

CHG

2021 Corporate & Sustainability Report

**PIONEERING
THE CIRCULAR
ECONOMY**

since 1979

Efficient Technology Management®

GRI 102-45

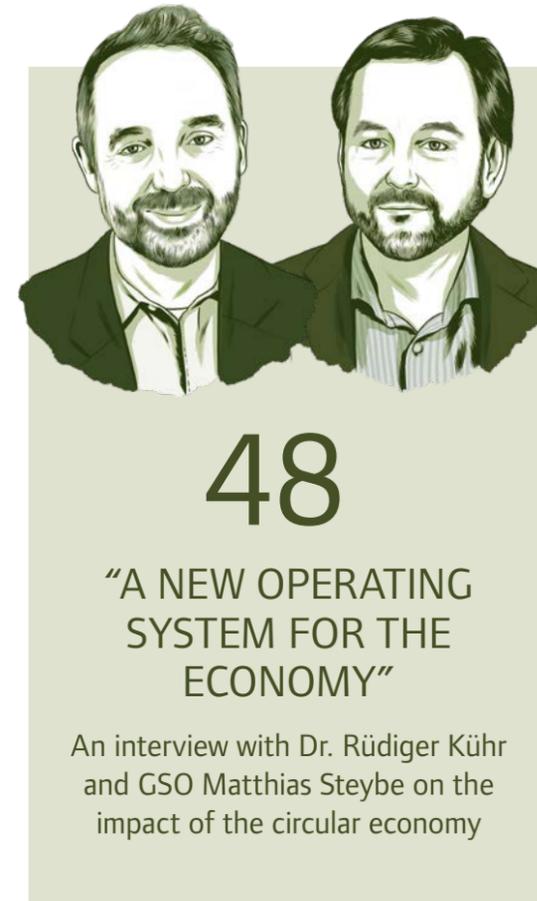
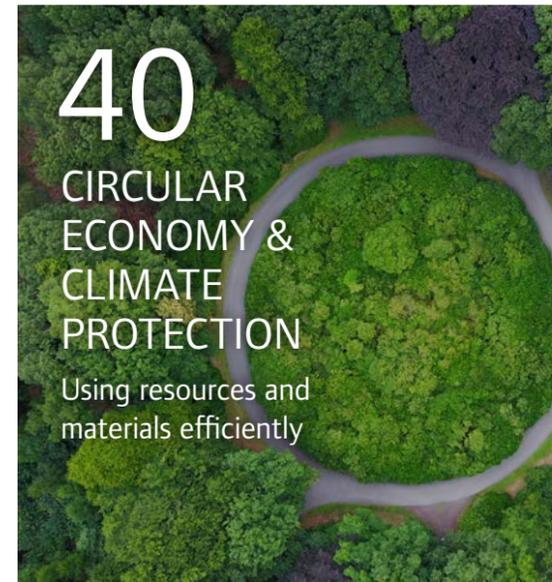
ABOUT THIS REPORT

This Corporate & Sustainability Report for 2021 presents our business activities and sustainability performance as well as financial data from CHG-MERIDIAN. We highlight our impact in the social, environmental, and economic spheres and describe the concepts we have developed and the goals we have defined. The aim of the report is to inform our stakeholders about how we are meeting our responsibilities.

Our Corporate & Sustainability Report follows the framework of the Global Reporting Initiative (GRI) and was written in accordance with the GRI's Core standard. This is also our 'communication on progress' to the UN Global Compact. CHG-MERIDIAN is a signatory of the UN Global Compact and a supporter of other initiatives such as the Diversity Charter and the Development and Climate Alliance.

The period under review in this consolidated report is the 2021 fiscal year (January 1, 2021 – December 31, 2021). Unless otherwise stated, all figures disclosed in this report apply to Germany, Austria, and Switzerland, which includes CHG-MERIDIAN AG, CHG-MERIDIAN Industrial Solutions GmbH, CHG-MERIDIAN Schweiz AG, and CHG-MERIDIAN Austria GmbH. Not included is the subsidiary abakus Consulting GmbH based in Germany due to its entirely different business model and its single-digit workforce.

An audit with limited assurance was carried out for all GRI-relevant information (see pp. 70–73), with the exception of total energy consumption (p. 44) and emissions data (p. 47).



- 04 EDITORIAL
The future does not allow us to stand still
- 18 ECONOMY & FINANCE
Stability is the decisive factor
- 28 STRATEGY & GOVERNANCE
Our sustainability management
- 36 BUSINESS ETHICS & COMPLIANCE
Integrity and high standards
- 58 COLLABORATION & DIALOGUE
Developing employees
- 66 PARTNERSHIP & SUPPLY CHAIN
Sustainable partnerships are our foundation
- 70 GRI CONTENT INDEX
- 73 THE UNGC PRINCIPLES
- 74 AUDITORS' REPORT
- 76 PRODUCTION CREDITS



THE FUTURE DOES NOT

ALLOW US TO STAND STILL

Transformation is a term that moves us all. Quite literally. Because society and the economy are undergoing a fundamental shift towards an increasingly digital and sustainable world.

Looking back over 2021, CHG-MERIDIAN maintained its position in its market segment very well. We were also able to make significant progress in our own sustainability management.

This report provides an overview of our business, environmental, and community-based activities in 2021. To ensure that the dialogue with our stakeholders is as transparent as possible, we are combining our Corporate Report and our Sustainability Report for the first time.

Dear Reader,

Change has again been a dominant feature at CHG-MERIDIAN in 2021. As a technology management and financing company, we help companies to drive forward their digitalization projects. We also show them how to turn their digital transformation into a sustainable one: carbonZERO, the carbon-neutral financing product we launched in 2021, is a good example of this.

STABILITY IS A KEY SELLING POINT

In addition to the ongoing transformation, 2021 was also shaped by the ongoing COVID-19 pandemic and its impact on economic activity, travel, and international collaboration.

