awarded a gold medal (with 76 points) for the first time in the EcoVadis ratings in 2024, putting the Group in the top 5 percent of all companies assessed. We are constantly working to improve our ratings. The other ratings platforms through which we provide transparency to our business partners are IntegrityNext, Supplier Assurance/NQC, and CDP (specifically for climate matters).



Together with our partners and other organizations, we are committed to social, environmental, and economic sustainability beyond our day-to-day business. We regularly consider joining more initiatives. Over time, stakeholder dialogue and the requirements of various stakeholder groups have resulted in membership in a number of initiatives, such as our commitment to the Science Based Targets initiative.

We are currently members of the following initiatives:

### International:

- UN Global Compact
- Science Based Targets initiative (SBTi), commitment in December 2023

### Central Europe – Germany:

- Bundesverband der Personalmanager e.V. (BPM) (German Association of HR Managers)
- Bundesverband Deutscher Leasing-Unternehmen (BDL) (Federal Association of German Leasing Companies)
- Charta der Vielfalt e.V. (Diversity Charter)
- Initiative D2I
- Stiftung Allianz für Entwicklung und Klima (Development and Climate Alliance)
- Wirtschaftsinitiative Nachhaltigkeit Baden-Württemberg (WIN) (Sustainability Initiative Baden-Württemberg)
- Verein zur Förderung des Forschungsinstituts für Leasing an der Universität zu Köln (society for the promotion of the leasing research institute at the University of Cologne)
- UN Global Compact Netzwerk Deutschland e.V. (German UN Global Compact Network)

### Western Europe – Belgium:

- Febelfin ASBL
- Belgian Institute for Sustainable IT/ SuRE Charter

- World Loop/Close the Gap

**North-Eastern Europe – Sweden:**

- Nordic Circular Hotspot
- Stockholm Climate Pact

SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model

The material impacts, risks, and opportunities (IROs) at CHG-MERIDIAN go beyond the direct IROs in our own operations. Due to our business model, they are also found in the upstream and downstream value chain: upstream, because manufacturing the assets we lease to our customers has an impact on the environment, on people, and on society; and downstream, because impacts arise during the use of the assets, and subsequently due to remarketing or recycling, for example.

CHG-MERIDIAN's sustainability strategy, which is part of the overall strategy (see ESRS 2 SBM-1), describes how CHG-MERIDIAN deals with sustainability at the strategic level and thus includes topics defined as material. The following chart shows how CSRD reporting is linked to the strategy:

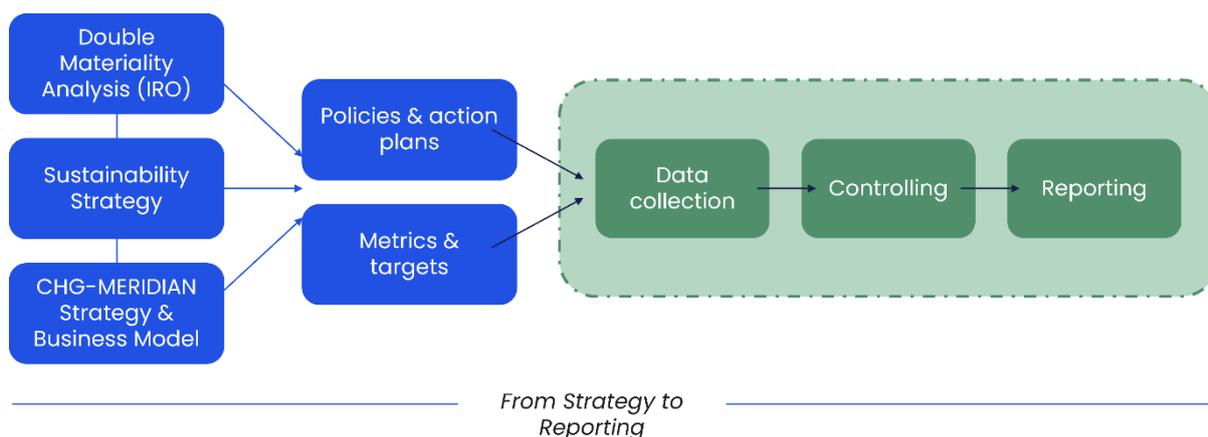


Fig.: From strategy to reporting

The following table lists the sustainability-related impacts, risks, and opportunities<sup>6</sup> we have identified and deemed material as a result of our double materiality analysis. Six of the ten ESRS topics are material for CHG-MERIDIAN: No highly probable, severe impacts were identified (section 289c (3) nos. 3 & 4 HGB):

IRO	Sustainability topic	Sub-topic	Category	Section of the value chain	Time horizon
Greenhouse gas emissions in own operations	Climate change mitigation (ESRS E1)	-	Actual negative impact	Own operations	Short term

<sup>6</sup> Currently, no monetary value can be put on the risks and opportunities.

Emission of greenhouse gases during the extraction of raw materials and the manufacture of lease assets	Climate change mitigation (ESRS E1)	-	Actual negative impact	Upstream value chain	Short term
Emission of greenhouse gases during transportation and the use of lease assets	Climate change mitigation (ESRS E1)	-	Actual negative impact	Downstream value chain	Short term
Transition risks due to ever-stricter regulatory requirements and changing customer expectations	Climate change mitigation (ESRS E1)	-	Risk	Own operations	Short- to medium-term
Energy consumption during the extraction of raw materials and the manufacture of lease assets	Energy (ESRS E1)	-	Actual negative impact	Upstream value chain	Short term
Energy consumption during the use of lease assets	Energy (ESRS E1)	-	Actual negative impact	Downstream value chain	Short term
Conservation of resources through longer usage period based on circular economy model	Resource inflows, including resource use (ESRS E5)	-	Actual positive impact	Own operations	Short term
Extraction of raw materials for the manufacture of lease assets	Resource inflows, including resource use (ESRS E5)	-	Actual negative impact	Upstream value chain	Short term
Generation of waste, including hazardous waste, during the extraction of raw materials and the manufacture of lease assets	Waste (ESRS E5)	-	Actual negative impact	Upstream value chain	Short term
Generation of electronic waste and risk of improper recycling	Waste (ESRS E5)	-	Potentially negative impact	Downstream value chain	Short term

Creation of secure and crisis-proof jobs	Own workforce (ESRS S1)	Secure employment	Actual positive impact	Own operations	Short term
Creation of a work environment that supports a healthy work-life balance	Own workforce (ESRS S1)	Work-life balance	Actual positive impact	Own operations	Short term
Creation of equal opportunities in the Company	Own workforce (ESRS S1)	Gender equality and equal pay for equal work	Actual positive impact	Own operations	Short term
Support for professional development and training for all employees	Own workforce (ESRS S1)	Training and skills development	Actual positive impact	Own operations	Short term
Potential violence, harassment, or discrimination in the workplace	Own workforce (ESRS S1)	Measures against violence and harassment in the workplace	Potentially negative impact	Own operations	Short term
Risk of illness and reduced employee productivity as a result of overworking	Own workforce (ESRS S1)	Working time	Risk	Own operations	Short term
Risk of employees leaving due to non-competitive wages	Own workforce (ESRS S1)	Adequate wages	Risk	Own operations	Short term
Risk of illness and of employees leaving	Own workforce (ESRS S1)	Health and safety	Risk	Own operations	Short term
Risk of employees leaving and of reputational damage	Own workforce (ESRS S1)	Gender equality and equal pay for equal work	Risk	Own operations	Short- to medium-term
Risk of judicial proceedings, fines, and reputational damage	Own workforce (ESRS S1)	Measures against violence and harassment in the workplace	Risk	Own operations	Short- to medium-term
Potentially poor working conditions during the extraction	Workers in the value chain (ESRS S2)	Working conditions	Potentially negative impact	Upstream value chain	Short term

of raw materials and the manufacture of lease assets					
Potentially unequal treatment of employees during the extraction of raw materials and the manufacture of lease assets	Workers in the value chain (ESRS S2)	Equal treatment and opportunities for all	Potentially negative impact	Upstream value chain	Short term
Potential loss of data and breaches of information security when handling IT infrastructure, including critical infrastructure, and sensitive data	Consumers and end-users (ESRS S4)	Data protection and information-related matters	Potentially negative impact	Downstream value chain	Short term
Risk of fines and reputational damage	Consumers and end-users (ESRS S4)	Data protection and information-related matters	Risk	Own operations	Short term
Creation of positive corporate values and a positive corporate culture	Business conduct (ESRS G1)	Corporate culture	Actual positive impact	Own operations	Medium- to long-term
Protection of whistleblowers and establishment of reporting channels	Business conduct (ESRS G1)	Protection of whistleblowers	Actual positive impact	Own operations	Short term
Potential cases of corruption and bribery in connection with financial services	Business conduct (ESRS G1)	Corruption and bribery	Potentially negative impact	Own operations	Short term
Risk of dissatisfaction in the workforce	Business conduct (ESRS G1)	Corporate culture	Risk	Own operations	Short- to medium-term
Risk of fines and reputational damage	Business conduct (ESRS G1)	Corruption and bribery	Risk	Own operations	Short term

The IROs are described in detail at the start of each chapter.

## 2.4 Impact, risk, and opportunity management

### IRO-1 – Description of the processes to identify and assess material impacts, risks, and opportunities

A materiality analysis based on the standards of the Global Reporting Initiative (GRI) was introduced in 2020. In response to the publication of revised GRI standards in 2021, CHG-MERIDIAN updated its materiality analysis in 2022 in accordance with the requirements of the sustainability framework and redefined the material sustainability topics for the Company. A double materiality analysis (DMA) was carried out for the first time in 2024 in accordance with CSRD and ESRS based on the existing materiality analysis according to GRI. The identification of material sustainability topics provides the foundation for our reporting.

The topics in the long list (ESRS 1) provide the starting point for the assessment. As ESRS 1 requires that sustainability topics are considered across the whole value chain, several preliminary steps were taken, including an analysis of CHG-MERIDIAN’s business activities and business relationships, the identification and analysis of relevant stakeholder groups (see [ESRS 2 SBM-2](#)), and the inclusion of other external and internal sources such as the existing GRI-based materiality analysis. As a rule, the materiality analysis covered the entire Group, with no specific focus on geographical aspects. In contrast, the analysis of the upstream supply chain focused on countries in the Global South (e.g. extraction of raw materials) as this is where the biggest environmental and human rights risks are.

We then analyzed and assessed the impacts, risks, and opportunities. Topics that are material from the impact perspective (inside out) and/or the financial perspective (inside out) are also material in the context of CSRD reporting.



Fig.: Inside-out (impact) and outside-in (financial) perspective

### **Analysis and assessment of impacts (inside out)**

We examined positive and negative as well as actual and potential impacts based in terms of whether they are a short-term, medium-term, or long-term in nature, intentional or unintentional, and reversible or irreversible.

The initial step involved a qualitative assessment of sustainability topics and an evaluation of topic-specific ESRS disclosures using internal and external sources. These sources included a

peer group analysis, the results of the stakeholder dialogue, and an analysis of the global challenges of sustainable development. In the second step, we evaluated the sustainability topics on a numerical scale with five levels. This involves assessing *scale* (how severe is the impact), *scope* (how far does the impact reach), and *reversibility* (to what extent is the impact reversible). In the case of actual positive impacts, we only assess scale and scope. For *potential* positive and negative impacts, we also assess likelihood (0 = unlikely, 1 = highly likely). In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.

- Scale: 5 – absolute, 4 – high, 3 – medium, 2 – low, 1 – minimal
- Scope: 5 – global, 4 – widespread, 3 – medium, 2 – concentrated, 1 – limited
- Reversibility: 5 – irreversible, 4 – very difficult to remedy/long-term, 3 – difficult to remedy/medium-term, 2 – remediable with effort (time & cost), 1 – relatively easy to remedy/short-term

This gives the following scores:

- **>12: Critical**
- **10-12: Significant**
- **8-10 Important**
- 5-8: Informative
- less than 5: Minimal

A threshold value of greater than 8 (subject to likelihood) means that topics are material and that CHG-MERIDIAN reports on them in the sustainability report.

The analysis was validated by our sustainability leaders and other representatives of various stakeholder groups, e.g. the Head of People and Culture on behalf of the workforce.

### **Analysis and assessment of risks and opportunities (outside in)**

A sustainability matter is financially material if it impacts or could impact financially on CHG-MERIDIAN. That is to say, if it gives rise or could give rise to risks and opportunities that have or could have a short, medium, or long-term influence on future cash flows and thus on the enterprise value, but were not, or not fully, documented in financial reporting on the reporting date.

According to ESRS, IROs must be reported if they are material from a financial or impact perspective. Based on the impact analysis, we therefore initially focused on the topics that had not yet reached the materiality threshold for impacts.

To this end, we ran a qualitative analysis of our dependency on (1) resources and (2) relationships:

- (1) Resources: To what extent is our ability to continue using the required resources in our business process affected?
- (2) Relationships: To what extent is our ability to continue using the required relationships affected?

Topics for which a significant dependency on resources or relationships was identified were then assessed according to the likelihood and severity of the financial effect. We again used a scale with five levels:

- Likelihood: 1 – occurred, 0.8 – likely, 0.5 – medium, 0.3 – unlikely, 0.1 – almost impossible
- Severity: 1 – existential, 0.75 – high, 0.5 – medium, 0.2 – low, 0.1 – very low

The materiality of risks and/or opportunities is based on a multiplication of likelihood and severity. The analysis was validated by our Group Regulatory Officer and our Risk Controlling department. Unlike other risk categories, sustainability risks are integrated, not prioritized.

The result disclosed in ESRS 2 SBM-3 is based on an analysis and assessment of impact materiality and financial materiality. The findings were then compared against publicly available results from the financial sector and the trade association. Topics that are material for CHG-MERIDIAN are a mandatory element of the sustainability report.

#### E1.IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks, and opportunities in relation to climate change mitigation

Climate-related impacts, risks, and opportunities were assessed as part of the double materiality analysis (see ESRS 2 IRO-1). Furthermore, climate-related risks were examined in greater detail in the climate risk analysis (see E1.SBM-3). The following aspects were factored into the climate risk analysis:

- For the physical risks, the climate risk analysis referred to IPCC scenarios with a long-term time horizon (up to 2100) (see E1.SBM-3). This means that the time horizons in the climate risk analysis deviate from CHG-MERIDIAN’s usual time horizons (see ESRS 2 BP-2). The specific geographical coordinates of the Company’s sites and supply chains were not examined.
- Risks were identified through a combination of historical data analysis and scenario models. The analysis was carried out using two climate scenarios:

##### a) **High risk: IPCC SSP3-7.0 with +3°C global warming by 2100**

This scenario depicts a fragmented world in which both mitigation and adaptation to climate change pose major challenges. It assumes limited international cooperation, regional conflicts, and slow technological progress. The world experiences significant economic disparities and high population growth, leading to increased greenhouse gas emissions and a global temperature rise of 3°C by the end of the century. This scenario covers probable risks and uncertainties by taking into account both physical and transition risks. It provides a comprehensive overview of possible future conditions and helps to prepare for a wide range of outcomes.

##### b) **Medium risk: IPCC SSP1-2.6 (comparable with NGFS Disorderly/Delayed Transition scenario) with +1.6°C global warming by 2100**

This scenario envisages a world on a sustainable path thanks to strong international cooperation, significant investment in green technologies, and effective climate policies. Global warming is limited to 1.6°C by the end of the century. This scenario provides a balanced view of risks and opportunities and helps to manage the transition to a low-carbon economy while controlling physical risks. We have selected the two scenarios IPCC SSP3-7.0 and IPCC SSP1-2.6. It is sufficient for the climate risk analysis to compare an **optimistic** and a **pessimistic** case that represent the gamut of climate model

outcomes. By taking this approach, we are following the recommendation of the German Environment Agency.<sup>7</sup>

- No specific time horizons were analyzed with regard to transition risks.
- The key drivers that were taken into account in the abovementioned scenarios are (1) macroeconomic trends and (2) policy-related assumptions. The reasons for this are: As a financial services provider, CHG-MERIDIAN must meet the requirements of the regulators in some countries, which is why policy-related assumptions (e.g. changes to regulatory requirements) may represent a climate-related transition risk. CHG-MERIDIAN also has a very customer-centric business model that can be influenced by changes in the market.

The likelihood of occurrence and the scope (based on a scale from 1 to 5) was assessed for all identified climate risks. A combination of likelihood of occurrence, scope, and *duration* of the event was not taken into account.

#### E2.IRO-1 – Description of the processes to identify and assess material impacts, risks, and opportunities related to pollution

The identification and assessment of the material impacts, risks, and opportunities related to pollution from the use of hazardous materials was an integral element of the aforementioned double materiality analysis process. All relevant locations and business activities were reviewed to determine whether there are actual and/or potential impacts, risks, and opportunities in connection with pollution. CHG-MERIDIAN asked internal experts for their appraisal with the aim of systematically identifying and assessing relevant risks and opportunities.

No special consultation exercises with affected communities on the topic of pollution were carried out as part of the double materiality analysis. However, CHG-MERIDIAN maintains an ongoing dialogue on sustainability topics with the Company's relevant stakeholders.

The Company will regularly monitor the topic of pollution as part of its sustainability reporting in order to identify potential changes or new risks as early as possible.

#### E3.IRO-1 – Description of the processes to identify and assess material impacts, risks, and opportunities related to water and marine resources

CHG-MERIDIAN carried out a water stress analysis for the relevant sites. Currently, CHG-MERIDIAN does not have any sites in areas of high water stress as defined by the [Aqueduct Water Risk Atlas tool of the World Resources Institute \(WRI\)](#). No consultation exercises with local communities on the topic of water and marine resources have been carried out so far.

The Company will regularly monitor the topic of water and marine resources as part of its sustainability reporting in order to identify potential changes or new risks as early as possible.

---

<sup>7</sup> See [How to perform a robust climate risk and vulnerability assessment for EU taxonomy reporting? Recommendations for companies](#), p. 20.

#### E4.IRO-1 – Description of the processes to identify and assess material impacts, risks, dependencies, and opportunities related to biodiversity and ecosystems

CHG-MERIDIAN does not source any biological raw materials and does not maintain any production facilities that have a direct impact on biodiversity or ecosystems. Consequently, there is no direct dependency in own operations or in the value chain. When carrying out the analysis of its locations, which are mainly office buildings, CHG-MERIDIAN consulted external sources such as the 'Natura 2000' report and 'Protected Planet' ([Explore the World's Protected Areas](#)). The analysis shows that there are no locations in protected areas and only a small number of offices near biodiversity-sensitive areas. These locations are offices, including rented premises, with a limited number of employees who commute to the offices. They are located in Germany and Switzerland, where office buildings are subject to strict regulatory and environmental requirements (e.g. environmental impact assessment). The activities linked to these offices therefore have no negative impacts on biodiversity.

The Company will regularly monitor the topic of biodiversity as part of its sustainability reporting in order to identify potential changes or new risks as early as possible.

#### E5.IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks, and opportunities

The circular economy lies at the heart of our business model. As our business is based on a resource-efficient circular model of leasing assets downstream and subsequently refurbishing them, we continually identify the related actual and potential impacts, risks, and opportunities. No separate consultation exercises with stakeholders or affected communities were held in the context of resource use and circular economy, but there is a dialogue with stakeholders (see [ESRS 2 SBM-2](#)) at an overarching level, and the interested parties are identified as part of the ISO certifications.

#### G1.IRO-1 – Description of the processes to identify and assess material impacts, risks, and opportunities

Significant impacts, risks, and opportunities related to corporate governance were identified and assessed as part of the abovementioned double materiality analysis. The business model, the activities carried out, and the geographical locations were taken into account, and various internal experts were involved.