But as in 2020, we continued to manage the crisis well. Above all, our digital and sustainable business model based on the circular economy yet again proved to be highly resilient and reliable. Stability has thus become an important factor for us, and its value increases in times of great uncertainty. Our customers seem to agree: our managed technology portfolio grew further to €7.8 billion in the past financial year. The Group's net income also reached a new high of €113 million.

New customer business remains a challenge, as this is where restrictions on people's lives and the pandemic in general have had the most impact on CHG-MERIDIAN. Uncertainty in the markets and supply bottlenecks have contributed to a drop in lease originations of 2 percent to €1.727 billion in 2021. This is something that we will have to work on, but I am very confident that targeted innovations and a strengthening economy will enable us to quickly return to profitable growth in the future.

SUSTAINABLE BUSINESS PRACTICES

Our resilient business model and our current sustainability strategy, which we adopted in 2020 and updated in 2021, are proof of our reliability.

For example, we were able to take a significant step forward in our funding, which will serve as a blueprint for further projects. We have agreed the first ESG-linked loan with Helaba Landesbank Hessen-Thüringen. The loan with a value of €50 million provides attractive terms for the funding of our lease originations. This partnership was made possible thanks to our silver status awarded by EcoVadis, the renowned international sustainability ratings platform.

OUR CONTRIBUTION TO THE ENVIRONMENT AND TO DIVERSITY

CHG-MERIDIAN's operations have been carbon-neutral since 2021, and we aim to reduce the per-employee share of our overall carbon footprint by 25 percent by 2025.

We are also continuing to evolve as an employer. With nearly 1,200 employees in 28 countries, our



“
Our resilient business model and our commitment to sustainability are proof of our reliability.”

workforce is hugely diverse, and we are very proud of its strength and creativity. To ensure that our company reflects modern attitudes, we launched a diversity policy with the aim of increasing the number of women in leadership positions to 30 percent by 2025, among other things.

INNOVATION AS A GROWTH DRIVER

Our work focuses on meeting the needs of our customers as well as possible, from financing all the way to refurbishment. It has become clear from our conversations with them that they particularly expect digital, flexible, and simple solutions with an increasing number of service components.

To meet these expectations, we closely monitor the market and consider options such as external idea factories and start-ups when it comes to the ongoing refinement of our portfolio. This allows us to emphasize that we will continue to be agile, with the aim of unlocking new areas of business and addressing new target groups.

Together, we can remain flexible and drive forward the digital and sustainable transformation. I look forward to many new projects with you.

Kind regards,

A handwritten signature in blue ink, appearing to read 'M. Wagner', written over a white background.

Dr. Mathias Wagner
Chairman of the Board of Management,
CHG-MERIDIAN Group



INTERNATIONAL ——— INSIGHTS

On the following pages, we take you on a journey around Europe and visit customers in France, Finland, Austria, and Germany.

A look at our day-to-day activities shows how diversified our portfolio is, how much our work is characterized by flexibility and bespoke solutions, and what an international outlook means to us.

The journey is also a reflection of what CHG-MERIDIAN has stood for over the last 40 years or so: For us, sustainability is not a trend, it is part of a business model that builds on the circular economy and uses resources responsibly.

GRI 102-2, 102-4, 102-5, 102-6, 102-7, 102-18

CHG-MERIDIAN AT A GLANCE

AN INNOVATIVE TECHNOLOGY MANAGER
– SINCE 1979

CHG-MERIDIAN is an international technology management and financing company in the areas of IT, industrial technology, and healthcare technology. We manage the technology infrastructures of large corporations, SMEs, public bodies, and hospitals through 39 locations employing nearly 1,200 people in 28 countries.

Our approach is to support our customers with their digital transformation and to help them make their businesses more efficient and sustainable. 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.

Across three business segments, we offer customized business concepts tailored to our customers' requirements and applications. In the IT segment, we offer eight IT solutions, such as the digital workplace, to help customers to efficiently implement their technology projects from start to finish. In the industry segment, we lease industrial infrastructure for fleet management, production, machinery, warehouses, and logistics. In the healthcare segment, we finance advanced healthcare technology and hospital IT.

Our service portfolio also includes the TESMA® technology and service management system, carbon-neutral leasing via our carbonZERO product, and certified data erasure with eraSURE®. All products and services have been approved for use in all of our markets.

The CHG-MERIDIAN Group's Board of Management has four members, who regularly report to the Supervisory Board on business matters. The Board of Management is made up of CEO Dr. Mathias Wagner, CSO Frank Kottmann, CFO Ulrich Bergmann, and CIO Oliver Schorer. CHG-MERIDIAN AG is an unlisted stock corporation. The exact ownership structure can be found in the 'Economy & Finance' chapter (p. 21).



PANASONIC

DIGITAL WORKPLACES

Our journey begins in Hamburg. This is where PISCEU, the division of Panasonic Business Support Europe GmbH responsible for IT infrastructure, coordinates the installation and maintenance of the company's IT. Panasonic is a global leader in consumer electronics, and it comes as no surprise that it has high expectations of its infrastructure.

PISCEU leases complete digital workplaces through CHG-MERIDIAN, currently covering more than 7,300 assets including laptops, monitors, smartphones, servers, and large printers. "We very much appreciate CHG-MERIDIAN's tremendous flexibility and the comprehensive support the company provides throughout the asset lifecycle," says Ulf Küttemeyer, Senior Contracting & Procurement Manager at PISCEU.

"We also appreciate the high level of transparency. Thanks to TESMA®, all commercial and technical data is automatically collated so that we can view the status, demand, and costs at all times. This makes planning much easier and increases productivity and profitability."



CHG-MERIDIAN gives us truly comprehensive support throughout the technology lifecycle, from advice and procurement to return, exchange, and data erasure at the end of the asset lifecycle. This has enabled us to noticeably increase our productivity and profitability. For us, the collaboration is an excellent and close partnership.