#### IRO-2 – Contents index

Six of the ten overarching ESRS topics are material for us, with some of them material in the value chain rather than for CHG-MERIDIAN's own operations. The topics ESRS E2 Pollution, E3 Water, E4 Biodiversity, and S3 Affected communities did not reach the materiality threshold. We recognize that there may be undesired negative impacts in the upstream supply chain, particularly in connection with the extraction of raw materials used in lease assets, for example the release of toxic heavy metals or other hazardous substances, the use of chemicals, and violence by private security companies protecting mines and the associated negative impacts on local

communities. These topics were included in the long list. As explained in [ESRS 2 SBM-1](#), the classic 'leasing triangle' leaves us no room to influence the choice of supplier or of products. That is why the topics ESRS E2 Pollution, E3 Water, E4 Biodiversity, and S3 Affected communities did not reach the materiality threshold in the supply chain.

The index of contents lists all material topics and associated disclosure requirements, including the page numbers in the sustainability report. It is essential in reporting to ensure that data points and disclosures are relevant and useful to the readers' decision-making processes. CHG-MERIDIAN is not aware that stakeholder groups actively exclude the reported information from their decision-making.

<b>ESRS</b>	<b>ESRS DR</b>	<b>Disclosure requirement</b>	<b>Reporting in accordance with ESRS requirements</b>	<b>Page reference</b>
<b>ESRS 2</b>	BP-1	General basis for preparation of sustainability statements	X	3
<b>ESRS 2</b>	BP-2	Disclosures in relation to specific circumstances	X	4
<b>ESRS 2</b>	GOV-1	The role of the administrative, management, and supervisory bodies	X	6
<b>ESRS 2</b>	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies	X	8
<b>ESRS 2</b>	GOV-3	Integration of sustainability-related performance in incentive schemes	X	9
<b>ESRS 2</b>	GOV-4	Statement on due diligence	X	10
<b>ESRS 2</b>	GOV-5	Risk management and internal controls over sustainability reporting	X	11
<b>ESRS 2</b>	SBM-1	Strategy, business model, and value chain	X	13
<b>ESRS 2</b>	SBM-2	Interests and views of stakeholders	X	18
<b>ESRS 2</b>	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	X	21
<b>ESRS 2</b>	IRO-1	Description of the process to identify and assess material impacts, risks, and opportunities	X	25
<b>ESRS 2</b>	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement		29

<b>ESRS E1</b>	E1-1 to E1-9		32 onward
<b>ESRS E5</b>	E5-1 to E5-5		45 onward
<b>ESRS S1</b>	S1-1 to S1-17		53 onward
<b>ESRS S2</b>	S2-1 to S2-5		72
<b>ESRS S4</b>	S4-1 to S4-5		73 onward
<b>ESRS G1</b>	G1-1 to G1-4		77 onward

## 3 Environmental information

### 3.1 Climate change

This topic deals with action to reduce greenhouse gas emissions with the aim of keeping the rise in global average temperature to well below 2°C, and to endeavor to limit the rise to 1.5°C above pre-industrial levels in accordance with the Paris climate agreement.

SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model

#### **Climate change mitigation:**

CHG-MERIDIAN's activities generate greenhouse gases that exacerbate climate change, for example through the use of its offices, the running of vehicles in distribution and administration, and from travel by employees. However, CHG-MERIDIAN's business model can have a positive impact on carbon emissions by extending the useful life of leased assets. The extraction of raw materials is responsible for up to 50 percent of global carbon emissions and thus has a considerable influence on climate change in general. Mining and the extraction of raw materials used in leased assets are fundamental elements of CHG-MERIDIAN's upstream value chain. Furthermore, the manufacture and assembly of leased assets generates carbon emissions.

The use of lease assets also has a considerable impact on the climate, depending on the energy source used.

A range of climate-related risks and opportunities were identified, but most risks and opportunities were classed as 'low materiality' as they have neither a significantly positive nor negative influence on CHG-MERIDIAN's financial position. We consider the loss of customers, and thus of lease originations, if we do not take climate action to be a significant transition risk. Other transition risks are market risk (e.g. rising residual-value risk for certain asset classes) and credit risk with customers in fossil-based industries/defaults.

Our strategies, guidelines, and actions in the area of climate change mitigation form part of our contribution to sustainable development as defined by the UN's sustainable development goal no. 13 'Climate action'.

#### **Energy:**

The extraction of raw materials, the production processes, and the use and operation of lease assets are very energy intensive.

No material energy-related risks and opportunities were identified.

Our strategies, guidelines, and actions in relation to Energy form part of our contribution to sustainable development as defined by the UN's sustainable development goal no. 7 'Affordable and clean energy'.

### Transition plan for climate change mitigation

Our sustainability strategy includes aspects of a transition plan for climate change mitigation and is embedded in risk management across the Group (see [E1.SBM-3](#)).

Leased equipment is the foremost decarbonization lever when it comes to key assets and products. This includes a holistic view of the device lifecycle and the associated emissions: production, transportation, use, and end-of-life. These emissions were calculated and disclosed for the first time this year (see section [Gross Scopes 1, 2, 3 and Total GHG emissions](#)). Since our customers also require these product-related emission figures for their management and reporting purposes, we will make this information available to our customers in a transparent manner going forward (see client sustainability report). In addition, it is vital to give as many assets as possible a second lifecycle in order to conserve key resources and reduce greenhouse gas emissions. Heating and the vehicle fleet represent further major decarbonization levers in Scope 1 and 2.

CHG-MERIDIAN is committed to setting short-term emissions reduction targets in line with the latest findings of climate science, e.g. the Science Based Targets initiative (SBTi), as we want to make a demonstrable contribution to climate action. The SBTi considers targets to be 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels. In the course of setting targets, a detailed action plan is being formulated that covers capital expenditure and defines the activities that our Company needs to pursue in order to meet the short-term target (see section [Targets related to climate change mitigation and adaptation](#)).

While we currently do not fall within the scope of the EU Taxonomy, we are working on capturing metrics and preparing the relevant reporting.

The risk of locked-in greenhouse gas emissions is deemed low due to our business model. As a rule, our technology portfolio only includes mobile assets with a lease term of under ten years. The IT assets and healthcare technology we lease downstream run on electricity, but thanks to the global move towards more renewable energy in the electricity mix, the greenhouse gas emissions from their use will automatically reduce in the future. This also applies to many of the industrial assets we lease downstream. And although some assets leased downstream are vehicles with internal combustion engines, for example, the risk of locked-in greenhouse gas emissions is also low here due to the relatively short lease terms.

### E1.SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model

This reporting year was the first time that CHG-MERIDIAN identified key climate-related risks and opportunities that could impact on its business activities. The analysis covered all identified climate risks and categorized them either as physical risks or transition risks (see [E1.IRO-1](#)). The results of the analysis were as follows:

1. Most risks are categorized as low in both scenarios, indicating that CHG-MERIDIAN and its business model are fundamentally robust.
2. Some physical risks in the IPCC SSP3-7.0 (+3°C) scenario show an increased severity (prioritized risks in **bold**):

- **Health risks due to fluctuating temperatures** (e.g. more disease vectors)
  - **Power failures resulting from damage to energy infrastructure**
  - Impacts of heat stress
  - Flood risk in Gross-Gerau (technology center)
3. Transition risks are (prioritized risks marked **bold**):
- Market risk due to shifts in consumer preferences
  - Disruption to the value chain due to the risk of defaults on customer credits
  - **Uncertainty about regulatory requirements** (e.g. risks of carbon taxes on the technology portfolio. The introduction of carbon taxes on lease assets, for example higher taxes on vehicles and machinery with high emissions, can have a considerable influence on the cost structure)
  - Risk of political instability in the IPCC SSP3-7.0 (+3°C) scenario
  - Risk of lost revenue in the IPCC SSP3-7.0 (+3°C) scenario
4. The analysis covers the CHG-MERIDIAN locations with the highest ESG risk (due to high employee numbers, actual production volume and associated emissions/pollution, and dependence on physical location), with the risks assessed specifically for the individual locations (e.g. flood risks in Gross-Gerau, Skien, and Weingarten).

ESRS 2 SBM-3 48. (f) requires the disclosure of information about the **resilience** of the undertaking's strategy and business model regarding its capacity to address material impacts and risks, and to take advantage of material opportunities. CHG-MERIDIAN harmonizes the assessment of climate risk with the action taken to minimize risks. We have taken remedial action with regard to physical climate risks categorized as high (see ↑ in bold).

CHG-MERIDIAN's **emergency management** aims to adequately prepare the Company for emergency situations and design business processes that are resilient. The following **emergency scenarios** exist for physical climate risks:

- Employee health problems, reduced productivity, and/or unavailability of employees are explored in the '*staff absence*' emergency scenario.
- Power failures and associated damage to energy infrastructure are explored in the '*Gross-Gerau technology center*' and '*unavailability of Weingarten premises*' emergency scenarios.

ESRS also requires information on the extent to which an undertaking can adapt its strategy and business model to the circumstances of climate change. At CHG-MERIDIAN, the requirements and expectations of customers and supervisory bodies with regard to sustainable products and services, for example, are determined as part of the innovation process. These are assessed, and if there is potential, a business case is developed and the market analyzed. The process is integrated once a pilot phase has been successfully completed. In addition, the dialogue with stakeholders can give rise to strategic adjustments, such as our commitment to climate change mitigation and to setting science-based climate targets (SBTi).

#### Policies related to climate change mitigation and adaptation

As part of our **environmental management system (EMS) in accordance with ISO 14001:2015**, we strive to continuously improve our environmental performance and take environmental topics into account in as many of our processes as possible. The Board of Management is

accountable for the effectiveness of the EMS. Implementing the EMS is primarily the responsibility of the Group environmental officer and his deputy. They report to the entire Board of Management every quarter. There is also an annual management review as part of the integrated management system (IMS) during which, among other things, the effectiveness of the EMS is confirmed by the Board of Management. In 2024, the certification scope was extended from the German-speaking countries to all of CHG-MERIDIAN's European locations.

We carried out an analysis of environmental matters as part of our EMS based on the double materiality analysis (see [ESRS 2 IRO-1](#)), which includes a stakeholder dialogue. This enabled us to determine key environmental matters, including the environmental impact of our business activities and our products. Among other things, these include the conservation of resources by refurbishing and remarketing lease assets, and the greenhouse gas emissions from our air travel.

CHG-MERIDIAN has the biggest environmental impact at its two production sites in Gross-Gerau and Skien, and at the headquarters in Weingarten. We own the building in Weingarten and many employees work here, resulting in a relatively high negative environmental impact. All other sites are rented offices. This means that 100 percent of the sites with a high environmental impact are covered by an ISO 14001-compliant management system. The double materiality analysis also includes an assessment of environmental risks, during which all of the Group's sites are examined on this topic.

As part of the EMS, we drafted a range of environment-related documents: a guideline and several policies, procedures, and written instructions. Together with the general documents of the IMS, they form the basis for the environmental management system and are made available to all employees.

The Group-wide **environmental guideline** approved by the Board of Management plays a particularly important role in this context, as it defines the basic principles, responsibilities, and overarching goals aimed at improving environmental performance. One of the most important topics the guideline deals with is our greenhouse gas emissions. We have set ourselves a reduction target and strive to reduce these emissions as much as possible. This also means that energy efficiency and the use of renewable energy are of great importance to us, as they are closely linked to our direct and indirect greenhouse gas emissions. The circular economy and its principles are another crucial topic for us. We contribute to the circular economy through our business model, which involves the refurbishment and remarketing of technological devices. In turn, this helps to reduce greenhouse gas emissions and, most notably, resource consumption. Climate change adaptation is not covered, as it is not a material topic for us. This is how the environmental guideline contributes to the achievement of the United Nation's sustainable development goals, primarily no. 12 'Responsible consumption and production' and no. 13 'Climate action'. The environmental guideline is made available to interested parties on request.

The environmental guideline is put into practice through other written procedures. For example in the management system's general documents such as the Europe-wide **environmental management system (EMS) KPI description** standard operating procedure, which defines environmental metrics, including their measurement and related targets. But also in topic-specific documents such as the Group-wide **climate management policy**, which lays down the fundamental principles of the corporate carbon footprint calculation (see section [Gross Scopes 1, 2, 3 and Total GHG emissions](#)) and the climate risk analysis (see [E1.SBM-3](#)). Furthermore, there is the **sustainable procurement guideline** (see [Management of relationships with suppliers](#)), which prioritizes climate action in procurement that is directly related to our customers' requirements or to meeting our own needs.

The dialogue with external stakeholders such as customers, suppliers, and funding partners is maintained through the annual sustainability reporting and, on an ad hoc basis, in day-to-day business conversations and via our website (see also [ESRS 2 SBM-2](#)).

The topic of climate change adaptation was deemed not material during the double materiality analysis and is not examined any further.

#### Actions and resources related to the climate policies

We initiated or took the following actions in 2024 with the aim of reducing greenhouse gas emissions and thus contributing to our current emission reduction target (see section [Targets related to climate change mitigation and adaptation](#)). These actions relate only to our own operations, not to the upstream or downstream value chain. Our primary decarbonization levers are the electrification of vehicles and the switch to renewable energy sources:

- Expand our ISO 14001 environmental management system to all European CHG-MERIDIAN locations (implemented and completed in 2024)
- Adjust the travel policy to prioritize the use of electric vehicles (in 2024)
- Switch to green electricity in our central data centers in Germany (in 2024)
- Offer a carbon offsetting product to customers around the world (ongoing)
- Spend €10 per tCO<sub>2</sub>eq in corporate emissions on own environmental projects and environmental action, and on reducing GHG emissions, supporting biodiversity, etc. (ongoing)
- Add more solar panels at our headquarters in Weingarten (at the planning stage)

We are currently unable to quantify the reduction potential of, or the financial resources needed for, these actions. However, we will be formulating an action plan for achieving these targets within the context of our commitment to SBTi and the current development of short-term, science-based reduction targets (see [Targets related to climate change mitigation and adaptation](#)).

#### Targets related to climate change mitigation and adaptation

One of the overarching targets of the Group-wide environmental guideline (see section [Policies related to climate change mitigation and adaptation](#)) is to prevent and reduce greenhouse gas emissions. We have therefore set ourselves an emission reduction target, which has been approved by the Board of Management. It is described and broken down into milestones in the **sustainability management KPI description** standard operating procedure. It envisages a reduction in direct and indirect greenhouse gas emissions (Scope 1, Scope 2, and Group-related Scope 3) per employee of 25 percent by 2025 compared with the base year 2020<sup>8</sup>. This covers the entire Group<sup>9</sup> and corresponds with SDG target 13.2. (see [ESRS 2 SBM-1](#)). The emission

---

<sup>8</sup> Scope 3 emissions in the categories 3.6 (business travel) and 3.7 (employee commuting) relate to the base year 2019 in order to reflect pre-pandemic travel patterns.

<sup>9</sup> Since 2023, the target has included the subsidiaries OPC, devicenow, circulee, and abakus; the subsidiaries were not included in 2022.

reduction target has not been validated, nor has it been checked with regard to its alignment with the latest findings of climate science.

In the base year, our greenhouse gas intensity per employee was 9.32 tCO<sub>2</sub>eq. Our target for 2025 is 6.99 tCO<sub>2</sub>eq per employee. In 2024, our greenhouse gas emissions per employee were 7.95 tCO<sub>2</sub>eq (see section [Gross Scopes 1, 2, 3 and Total GHG emissions](#)). This equates to a fall of 15 percent compared with the base year. We are therefore not on course to reach our emission reduction target by 2025. The actions taken to reach our emission reduction target are described in the section [Actions and resources related to the climate policies](#).

The product lifecycle emissions, i.e. all emissions connected to assets leased downstream and to remarketed assets, were calculated for the first time in 2024 (see section [Gross Scopes 1, 2, 3 and Total GHG emissions](#)). These were not included in the current emission reduction target due to the significant difference in magnitude compared to our corporate emissions. The emission reduction target was not adjusted in the reporting year.<sup>10</sup>

The calculation of the corporate carbon footprint (CCF) is managed by the central Sustainability Team, and its calculation can be divided into corporate emissions and product lifecycle emissions:

- As in recent years, the raw data for calculating the corporate emissions is provided to the Sustainability Team by the regional contact based on invoices and system extracts. This raw data is then converted into greenhouse gas emissions using an external calculation tool and its emission factors.
- The raw data for the calculation of product lifecycle emissions is based on system extracts. This data is converted into greenhouse gas emissions using a business intelligence tool and emission factors specific to each asset class. The emission factors are derived from external studies and manufacturer specifications, and are cost-related extrapolations of these external sources.

The CCF calculation is usually subject to a degree of uncertainty, and that was the case in our calculations too. We have to make assumptions about some of our heating emissions as we are often just a tenant in a large office complex and do not have access to real data. In addition, the emission factors for product lifecycle emissions are primarily based on information per asset class and are sometimes extrapolated to other asset classes using assumptions.

We are taking the next major step toward making our climate management more professional through our commitment to the Science Based Targets initiative (SBTi). At the end of 2023, we pledged to set short-term emission reduction targets in line with the latest findings of climate science. Accordingly, we will set ourselves two short-term targets, one for scope 1 and 2, and one for scope 3, by no later than 2025. A net-zero goal will only be defined once we have gained experience with SBTi to ensure a realistic, evidence-based target. We only want to make such a commitment once we know how we can fulfill it. We will then submit it to SBTi for validation. After validation, we will report annually on the development of our Group-wide emissions and on the progress made towards our targets, with the aim of demonstrating how far we have come. At

---

<sup>10</sup> Product lifecycle emissions = all emissions related to our customer business (lease assets and remarketed assets); corporate emissions = the Company's remaining emissions (Scope 1, 2, partly 3, including employee commuting, business travel).

the same time, we will continue to participate in the Carbon Disclosure Project (CDP), where we scored a B- in 2024 (C in 2022 and 2023).

Energy consumption and mix

One aim of our ISO 14001-certified environmental management is to reduce our energy consumption and thus our greenhouse gas emissions. Since 2015, we have been carrying out an energy audit at CHG-MERIDIAN based on EN 16247 every four years. Our overall energy consumption at Group level was 8,573.00 MWh (2023: 8,732.94 MWh; 2022: 8,084.7 MWh), of which 2,178.56 MWh (25.4 percent; 2023: 25.8 percent; 2022: 30.2 percent) was from renewable sources – as defined by the CDP Climate Change Reporting Guidance – in 2024.

CHG-MERIDIAN is neither an undertaking in a high climate impact sector nor is it an energy-intensive undertaking (see ESRS 2 SBM-1).

Energy generation	Energy consumption [MWh]	
	2024	2023
Fuels [1]	6.4	9.7
From renewable sources [2]	354.2	427.72
Proportion of total energy consumption	4.1%	5.1%

[1] From testing the diesel generator in Weingarten.  
 [2] From testing the diesel generator in Weingarten.

	MWh from renewable sources	MWh from non-renewable sources (excluding nuclear)	MWh from nuclear sources	Total	Proportion of energy from renewable sources
Fuel consumption	0 (2023:0)	5,434.58 (2023:5,586.99)	0 (2023:0)	5,434.58 (2023:5,586.99)	0% (2023:0%)
Electricity consumption	2,051.58 (2023:2,151.99)	449.58 (2023:458.51)	170.24 (2023:164.73)	2,671.40 (2023:2,775.23)	76.8% (2023:77.5%)
Heat consumption	126.98 (2023:102.32)	340.03 (2023:268.40)	0 (2023:0)	467.01 (2023:370.72)	27.19% (2023:27.6%)
Steam	0 (2023:0)	0 (2023:0)	0 (2023:0)	0 (2023:0)	0% (2023:0%)
Cooling	0 (2023:0)	0 (2023:0)	0 (2023:0)	0 (2023:0)	0% (2023:0%)
Total energy consumption	2,178.56 (2023:2,254.31)	6,224.19 (2023:6,313.90)	170.24 (2023:164.73)	8,572.99 (2023:8,732.94)	25.4% (2023:25.8%)

### Gross Scopes 1, 2, 3 and Total GHG emissions

We have been recording our greenhouse gas emissions with reference to the Greenhouse Gas Protocol since 2019, and all subsidiaries have been included since 2023, in line with the scope of consolidation. The emissions linked to assets we have leased downstream, known as product lifecycle emissions, are reported for the first time in 2024 (see section [Targets related to climate change mitigation and adaptation](#)).