Ulf Küttemeyer, Senior Contracting & Procurement Manager at PISCEU

The ability to scale the IT strategy internationally is important to Panasonic. "CHG-MERIDIAN is active in 28 countries and has an international outlook, so we will initially roll out our partnership to other European countries such as Poland, the UK, and Italy," says Küttemeyer.

TESMA®

- Pooling of all technical and commercial data to enable efficient technology management
- Asset location and data accessible in real time and from anywhere
- Saves time and offers greater transparency and efficiency
- TESMA® Portal allows employees to choose their own IT equipment online



COCA-COLA HBC AUSTRIA

FROM PROCURER TO ADVISOR

Our journey continues to Austria. Coca-Cola HBC Austria's ultra-modern production and logistics center, located less than an hour's drive from Vienna in Edelstal in the Burgenland region, supplies most of the Coca-Cola products for the domestic market and selected products to the surrounding markets in the Czech Republic, Slovakia, Hungary, Croatia, Bosnia and Herzegovina, Serbia, and Switzerland. Sustainability has the highest priority. The company positions itself as a role model in this area and has committed to reducing its emissions across the group to net zero by no later than 2040.

The partnership with CHG-MERIDIAN is wide-ranging and includes the entire IT infrastructure, carbon-neutral leasing of IT equipment via carbonZERO, and resource-efficient business concepts. Assets are sustainably refurbished at the end of the lease term and given a second life.



CHG-MERIDIAN is a partner that shares our belief in the need for climate action and sustainability from start to finish. Within a short space of time, the company has turned from our procurer of hardware and provider of financing into a trusted advisor and partner in innovation.

Ingeborg Tichy and Christian Balenovic, Coca-Cola HBC Austria



ANDRITZ

INFRASTRUCTURE MANAGEMENT

And we remain in Austria. ANDRITZ AG is based in Graz, the second-largest city after Vienna. This international company has been working with CHG-MERIDIAN since autumn 2020.

The company: ANDRITZ AG is a listed engineering company employing just under 27,000 people at 280 locations in over 40 countries.

The project: Initially, comprehensive sale and lease-back of the Austrian division's existing IT equipment. In early 2021, the Finnish subsidiary also sold its IT equipment to CHG-MERIDIAN and has been leasing it back on cost-effective terms ever since. At the end of the lease, the assets are refurbished and remarketed for a sustainable second lifecycle.

Looking ahead: After Austria and Finland, the partnership with CHG-MERIDIAN will be extended to Brazil and Germany in 2022. A global rollout is planned for the years ahead.



As we operate internationally, it is essential that our technology and finance provider has an equally global outlook. CHG-MERIDIAN is able to offer us one-stop infrastructure solutions across the globe. For us, the partnership is the perfect match in terms of sustainability, finance, and technology.

Mario Brunstein, Head of IT Finance and Contract Management at ANDRITZ





THE RIVA ROBOT

Thanks to the RIVA robot, cancer patients can receive intravenous chemotherapy without the need for human intervention. This significantly reduces the risk of errors and contamination.

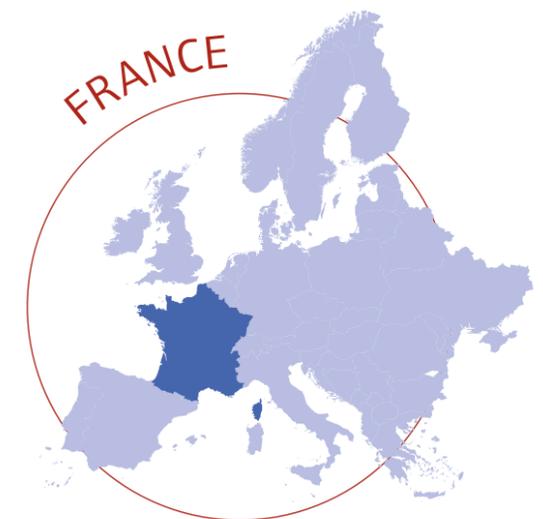
LILLE UNIVERSITY HOSPITAL

HIGH-TECH INVESTMENT FOR CANCER THERAPY

The next stop on our tour of CHG-MERIDIAN's world is Lille. This city of 230,000 inhabitants in the north of France is the birthplace of legendary president Charles de Gaulle, and its soccer team overcame the financial might of Paris Saint-Germain to win the Ligue 1 championship in 2021. Lille University Hospital, which employs nearly 16,000 people and is one of the largest in Europe, has also been making headlines recently. It is now home to Europe's first intravenous chemotherapy robot, which has been financed through CHG-MERIDIAN.

"This high-tech device handles the entire process of producing the preparation without any human intervention, thereby significantly reducing the risk of errors or contamination," explains Equipment Manager Denis Vandyck. The investment has enabled the hospital to cut patients' waiting times and has improved treatment safety.

In addition to the highest standards of quality, there was also the pressure on costs to consider, which the French healthcare system, like any other, has to face. "In this difficult situation, CHG-MERIDIAN proved to be a highly professional partner combining complex healthcare technology and finance expertise with experience of working with public bodies," says Vandyck. The support included advice on the selection of suitable equipment and contract negotiations with the American manufacturer.



€1.727 billion

In 2021, the CHG-MERIDIAN Group generated a total of €1.727 billion in lease originations across the segments IT, industrial technology, and healthcare technology.



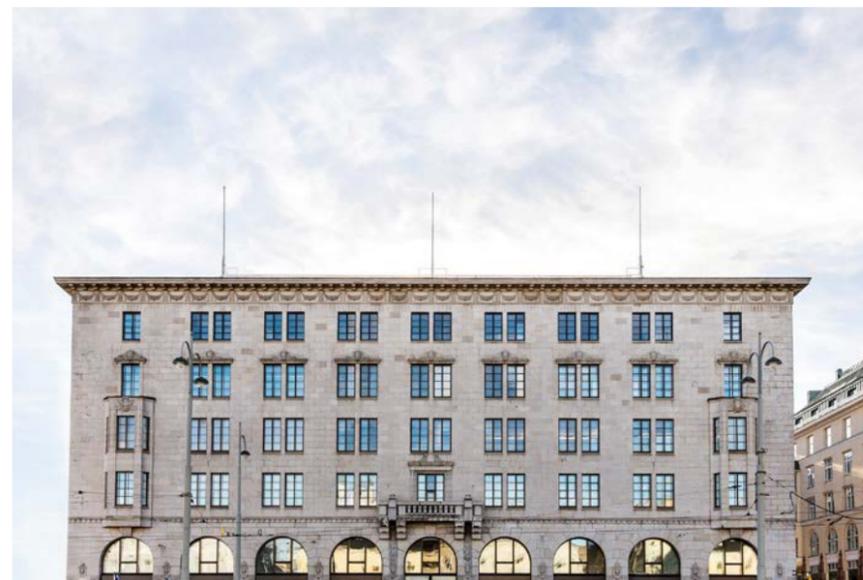
BORENIUS

SUSTAINABLE LAW FIRM

And so we arrive in the far north. Borenius is one of the leading law firms in Finland and employs around 200 people at its office in Helsinki. For managing partner Casper Herler, the IT infrastructure must be both state-of-the-art and sustainable: “We are a member of the World Wide Fund For Nature’s Green Office Network and are committed to conserving resources.”

A good reason for Borenius to switch to CHG-MERIDIAN. “The fact that carbonZERO offers carbon-neutral leasing of IT equipment ties in perfectly with our values,” Herler adds. The end-to-end lifecycle management provided by CHG-MERIDIAN is exactly what Borenius expects during each phase, from initial advice on sustainable procurement all the way to remarketing. “Thanks to this partnership, we have taken a decisive step towards conserving resources and protecting the environment.”

The erasure of – often sensitive – data is part of refurbishment, and is a process that makes the remarketing of assets possible in the first place. For Herler, it is essential that CHG-MERIDIAN’s eraSURE® product meets the highest security requirements at all times.



→ Borenius employs around 200 people at its law firm in Helsinki

carbonZERO

- Our product for carbon-neutral leasing of IT equipment
- Offsetting of all CO₂ generated during manufacture, transportation, and use and post-use phases
- Offset payments go toward certified climate protection projects
- Marginal increase in the lease instalment



A QUESTION FOR ...

... Account Manager Claus-Peter Wien of CHG-MERIDIAN

You have already delivered many school projects. What are the most important aspects?

Our focus is very much on customized solutions that take account of the schools’ different requirements and deliver exactly what each school needs. One factor that gives us a real edge is our independence from individual manufacturers or banks, which allows us to always tailor the usage model to each school’s needs and capabilities – as here in the district of Cloppenburg. This saves the schools time and money.

... Stefanie Zumbrägel of the education and culture office of the district of Cloppenburg

The joint project in Cloppenburg is scheduled to be completed in 2024. What’s the current state of progress, and what impact has the COVID-19 pandemic had?

The majority of schools in the district have access to interactive displays, laptops, tablets, and almost 800 desks with PCs. Thanks to the support from CHG-MERIDIAN, the era of the blackboard has finally come to an end. More than 11,000 schoolchildren and 880 teachers are enjoying the benefits, and the next step is to replace older equipment. The overall investment will reach more than €16 million. The COVID-19 pandemic has definitely accelerated the implementation, because it urgently highlighted the need for very good infrastructure. Remote learning and home schooling have become the order of the day. But putting excellent infrastructure in place is only one part of the equation. The crucial question is what educational concepts can be delivered with it.

DISTRICT OF CLOPPENBURG

DIGITAL INITIATIVE AT SCHOOLS

Back in Germany, our brief journey ends in Lower Saxony, where the district of Cloppenburg is getting its schools ready for the digital age. With the support of CHG-MERIDIAN, Cloppenburg is breaking new ground. “We have a good education system in Germany, but we are lagging behind in our digital transformation,” says Roland Dathe, head of the D21 Digital Index study. Every year, this social study provides a comprehensive overview of digitalization in Germany. CHG-MERIDIAN has a long-standing partnership with the study’s publisher, Initiative D21.

ECONOMY & FINANCE

Cost-efficiency and resource-efficiency are not the only benefits of our sustainable business model. It has also proven to be very robust in times of crisis.

€7.8
billion

Total value of the technology portfolio financed and managed on December 31, 2021

STABILITY IS AN IMPORTANT FACTOR

CHG-MERIDIAN proved its reliability in the first and second year of the pandemic, with the technology portfolio managed by us growing to €7.8 billion in 2021 (2020: €7.5 billion). The Group's net income also reached a new high of €113 million (2020: €87 million).

This very positive overall business performance is the result of our extensive portfolio and growing demand for sustainable solutions for technology projects. >

New customer business remains a challenge. The impact of the pandemic is particularly noticeable here. Uncertainty in the markets, supply bottlenecks, and significantly reduced planning certainty have caused the volume of lease originations to drop 2 percent to €1.727 billion (2020: €1.758 billion). "Our task is to reverse this trend so that we can fulfil our ambitions. Profitable growth is a key strategic aspect at CHG-MERIDIAN," says Dr. Mathias Wagner, Chairman of the Board of Management.

To develop our portfolio in this direction, we take options such as external idea factories and start-ups into consideration.

This type of development will enable our portfolio to continue to grow, giving us the flexibility we need to quickly and easily respond to changing customer requirements. We will also increasingly offer sustainable financing options so that we can remain an attractive partner for customers and funding partners alike (p. 22).

"Our sustainable and resilient business model offers stability even in uncertain times," says Wagner. "We give companies the certainty they need for their planning. After all, investment in digitalization and sustainability can be postponed only for so long when it comes to keeping pace with the shift in the economy."