Due to our sector and our low direct emissions, we are not required to take part in regulated carbon trading, which means that our Scope 1 emissions are not covered by emission allowances.

The increase in absolute greenhouse gas emissions compared with 2023 is primarily the result of a larger vehicle fleet, a rise in operating expenses due to a larger workforce, an uptick in air travel, and the first-time retrospective inclusion of emissions from equity investments. The emissions are split into 0.3 percent corporate emissions and 99.7 percent product lifecycle emissions (see color coding in the table below).

The categories displayed here relate to all emissions (greenhouse gases in CO<sub>2</sub> equivalents) as per Scopes 1, 2, and 3, and are calculated with reference to the Greenhouse Gas Protocol.

CHG-MERIDIAN accounts for all greenhouse gas emissions and/or quantities of greenhouse gases avoided for facilities over which it has operational control (operational approach).

Scope 3 emissions in the categories 3.6 (business travel) and 3.7 (employee commuting) relate to the base year 2019 in order to reflect pre-pandemic travel patterns.

Our approach to calculating emissions, which is based on the Greenhouse Gas Protocol (GHGP), is heavily dependent on the respective source of emissions and the availability of data across the Group. CHG-MERIDIAN takes a centralized approach, i.e. each subsidiary reports its activity data using the best market practices and accounting practices for disclosure. Actual activity data such as fuel consumption and market-specific emission factors are used to calculate Scope 1 emissions. The Scope 2 emissions are calculated using site-based and market-based methods in order to factor in emissions linked to energy procured by the Group. Where possible, our Scope 3 emissions comprise all other indirect emissions generated in our value chain, including, but not limited to, upstream and downstream emissions. As a rule, our calculation method uses secondary literature and cost-based, supplier-specific, and mixed approaches. We have implemented a range of controls, such as plausibility checks, throughout the emission calculation process.

The bulk of our greenhouse gas emissions are product lifecycle emissions related to our lease business (Scope 3). We rely on internal data sources (LAS.net) for this information, while the calculation itself is performed in a business intelligence tool. We also consulted external studies for the emission factors.

The calculation of our product lifecycle emissions can be broken down into the following emission types, based on the categories of the Greenhouse Gas Protocol (GHGP) (see fig. 'Standard journey of a lease asset, from raw material extraction to end-of-life' in section [ESRS 2 SBM-1](#)):

1. Calculation of **manufacturing emissions**
2. Calculation of **transportation emissions** (both upstream and downstream)

3. Calculation of **usage emissions** during the term of the lease:
  - The usage emissions are calculated per day.
  - Usage starts with the creation of the lease schedule and ends once an asset<sup>11</sup> is removed from the lease schedule.
  - There are no usage emissions for some asset classes, such as furniture.
  - We use the global electricity mix for the calculation of usage emissions.
4. Calculation of **usage emissions** in subsequent lifecycles:
  - Every asset has an average technical usage period, on which we base the expected remaining useful life of an asset. This involves subtracting the days of first use (lease term) from the average technical usage period. This provides the duration of subsequent lifecycles.
  - The usage emissions for subsequent lifecycles are calculated for each asset.
5. Calculation of **end-of-life** emissions

We differentiate between two types of calculation: emissions per asset (kgCO<sub>2</sub>eq/asset) or a *spend-based* approach (kgCO<sub>2</sub>eq/€).

With regard to emission factors, we apply factors per asset class (e.g. in the 'smartphone' category, not for individual models) in the areas of IT, industrial technology, and healthcare technology. These factors are derived from studies that are largely based on manufacturers' information. These studies use average values and apply representative models of an area of technology; in the IT arena, for example, we use the eight most common asset classes to derive the spend-based emission factors for the remaining asset classes. Due to a lack of available data, we currently have to apply average values and extrapolate data. However, the figures have undergone an external plausibility check and we take a conservative approach, i.e. we tend to use higher emission factors if there is any uncertainty.

Every year, we review and adapt the way we capture data and calculate our carbon footprint at CHG-MERIDIAN with the aim of improving the underlying methodology. Consequently, we were able to increase the quality of our data in 2024, which in turn resulted in retrospective adjustments to corporate emissions for previous years, including the base year. These changes, which also impact on previous years, provide better comparability between the reporting years, but have a negative impact on our target achievement as we did not take the changes into account in previous years.

---

<sup>11</sup> We use the term 'assets' in connection with our product lifecycle emissions; this definition includes devices such as laptops and smartphones, but also accessories and software.

## Greenhouse gas emissions by Scope (in tCO<sub>2</sub>eq)

The following graphs and tables show the greenhouse gas emissions in tCO<sub>2</sub>eq<sup>12</sup>:

### 1. Greenhouse gas intensity:

The target for our corporate emissions (see section ESRS 2 SBM-1) is a relative one, i.e. the reduction of corporate emissions per employee. The following table shows the greenhouse gas intensity (tCO<sub>2</sub>eq per employee) for 2024, the comparison years, and the base year. We also calculate the greenhouse gas intensity of corporate emissions per monetary unit (lease originations):

	Base year 2019/2020 <sup>13</sup>	2022 <sup>13</sup>	2023	2024	Target for 2025
Greenhouse gas intensity per employee (in tCO <sub>2</sub> eq)	9.32	8.45	8.57	<b>7.95</b>	<b>6.99</b>
Greenhouse gas emissions per monetary unit (in tCO <sub>2</sub> eq)	0.006	0.005	0.005	0.004	n/a

Absolute corporate emissions increased in 2024, while relative emissions (per employee) fell. The following graph shows the greenhouse gas intensity per employee compared with the base year of 2019/2020:

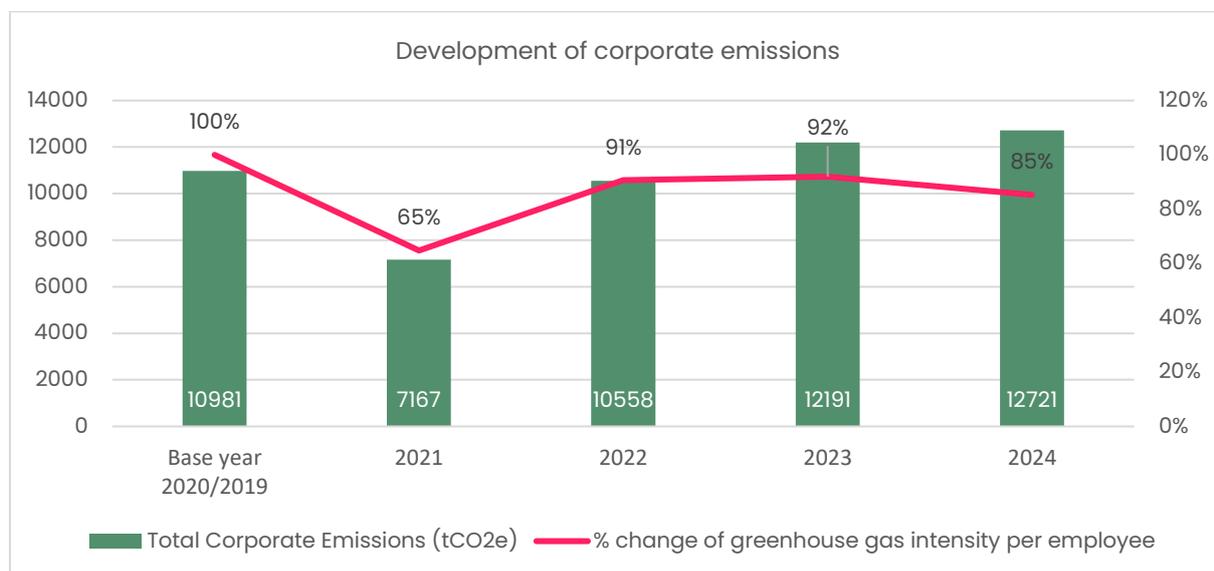


Fig.: Greenhouse gas intensity (corporate emissions per employee), base year to 2024

<sup>12</sup> Metrics from 2023, 2022, 2021, and the base year not externally reviewed.

<sup>13</sup> In 2022, 2021 and in the base year excluding subsidiaries abakus, circulee, devicenow and subsidiaries in India and Singapore.

## 2. Absolute Scope 1, 2, and 3 greenhouse gas emissions<sup>14</sup>:

The following table lists the Scope 1, 2, and 3 greenhouse gas emissions for 2024, 2023, 2022, and the base year, as well as the percentage change year on year:

Corporate emissions	
Product lifecycle emissions	
Not relevant	

	Base year 2019/2020 <sup>15</sup>	2022 <sup>15</sup>	2023	2024	% N / N-1 (% increase/fall year on year)
<b>Scope 1</b>					
Scope 1 GHG emissions (tCO <sub>2</sub> eq)	1,306.13	1,421.41	1,523.90	1,323.79	-13.13%
<b>Scope 2</b>					
Scope 2 location-based GHG emissions (tCO <sub>2</sub> eq)	n.a.	848.45	882.92	829.82	-6.0%
Scope 2 market-based GHG emissions (tCO <sub>2</sub> eq)	167.00	171.46	223.81	216.67	-3.2%
<b>Scope 3</b>					
Total indirect Scope 3 emissions (tCO <sub>2</sub> eq)	9,508.35	8,963.72	10,443.41	4,678,864.51	n.a.
Total Scope 3 corporate emissions (tCO <sub>2</sub> eq)	9,508.35	8,963.72	10,443.41	11,180.96	7.1%
1 Purchased goods (own use) and services <sup>16</sup>	939.74	2,271.67	1,814.57	2,205.32	21.5%
2 Capital goods own assets	659.89	682.67	466.84	540.32	15.7%
2 Capital goods downstream leased assets	n.a.	n.a.	n.a.	1,787,795.70	n.a.
3 Energy and fuel-related emissions	310.26	340.14	366.11	359.84	-1.7%
4 Upstream transportation and distribution – own procurement	36.00	51.98	62.38	74.86	20.0%
4 Upstream transportation and distribution – downstream leased assets	n.a.	n.a.	n.a.	182,782.41	n.a.

<sup>14</sup> Metrics from 2023, 2022, 2021, and the base year not externally reviewed.

<sup>15</sup> In 2022, 2021 and in the base year excluding subsidiaries abakus, circulee, devicenow and subsidiaries in India and Singapore.

<sup>16</sup> Emissions resulting from the procurement of office supplies (included in Scope 3.1) and upstream transportation and distribution (Scope 3.4) were calculated as forward projections based on the figures from 2020.

5 Waste	634.90	612.14	819.69	856.27	4.5%
6 Business travel <sup>17</sup>	3,730.73	2,779.80	4,214.97	4,059.67	-3.7%
7 Employee commuting	1,154.60	878.81	1,120.52	1,437.93	28.3%
8 Leased capital goods	66.80	71.82	50.93	392.95	671.5%
9 Downstream transportation and distribution	n.a.	n.a.	n.a.	182,782.41	n.a.
10 Processing of sold products	n.a.	n.a.	n.a.	n.a.	n.a.
11 Use of sold products	n.a.	n.a.	n.a.	693,374.08	n.a.
12 End-of-life treatment of sold products	n.a.	n.a.	n.a.	20,048.69	n.a.
13 Downstream leased assets	n.a.	n.a.	n.a.	1,800,900.26	n.a.
14 Franchises	n.a.	n.a.	n.a.	n.a.	n.a.
15 Investment	1,975.43	1,274.68	1,527.40	1,253.80	-17.9%
<b>Total GHG emissions</b>					
<b>Total location-based corporate greenhouse gas emissions (tCO<sub>2</sub>eq)</b>	<b>n.a.</b>	<b>11,233.58</b>	<b>12,850.23</b>	<b>13,334.57</b>	<b>3.8%</b>
<b>Total market-based corporate greenhouse gas emissions (tCO<sub>2</sub>eq)</b>	<b>10,981.48</b>	<b>10,556.59</b>	<b>12,191.11</b>	<b>12,721.42</b>	<b>4.3%</b>
<b>Total market-based greenhouse gas emissions including product lifecycle emissions (tCO<sub>2</sub>eq)</b>	<b>10,981.48</b>	<b>10,556.59</b>	<b>12,191.11</b>	<b>4,680,404.97</b>	<b>n.a.</b>

<sup>17</sup> Scope 3 emissions in the categories 6 (business travel) and 7 (employee commuting) relate to the base year 2019 in order to realistically reflect pre-pandemic behavior.

### 3. Product lifecycle emissions:

This is the first year that we recorded the emissions related to our lease business. These product lifecycle emissions account for the bulk of our overall emissions (99.7 percent). They can be broken down into manufacturing emissions (38.3 percent), upstream and downstream transportation emissions (3.9 percent each), use-related emissions at the lessee (38.6 percent), use-related emissions of sold assets (14.6 percent), and end-of-life emissions (0.4 percent).

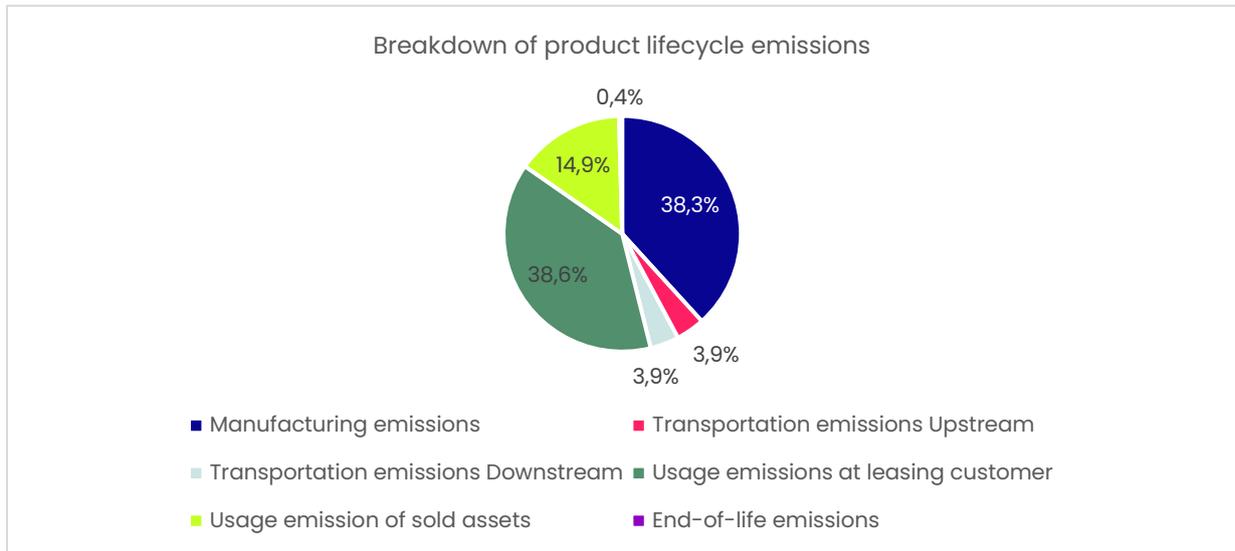


Fig.: Breakdown of product lifecycle emissions

### GHG removals and GHG mitigation projects financed through emission allowances

We enable customers to make a financial contribution to climate action through our carbonZERO® product. The payments go to selected, gold-standard climate change mitigation projects in the Global South. In 2024, we enabled customers to offset 71,616 tCO<sub>2</sub>eq in total (2023: 65,835 tCO<sub>2</sub>eq).

### Internal carbon pricing

While we have not yet established internal carbon pricing, we are already investing €10 per tCO<sub>2</sub>eq of corporate emissions in internal measures to prevent or reduce them (see section [Actions and resources related to the climate policies](#)). Furthermore, we have already carried out initial research into the introduction of a carbon pricing system.

To establish a solid foundation for internal carbon pricing, we embarked on the design and configuration of a sustainability control tower (SCT) from SAP S/4HANA in 2024, which will enable us to incorporate all business activities and structures.

## 3.2 Resource use and circular economy

This topic deals with the principles of the circular economy, with resource efficiency, and with the sustainable sourcing and use of renewable resources.

### **Resource inflows and outflows:**

CHG-MERIDIAN receives IT assets back from customers at the end of the lease and refurbishes and remarkets 94.3 percent of equipment to give it a second life. By extending the usage period, we can make more effective use of the valuable resources contained in the devices. Extending the use phase of these materials, and thus reducing the consumption of natural resources, is an integral element of the business model.

No material risks and opportunities in relation to the circular economy were identified.

### **Waste management:**

The disposal of waste during the extraction of raw materials and in the IT manufacturing process can result in negative environmental impacts.

Our strategies, guidelines, and actions in the area of circular economy, resource use, and waste management form part of our contribution to sustainable development as defined by the UN's sustainable development goal no. 12 'Responsible consumption and production'.

### Policies related to resource use and circular economy

#### **Resource inflows and outflows**

At CHG-MERIDIAN, we take the conservation of resources seriously and aim to use the available resources efficiently. The circular economy is the game-changing model that guides us. Our business model is based on the reuse of devices and therefore on the potential reduction of resource consumption, electronic waste, and greenhouse gases.

Taking a lifecycle-thinking approach, CHG-MERIDIAN relies on refurbishment and reuse to extend asset lifecycles. As a technology management company, we offer our customers end-to-end support, from the needs-based procurement of assets to green transportation, and throughout the useful life of their equipment. Once an asset comes to the end of its first lifecycle, we refurbish and remarket it for a second lifecycle. Old, non-reusable assets or those containing sensitive data are recycled and the resources they contain returned to the material cycle. In contrast to a linear economic model where the value of an asset is almost entirely lost at the end of its lifecycle, the circular model aims to retain an asset's value for as long as possible. This is how our business model contributes to the circular economy. Within our **ISO 14001 environmental management system**, we have formulated a Group-wide **environmental guideline** that defines in greater detail the environmental topics described in the sustainability strategy and the regulatory affairs strategy of CHG-MERIDIAN (see section [Policies related to climate change mitigation and adaptation](#)). One of its aims is to conserve natural resources. We also have a Group-wide **sustainable procurement guideline** (see section [Management of relationships with suppliers](#)). It was approved by the Board of Management and focuses on, among other things, the procurement of reusable products, including their packaging.

## **Waste management**

We also have a Europe-wide **waste procedure**, which is based on the EU's Waste Framework Directive and defines the following waste hierarchy:

1. Prevention
2. Preparing for re-use
3. Recycling
4. Other recovery, especially energy recovery
5. Disposal

Particular responsibility lies with the site representatives, who must ensure that the structures, such as a waste separation system, are in place for complying with this procedure. E-waste (electrical and electronic equipment, batteries, and rechargeable batteries) is of the utmost importance to us. Not just because this is hazardous waste but also because our business model generates significant amounts of it. In addition, e-waste contains a large number of rare earths. Which is why we liaise with each recycling partner to ensure that these materials are separated as well as possible to enable a high level of recycling. When selecting waste disposal partners, we look for relevant certifications such as ISO 14001 and *Entsorgungsfachbetrieb* (certified disposal specialist).

There is also a risk that IT assets are not recycled properly and sent to high-risk countries, where they pollute the environment. In order to contain this risk, we have a **procedure for verifying the identity of brokerage customers** as part of **ISO 9001**. It applies to CHG-MERIDIAN AG at the site in Gross-Gerau and states that brokerage customers have to verify their identity before we enter into a business relationship with them. This is followed by order-specific export checks that take account of product type, sanctions lists, embargoes, and intended use.

## **Actions and resources related to resource use and circular economy**

We have taken the following **waste management** actions internally:

- Reduce internal waste by reusing, recovering, or converting materials (ongoing)
- Initiatives or training to raise employee awareness of the need to reduce and sort waste (ongoing)
- Use of environmentally friendly or biological packaging, e.g. replacing plastic with greener alternatives like paper, wood, and plastic substitutes, and purchasing more sustainable and certified packaging material such as FSC- or PEFC-certified cardboard (ongoing)

We are currently unable to quantify the reduction potential of, or the financial resources needed for, these actions.