GRI 102-5, 102-7, 201-1

THE CHG-MERIDIAN GROUP IN NUMBERS: 2021

Net income

+30 %
€113 million

Key financial performance indicators (€ thousand)

	2021	2020	
Equity (IFRS)	684,272	584,556	+17%
Group's total assets (IFRS)	4,066,406	3,618,948	+12%
Net income (IFRS)	113,133	87,017	+30%
Non-recourse funding	1,228,756	1,171,036	+5%
Corporate lending	387,531	337,063	+15%

Volume of lease originations by region



- Germany 43.37%
- Western Europe 16.52%
- Americas 16.21%
- Southern Europe 10.67%
- North-Eastern Europe 7.97%
- Australia/New Zealand 5.26%

Economic value directly created and distributed (€ thousand)

	2021	2020
Economic value generated	1,449,095	1,213,396
Earnings	1,449,095	1,213,396
Economic value paid out	-1,336,243	-1,126,454
Operating expenses	-1,136,053	-936,230
Staff expenses	-131,671	-128,228
Expenses for lenders	-30,173	-26,269
Tax expenses	-38,346	-35,727
Economic value deducted	112,852	86,942

Volume of lease originations broken down by technology sector



Profit from ordinary activities

€151 million

Shareholders

as at December 21, 2021

The majority of its shares, around 63 percent, are owned by the family of its founder. Around 25 percent are held by the family of the chairman of the Supervisory Board, while the remaining 12 percent are held by the Board of Management, senior executives, and other shareholders.

SUSTAINABLE FINANCE



Investors and society as a whole benefit from sustainable investment models. Green bonds and ESG-linked loans can help the economy to find answers to climate change. In this booming multi-trillion market, our many decades' experience of working with a sustainable business model gives us a competitive edge. Our success shows that sustainability is not an ideology that requires people to go without. Instead, it is an opportunity for growth.

by Ulrich Bergmann, Member of the Board of Management and CFO at CHG-MERIDIAN

AN EXPERIENCED FINANCIAL EXPERT

Ulrich Bergmann has been the CFO of CHG-MERIDIAN since 2020. Prior to this, he worked at management consultancy KPMG for almost 20 years, the final eight of these as a partner. During this time, he audited and certified the first green bonds on behalf of banks. Sustainable finance has been close to his heart ever since.

Making money and caring for the environment are not mutually exclusive. On the contrary, these are two opposites that attract each other and depend on each other, and they are driving social and economic change. It is an economic chain reaction. The transition to a more sustainable economy waits for no one and you are either part of the solution or part of the problem. In other words, companies that are not doing their bit are likely to face critical questions from their customers first of all, and later encounter difficulties in raising capital. This is exactly where the much-discussed idea of sustainable finance comes into play. It offers a real opportunity to change the world of finance, and the world in general, by abandoning long-established, but now outmoded, economic mechanisms.

ECO-SOCIAL MARKET ECONOMY

The capital market is entering a new age. We are on the cusp of a new era of corporate finance, from which the whole of society is set to benefit. Investors' capital, for example, will play a part in achieving the climate targets set by policymakers. This is the eco-friendly version of a social market economy.

It is the famous 'invisible hand', as described by economist and philosopher Adam Smith in the 18th century, that ensures a coherent system. To the benefit of all. In late summer, news magazine DER SPIEGEL reported that German investors already place half of their money in sustainable funds, and that green investments accounted for an impressive €360 billion in the first half of 2021. That is an increase of €240 billion in just a year. What was once quite niche is rapidly evolving into a lucrative mainstream market. The total value of sustainable investment products worldwide was US\$3.2 trillion in 2020, a rise of over 80 percent compared to 2019. What is remarkable is that we Europeans dominate this market with a share of almost 90 percent.

BANKS MUST SHOW RESPONSIBILITY

Banks have a key role to play in this transition, and should do so by taking a balanced approach. While they should encourage and reward sustainability, they should not deny companies access to money.

The current boom started just over eight years ago with green bonds. At that time, the Paris Agreement had yet to be signed and children did not take to the streets on Fridays to protest against the lack of climate action. Since then, sustainability has become an important factor in the war for talent, with many companies appointing sustainability officers to develop their new strategy. We have witnessed the emergence of an entirely new mindset, and how the market is now ready for profit with purpose.