At CHG-MERIDIAN, we are aware of our responsibility when it comes to remarketing devices, and we are keen to reduce any negative impact. For example, we do not sell the devices in countries or to customers who are on sanctions lists.

Brokers that want to collaborate with CHG-MERIDIAN within the European Customs Union (ECU) first need to undergo a legitimization check. In addition, CHG-MERIDIAN checks them against publicly available sanctions lists. For transactions in countries outside the European Customs

Union, order-specific export checks are carried out that take account of product type, sanctions lists, embargoes, and intended use. No assets were sold in countries on sanctions lists or under embargo in 2023. Our European partner companies are subject to the same requirements concerning interactions with brokers from the European Customs Union. These partners also carry out country-specific and order-specific export checks for sales to countries outside the European Customs Union.

Targets related to resource use and circular economy

**Resource inflows and outflows**

CHG-MERIDIAN has set itself the target of continuously giving at least 95 percent of all IT equipment returned across the Group a second lifecycle. Some IT categories are filtered out when calculating the remarketing ratio. The main reason for this is that the focus should generally be on the actual devices and not on accessories or services. It often makes no sense to remarket these non-devices if there is no secondary market, for example, or because remarketing them would not be commercially viable. Furthermore, the internal data quality is insufficient to make valid assertions, for example because non-devices are not always documented uniformly across the Group. The target therefore covers resource outflows. In 2024, more than 1,148,682 assets were processed by our technology centers and our service partners. In collaboration with our global network of certified service partners, 94.3 percent (2023: 95 percent; 2022: 96 percent) of IT lease returns were professionally refurbished and sold on the secondary market in 2024. This enabled us to remarket **1,006,203** IT lease returns in 2024 (2023: 895,000; 2022: 924,000; 2021: 840,000). The entire global remarketing process for our two CHG-MERIDIAN technology centers is managed and monitored centrally by Asset Management, as are the end-of-lease service partners. The remaining 5.7 percent of IT lease returns in 2024 (2023: 5 percent; 2022: 4 percent; 2021: 4 percent) were disposed of. These were devices that could only be sold on as spare parts, were beyond repair and therefore no longer usable, contained highly sensitive data that had to be destroyed, or had not been unlocked by the customer. In addition to the returns from the lease business, we also process assets previously owned by customers. The proportion of lease returns that can be remarketed is significantly higher than is the case for assets previously owned by customers, as the latter tend to be older and thus cannot always be remarketed. The very high number of lease returns that we can remarket illustrates the circular nature of the lease model, which helps to conserve resources. We have also set ourselves an ongoing target for assets previously owned by customers, aiming to give a second lifecycle to at least 80 percent of such assets across the Group.

The abovementioned points contribute to step two (Preparing for re-use) of the waste hierarchy (see section Policies related to resource use and circular economy) and help to reduce the amount of electronic waste as much as possible.

	<b>Leasing</b>	<b>Non-leasing</b>
Remarketing	94.3 % (2023: 95%)	75.9 % (2023: 84%)
Recycling	5.7 % (2023: 5%)	24.1 % (2023: 16%)

## **Waste management**

Our target for plastic packaging at the technology center in Gross-Gerau is to replace at least 20 percent of the packaging we use with biological alternatives by the end of 2024 (compared with 2020). We also set ourselves the goal of sourcing 50 percent of our paper and wood packaging from certified sources, for example with the FSC or PEFC label, by 2024. The abovementioned targets are not mandated by law. The target achievement is disclosed in the section [Resource outflows](#).

### Resource inflows

The manufacture of our lease assets requires significant amounts of resources, most notably, rare earths. However, it is the lessee who chooses the devices; we only become the owner of the equipment afterwards (under what is known as the 'entry model'). We have no influence over this and are entirely reliant on our customers.

Nonetheless, we hope to provide our customers with transparent information on resource consumption at least retrospectively, or for future orders (see Transition plan for climate change mitigation). But we are dependent on information from manufacturers, which is currently only provided sporadically.

### Resource outflows

With regard to expected lifecycles, repairability, and the proportion of recycled materials in lease assets, we are dependent on information from manufacturers, which is currently only provided sporadically. We expect the base data to continually improve in the wake of initiatives and laws such as the EU's Digital Product Passport.

The principles that underpin our waste management are defined in our waste procedure (see section [Policies related to resource use and circular economy](#)).

We aim to achieve the highest recycling quality in line with the EU Waste Framework Directive at all times, so it is important that waste is collected by type where possible in accordance with local laws. We generally differentiate between the following waste types:

1. Biodegradable waste
2. Paper and cardboard
3. Glass
4. Plastic
5. Polystyrene
6. Wood
7. Metal
8. Packaging that contains residues of hazardous substances (spray cans)
9. Batteries/rechargeable batteries
10. Electronic waste
11. Toner and print cartridges
12. Mixed construction/demolition waste

Due to local differences, the final implementation of waste separation is the responsibility of the local management team. A flyer is one of the means by which we encourage employees to separate waste properly. The largest proportion of our waste is generated directly in connection with our business model and consists of IT devices returned by customers that are unsuitable for remarketing and sent for recycling. The biggest volumes of waste therefore accumulate at our technology centers and at our end-of-lease partners.

Another significant source of waste is the packaging used to return leased assets. That is why we rely on reusable boxes for TFT monitors and notebooks, and use reusable packaging until it is broken or no longer ensures safe transportation. In addition, we collect disposable packaging that is still usable and ship refurbished assets in it or make it available to haulage companies. The waste generated in areas other than those associated with lease returns plays only a minor role due to its low volume, but is still reduced as much as possible, for example by bulk buying and splitting into smaller containers.

All data relating to our waste in Weingarten, Gross-Gerau, and Skien is recorded by our waste disposal partners on our behalf.

All other Group locations are rented office premises within larger complexes, and we therefore do not have access to data on our actual waste volumes. We have no influence on the final waste separation system of the office complex, but we adopt it in our own waste separation. The waste volume for our office-only locations has thus been modeled on the basis of data from our headquarters in Weingarten, taking into account staff attendance.

All in all, we generated a total of 893.78 tonnes (2023: 956.44 tonnes; 2022: 680.02 tonnes) of waste across the Group in 2024.

Legend for hazardous and non-hazardous waste types in accordance with Commission Decision **2014/955/EU**

	Hazardous
	Non-hazardous

### Disposal by waste type in tonnes

Headquarters in Weingarten

Type	2024	2023	2022
Waste similar to household waste	7.42	5.81	4.38
Cardboard/paper	6.13	9.58	6.06
PE film/plastic	0.03	0.05	-
Polystyrene	0.01	0.00	-
Wood	1.08	0.35	-
Batteries/rechargeable batteries	0.03	0.03	-
Packaging that contains residues of hazardous substances (= spray cans)	0.02	0.01	-
Electronics recycling	0.34	0.45	-

Metal	0.13	0.04	-
Fluorescent tubes	-	0.02	-

#### Gross-Gerau technology center

Type	2024	2023	2022
Mixed municipal waste	14.26	18.05	26.95
Cardboard/paper	94.63	84.47	64.49
PE film/plastic	11.16	10.59	8.10
Polystyrene	2.08	2.17	0.18
Wood	43.89	35.71	27.70
Batteries/rechargeable batteries	1.15	0	0.21
Packaging that contains residues of hazardous substances (= spray cans)	0.42	0	0.16
Electronic waste not containing hazardous substances	454.90	519.25	96.82
Electronic waste containing hazardous substances	114.14	70.35	318.89
Mixed construction/demolition waste	0	1.52	-

#### Skien technology center

Type	2024	2023	2022
Mixed municipal waste	3.12	4.66	4.28
Cardboard/paper	3.61	6.45	6.70
PE film/plastic	0.26	0.56	0.38
Polystyrene	0	0	0
Wood	4.04	4.72	4.46
Batteries/rechargeable batteries	0.68	0.74	0.42
Packaging that contains residues of hazardous substances (= spray cans)	0.04	0.02	0.03
Electronic waste	72.25	89.20	89.12
Iron	11.50	16.01	1.76

#### All other sites<sup>18</sup>

Type	2024	2023	2022
<b>Waste similar to household waste</b>	13.37	10.69	7.95
<b>Cardboard/paper</b>	11.06	17.63	11.00

#### End-of-lease partners<sup>19</sup>

Type	2024	2023	2022
<b>Electronic waste</b>	22.04	47.3	-

#### Total volume of waste

Type	2024	2023	2022
<b>Total for all locations</b>	893.78	956.44	680.02
<b>Of which hazardous</b>	138.51	120.00	319.71
<b>Of which non-hazardous</b>	755.27	836.45	360.32

Electronic waste, some of which contains hazardous substances, is by far the most significant waste type, accounting for around 45 percent (2023: 76 percent; 2022: 74 percent) of total waste. We always comply with local regulations when we dispose of assets. Disposal and recycling are handled by waste disposal partners certified in accordance with various national and international quality, environmental, and energy management standards. These include EN 50625ff (CENELEC) for the collection, logistics, and treatment of old electrical equipment, DIN 66399 for secure data erasure, and section 21 of the German Electrical and Electronic Equipment Act (ElektroG) for receiving decommissioned devices. Our waste disposal partners in Germany professionally separate the materials contained in old devices, such as copper, gold, silver, and aluminum, and reuse them wherever possible. Our technology center in Norway has also been working with a local certified recycling partner for many years. In these other European countries, devices are likewise disposed of with the help of local certified recycling partners. For our European partner companies, we are expanding an alliance with the European Advanced Recycling Network (EARN) in order to put similar processes in place. We aim to provide legally compliant and verifiable recycling through the framework agreement with EARN. In addition to the refurbishment and remarketing process, our service partners also look after the recycling processes outside Europe. This all contributes to step three (Recycling) of the waste hierarchy (see section [Policies related to resource use and circular economy](#)).

<sup>18</sup> Estimated values: extrapolation of waste volume per employee based on actual values from Weingarten (based on number of employees, including apprentices); subsidiaries circulee, abakus, and devicenow included.

<sup>19</sup> Electronic waste from our lease assets that accumulates at our European end-of-lease partners.

## Recycling of old devices<sup>20</sup>

	Gross-Gerau	Skien	Other recycling partners worldwide	Total <sup>21</sup>
<b>Total old equipment</b>	567.89 (2023: 589.6t; 2022: 416t)	72.25 (2023: 79.11t; 2022: 89.12t)	22.04 (2023: 47.30t)	662.17 (2023: 716.01t)
<b>Of which recycled</b>	99.69 (2023: 78 %; 2022: 76 %)	87 (2023: 97 %; 2022: 98 %)	90 (2023: 83 %)	81 (2023: 80 %)
<b>Of which used for energy recovery</b>	0.31 (2023: 21 %; 2022: 23 %)	13 (2023: 3 %; 2022: 2 %)	10 (2023: 17 %)	19 (2023: 19 %)
<b>Of which stored or rendered harmless in the most environmentally friendly way possible</b>	0 (2023: 2 %; 2022: 1 %)	0 (2023: 0 %; 2022: 0 %)	0 (2023: 0 %)	0 (2023: 2 %)

We are aware of our responsibility with regard to electronic waste. The reporting year was the first time that we returned the e-waste that some of our own IT equipment will generate in the future to the materials cycle via our partner Minimise. In 2024, Minimise collected and professionally recycled a total of 2,719kg of electronic waste for us (based on figures from 2023).

### Packaging at the Gross-Gerau technology center

We reduced the use of plastic packaging by 34.74 percent compared with 2020 despite an increase in the number of assets, thus exceeding our target of 20 percent.

We also exceeded our target for paper and wood, with 100 percent of wooden packaging and 90.8 percent of paper and cardboard packaging certified in 2024.

<sup>20</sup> Data is provided by our recycling partners, not by our own measurements.

<sup>21</sup> Values are rounded, resulting in a total of more than 100%.

## 4 Social information

### 4.1 Own workforce

Our skilled, knowledgeable, and committed employees are the foundation of our business, and it is important to us that they are able to develop at, and contribute to, CHG-MERIDIAN. Our mindset and our actions are rooted in our corporate values: passion, trust, respect, customer focus, individual responsibility, and integrity. These six values represent our understanding of how we should interact with each other, what is important to us, and how we want to be perceived by our partners and customers.

This topic deals with working conditions (for example, secure employment, working time, work-life balance, and health and safety), equal treatment and opportunities for all (for example, gender equality, training and skills development, and non-discrimination), and other work-related rights at CHG-MERIDIAN (value chain: own workforce).

The metrics in this chapter relate to the CHG-MERIDIAN Group, excluding Meridian Leasing Corporation, which was acquired at the end of 2024. Only the metric 'Total number of employees' includes Meridian Leasing Corporation.

#### SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model

All CHG-MERIDIAN employees<sup>22</sup> are covered by the disclosure under ESRS 2, as all employees were included in the materiality analysis and in reporting. The identified positive and negative impacts relate to the 1,600 employees who work at CHG-MERIDIAN. The majority of employees are on permanent contracts, and there are hardly any freelancers. With the exception of the *gender equality* topic, the material risks and opportunities relate to all employees. The risk of gender inequality mentioned below specifically relates to the non-male part of the workforce. No specific risk was identified for certain groups of people.

No material impacts on the own workforce were identified in relation to transition plans for greener and more climate-friendly operations. Furthermore, the own workforce is not exposed to a significant risk of forced labor or child labor.

The majority of actual and potential impacts on the own workforce do not arise from, nor do they influence, CHG-MERIDIAN's strategy or business model. Only the positive impact that CHG-MERIDIAN offers secure employment for its workforce (see table below) is attributable to the business model being resilient and crisis-proof. The material risks (see table below) that arise from impacts and dependencies related to the own workforce are of a general nature and not linked to CHG-MERIDIAN'S business strategy or business model.

The following table shows the material impacts, risks, and opportunities of the ESRS SI subtopics:

---

<sup>22</sup> Excluding employees of Meridian Leasing Corporation, acquired at the end of 2024. As the acquisition of Meridian Leasing Corporation was so recent, it was not possible to include the new subsidiary in the non-financial metrics for 2024.

Topic	Impact materiality (ESRS 2 SBM-3)	Financial materiality (ESRS 2 SBM-3)
Secure employment	<p>IRO: Creation of secure and crisis-proof jobs</p> <p>Details: CHG-MERIDIAN has 42 locations across 30 countries and offers employment contracts that give employees the security and flexibility they need. The majority of people who work at CHG-MERIDIAN are permanent employees, and there are hardly any freelancers. CHG-MERIDIAN also has a crisis-proof business model, which proved its robustness during the COVID-19 pandemic, as no mass redundancies were made.</p>	<p>No material risks and opportunities in relation to secure employment were identified.</p>
Work-life balance	<p>IRO: Creation of a work environment that supports a healthy work-life balance</p> <p>Details: CHG-MERIDIAN offers remote and flexible working to enable a better work-life balance. A global 'workation' model further increases flexibility and improves the work-life balance. This contributes to better physical and mental health, and can help to boost employee satisfaction.</p>	<p>No material risks and opportunities in relation to work-life balance were identified.</p>
Gender equality and equal pay for equal work	<p>IRO: Creation of equal opportunities in the Company</p> <p>Details: CHG-MERIDIAN signed the Diversity Charter in 2021 and developed specific policies on labor rights, human rights, and diversity. The Company is also committed to equal pay for all employees, irrespective of gender, and regularly checks for gender-specific variations, with a current gender pay gap of 9.9 percent (2024, Central Europe). Gender equality has a positive impact on employee satisfaction and loyalty, and helps to create opportunities for new appointments.</p>	<p>IRO: Risk of employees leaving and of reputational damage</p> <p>Details: Gender inequality could potentially have a negative impact on CHG-MERIDIAN's financial position, especially if key knowledge owners were to leave as a result.</p>
Training and skills development	<p>IRO: Support for professional development and training for all employees</p> <p>Details: CHG-MERIDIAN runs its own academy with freelance and internal trainers that provides a wide range of training courses. This has a positive impact on employees, for example by teaching new skills, boosting employee satisfaction, and highlighting clear paths for career development.</p>	<p>No material risks and opportunities in relation to training and skills development were identified.</p>
Working time	<p>No material impact identified.</p>	<p>IRO: Risk of illness and reduced employee productivity as a result of overworking</p> <p>Details: Overtime can result in staff absences due to illness, which reduces productivity and increases costs.</p>

Adequate wages	No material impact identified.	<p>IRO: Risk of employees leaving due to non-competitive wages</p> <p>Details: Inadequate wages can potentially lead to a lack of talented employees, which in turn increases recruitment costs and leads to lower productivity.</p>
Measures against violence and harassment in the workplace	<p>IRO: Potential violence, harassment, or discrimination in the workplace</p> <p>Details: CHG-MERIDIAN has a whistleblowing system in place for reporting violence and harassment, and a code of conduct and a non-discrimination policy that prohibit such behavior. However, potentially negative impacts in this regard cannot be ruled out (individual incidents).</p>	<p>IRO: Risk of judicial proceedings, fines, and reputational damage</p> <p>Details: Potential cases of discrimination can result in legal action, lawsuits, fines, staff turnover, and reputational damage.</p>
Health and safety	No material impact identified.	<p>IRO: Risk of illness and of employees leaving</p> <p>Details: Inadequate support for employee health, including mental health, can potentially have negative impacts on CHG-MERIDIAN's financial situation, such as higher costs due to sickness-related absences, overworked employees on long-term sick leave, and potentially higher recruitment costs if employee loyalty is low.</p>

Our strategies, guidelines, and actions in relation to our own workforce form part of our contribution to sustainable development as defined by the UN's sustainable development goal no. 4 'Quality education' and no. 5 'Gender equality'.

#### Policies related to own workforce

We have adopted a number of guidelines and policies across CHG-MERIDIAN that define our values and standards. At an overarching level is the **labor & human rights guideline**, which applies to the whole CHG-MERIDIAN Group, excluding abakus, devicenow, circulee, and Meridian Leasing Corporation. It defines standards that cover all employees irrespective of the country in which they work, most importantly working in a fair and safe environment and being treated with respect. The guideline states that CHG-MERIDIAN does not tolerate any kind of forced labor (including debt bondage, serfdom, and slavery), human trafficking, or child labor.

All of the guidelines and policies mentioned below apply to all CHG-MERIDIAN companies, except abakus, devicenow, circulee, and Meridian Leasing Corporation, and have been reviewed and approved by the Board of Management. Every employee can access them on our intranet, myCHG. The guidelines and policies were developed by the People and Culture department to reflect the views of the employees.

The Head of Group People & Culture is responsible for the People & Culture department and reports directly to the Chairman of the Board of Management. Across the company, we have

local Heads of People & Culture and People & Culture business partners in the various regions and countries.

### **Secure employment and adequate wages**

CHG-MERIDIAN AG and CHG-MERIDIAN GmbH each have a remuneration system in place that ensures we pay adequate wages. For us, adequate wages means that the salary is commensurate with the job profile and the performance. The remuneration system is revised on an annual basis, submitted to the Board of Management of CHG-MERIDIAN AG and the management of CHG-MERIDIAN GmbH for sign-off, and presented to the Supervisory Board. Salaries are checked against external benchmarks to ensure that they are in line with the market. The remuneration system is audited annually by our independent auditor using adequacy, transparency, and sustainable development as criteria in accordance with section 25a (1) p. 3 no. 6 KWG. It was last reviewed on August 6, 2024, and signed off by the Board of Management of CHG-MERIDIAN AG and the managing directors of CHG-MERIDIAN GmbH. The revised version was presented during the Supervisory Board meeting. There is currently no standard international policy on adequate wages.

### **Gender equality and equal pay for equal work**

CHG-MERIDIAN promotes equal opportunities and a respectful working relationship between employees, irrespective of their gender or any other aspects of diversity. This is enshrined in a range of internal documents (labor & human rights guideline, diversity policy, and non-discrimination policy). Equal treatment and equal opportunities also apply in relation to wages.

As described in the Adequate wages section, we have established a remuneration system for CHG-MERIDIAN AG and CHG-MERIDIAN GmbH (Central Europe) to make sure that wages are adequate. Salaries are checked against external benchmarks to ensure that they are in line with the market. Benchmarking is currently limited to Central Europe, and there is currently no standard international policy on equal pay.