DEMAND IS OUTSTRIPPING SUPPLY

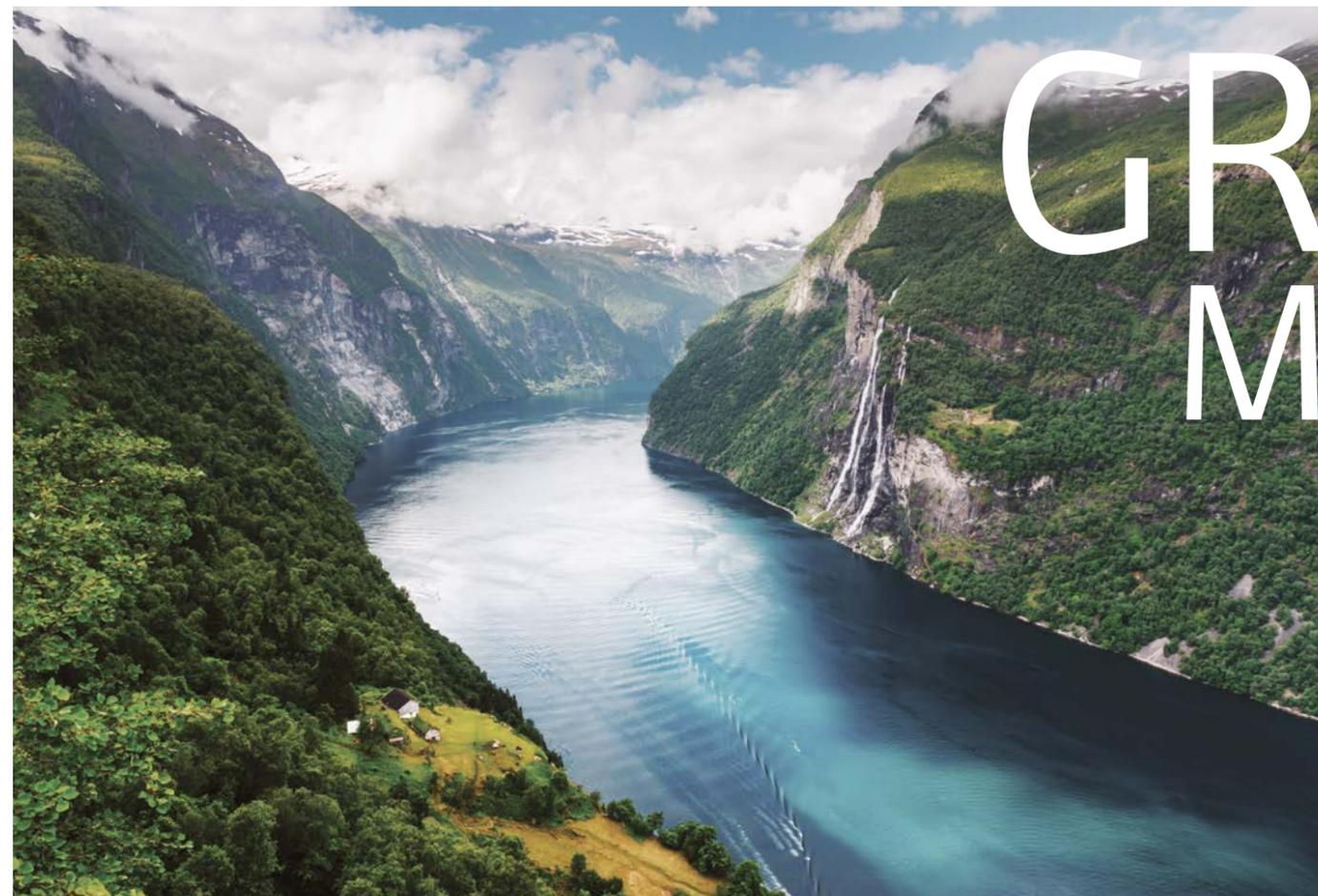
Demand for sustainable finance products now outstrips supply, with funds often oversubscribed several times over. One of the reasons behind this immense pressure is the fact that, thanks to low interest rates worldwide, there is a lot of money looking to be invested. This boom is proof that the economy is one of the drivers of a global change, but most of all it underlines that the market is quite capable of organizing itself as it can react creatively to the opportunities presented by a new mindset. Too much regulation would put the brakes on the economy and therefore on progress.

The European Union's Green Deal has created the legal framework for an economic change process that is steadily picking up speed. Syndicated loans and ESG-linked loans provide affordable funding for progressive companies and they enable fundamental research to be carried out, for example in the area of green transport, or help businesses to switch to sustainable strategies. Companies that commit to and adhere to carbon targets will be rewarded with low-interest loans, while everyone else will struggle to attract funding.



Our target is to source half of all funding through sustainable finance.

Ulrich Bergmann – Member of the Board of Management and CFO at CHG-MERIDIAN



GREEN MONEY

The first **green bonds** were issued by the World Bank in 2007, but they have since become hugely popular in the private sector too. Generally offering a fixed interest rate, these bonds are usually tied to a specific environmental purpose and require full transparency from the issuer. They are often used to fund the development of innovative technologies.

ESG-linked loans, on the other hand, are not tied to a specific purpose; their interest rate is based on how environmentally and socially responsibly the borrower manages its business and on responsible corporate governance. If a company misses its sustainability targets, the interest rate may increase.



INVESTMENTS

€360
billion

poured into green investments in Germany in the first half of 2021 according to a report by news magazine Der Spiegel. Data from the United Nations shows that the global figure was around US\$3.2 trillion in 2020.

OUR TARGET IS TO SOURCE HALF OF ALL FUNDING THROUGH SUSTAINABLE FINANCE

In Germany, CHG-MERIDIAN is one of the early adopters in the capital market. We have negotiated a syndicated loan of €50 million with our long-standing, innovative partner Helaba Landesbank Hessen-Thüringen, with an interest rate based on our EcoVadis rating. For us, this innovative deal is a blueprint. It is a first step, so to speak, with many more to follow, as we aim to make sustainable finance an integral element of our funding strategy. Our objective is to source half of our funding based on this principle.

Sustainable finance fills precisely the gap that needed to be filled as part of our commitment to sustainability. Products such as carbonZERO help

our customers to make their technology investments efficient and carbon-neutral. We also take a critical look at ourselves, of course, which allows us to meet the changing demands of customers who have ever-greater expectations with regard to their partners' sustainability. This includes analyzing our own carbon footprint, both in Germany and internationally, and developing strategies to avoid, reduce, or offset our emissions. Going forward, we will measure greenhouse gas emissions per employee, and we aim to reduce these by 25 percent by 2025. In this context, sustainability provides our social license to operate and is also a business enabler.

SUSTAINABILITY DOES NOT MEAN GOING WITHOUT; IT IS A DRIVER OF GROWTH

Ever since the Company was founded, our business model has been based on the idea of access over ownership and the principle of the circular economy. The sharing economy and the circular economy are now essential pillars of sustainable finance and are set to shape business for years to come. Which is why we are optimistic about the future, as our more than 40 years of experience give us a crucial competitive edge in this booming market. It is only natural for us to develop and implement sustainable funding strategies. And not just that, we can also combine them with defined sustainability goals. Our own history is proof that acting responsibly is no obstacle to making a healthy profit. Sustainability does not mean going without; it is a driver of growth.

ecovadis

WHY ECOVADIS RATING?

The more popular green investment becomes, the more difficult it is to gauge the importance of ratings, certificates, and rankings. CHG-MERIDIAN has its corporate social responsibility performance assessed by EcoVadis, a respected provider in this area.

Founded in 2007, the EcoVadis platform evaluates more than 85,000 companies in over 160 countries, and analyses supply chains using a globally standardized method based on 21 social, environmental, and ethical criteria. These include resource management, climate-related emissions, fair business practices, and the upholding of labor rights and human rights.