### **Working time**

As a rule, CHG-MERIDIAN promotes remote and flexible working, but there is no standard international policy on working time. The respective local laws apply. In Germany, the **remote and flexible working policy** was adopted by the Board of Management and introduced by our People & Culture department in 2020. All employees can enjoy flexible and remote working as long as their job profile comprises tasks that can be carried out away from the office or workplace.

### **Diversity and inclusion**

Our **diversity policy** is closely linked to the abovementioned labor & human rights guideline. We consider diversity to be beneficial, and at CHG-MERIDIAN we want to provide training on 'dialogue and equal opportunities' and actively promote this topic to diverse teams and to customers and partners. The topic also features in internal and external initiatives. CHG-MERIDIAN AG signed the Diversity Charter in 2021 to reaffirm our commitment to diversity and equal opportunities. The policy's aims are to promote respect and appreciation among employees and colleagues, to protect against discrimination and illegal employment practices, to promote and respect different cultures and ways of thinking, and to increase the proportion of women in management positions to 30 percent by the end of 2025. The diversity policy is the result of a collaboration

between the gender equality officer, the Head of People & Culture, and the Group Regulatory Officer. Employees' awareness of diversity is raised during the code of conduct training.

Our mission and the CHG-MERIDIAN diversity policy are based on:

- Inclusion: Everyone should have the opportunity to make a contribution and be successful at CHG-MERIDIAN. We are committed to creating an inclusive workplace where everyone feels valued and supported.
- Diversity of thought: We firmly believe that different perspectives and experiences are essential for promoting innovation and business success. We are committed to creating conditions conducive to diversity of thought and perspectives.
- Equal opportunities: Everyone should have equal access to growth and development opportunities. We are committed to offering all employees the same opportunities and creating a level playing field.
- Respect: Everyone must be treated with dignity, respect, and professionalism. We are committed to promoting a culture of respect.
- Accountability: We believe we have the responsibility to create a diverse and inclusive workplace. We are committed to being accountable for our actions and continuously improving our diversity and inclusion efforts.

### **Measures against violence and harassment in the workplace**

Another policy, the **anti-discrimination policy**, was developed and published in 2024. It defines the various forms of discrimination and explains the process for reporting potential cases of discrimination. The DEI committee took the lead in the development of the non-discrimination policy (see section Actions related to material impacts on the own workforce and approaches to managing material risks and benefiting from material opportunities related to the own workforce, and the effectiveness of these actions).

### **Health and safety**

We consider stress, burnout, and other issues affecting mental health as potentially the biggest health and safety risk at CHG-MERIDIAN. In response, we launched the 'R U OK?' initiative across the Group in 2023 with the objective of raising awareness of mental health in the company and creating a platform for honest discussions. We hope to overcome the stigma surrounding mental health and encourage people to seek support through dedicated programs and resources. Our aim is to promote a respectful and trust-based approach to mental stress in the workplace through a variety of measures, including training, coaching, and the internal **guideline for handling incidents linked to mental health in the workplace**. The guideline was published by the People & Culture department. It sets out that CHG-MERIDIAN raises awareness of mental health among the workforce, that managers and colleagues are encouraged to react to early signs of stress or crises, and that incidents are treated as highly confidential. We have also introduced a first aider for mental health as a central, trusted first point of contact.

The physical safety and wellbeing of our employees are also a priority: We have introduced a management system for health and safety at work (SGAM) in accordance with **ISO 45001** at sites with the greatest health and safety risks, such as our technology center in Gross-Gerau, which employs around 120 people in asset collection, refurbishment, certified data erasure, and remarketing. The site in Gross-Gerau was recertified in 2024. Other sites and subsidiaries where

such risks are not present comply with local laws and standards. A range of internal documents, such as user manuals for handling work materials and hazardous substances, have been created in the context of ISO 45001 to provide guidance for employees and minimize risks. A number of committees are responsible for health and safety in Germany. They report to the Board of Management every year. Our technology center in Skien has a certified occupational safety manager and several health and safety officers from the workforce who carry out safety measures and inspections.

### **Work-life balance**

In 2024, the People & Culture (Health & Wellbeing) department published the **guideline for global collaboration and work-life balance** in response to changing working conditions and increasing challenges. With the working environment changing, we recognize that we need guidance if we are to effectively manage these changes in our day-to-day work. The pressures that come with today's fast-paced work culture, increasing responsibilities, and any number of personal challenges make it necessary to set healthy boundaries and develop strategies for effective self-management in order to be successful and find a good balance. After the guideline was published, deep-dive web sessions were held to raise awareness among the workforce.

### **Training and skills development**

The topic of training and skills development has become hugely important to CHG-MERIDIAN. We require highly skilled employees and we offer specific training opportunities that meet their needs. For our management team, we also offer continuing professional development (CPD) programs on our leadership culture. The CHG-MERIDIAN Group employs internal trainers in the People Development unit as well as freelancers, and also offers external training courses. In addition to providing CPD options for our employees, we want to train new and committed young talent, which is why we offer a range of traineeships and vocational and degree apprenticeships.

Our **employee manual** states that managers must hold an annual review meeting with employees at least once a year to discuss topics such as salary, targets, and training and/or areas for professional development. Other development sessions include six-monthly meetings, talks about returning to work, and discussions concerning praise, feedback, or initial warnings and criticisms.

### Processes for engaging with own workers and workers' representatives about impacts

#### **Employee surveys**

Participation in the international employee survey in 2023 reached just under 82 percent. More than 72 percent of respondents reported tangible improvements since the last survey in the following areas: communications, working conditions, tasks, targets, CHG-MERIDIAN as an employer, and leadership and management. Anonymous employee surveys are conducted at regular intervals.

## **GREAT PLACE TO WORK survey and certificate**

We are proud that all eleven countries of the CHG-MERIDIAN Group that took part in this international project earned the Great Place To Work® certification™ in 2024.

Some subsidiaries were unable to take part in this initial certification as Great Place To Work® requires a minimum number of employees in each country for a local analysis, which varies from country to country. We hope to include more countries when we take part next time. The participation rate was 85 percent. A distinctive feature of this project was that the survey was available in 58 languages. This meant we could cater to our diverse workforce by offering the survey in 19 languages to employees working in one of the eleven participating countries and whose first language is different. Respondents thus had a better understanding of the questions and were able to give more informative answers. The results show that 81 percent of our employees consider CHG-MERIDIAN to be a good place to work overall, while 74 percent are satisfied on average with the statements measured by the survey. The findings of the Great Place To Work survey are analyzed and assessed internally. In a next step, action plans are formulated regarding leadership development, for example, or greater transparency.



## **Employee representation / works council Gross-Gerau**

The works council at the site in Gross-Gerau was most recently elected in May 2022. In accordance with section 9 of the Works Constitution Act (BetrVG), the works council has five members. It is made up of four male members and one female member, who is also the chairperson. The works council will be newly elected in March 2025. Around 7 percent of our workforce is represented by a works council.

## **Table talks**

Table talks are a new format we created in 2024. In total, six talks with around 60 participants were held in Düsseldorf, Hamburg, Nuremberg, and Weingarten. The Board of Management met with small groups of employees to listen. Employees were able to register for the table talks themselves. Specifically, the question was: What are the issues that concern employees? Here is a brief overview of the main topics across sites: effective communication & change management; differing perceptions of the areas 'sales' and 'non-sales'; promotion, salary, and participation models; feedback culture; transformation from Internal Sales to Global Operations; role of management / leadership; IT systems; and products & services.

## Processes to remediate negative impacts and channels for own workers to raise concerns

Employee engagement is key to attracting and retaining employees, as it increases productivity, loyalty, and satisfaction. CHG-MERIDIAN provides employees with a number of channels to raise concerns, including the whistleblowing hotline, the ombudsman, and directly with their line manager during annual reviews. A reporting process for whistleblowing has been implemented at CHG-MERIDIAN (see section [Corporate culture and corporate governance concepts](#)). CHG-MERIDIAN expects its employees and business partners to report attempted, suspected, or actual violations of external laws and provisions, and any breaches of internal rules, such as our code of conduct. Reports are treated in strict confidence and not considered to be a breach of trust.

This means that reports will not lead to adverse consequences for the person making the report (see section Corporate culture and corporate governance concepts). Incidents are reported in the event of violations in regulatory areas such as the following:

- Information security (including unauthorized access to, loss of, or leaking of confidential information)
- Privacy
- Outsourcing
- Environment
- Sustainability
- Human rights and labor rights (incl. diversity)
- Money laundering
- Emergency management (incl. weather-related disasters, fires, and pandemics)

The Board of Management, the Supervisory Board, and the compliance officer firmly believe that speaking openly and honestly about problems and concerns is an integral element of CHG-MERIDIAN's corporate culture and will remain so in the future. An open feedback culture and speaking up should always have priority over anonymous communication channels, as long as this does not present a risk to the person or their position. Employees are informed, for example via the intranet (myCHG), about the channels for reporting concerns and incidents.

We have set up a health and safety mailbox at the Gross-Gerau site for submitting anonymous tip-offs and complaints. The works council is responsible for handling and assessing all tip-offs and complaints submitted in Gross-Gerau, and discusses them with the Head of Technology Center. Employees can also contact the SGAM officer, who raises any tip-offs or complaints in the health and safety committee. There are further opportunities for employees to get involved in health and safety. They can raise matters at the annual works meeting, for example, or rate their training anonymously and thus provide feedback and suggestions. Our technology center in Skien, Norway, also conducts a workplace risk analysis at least once a year as part of our environmental and quality management system. All local employees and senior management are involved in it.

#### Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

A wide-ranging action plan has been put in place for the benefit of our employees with the aim of boosting positive impacts, mitigating negative impacts, and managing risks and opportunities. Various key actions are listed below:

##### **Work-life balance**

We introduced remote working and a system of flexible working time back in 2019 – i.e. before the coronavirus pandemic – with the aim of promoting a better work-life balance. To protect the health of our workforce during the pandemic, we made this option more readily available across the Group for suitable activities and in accordance with the respective legal requirements. The employee survey in 2023 revealed that remote and flexible working are now well-established, with 90 percent of respondents using this option. The survey also revealed that 83 percent of respondents are satisfied with the balance between work, family, and private life.

Alongside flexible working models, we promoted the workation model globally in 2023. Where legal frameworks and tax systems allow, we offer workation in countries in which CHG-MERIDIAN has a presence. So far, the workation option has been established in 28 out of 30 countries. Employees are free to choose the location from which they want to work for a limited period, with some variation in local rules and restrictions. Employees in Central Europe (Germany, Austria, and Switzerland), for example, are limited to EU and EFTA countries. The details and implementation criteria are handled by the People & Culture managers in each country.

### **Training and skills development**

We require highly skilled employees and we offer specific training opportunities that meet their needs. For our management team, we also offer CPD programs on our leadership culture, covering topics such as accountability, networking, and acting as a role model. The CHG-MERIDIAN Group employs internal trainers in the People Development unit as well as freelancers, and also offers external training courses. Our internal training portfolio covers a range of skills, which we have divided into 'personal skills', 'sales', 'expert classrooms', 'bespoke & external', and 'software'. We added additional courses in 2024 on topics such as change management, artificial intelligence, remote working, project management, and emotional intelligence. In 2023, we launched a 20-month program on the topic of leadership entitled 'It's about Leadership – Empower my Organization' aimed at all managers at CHG-MERIDIAN, and 'It's about Leadership – Empower my Team' for the team leader structure. The training activities are ongoing.

In 2024, a new tool for annual reviews was launched as a pilot project in the Central Europe region by the P&C People & Organizational Development department. Through its 9 box grid model, the tool shines a light on an employee's performance and potential, and provides a basis for targeted development opportunities. The pilot project will enable us to gain experience with the 9 box grid model, as we hope to make the development and potential of our employees (centrally and across the Group) visible in our systems in the future.

We launched a Global Mobility Program in 2024 as another element of our efforts to be an employer of choice. This program gives our employees access to international career and development opportunities, and enables them to make the most of CHG-MERIDIAN's global presence.

### **Health and safety**

In late 2022 and early 2023, we carried out a software-based employee survey at our site in Gross-Gerau to enable us to more easily identify and prevent risks in and around the workplace. Topics covered the areas of health and safety, fire safety, first aid, and operating material handling vehicles. In addition to the existing form for reporting risks and incidents, which is also available via the intranet, we have set up a health and safety mailbox at the Gross-Gerau site for submitting anonymous tip-offs and complaints (see section [Processes to remediate negative impacts and channels for own workers to raise concerns](#)).

To maintain the health of our employees, we have implemented a global strategy that is promoted and implemented locally by our colleagues in People & Culture and our network of health angels. The *health angels* are members of our global workforce who raise awareness of, and offer organizational support for, our health and wellbeing initiatives at their sites. Regular initiatives focusing on issues such as healthcare, stress management, healthy eating, exercise, and mental health (e.g. via the 'R U OK?' initiative, see section [Policies related to own workforce](#)) offer employees the opportunity to find out more about these topics and participate in actions

and activities. The offer ranges from lectures on a variety of topics and organized sports events to medical check-ups, subsidized gym memberships, and advice on ergonomics and eyesight via external partners. We communicate these offerings via a number of channels including myCHG and Microsoft Teams, which also encourages networking and dialogue on these topics. These are some of the other activities organized in 2024: a health week, an Earth Day event featuring an information point and a workshop on cooking healthy and sustainable meals, an immune booster week, and a blood donation initiative that attracted 100 registrations. The health-focused activities are ongoing.

There is also a new offering in the training catalogue that teaches employees the best way to establish a good work-life balance and healthy work structures. With the working environment changing, we need guidance if we are to effectively manage these changes in our day-to-day work. The pressures that come with today's fast-paced work culture, increasing responsibilities, and any number of personal challenges make it necessary to set healthy boundaries and develop strategies for effective self-management in order to be successful and find a good balance. Training content includes: understanding and adapting to new working environments and conditions; a detailed explanation of the principles; recognizing the warning signs of being overworked; strategies for relaxing after work and in your free time; experiences and ideas. We continue to regard COVID-19 measures as an emergency precaution and are pursuing our emergency management accordingly. Actions include working remotely and raising awareness. Employees across the Group can access information and policies on workplace health and safety on myCHG, our international intranet, and via iKNOW. We also provide information on topics such as safety in the office, fire safety, emergency management, first aid, and environmental protection through mandatory e-training on the iQ training platform (see table on training in the section Corporate culture and corporate governance concepts). New employees, tenants and leaseholders of our premises, and employees of external cleaning companies must attend a mandatory safety briefing by the relevant safety officer at our headquarters in Weingarten and our technology center in Gross-Gerau, as well as annual follow-up briefings. We also carry out regular evacuation drills at some locations in Germany, Austria, and Switzerland.

## **Diversity and inclusion**

Our global DEI committee has been active since September 2023. Employees can nominate themselves or each other across all sites. The committee is made up of members from Europe, Australia, North America, and South America. They plan and implement initiatives, such as diversity talks and anti-discrimination measures, to boost diversity and raise awareness of the topic in the company globally and locally. In October 2024, an event was held under the banner 'Neurodiversity – Promoting an integrative workplace for all employees'. A member of the Board of Management opened the diversity event by using his own personal history as an example of neurodiversity and of the unique strengths that neurodiverse people have. He urged managers to establish diverse teams and emphasized that embracing neurodiversity is critical to business innovation and success, especially in a competitive labor market. Two guest speakers were also invited who gave their invaluable input on the topic. In Gross-Gerau, CHG-MERIDIAN collaborates with the Rhine-Main Workshops for Disabled People and a subsidiary workshop, Solvere gGmbH. Technology experts work hand-in-hand with skilled and semi-skilled employees, and for a number of years now, the team has also included people with disabilities who are employed as part of the integration project. They carry out their work not at an external workshop but at workplaces within the company (see section People with disabilities).

## **Measures against violence and harassment in the workplace**

We have appointed a gender equality officer who is on hand to answer questions on diversity matters and acts as a trusted contact for the entire Group in cases of suspected discrimination. Contact details can be found on the intranet. We take action against all forms of discrimination in accordance with local law.

The non-discrimination policy was produced and published by the DEI committee in 2024 (see section [Policies related to own workforce](#)). Its publication was followed up with a campaign to raise awareness among all employees, which included specific local training and a talk on diversity with input from our CSO.

## **Gender equality and equal pay for equal work**

We are particularly keen to improve our performance when it comes to the advancement of women, and have been supporting the Group-wide International Women's Circle since 2021. This network, which was initiated by employees, offers talks, workshops, and discussions in areas such as skills development, collaboration and networking, work-life balance, and leadership. In the Central Europe region, we established the 'women in sales' format, where female colleagues from the sales departments can meet, talk, and offer internal and external input.

Immediate action is taken if the milestones of the target to **increase the proportion of women in management positions to 30 percent by 2025** are not achieved, including the introduction of a structured selection process for management positions (promotion only after an assessment, not by nomination) and succession planning with the aim of identifying female employees with high potential and possible female successors (including specific development plans). CHG-MERIDIAN always advertises vacancies using gender-neutral language, and there is an internal job market to ensure that vacancies are transparent to everyone.

## **Adequate wages**

As described in the section [Policies related to own workforce](#), salaries in Central Europe are regularly benchmarked against the market. There are no actions that are internationally applicable.

## Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

### **Gender equality**

We believe that diversity is an advantage, which is why we want to actively promote and embed dialogue and equal opportunities in diverse teams at CHG-MERIDIAN, with our customers and partners, and through internal and external initiatives. As described in 'Policies related to own workforce', we have adopted a range of internal guidelines and policies. Their objectives are to promote respect and appreciation among employees and colleagues, to protect against discrimination and illegal employment practices, to promote and respect different cultures and ways of thinking, and to **increase the proportion of women in management positions to 30 percent by the end of 2025**. The achievement of this target is reported in the section [Diversity metrics](#).

### **Diversity and inclusion**

CHG-MERIDIAN and the DEI committee champion diversity, equal treatment, and inclusion across the Group. Our aim is to establish a workplace in which every voice is heard, every perspective is valued, and everyone can thrive and contribute to a culture of innovation and success. The DEI targets are qualitative: achieve greater diversity and representation; improve employee retention; measure and monitor progress; establish an inclusive work culture; manage problems and conflicts in the workplace related to diversity and inclusion; support diversity at suppliers. Although we have not set any measurable quantitative targets for diversity and inclusion, we are able to measure how effective our actions are through our employee survey. According to our 2023 employee survey, 87 percent of employees agree that CHG-MERIDIAN understands and promotes diversity in the team.

### **Health and safety**

No measurable quantitative targets have been set for health and safety or for mental health, but we are able to measure how effective our actions are through our employee survey. According to our 2023 employee survey, 40 percent of respondents find it difficult to separate work and leisure time, which poses a risk to mental health.

No measurable targets are currently in place for all other subtopics of *S1 – Own workforce*. One of the ways in which we measure the effectiveness of our actions is through our employee survey, which is conducted every two years across the Group. It covers topics such as communication, working conditions, tasks, targets, CHG-MERIDIAN as an employer, leadership & management, and corporate values & corporate culture.

## Characteristics of the undertaking's employees

The material characteristics of CHG-MERIDIAN's employees are:

- (1) Total number of employees by head count, and breakdowns by gender and by country, excluding apprentices, students, and employees on parental leave<sup>23</sup>: 1,600 employees (2023: 1,422; 2022: 1,249)

Region	Country/company	Head count	Gender	
			Female	Male
<b>Americas</b>	Brazil	50	33	17
	Canada	10	3	7
	Mexico	100	42	58
	USA	36	14	22
<b>South-Western Europe</b>	Belgium	39	16	23
	France	60	28	32
	Italy	47	21	26
	Spain	46	26	20
	Netherlands	15	6	9
	UK	57	27	30
<b>North-Eastern Europe</b>	Czech Republic	3	0	3
	Denmark	4	2	2
	Finland	25	13	12
	Norway	31	9	22
	Poland	43	29	14
	Sweden	9	5	4
<b>Asia Pacific</b>	Australia	61	27	34
	India	52	13	39
<b>Central Europe</b>	Austria	10	3	7
	Germany	770	315	455
	Switzerland	11	5	6
Head count for CHG-MERIDIAN companies		1,479	637	842
<b>Other subsidiaries</b>	Industrial Solutions GmbH	20	1	19
	abakus	8	4	4
	circulee	19	6	13
	devicenow	35	14	21
	Meridian Leasing Corporation (USA)	39	17	22
Head count for other subsidiaries		121	42	79
<b>TOTAL</b>		<b>1,600</b>	<b>679</b>	<b>921</b>

<sup>23</sup> As at December 31, 2024.

(2) Employees by employment contract<sup>24</sup>:

			Women	Men
<b>Fixed-term/permanent contracts</b>	Employment between January 1 and December 31, 2024	Fixed-term employment contract	27	31
		Permanent employment contract	684	881
<b>Full-time/part-time contracts</b>	Employment between January 1 and December 31, 2024	Part-time	138	23
		Full-time	572	890

(3) Staff turnover:

Across the Group, 268 new employees joined<sup>25</sup> CHG-MERIDIAN (2023: 282; 2022: 85)<sup>26</sup> in 2024, while 87 employees left the company (2023: 93; 2022: 37). The staff turnover rate was therefore 5.8 percent (2023: 6.6 percent; 2022: 5.1 percent).

Characteristics of the undertaking's external workers

Only a small proportion of CHG-MERIDIAN's business activities is conducted by non-employees (2024: 3 percent external workers; 2023: 5 percent)<sup>27</sup>. The figures for employees are not subject to significant fluctuations.

Collective bargaining coverage and social dialogue

In Austria, the collective labor agreement for employees in skilled trades and services applies. This is a written agreement that forms part of the Austrian social partnership system. Collective agreements are also in place in Finland, Spain, and Italy, which means that 8.2 percent<sup>28</sup> of employees across the Group are covered by a collective agreement.

---

<sup>24</sup> These figures include apprentices, students, and employees on parental leave, which is why the total figure is slightly different to the head count under 'Characteristics of the undertaking's employees' (1).

<sup>25</sup> New hires, leavers, and staff turnover include apprentices, students, and employees on parental leave (excluding employees returning from parental leave).

<sup>26</sup> The 2023 figure covered the entire Group for the first time. The figures for 2022 relate only to Germany.

<sup>27</sup> The figures have only been recorded since 2023. Based on number of employees including apprentices and employees on parental leave.

<sup>28</sup> This percentage includes apprentices, students, and employees on parental leave.

## Diversity metrics

### (1) Gender split in management positions:

At the end of 2024, the proportion of female managers was **27.0 percent** (2023: 24.1 percent; 2022: 26.4 percent).<sup>29</sup>

Gender and age distribution by management level:

Management level	Gender		Age group		
			Up to and including 30 years old	31–50 years old	Over 50 years old
Lower management level (team leaders)	Male	65.1 %	2.1 %	73.2 %	24.7 %
	Female	34.9 %	5.8 %	84.6 %	9.6 %
Middle management level (directors, international managers, national managers)	Male	83.8 %	0.0 %	56.1 %	43.9 %
	Female	16.2 %	0.0 %	84.2 %	15.8 %
Upper management level (Board of Management, Supervisory Board)	Male	77.8 %	0.0 %	28.6 %	71.4 %
	Female	22.2 %	0.0 %	50.0 %	50.0 %

### (2) Employees by age group:

The average age of employees (including apprentices, students, and employee on parental leave) is 39.2 years.

CHG-MERIDIAN has the following age structure:

---

<sup>29</sup> Relates to the entire Group since 2023, i.e. including all subsidiaries (excluding Meridian Leasing Corporation, which was only recently acquired), and includes apprentices, students, and employees on parental leave. We define a manager as any employee who holds a leadership position within a team.

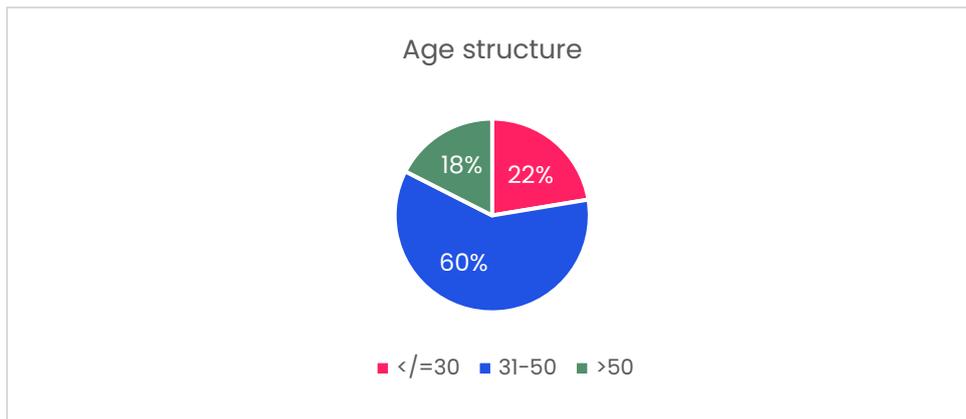


Fig.: Age structure at CHG-MERIDIAN

### Adequate wages

Equal pay for all employees, irrespective of their gender or other diversity aspects, is important to us, and we regularly check whether there are any gender-based discrepancies. In 2021, we launched a gender pay parity analysis in Germany, Austria, and Switzerland. Following the introduction of a suitable software tool, we are working to extend the analysis to our international locations (see section Compensation metrics (pay gap and total compensation)).

CHG-MERIDIAN AG and CHG-MERIDIAN GmbH each have a remuneration system in place that ensures we pay adequate wages. For us, adequate wages means that the salary is commensurate with the job profile and with performance. The system is revised on an annual basis, submitted to the Board of Management of CHG-MERIDIAN AG and the management of CHG-MERIDIAN GmbH for sign-off, and presented to the Supervisory Board. Salaries are checked against external benchmarks to ensure that they are in line with the market. Benchmarking is currently limited to Central Europe.

### Social protection

CHG-MERIDIAN employees are covered by public programs against loss of income due to major life events (subject to local laws and circumstances).

The Company offers further benefits in addition to public programs and programs mandated by law:

- We offer our own retirement plan in 67 percent of countries in which we are active.
- We offer a Group accident insurance scheme in 71 percent of countries in which we are active.
- We pay 100 percent of the salary during illness-related absences in 71 percent of countries in which we are active.
- We offer packages of shares to long-standing employees across the Group.

Further benefits across Germany include additional time off if a child falls ill; sabbaticals; childcare subsidies; employer contributions, for example to the company pension plan or employer-funded capital-formation schemes; and a program of holiday activities for children.

### Persons with disabilities

In Gross-Gerau, CHG-MERIDIAN collaborates with the Rhine-Main Workshops for Disabled People and a subsidiary workshop, Solvere gGmbH. Technology experts work hand-in-hand with skilled and semi-skilled employees, and for a number of years now, the team has also included people with disabilities who are employed as part of the integration project. At the end of 2024, we employed 15 colleagues with disabilities who perform their work not at an external workshop but at workplaces within the company.

A further 15 people with disabilities work across the CHG-MERIDIAN Group.

### Training and skills development metrics

All of our employees receive training to improve their expertise and the skills they need to do their job. On average, each employee completed 21.25 hours of CPD<sup>30</sup> in 2024 (2023: 19.2; 2022: 14.6). We record the total hours for all employees and do not break them down by gender and employment type.

Feedback meetings are based on mutual trust. All line managers are required to conduct an annual review with their employees, but as we do not have a central HR software application, we are currently unable to provide relevant metrics.

### Health and safety metrics

The illness rate at CHG-MERIDIAN AG remains at 2.7 percent (2023: 2.7 percent; 2022: 3.3 percent). The illness rate across the Group is 1.9 percent (2023: 1.1 percent)<sup>31</sup>. In line with legal requirements, we do not document the type of illness and therefore have no record of work-related illnesses. There were nine accidents at work in 2024 (2023: four; 2022: four).

No deaths were reported to CHG-MERIDIAN in the year under review, and no deaths resulting from work-related illnesses were reported during the same period (2023: 0; 2022: 0).

We have introduced a management system for health and safety at work (SGAM) in Germany; our technology center in Gross-Gerau is even certified in accordance with ISO 45001. As a result, 48.1 percent (2023: 52.2 percent; 2022: 53.1 percent) of the CHG-MERIDIAN workforce is covered by a management system for health and safety at work.

---

<sup>30</sup> All data relates to December 31, 2024. Based on the number of employees including apprentices, students, and employees on parental leave.

<sup>31</sup> In this case, the total number also includes students and apprentices at CHG-MERIDIAN. All data relates to December 31, 2024. From 2023, the illness rate covers the entire Group.

### Work-life balance metrics

All CHG-MERIDIAN employees are entitled to parental leave in line with local statutory provisions. Of the countries in which we are active, 10 percent offer additional days for maternity leave, and 14 percent offer additional days for paternity leave (in addition to the statutory entitlements).

On average, 44.5 women and 14.25 men were on parental leave in 2024<sup>32</sup>.

### Compensation metrics (pay gap and total compensation)

Equal pay for all employees, irrespective of their gender, is important to us, and we regularly check whether there are any gender-based discrepancies. In 2021, we launched a gender pay parity analysis in Germany, Austria, and Switzerland, and, following the introduction of a suitable tool, we continue to work on extending it to our international locations. The analysis examined the salaries of all employees beneath management level (excluding apprentices, students, and employees on parental leave) and excluding Sales. All sales employees are paid the same basic wage irrespective of their gender, plus a variable salary based on success and targets that reflects their role and experience. They can therefore be excluded from this analysis. An overall analysis of the average salaries of male and female employees showed a difference of 9.9 percent (2023: 9.4 percent; 2022: 11.2 percent) in Central Europe in 2024. Among other things, this is due to the fact that higher-paid positions, in particular, are predominantly occupied by men. The aim is to continue monitoring this gender pay gap over the coming years and, if required, to further reduce it through specific action.

### Incidents, complaints, and severe human rights impacts

We consider non-discrimination to be a material topic. The diversity, equity, and inclusion (DEI) committee was introduced at CHG-MERIDIAN in 2023. One of the committee's sub-projects was to develop a non-discrimination policy and associated training for all employees to raise awareness of the issue. Furthermore, the code of conduct defines the principles of equal opportunities and equal treatment for internal and external stakeholders.

We have set up a multilevel reporting system for suspected discrimination and other violations of labor rights or human rights. Our employees and external parties have access to a global whistleblowing system, consisting of a hotline, a function-specific address, a reporting portal, and an impartial ombudsperson to report such violations (see section Corporate culture and corporate governance concepts). We have also appointed a gender equality officer who acts as a trusted contact for the entire Group in cases of suspected discrimination. Contact details can be found on the intranet. We take action against all forms of discrimination in accordance with local law.

As part of regular compliance training (see section Corporate culture and corporate governance concepts) and, specifically, during the awareness sessions held in 2024, our employees learned about non-discrimination, available reporting channels, and remedial action.

---

<sup>32</sup> Employees on parental leave in full-time equivalents (FTE), average number of employees per quarter.

CHG-MERIDIAN has a central tool for documenting violations of labor rights and human rights, as well as for incidents related to corruption, information security, etc. The following incidents were recorded in 2024:

	2024	2023	2022
<b>Number of reported incidents of discrimination, including harassment</b>	4 <sup>33</sup>	6	n/a <sup>34</sup>
<b>Number of complaints via the whistleblowing hotline/ombudsperson (option to raise concerns anonymously)</b>	1	2	0
<b>Total amount of fines, penalties, and indemnities</b>	0	0	0
<b>Number of serious human rights violations related to the own workforce</b>	0	0	0

---

<sup>33</sup> Five incidents were reported in 2024, one of which was deemed a false positive, i.e. the investigation found no misconduct and no action was taken.

<sup>34</sup> No system-side granular breakdown of discrimination incidents was in place in 2022, which is why this figure cannot be disclosed.

## 4.2 Workers in the value chain

At CHG-MERIDIAN, we believe it is essential to conduct our business dealings with business partners and suppliers in a responsible manner. Procurement gives us an opportunity to bring about positive change, and we aim to make our supply chains progressively more transparent.

The topic *Workers in the value chain* deals with working conditions, equal treatment, and work-related rights in the supply chain.

### SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model

The extraction of raw materials used in lease assets and the associated production processes are often associated with inadequate pay for dangerous and physically demanding work, poor working conditions, a lack of safety, long/unregulated working hours, a lack of social dialogue, and no freedom of association. Furthermore, unregulated markets often have no standards for working conditions, equal treatment, and opportunities. Child labor, forced labor, and unequal payment can also be an issue. CHG-MERIDIAN is indirectly linked to these negative impacts through its upstream business relationships. No particular risk for certain groups of people has been identified; rather, these are systemic impacts in the supply chain.

The Company has taken a range of actions to increase transparency in the supply chain and mitigate negative impacts. We have access to a number of evaluations of our tier 1 suppliers through EcoVadis. These show that the risk of child labor and forced labor is primarily located in the industrial sectors 'Manufacture of computers and peripheral equipment' and 'Manufacture of consumer electronics'. For almost 20 percent of the suppliers ranked in EcoVadis, child labor, forced labor, and human trafficking are of at least 'medium importance'.

No material risks and opportunities in relation to workers in the supply chain were identified. Our strategies, guidelines, and actions in relation to workers in the value chain form part of our contribution to sustainable development as defined by the UN's sustainable development goal no. 5 'Gender equality' and no. 8 'Decent work and economic growth'.

The topic 'Workers in the supply chain' was defined as material for the upstream value chain (see [ESRS 2 SBM-3](#)), but not for CHG-MERIDIAN's own business activities. Consequently, there are no policies, targets, or action plans at CHG-MERIDIAN itself, but we have taken action in procurement to progressively make our supply chain more transparent and sustainable (see section [Management of relationships with suppliers](#)).

### 4.3 Consumers and end-users

#### SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and business model

Our success in technology management and our financing expertise depend to a large extent on efficient and secure IT applications and systems for our customers and business partners, and for our own IT infrastructure.

As CHG-MERIDIAN operates in the B2B and service sector, subtopics related to consumers and end-users, such as personal safety / product safety, protection of children, and marketing practices, are not material. However, the processing of critical infrastructure (including IT) that contains sensitive customer data is relevant for CHG-MERIDIAN. This chapter describes how data protection and information security are managed. The processing of critical infrastructure (including IT) that contains sensitive customer data harbors potential negative impacts (systemic impacts). The impacts, risks, and opportunities related to data protection and information security apply to all customers and their end-users, and is not limited to specific groups, such as certain age groups. Which is why CHG-MERIDIAN follows the highest data security standards in order to minimize these risks. Non-compliance with data protection and information security can impact on the financial situation, for example through fines.

Our strategies, guidelines, and actions in relation to data protection and information security form part of our contribution to sustainable development as defined by the UN's sustainable development goal no. 8 'Decent work and economic growth' and no. 16 'Peace, justice, and strong institutions'.

#### Policies related to consumers and end-users

Information technology (IT) is penetrating ever deeper into our Company's business processes and communication structures. Consequently, the success of the CHG-MERIDIAN Group depends to a high degree on powerful and efficient IT applications and systems. IT not only assists our employees with their day-to-day work in all areas of the Company but is also a material aspect of our day-to-day business (eraSURE® data erasure for our customers).

We collect, process, and use personal data, as well as general and sensitive information, in order to fulfil our responsibilities and obligations toward our customers, contractual partners, employees, service providers, authorities, and other third parties. We also collect, process, and use data and information with specific security levels that require special protection against unauthorized access.

Privacy and information security management system (PISMS) processes are in place to ensure the functionality of the information technology used, and the availability, integrity, authenticity, and confidentiality (basic tenets of information security) of the processed data.

The **information security & data protection guideline** applies to the CHG-MERIDIAN Group excluding abakus, devicenow, circulee, and Meridian Leasing Corporation. It defines targets and responsibilities with the aim of minimizing relevant risks and ensuring an appropriate level of information security and data protection. The information security management system is based on ISO 27001 and the regulatory requirements of the German Banking Act (KWG), the Minimum Requirements for Risk Management (MaRisk), and the Supervisory Requirements for IT

in Financial Institutions (BAIT). Data protection is based on the EU's General Data Protection Regulation (GDPR), ISO 27701, national laws, and the requirements of the relevant supervisory authorities. IT is also subject to a number of regulatory and legal requirements that specify the implementation of various security measures. Compliance with applicable laws and regulations must be ensured at all times.

The Board of Management and the management teams of the units regulated by the German Banking Act are periodically informed by the responsible functions, at least every quarter and on an ad hoc basis, about material changes and the current situation.

The following roles were established and resources allocated to ensure information security and the protection of personal data.

- (Group) information security officer and deputy
- (Group) data protection officer and deputy
- Information security manager
- Information security risk manager

#### Processes for engaging with consumers and end-users about impacts

Our management systems and the associated continuous improvement processes help us to ensure that we act responsibly and keep moving forward. Engaging with stakeholders with regard to data protection and information security is part of this. CHG-MERIDIAN operates exclusively in the B2B sector, which is why we process hardly any personal data of consumers. At the start of business relationships, we advise customers of how we process personal data.

We also process the data of our employees (= end-users). We maintain a regular dialogue with them about information security and data protection and raise their awareness of the topic. Training helps employees to conduct themselves in accordance with information security and data protection requirements. We want to use company-wide internal communication to embed our policies in all of our activities and business relationships. The aim of this approach is to ensure that our employees have a very sound understanding of what it means to act responsibly. At the start of every employment relationship, the new recruit is handed a copy of the employee data privacy policy (centrally managed for the CHG-MERIDIAN companies, excluding abakus, devicenow, circulee, and Meridian Leasing Corporation).

A whistleblowing system has been established for reporting suspected violations (see section Corporate culture and corporate governance concepts).

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Our employees and business partners are able to report data protection and information security violations via the channels mentioned in the section Corporate culture and corporate governance concepts. There are also separate reporting channels directly to the data protection officer (via the website).

In addition to compliance violations (see section Incidents of corruption or bribery), we also record and document security incidents in the 'data protection' and 'information security' categories in our central ServiceNow system. For this purpose, we have established an overarching security incident process that begins with an analysis of the facts. Based on the findings, actions are developed and implemented in the recovery phase to eliminate or minimize risks. The review phase then involves a check by a second member of staff before the incident is closed. There were no notifiable incidents in 2024. The following table provides an overview of the year-on-year change:

	2024	2023	2022
<b>Data protection incidents</b>	11	15	20
<b>Information security incidents</b>	494	400	212
<b>Notifiable incidents</b>	0	0	1

Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions

We have implemented an action plan for all CHG-MERIDIAN companies, excluding abakus, devicenow, circulee, and Meridian Leasing Corporation, so that we can ensure comprehensive information security and data protection, and meet the targets we have set under 'Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities':

- In 2024: ongoing development and continuous optimization of the integrated risk management process introduced in 2023 in accordance with the legal requirements for regulated financial services providers (BAIT and MaRisk) in Germany, Austria, and Switzerland, as the central IT systems are operated by CHG-MERIDIAN AG across the Group. Our subsidiaries abakus, devicenow, circulee, and Meridian Leasing Corporation have their own IT applications.
- Regulatory affairs strategy defining the principles of data protection and information security for the entire CHG-MERIDIAN Group (ongoing)
- Regular internal audits and independent, third-party penetration tests of the IT systems (ongoing)
- ISO 27001-certified information security management system at all CHG-MERIDIAN sites in Europe (pre-2024 scope: Central Europe) and for tesma and the erasure® data erasure process used in the refurbishment of lease returns, including recertification of the BSI

basic protection certificate of conformity according to B1.15 (deleting and destroying data); this certification covers all of the Group's centrally operated IT applications as they are centrally managed by CHG-MERIDIAN AG (expansion of the ISO 27001 management system to Europe in 2024)

- Operation of a global data protection management system aligned with international standards (ISO 27701) and certified for all CHG-MERIDIAN locations in Europe (expansion of the ISO 27001 management system to Europe in 2024).
- Continuous improvement through the PDCA cycle (plan, do, check, act) (ongoing)

#### Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

CHG-MERIDIAN attaches great importance to information security and data protection, and is committed to the following principles:

- Ensuring confidentiality, availability, integrity, and authenticity of information
- Permanent protection of all of the Company's critical and non-critical business processes and of all relevant business areas against IT-related threats
- Strong protection of personal data
- Protection of data subjects' rights
- Documented fulfillment of duties of care and avoidance of organizational liability

The following sub-targets can be derived from these overarching targets:

- Protection of confidential information from unauthorized access/viewing
- Protection of the integrity of information from unwanted modification/falsification
- Protection of the availability of information from system outages/unauthorized manipulation
- Ensuring compliance with regulatory requirements (international and national, e.g. BaFin, MaRisk, KWG)
- Ensuring compliance with statutory provisions (GDPR, German Data Protection Act, German Telecommunications Act, German Telemedia Act, etc.)
- Ensuring compliance with contractual agreements with customers and suppliers
- Measurability of the benefits of actions on information security and data protection

These security and data protection targets directly or indirectly support the objectives set out in our business strategy. The security and data protection targets are managed through various metrics (e.g. number of security incidents) and their trends (see section Processes to remediate negative impacts and channels for consumers and end-users to raise concerns).