CHG-MERIDIAN has been awarded a silver medal, which puts it in the top 25 percent of all companies assessed. The highest award is platinum, which represents a goal that we strive to achieve (see also page 69).

STRATEGY & GOVERNANCE

OUR SUSTAINABILITY STRATEGY

GRI 102-18
SUSTAINABILITY IN OUR ORGANIZATIONAL STRUCTURE

To promote sustainability throughout our company and embed it effectively, we created a sustainability governance structure that includes the role of Group Sustainability Officer (GSO), a Group Sustainability Board, and a Group Sustainability Office. The GSO is responsible for all sustainability-related topics and heads up the Sustainability Office, which manages key sustainability activities at CHG-MERIDIAN in the following four areas:

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

As well as the GSO, each area has a Sustainability Leader. The Sustainability Office and the Board of Management together form the Group Sustainability Board. It convenes every quarter and acts as a central steering committee to ensure that our sustainability strategy is implemented across all of the Group's functions.

We aim to extend sustainability reporting across the CHG-MERIDIAN Group by 2023 and have it externally audited. This report, covering the German-speaking countries and externally audited, represents a further milestone on the way to this goal.



CHG-MERIDIAN approaches sustainability with a holistic, interdisciplinary strategy. We have defined clear responsibilities and targets in four action areas with which we, together with our stakeholders, aim to drive sustainability across the Group.

A COMPLETE, INTERDISCIPLINARY STRATEGY

CHG-MERIDIAN has developed a sustainability strategy, partly based on the UN's sustainable development goals, which was approved by the Group Sustainability Board. This interdisciplinary strategy is aligned with the goals of the corporate strategy and linked to the strategies of the subordinate Group functions. Each function and employee implements the sustainability strategy through suitable operational measures, ensuring that these are compatible with the existing functional and corporate strategies.

This is how we ensure that sustainability is completely and permanently integrated across the CHG-MERIDIAN Group and that it is the main principle that drives our actions. We have set ourselves specific goals for our four action areas up to 2025 (see table 'Our sustainability goals') and have already partially achieved them. The material topics identified by CHG-MERIDIAN guided the selection and definition of targets (see 'Identifying material sustainability topics'). A detailed description of our measures and targets can be found in the chapters 'Business Ethics & Compliance', 'Circular Economy & Climate Action', 'Partnership & Supply Chain', and 'Collaboration & Dialogue' in this report.

OUR SUSTAINABILITY GOALS					
Area	Goal	Time frame	Scope	Status (2021)	Corresponding SDG target
Labor rights and human rights	Increase the proportion of women in management positions to 30%	2025	Group	Ongoing (23.1%)	SDG 5.5
Business ethics	Ongoing development of information security management to achieve ISO 27001 certification readiness	2022	Germany, Austria, Switzerland	Achieved	SDG 16.4
	Comprehensive training on our shared values (e.g. code of conduct) for all current and new employees	2022	Group	Ongoing	SDG 16.5
Environment	Carbon-neutrality (company emissions)	2021	Group	Achieved	SDG 13.2
	Reduction in direct and indirect CO ₂ emissions (scope 1, 2, and partly 3) per employee by 25% compared to the base year 2020*	2025	Group	New	SDG 13.2
Sustainable procurement	Supplier assessment and procurement standards to cover own requirements and customer requirements resulting from lease obligations	2024	Group	Ongoing	SDG 8.8 and SDG 12.2

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

GRI 102-46

IDENTIFYING KEY SUSTAINABILITY TOPICS

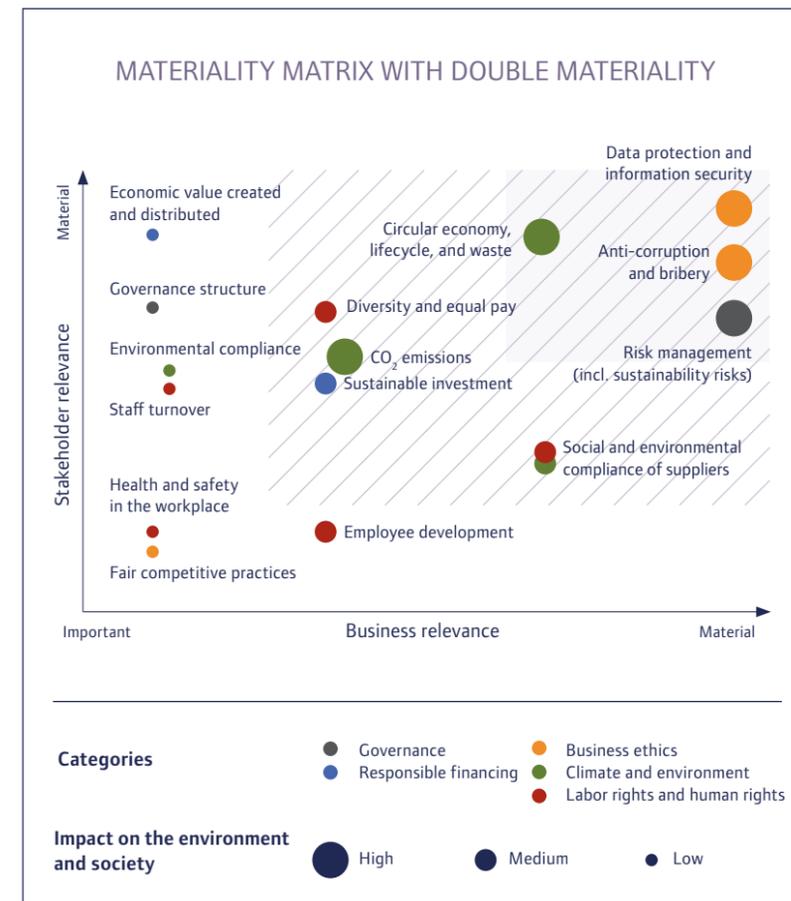
Using the specifications set out by international frameworks such as the GRI standards, we have determined the key sustainability indicators for the CHG-MERIDIAN Group and incorporated them into the development of our overarching sustainability strategy. These were then evaluated from three perspectives in a materiality assessment:

1. Relevance to our stakeholders
2. Relevance to our business
3. Impact on the environment and society

The indicators assessed were divided into three materiality levels and are presented in the materiality matrix below. This report is based on the principles of reporting defined by the GRI standards for report content – stakeholder engagement, sustainability context, materiality, and completeness – as described in the materiality assessment.