## 5 Governance information

### 5.1 Corporate governance

Integrity, sustainability, and transparency are the principles that underpin CHG-MERIDIAN's corporate governance and operating policy. Six values were introduced in 2022 that reflect a shared understanding of how we should treat each other, our priorities, and our expectations of business partners. These are: passion, trust, respect, customer focus, individual responsibility, and integrity. The CHG-MERIDIAN code of conduct is a central document that sets the general requirements of the corporate culture for all stakeholders (both internal and external).

This chapter describes the corporate culture, the tenets of principled corporate governance, and the relationship with suppliers.

The following table shows the material impacts, risks, and opportunities of the ESRS GI subtopics:

Topic	Impact materiality (ESRS 2 SBM-3)	Financial materiality (ESRS 2 SBM-3)
Corporate culture / values	<p>IRO: creation of positive corporate values and a positive corporate culture</p> <p>Details: CHG-MERIDIAN launched its code of conduct in 2012. It applies to all stakeholders (internal and external) and aims to meet ever-stricter ethical and regulatory requirements. Six values were introduced in 2022 (passion, trust, respect, customer focus, individual responsibility, and integrity) that reflect a shared understanding of how we should treat each other, our priorities, and our expectations of business partners, and thus potentially have a positive impact on the corporate culture.</p>	<p>IRO: Risk of dissatisfaction in the workforce</p> <p>Details: a dependable corporate culture is important when it comes to employee motivation and productivity. Due to the employee-oriented structure of our business model, a lack of corporate culture and of shared values can lead to dissatisfaction and low employee loyalty and productivity.</p>
Protection of whistleblowers	<p>IRO: protection of whistleblowers and establishment of reporting channels</p> <p>Details: CHG-MERIDIAN has a positive influence on the protection of whistleblowers through its own whistleblowing system, which enables employees as well as customers, consumers, suppliers, and other external stakeholders to report suspected misconduct. This system is advertised on the website.</p>	<p>No material risks and opportunities in relation to the protection of whistleblowers were identified.</p>
Anti-corruption	<p>IRO: potential cases of corruption and bribery in connection with financial services</p> <p>Details: CHG-MERIDIAN takes action across the Group to manage the identification and prevention of corruption and bribery. Nevertheless, there is a potential inherent risk of corruption, for example in relation to limited activities in just a few countries with medium risk (Brazil, India, Mexico), as defined by the Corruption Perception Index (CPI).</p>	<p>IRO: Risk of fines and reputational damage</p> <p>Details: Corruption can lead to potential negative financial effects such as fines. Furthermore, managers may be personally liable if no preventive action is taken.</p>

Our strategies, guidelines, and actions in relation to corporate governance form part of our contribution to sustainable development as defined by the UN's sustainable development goal no. 16 'Peace, justice, and strong institutions'.

### Corporate culture and corporate governance concepts

#### **Corporate culture and values**

We believe that our corporate culture is the backbone of our success. With this in mind, we have defined six key values that apply both internally and to our business partners: passion, trust, respect, customer focus, individual responsibility, and integrity.

These six values are enshrined in our **code of conduct**. Since 2012, we have set out our values for our customers, employees, and business partners, including our suppliers, in our code of conduct, which was approved by the Board of Management and shared on various internal and external channels. Respect for human rights is firmly embedded in the code of conduct of CHG-MERIDIAN, drawing on internationally recognized human rights standards. These include the UN's Universal Declaration of Human Rights, European conventions, and the principles of the International Labour Organization (ILO), as well as the UN Global Compact and the Diversity Charter, to which we are signatories. Through our membership in the UN Global Compact, we are committed to following the principles of sustainable business, including protecting and respecting international human rights, supporting the abolition of forced labor and child labor, eliminating discrimination in the workplace, and fighting corruption, blackmail, and bribery.



The employee survey in 2023 confirmed that CHG-MERIDIAN's corporate values are an integral element of our culture, with almost 90 percent of respondents familiar with, and identifying with, the corporate values.

CHG-MERIDIAN has put strategies, policies, guidelines, and written procedures in place that set internal standards and harmonize the way we work. The overarching strategies and guidelines, such as the sustainability strategy (see [ESRS 2 SBM-1](#)), are approved by the Board of Management.

There are a number of documents that provide orientation:

- Strategies define CHG-MERIDIAN's strategic targets and the action to be taken in order to achieve them
- Guidelines are strategic documents that provide the framework and the targets for a business unit, department, or business process
- Policies define the legal, organizational, and/or technical requirements; they complement a guideline and follow the targets set
- Written procedures define processes and specify the technical processes and organizational responsibilities needed to deliver a policy's requirements

All of these documents are stored on the Company's own iKNOW platform, where they can be accessed by employees.

## CHG-MERIDIAN as a financial services provider

As financial services providers, some companies in the CHG-MERIDIAN Group are subject to additional requirements of local regulators. CHG-MERIDIAN AG and CHG-MERIDIAN Industrial Solutions GmbH are financial leasing institutions within the meaning of section 1 (1a) sentence 2 no. 10 of the German Banking Act (KWG) and are subject to the rules of the German Federal Financial Supervisory Authority (BaFin) and the Bundesbank. They have to comply with a wide range of laws and regulatory requirements such as the German Banking Act (KWG), the Minimum Requirements for Risk Management (MaRisk), the Supervisory Requirements for IT in Financial Institutions (BAIT), and the Anti-Money Laundering Act (GwG). The Brazilian subsidiary CHG-MERIDIAN Do Brasil Arrendamento Mercantil S/A is supervised by the Brazilian central bank and must comply with the rules of the local banking act. We address and document sustainability risks, as defined by the internationally recognized ESG risks, in accordance with the recommendations and requirements of BaFin. We consider sustainability risks to be interdisciplinary in nature and therefore covered by existing risk types in our risk management.

## Our management systems

In addition to the aforementioned special statutory provisions and in response to ever-higher market requirements, CHG-MERIDIAN is increasingly making use of third-party certification schemes. This is also in keeping with the precautionary principle, which relies on a number of different mechanisms. By using norms such as the ISO standards as guidance and implementing measures that conform with these, we want to reduce the risk of negative impacts. ISO certifications such as information security management in accordance with ISO 27001, data protection management in accordance with ISO 27701, security and resilience management in accordance with ISO 22301, compliance management systems in accordance with ISO 37301, and environmental management in accordance with ISO 14001 provide independent verification of our continuous improvement efforts. In 2023, we began to establish an integrated management system (IMS) that combines the various management systems into one central, overarching system. We expanded this in 2024.

The biggest environmental, social, and governance (ESG) risks are present at our production sites and at sites with a large number of employees. These are the technology centers in Gross-Gerau and Skien, and our headquarters in Weingarten. All other sites are rented offices with a small number of employees. As a consequence, we have initially focused the management systems on the technology centers and our headquarters. The scope for ISO 14001, ISO 22301, ISO 27001, and ISO 27701 was extended to Europe in 2024.

Management system	Scope	Coverage of sites in percent <sup>35</sup>
ISO 9001	Technology centers in Gross-Gerau and Skien, and CHG-MERIDIAN Italy and CHG-MERIDIAN Australia Pty Limited	10 (2023: 10; 2022: 10)
ISO 14001	CHG-MERIDIAN with sites in Europe, including Switzerland, Norway, and the UK	76 (2023: 29; 2022: 29)
ISO 22301	CHG-MERIDIAN with sites in Europe, including Switzerland, Norway, and the UK	76 (2023: 29; 2022: 29)

<sup>35</sup> Metrics from previous years not externally reviewed.

<b>ISO 27001</b>	CHG-MERIDIAN with sites in Europe, including Switzerland, Norway, and the UK	76 (2023: 29; 2022: 29)
<b>ISO 27701</b>	CHG-MERIDIAN with sites in Europe, including Switzerland, Norway, and the UK	76 (2023: 29; 2022: 29)
<b>ISO 37301</b>	CHG-MERIDIAN with sites in Germany, Austria, and Switzerland	29 (2023: 0; 2022: 0)
<b>ISO 45001</b>	Gross-Gerau technology center	2 (2023: 2; 2022: 2)

## Regulatory affairs

CHG-MERIDIAN has an internal control system based on the Three Lines Model, as described in [ESRS 2 GOV-5](#). The second line at CHG-MERIDIAN, Regulatory Affairs, includes the areas of compliance, anti-money laundering, information security, data protection, business continuity management, outsourcing, environmental management, risk management, and sustainability, including the governance aspects of all management systems and all senior management functions. Each area has an officer and a deputy who report to the Board of Management every quarter during the regulatory meeting and to the Supervisory Board once a year as part of the annual reporting. At the top level is the **regulatory strategy**, which, together with the sustainability, compliance, and internal audit strategies, forms a functional strategy. The regulatory strategy applies to the CHG-MERIDIAN Group and serves as the interdepartmental and cross-unit strategy. It defines the principles of integrity, the business ethics, and the approach to how CHG-MERIDIAN responds to legal and regulatory requirements.

There are a number of guidelines and policies based on the regulatory strategy, such as the **compliance guideline**, which defines the fundamental compliance matters and requirements for the CHG-MERIDIAN Group. Compliance at CHG-MERIDIAN focuses on legal requirements, and our compliance management is geared toward international standards. The Compliance Officer, their deputy, and the Compliance Manager ensure compliance at CHG-MERIDIAN.

## Regulatory training

Our management systems and the associated continuous improvement processes help us to ensure that we act responsibly and keep moving forward. Training courses for our employees and development programs for our managerial staff further promote and reinforce appropriate conduct. We want to use company-wide internal communication to embed our policies in all of our activities and business relationships. The aim of this approach is to ensure that our employees have a very sound understanding of what it means to act responsibly. The awareness program focuses on our managers, in particular, as they act as role models and have the task of enforcing CHG-MERIDIAN's safety guidelines in their area of responsibility. That is why this group requires in-depth knowledge of existing provisions and must accept all aspects of the regulatory system (see *Executive compliance training* ↓).

The following table shows the training activities and the completion rates. General comments on the training activities:

- The completion rates include our recent acquisition Meridian Leasing Corporation.
- Employees joining or leaving the company during the defined processing period, employees on long-term sick leave, and employees released from their duties were not included in the basis figure or in the percentage of tests completed.

- Courses that were assigned to employees and delivered in the following calendar year, but within the defined escalation period, were recognized in the year in which the course was first assigned.
- In accordance with our regulatory awareness policy, persons who are not CHG-MERIDIAN employees, but have access to the systems, must attend *information security* and *data protection* training. As at December 31, 2024, the number of external user accounts was 171.

Training activities	Information	Completed tests in 2024	Completed tests in 2023	Completed tests in 2022
<b>Code of conduct</b>	Mandatory for all new employees worldwide. Has to be repeated every three years.	270 of 274 (98.5%) (100% undertaking)	256 of 256 (100%) (100% undertaking)	209 of 211 (99% undertaking)
<b>Compliance refresher<sup>36</sup></b>	Mandatory worldwide, refresher every three years.	n/a	1,378 of 1,378 (100%) Average test score: 96.6%	n/a
<b>Executive compliance</b>	Mandatory for all new management staff worldwide.	39 of 39 (100%) (100% undertaking)	46 of 46 (100%) (100% undertaking)	152 of 153 (99%) (99% undertaking)
<b>Avoidance of money laundering in accordance with GWG</b>	Mandatory at national level in Germany and some other countries (each country is responsible for compliance). Has to be repeated every three years.	112 of 113 (99.2%) average test score: 95.3% (112 employees)	139 of 139 (100%) Average test score: 91.2% (139 employees)	101 of 101 (100%) Average test score: 92% (101 employees)
<b>GWG refresher</b>	Mandatory at national level in Germany. Refresher every three years.	730 of 730 (100%) average test score: 96.9% (730 employees)	n/a	n/a
<b>Health and safety</b>	Mandatory for all new employees in Germany, Austria, and Switzerland. Automatically repeated every year	848 of 848 (100%)	123 of 123 (100%)	103 of 103 (100%)
<b>Business continuity management<sup>37</sup></b>	Mandatory for all new employees across Europe. Has to be repeated every three years.	189 of 190 (99.5%) (100% undertaking)	n/a	n/a
<b>Business continuity management refresher</b>	Mandatory across Europe, refresher every three years.	1,055 of 1,055 (100%) (100% undertaking)	n/a	n/a
<b>ISO environmental management</b>	Mandatory at national level in EU member states and in Switzerland, Norway, and the UK. Has to be repeated every year and whenever changes or updates are made.	189 of 190 (99.5%) Average test score: 93.3% (189 employees)	139 of 139 (100%) Average test score: 92.3% (139 employees)	102 of 103 (99%) Average test score: 93% (102 employees)

<sup>36</sup> Includes training on the prevention of discrimination and human rights abuses.

<sup>37</sup> The topic of business continuity management has been split from health and safety training and rolled out across Europe following the expansion of the ISO certification scope.

<b>ISO environmental management refresher</b>	Training rolled out across Europe following the expansion of the ISO certification scope; replaces the current environmental training in Central Europe	1,054 of 1,055 (99.9%) Average test score: 91.3% (1,054 employees)	n/a	n/a
<b>Information security</b>	Mandatory for all new employees worldwide.	270 of 274 (98.5%) Average test score: 92.3% (270 employees)	256 of 256 (100%) Average test score: 90.3% (256 employees)	209 of 211 (99%) Average test score: 91% (209 employees)
<b>Information security refresher</b>	Mandatory worldwide, refresher every three years.	1,266 of 1,267 (99.9%) Average test score: 92.8% (1,266 employees)	n/a	n/a
<b>Privacy</b>	Mandatory for all new employees worldwide. Has to be repeated every three years.	268 of 274 (97.8%) Average test score: 89.7% (268 employees)	256 of 256 (100%) Average test score: 89.9% (256 employees)	209 of 211 (99%) Average test score: 91% (209 employees)
<b>Data protection refresher</b>	Mandatory worldwide, refresher every three years.	n/a	n/a	1,308 of 1,308 (100%) Average test score: 92% (1,308 employees)
<b>Outsourcing</b>	Mandatory in Germany for all employees in BTS and Regulatory Affairs, and for managers in units regulated by KWG in Germany	36 of 36 (100%) (100% undertaking)	n/a	n/a
<b>Fraud prevention</b>	Mandatory for all staff worldwide, including new recruits.	1,540 of 1,545 (99.7%) Average test score: 95.9% (1,540 employees)	n/a	n/a

### **Anti-corruption, anti-bribery, and anti-fraud matters**

There are further policies based on the regulatory strategy and the compliance guideline that aim to mitigate risks related to corruption, bribery, and fraud. All policies apply to CHG-MERIDIAN AG and all of its subsidiaries.

The **anti-corruption policy** is a global policy, and thus a minimum standard. Stricter local anti-corruption laws override this policy. The anti-corruption policy sets out rules for dealing with gifts, invitations, events, and public tenders. CHG-MERIDIAN takes a risk-based approach and relies on, among other things, the Corruption Perceptions Index (CPI) score published by *Transparency International*.

Further policies in this context are the **anti-fraud policy**, the **antitrust policy**, the **conflict of interest policy**, and the **anti-money laundering guideline**.

## **Whistleblowing mechanism**

We have set up a multilevel reporting system for suspected corruption, anti-competitive behavior, compliance breaches, violations of labor rights or human rights, and more. The reporting system is defined in the **whistleblowing policy**. Alongside internal and external reporting channels such as our regulation portal, dedicated email addresses, a central hotline, and the option to speak directly to a relevant contact person, all stakeholders also have access to our whistleblower mechanism. All employees, customers, business partners, and other stakeholders can access all of the aforementioned channels (with the exception of the reporting portal, which is only available internally). In addition, we maintain an ongoing dialogue with our stakeholders.

Respect, trust, and tolerance define the way we treat one another. Reports of potential violations are therefore treated in strict confidence and not considered to be a breach of trust. A report will not lead to adverse consequences for the person making the report, as long as they made it in good faith. The whistleblower remains anonymous at all times, unless the whistleblower gives explicit prior consent or subsequently explicitly authorizes the disclosure. The ombudsperson conducts an initial assessment of the complaints submitted to it. Any complaints categorized as relevant by the ombudsperson and all complaints submitted through other channels are systematically recorded in a dedicated tool as part of our incident management system and are processed by the person responsible for the relevant topic. If necessary, other local representatives or managers can be called upon to process this report in strict confidence.

Management of relationships with suppliers

**Concepts for managing our relationships with suppliers while taking sustainability risks in the supply chain into account**

Procurement gives us an opportunity to bring about positive change, and we aim to make our supply chains progressively more transparent. As the raw materials used in our IT devices are often extracted in countries of the Global South with low labor standards, there is a risk of unfair pay and even forced labor. The manufacture of devices also consumes a lot of resources and water, and generates considerable emissions. Indirect suppliers in the IT industry, in particular, are sometimes located in high-risk countries with regard to human rights and environmental protection. Although we have defined the topics E2 *Pollution*, E3 *Water*, and S3 *Affected communities* as not material in the upstream value chain (see ESRS 2 SBM-1), we would like to provide transparency and have developed an overarching concept for sustainable procurement accordingly.

The following descriptions relate to all CHG-MERIDIAN companies except our subsidiaries Meridian Leasing Corporation (USA), OPC (India), circulee, devicenow, and abakus.

In 2022, we defined standards for social and environmental criteria in our **sustainable procurement guideline**, which is still in force today. A Group-wide **sustainable supplier management policy** was introduced in 2023, which details our approach to assessing supplier sustainability. This policy was revised in 2024 following the expansion of our approach to assessing sustainability risks related to suppliers.

In 2023, we raised awareness of relevant content in the policy among employees with a supplier management function. We will continue to provide relevant target groups with training on processes and innovations relating to our sustainability requirements for suppliers.

	2024	2023	2022
<b>Training activities</b>	Sustainable procurement training <sup>38</sup>	Sustainable vendor management policy training	Basic training on sustainable procurement
<b>Course content</b>	<ul style="list-style-type: none"> <li>Aims of supplier assessments</li> <li>Definition of where CHG-MERIDIAN can assume a duty of care in the supply chain</li> <li>New phased approach to carrying out supplier assessments</li> <li>How more in-depth risk analyses are</li> </ul>	<ul style="list-style-type: none"> <li>Approach to categorizing suppliers</li> <li>Requirements for sustainability assessments, risk assessments, approval procedures, and next steps</li> </ul>	<ul style="list-style-type: none"> <li>What is the purpose of sustainable procurement?</li> <li>What is our target for sustainable procurement?</li> <li>What are we doing to reach this target?</li> </ul>

<sup>38</sup> We aim to provide training for all CHG-MERIDIAN employees who have contact with business suppliers. The focus of training across the Group in 2024 was on the employees in Global Operations. They coordinate and manage our customer projects and place our customers’ orders with the relevant suppliers. As the implementation of our supplier management process is still ongoing and the definition of the supplier manager role has not been completed in some countries, the target group definition is not yet final and may change in the years ahead.

	performed and risk is managed		
<b>Completed supplier management training</b>	93% (target group: 274 Global Operations employees, of whom 256 received training)	86% (target group: 80 supplier managers, of whom 69 received training)	79% (target group: 52 supplier managers, of whom 41 received training)

Our **code of conduct** provides the basis for all of our business relationships, including those with our suppliers, and defines the sustainability requirements we expect our suppliers to meet. It addresses topics such as equal opportunities and equal treatment, worker’s rights and freedom of association, and procurement and outsourcing.

### Group-wide supplier management strategy

Under our sustainability strategy, we continue to work on revising our supplier management and adding further sustainability aspects. The aim is to implement our first Group-wide **supplier management strategy**. Preparations for integrating it into our operational processes are under way, with implementation scheduled for 2025.

CHG-MERIDIAN’s procurement organization has a decentralized structure. A range of different departments make purchases and have responsibility for managing suppliers. The Supplier Management department, which is part of Finance, oversees our customer business and thus also our business supplier relationships. Its primary responsibility is to manage all processes and activities with our suppliers across the entire lifecycle of the business relationship. An onboarding process aims to ensure that suppliers meet CHG-MERIDIAN’s requirements with regard to quality, reliability of supply, data protection, governance, compliance, and sustainability.

### Assessment of business suppliers

We always take our own behavior and the interests of our customers into account in our business activities. As a result, we maintain relationships with a broad portfolio of suppliers. CHG-MERIDIAN procures goods and services for our own use and, crucially, also for use by our lease customers. We therefore generally distinguish between two types of suppliers: those supplying us for our own purposes (expense suppliers) and those supplying us on behalf of our customers (business suppliers).

We primarily use the order takeover model in our lease-based customer business, thus allowing customers to specify which suppliers they would like to use to cover their requirements. While we have less influence over suppliers in this scenario, we still consider it our responsibility to demand proof of sustainability wherever possible.

In rental-based customer business, for example where we provide technology management, we take the lead in the selection of suppliers. We carry out due diligence in these business relationships and are able to exert a greater influence on supplier behavior. This allows us to set the bar higher with regard to sustainability and – primarily by customer request – ask for additional proof of sustainability, such as certificates. If a supplier in the rental-based customer business is also in one of our top segments, we can oblige them to undergo an EcoVadis rating or equivalent assessment. This enables us to identify specific potential for improvement and request that appropriate remedial action is taken. This is how we integrate aspects of **responsible procurement** into our business relationships.

Business suppliers are categorized in Supplier Management. Our categorization methodology has moved away from its initial heuristic approach covering CHG-MERIDIAN AG to a data-driven assessment at Group-level (see fig. Comparison of risk-assessed business suppliers 2022–2024). This has enabled us to continually increase the quality of our categorization. Consequently, the total number of business suppliers and the proportion of suppliers in the top segments have changed.

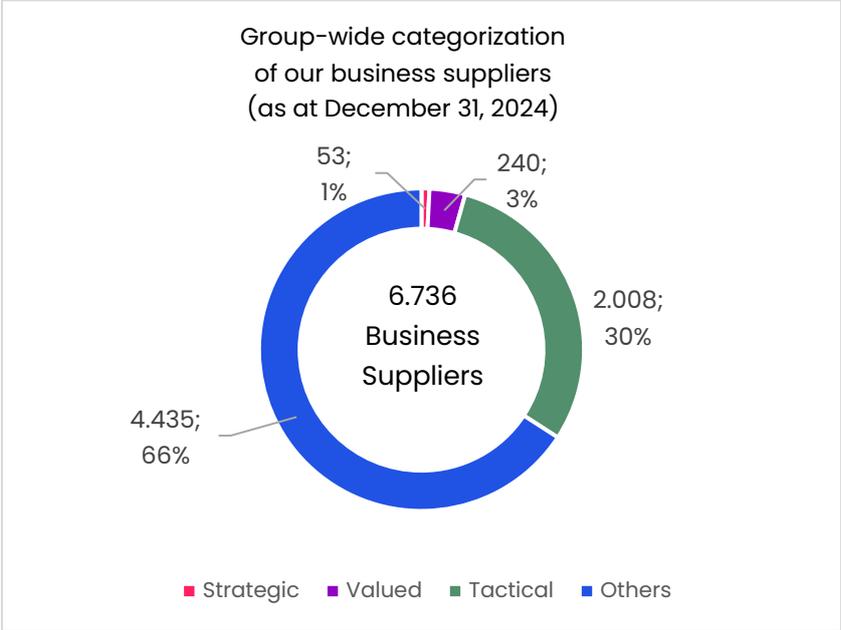


Fig.: Group-wide categorization of business suppliers

We plan to gradually expand our categorization approach to expense suppliers in 2025 with the aim of including them in our sustainability considerations.

When it came to reflecting the scope and importance of a business relationship, our previous approach to sustainability assessment was based solely on the segment a supplier belonged to. We have high sustainability requirements for all business suppliers in our top segments ‘strategic’ and ‘valued’, and we ask for proof of sustainability. Up to the end of 2023, we only accepted a full EcoVadis rating or a rating by another recognized agency.

In the fourth quarter of 2024, we expanded our approach to assessing supplier sustainability. This new approach involves an abstract risk analysis to establish the risk categories of our supplier base, which determines whether more in-depth and company-specific sustainability assessments are required. By the end of 2024, we had carried out a risk categorization for more than 6,000 business suppliers across 78 countries and around 160 industries. This means that we achieve 100 percent coverage in our top segments<sup>39</sup>.

<sup>39</sup> Includes a fault tolerance as at December 31, 2024: While 100 percent of suppliers were successfully uploaded to EcoVadis IQ+ by December 31, there may be process-related delays in supplier assessment by EcoVadis experts.

	2024***	2023**	2022*
Business Suppliers total	6.736	7.310	80
of which Strategic + Valued	293	395	41
Risk assessment total	6.085 (~ 90%)	184* (~ 3%)	22* (~28%)
Risk assessment of Strategic & Valued	293 (~100 %)	171 (~ 43%)	22 (~54%)

Fig. Comparison of risk-assessed business suppliers 2022–2024

\*Scope Central Europe; heuristic approach; risk assessment based on EcoVadis ratings.

\*\*Scope CHG-MERIDIAN Group; data-driven approach; risk assessment based on EcoVadis ratings.

\*\*\*Scope CHG-MERIDIAN Group; data-driven approach; risk assessment based on EcoVadis IQ+ and ratings; additional adjustment of categorization methodology (active accounts in CRM as SSoT; reduction of duplicates, review of the definition of 'strategic').

In line with our revised assessment approach, we determined for all suppliers, depending on which segment they belong to and the established abstract risk, whether they will need to undergo a specific risk analysis in the next step and, if so, what type of analysis this will be. For example, suppliers in the 'valued' segment with a high to medium risk will undergo a targeted risk analysis in the form of a simplified company-specific questionnaire (EcoVadis Vitals). Suppliers in the 'strategic' segment with a high to very high abstract risk will need to undergo a full sustainability rating, preferably by EcoVadis.

Overall risk	Segments (rank tiers)			
	Others	Tactical	Valued	Strategic
Very high	No action	Vitals	Rating	Rating
High	No action	Vitals	Vitals	Rating
Medium high	No action	No action	Vitals	Vitals
Medium low	No action	No action	No action	Vitals
Low	No action	No action	No action	No action
Very low	No action	No action	No action	No action

Fig.: Priority actions depending on segment and risk

The abstract risk analysis is carried out with the help of EcoVadis IQ+. This tool provides a contactless, automated risk analysis to identify impacts, risks, and opportunities in our supply chain. IQ+ creates sustainability profiles based on country-specific and sector-specific risks in four areas: environment, work and human rights, ethics, and sustainable procurement. The analyses also factor in documents from the suppliers' sustainability management systems, such as ISO 14001 certificates and sustainability reports. These documents provide an insight into how transparent suppliers are about their sustainability risks. This ensures our Company has access to a comprehensive analysis of the risks associated with the country and the sector in which our direct suppliers operate.

A specific risk analysis is carried out either via a simplified questionnaire or as a full sustainability rating. The effort involved in answering a simplified questionnaire is relatively low and covers basic due diligence obligations regarding social, environmental, and ethical matters. The aim is to determine the basic company-specific sustainability risk and identify

potential gaps in the fulfilment of legal requirements. We currently use a questionnaire for this kind of sustainability assessment that we have designed ourselves, but it is only used in the Central Europe region and has not been adapted to the regulatory requirements of CHG-MERIDIAN’s foreign subsidiaries. We will be switching to the EcoVadis tool ‘Vitals’ in the first quarter of 2025 so that we can offer a simplified questionnaire around the world.

The option of a specific risk analysis in the form of a rating will remain. It includes a more in-depth analysis based on a comprehensive, company-specific questionnaire.

Using the aforementioned assessment approach, we were able to identify the abstract risk for 6,085 business suppliers by December 31, 2024, and categorize it according to the segment they belong to. As a result, there is work to do for 124 suppliers in the ‘tactical’, ‘valued’, and ‘strategic’ segments, as we will want them to undergo a specific risk analysis using EcoVadis Vitals in 2025, as well as for six ‘strategic’ suppliers with high abstract risk, as we will be asking them for a full rating. No very high abstract risk was identified for any of our business suppliers.

abstract risk	Rank Tier				Number Business Suppliers	Number of suppliers classified by risk
	Others	Tactical	Valued	Strategic		
very high	0	0	0	0	0	0
high	10	11	14	6	41	41
medium-high	572	591	66	18	1247	1247
medium-low	1.065	516	73	17	1671	1671
low	1.984	614	61	8	2667	2667
very low	274	157	26	4	461	461
not defined*	23	13	0	0	36	
currently cannot be uploaded to IQ**	507	106			613	
<b>Number Business Suppliers</b>	<b>4.435</b>	<b>2.008</b>	<b>240</b>	<b>53</b>	6736	6085

Fig.: Number of business suppliers by segment and abstract risk (As at December 31, 2024; color legend see p. 87)<sup>40</sup>

\*Suppliers that cannot be assigned an abstract risk in IQ+ as they are conglomerates, for example.

\*\*Suppliers that cannot be uploaded to IQ+ due to insufficient data quality in CHG-MERIDIAN systems.

Thanks to our improved categorization methodology and the new risk assessment approach, we are now able to determine across the Group the purchasing volume from suppliers who meet our sustainability requirements and have a very low to medium-low risk. We only did so for the Central Europe region in 2023. For the 2024 fiscal year and calendar year, we determined that the volume of sustainable procurement from all ‘strategic’ and ‘valued’ business suppliers across the Group amounted to around 78 percent of the total volume from these suppliers.

<sup>40</sup> These figures have been externally reviewed, but our auditors did not assess whether the assignment to the abstract EcoVadis risk classes is logical.

## Prevention and detection of corruption and bribery

The following descriptions in the chapter relate to all CHG-MERIDIAN companies except our subsidiaries Meridian Leasing Corporation (USA), OPC (India), circulee, devicenow, and abakus.

### **Anti-corruption and integrity**

Bribery and corruption are unacceptable at CHG-MERIDIAN, and we expect this standard to be upheld not only by our organization but also by our business partners. From the Supervisory Board and the Board of Management to each and every employee, we all work together to manage compliance effectively at every level. CHG-MERIDIAN maintains a multitude of guidelines, policies, and requirements, e.g. concerning gifts, independence, competition, antitrust law, taxation, and prevention of corruption. Prevention of crime, money laundering, and financing of terrorism, as well as export controls and customs checks, dealing with elected representatives and public officials, and outsourcing are also important topics in this context. The section Corporate culture and corporate governance concepts describes the multilevel reporting system that has been set up for suspected corruption and bribery.

### **Compliance management and risk minimization**

In 2013, we implemented a Group-wide compliance management system (CMS) and created the role of Compliance Officer and an official deputy. Our sites in Central Europe are certified under ISO 37301 compliance management systems. Besides training and actions to raise awareness<sup>41</sup>, the Compliance Officer is responsible for carrying out a compliance risk analysis and the ongoing development of the CMS. The Compliance Officer also runs the quarterly compliance monitoring of legislative changes, the results of which are reported to the Board of Management and the Supervisory Board. The Board of Management and the Compliance Officer are jointly responsible for implementing measures to minimize bribery and corruption risks. The CMS at the Central European level is regularly checked through internal and external audits. In accordance with the conflict of interest policy, the Supervisory Board is responsible for minimizing risks arising from conflicts of interest. CHG-MERIDIAN records critical incidents in an incident management system and collectively discloses these, along with any loss or damage incurred, in the compliance report on an annual basis. Relevant statistics on this topic are shared with the Board of Management and the Supervisory Board. In addition, the Board of Management is updated by means of quarterly reports and on an ad hoc basis. A risk assessment of our business ethics was carried out for all sites in 2023. All sites except abakus, devicenow, circulee, the Indian subsidiary OPC, and Meridian Leasing Corporation are part of the parent company's central governance of compliance management. Our business partners are selected using a risk-based compliance check via our customer relationship management (CRM) system. CHG-MERIDIAN does not categorize business partners by type or region as all partners have to undergo the compliance check, and we expect some to submit a self-declaration and to comply with our code of conduct. This is how we are currently approaching our suppliers and customers. In some cases, contracts reference our code of conduct as the basis of our business relationship. We monitor any legislative changes, incidents, and measures, and communicate them to stakeholders on our website or via other appropriate media.

---

<sup>41</sup>For information on training, see section Corporate culture and corporate governance concepts.

Incidents of corruption or bribery

The following compliance incidents were recorded in 2024<sup>42</sup>:

	2024	2023	2022
Anti-competitive behavior	0	0	0
Proceedings against CHG-MERIDIAN for confirmed violations of laws in the labor and human rights spheres	0	0	0
Reported conflicts of interest	0	0	0
Incidents of corruption or bribery	0	0	0
Total number of reports via the whistleblowing system	1	2	0

As there were no corroborated incidents of corruption or bribery, no disciplinary action was taken, and no fines were paid.

---

<sup>42</sup> Does not include abakus, devicenow, circulee, Meridian Leasing Corporation, and OPC (India).

## 6 Assurance Report

### **Assurance report of the independent German public auditor on a limited assurance engagement in relation to the combined non-financial report<sup>43</sup>**

To CHG-MERIDIAN AG, Weingarten

#### **6.1 Assurance Conclusion**

We have performed a limited assurance engagement on the separate non-financial group report of CHG-MERIDIAN AG, Weingarten, which is combined with the separate non-financial report of the parent company (hereafter the “combined non-financial report”), for the financial year from January 01 to December 31, 2024.

The combined non-financial report was prepared to comply with Article 340, paragraph 4 in conjunction with Articles 340i, paragraph 5, 315b and 315c HGB for a non-financial group report, and in conjunction with Article 340a, paragraph 1a HGB and Articles 289b to 289e HGB for a non-financial re-port of the company.

The results from external documentation sources or the reports of other assurance practitioners in relation to the assurance of information, references to Websites and prior year’s disclosures marked as unassured, contained in the combined non-financial report are not subject to our assurance engagement (see appendix to this Assurance Report).

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the accompanying combined non-financial report for the financial year from January 01 to December 31, 2024 is not prepared, in all material respects, in accordance with Article 340, paragraph 4 in conjunction with Articles 340i, paragraph 5, 315b and 315c HGB for a non-financial group statement, and in conjunction with Articles 340a, paragraph 1a and Articles 289b to 289e HGB for a non-financial statement of the company as well as with the supplementary criteria presented by the legal representatives of the company.

We do not express an assurance conclusion on the results from external documentation sources, re-ports of other assurance practitioners in relation to the assurance of information, references to Web-sites and prior year’s disclosures marked as unassured (see appendix to the auditor’s report).

#### **Basis for the Assurance Conclusion**

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in ex-tent than for, a reasonable assurance engagement. Consequently, the level of assurance

---

<sup>43</sup> We have performed a limited assurance engagement on the German version of the combined non-financial report and issued an Independent Practitioner’s Report in German language, which is authoritative. The fol-lowing text is a translation of the original German Independent Practitioner’s Report.

obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the section "German Public Auditor's Responsibilities for the Assurance Engagement on the combined non-financial reporting".

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

### **Responsibilities of the Executive Directors and the Supervisory Board for the combined non-financial reporting**

The executive directors are responsible for the preparation of combined non-financial reporting in accordance with the applicable German legal and European requirements as well as with the supplementary criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal controls that they have considered necessary to enable the preparation of a combined non-financial reporting in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the combined non-financial reporting) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the combined non-financial reporting, as well as making assumptions and estimates and ascertaining for-ward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the combined non-financial reporting.

### **Inherent Limitations in Preparing the combined non-financial reporting**

The applicable German legal and European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the combined non-financial reporting.

### **German Public Auditor's Responsibilities for the Assurance Engagement on the combined non-financial reporting**

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the combined non-financial report has not been prepared, in all material respects, in

accordance with the applicable German legal and European requirements and the supplementary criteria presented by the company's executive directors, and to issue an assurance report that includes our assurance conclusion on the combined non-financial report.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process used to prepare the combined non-financial reporting.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

#### **Summary of the Procedures Performed by the German Public Auditor**

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the combined non-financial reporting.
- inquired of the executive directors and relevant employees involved in the preparation of the combined non-financial reporting about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the combined non-financial reporting, and about the internal controls relating to this process.
- evaluated the reporting policies used by the executive directors to prepare the combined non-financial reporting.
- evaluated the reasonableness of the estimates and related information provided by the executive directors.
- performed analytical procedures and made inquiries in relation to selected information in the combined non-financial reporting.
- considered the presentation of the information in the combined non-financial reporting.

#### **Restriction of use**

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the assurance report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the assurance report is not intended to be

used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

### **Engagement terms**

This engagement is based on the “Special Terms and Conditions of BDO AG Wirtschaftsprüfungsgesellschaft” dated January 1, 2024, agreed with the Company as well as the „General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)” dated January 1, 2024, issued by the IDW ([www.bdo.de/engagement-terms-conditions](http://www.bdo.de/engagement-terms-conditions)).

Frankfurt am Main, 11. April 2025

BDO AG  
Wirtschaftsprüfungsgesellschaft

gez. Rist  
(German Public Auditor)

gez. Brandt  
(German Public Auditor)

## **6.2 Appendix to the Assurance Report: Unassured elements of the combined non-financial reporting**

Not subject to our assurance engagement were (further) the following external sources of documentation or reports of other auditors mentioned in the combined non-financial report:

- the results of the risk analyses for CHG-MERIDIANS suppliers from the platform of the external service provider EcoVadis mentioned in the section 'Assessment of business suppliers'.

The following disclosures were also not subject to our assurance engagement:

- the previous year's disclosures marked as unaudited.
- references to Websites. The information to which these references pertain has not been substantively audited by us.

**Publisher:**

CHG-MERIDIAN AG  
Franz-Beer-Straße 111  
88250 Weingarten  
[sustainability@chg-meridian.com](mailto:sustainability@chg-meridian.com)  
[www.chg-meridian.com](http://www.chg-meridian.com)

**Disclaimer:**

This report contains forward-looking statements that reflect the views currently held by the Board of Management of CHG-MERIDIAN AG with respect to future events. These forward-looking statements are based on our latest plans, assessments, and projections. Assertions relating to the future merely reflect the situation at the time that they were made. These assertions are dependent on risks and uncertainties as well as other factors over which CHG-MERIDIAN has no influence and which can lead to significant deviations from the actual results of these assertions. These risks, uncertainties, and other factors are described in detail in the risk report section of the CHG-MERIDIAN AG management report. CHG-MERIDIAN AG does not intend to update such assertions relating to the future.