We have taken relevant stakeholders into account in order to identify the topics that are material to us as a company and that we can use to measure our impact on the environment and society. The stakeholders have been identified

using the AA1000 Stakeholder Engagement Standard. The various perspectives of the stakeholders concerned play an important role, as does their influence on our activities and the success of our business. To understand their expectations with regard to our sustainability activities, we conducted a qualitative assessment based on recent studies and interviews with experts. The findings form the basis of our material topics, which we have aligned with the GRI standards. We also consider where the impact of a material topic occurs, i.e. primarily within our organization or in connection with our value creation.



Based on the materiality assessment, we have created the overarching categories of governance, responsible financing, business ethics, climate and environment, and labor rights and human rights. From these, we have derived four action areas and established our Sustainability Office as a result.

REPORTING MATERIAL TOPICS

Material topics as defined by the GRI standards include governance structure, risk management, economic value created and distributed, anti-corruption and bribery, data protection and information security, circular economy, lifecycle management and waste, CO₂ emissions, diversity, and equal pay.

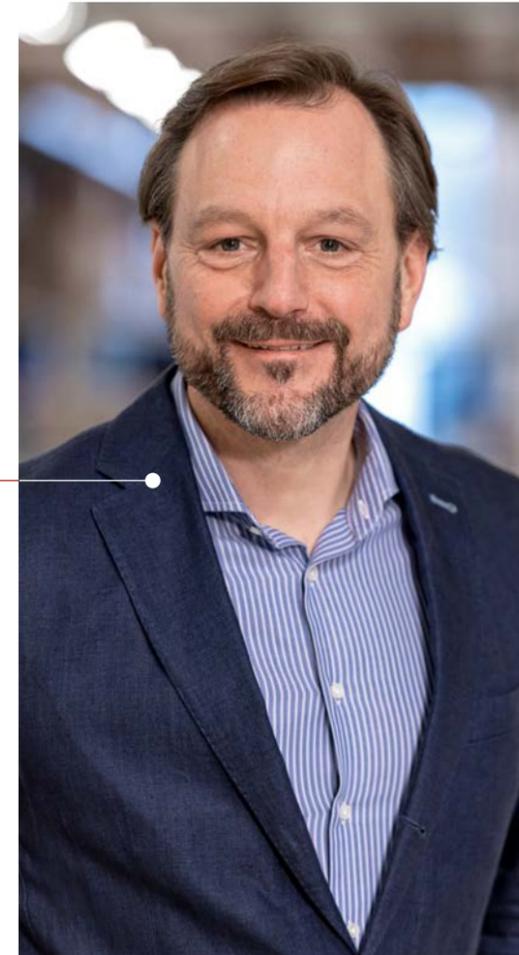
We also voluntarily report on other topics, including anti-competitive behavior, environmental compliance, employment, occupational health and safety, training and development, and supplier assessment based on environmental and social criteria.

In accordance with the GRI standards, we consider our impact on the environment and on society from two perspectives for the topics identified as material and those voluntarily reported: a) impact within the organisation, and b) impact outside the organization in the upstream and downstream value chain.



In 2020, we laid the foundations with our sustainability strategy. Since then, we have steadily expanded our activities in 2021 with carbonZERO and our first ESG-linked funding.

Matthias Steybe – Group Sustainability Officer at CHG-MERIDIAN



Our employees are important internal stakeholders, which is why we keep them informed about sustainability topics at national and international level via our HR departments, our corporate communications, and the works council at the technology center in Gross-Gerau. We also provide a number of platforms on which they can share relevant information. We also consider the general public to be a stakeholder, and enter into dialogue with non-governmental organisations (NGOs) on an ad hoc basis. And we want to be a good neighbor in the communities in which we are established.

We actively include their interests in our actions via our existing dialogue formats and plan to expand these formats in the future. As a matter of principle, we treat any relevant matters raised by stakeholders as confidential. We use the EcoVadis sustainability rating platform to continuously improve our own performance in the area of sustainability. In 2021, CHG-MERIDIAN was awarded a silver medal in the EcoVadis ratings, putting the Group in the top 25 percent of all companies assessed. We continually strive to improve our rating.

DIALOGUE WITH OUR STAKEHOLDERS

From satisfied customers and employees, to transparency vis-à-vis the general public and auditing bodies, through to reliable supplier and partner relationships, we believe that taking the interests of our various stakeholder groups into account is crucial to our success. In the course of the materiality analysis, we identified relevant stakeholder groups and their concerns based on the AA1000 Stakeholder Engagement Standard, and incorporated them in our sustainability strategy. 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. We are also planning to regularly review with all Sustainability Leaders any matters brought to CHG-MERIDIAN’s attention by stakeholders. Our particular focus will be on business partners, customers, shareholders, and funding partners with whom we are in regular contact. For example, our European Funding Partner Conference (EFPC) and Funding Partner Conference (FPK) take place every year. In 2021, we held our first digital #CHGsummit2021 as a special format (see box on the left). As a finance and technology service provider, we also maintain a dialogue with public bodies, such as the Federal Financial Supervisory Authority (BaFin) and similar institutions in the countries in which we operate.

#CHGSUMMIT2021

On June 23, 2021, we launched our #CHGsummit2021, held under the banner ‘#SpeedUp! Successful with sustainable IT strategies’. More than 300 participants from 14 countries attended the digital event across two live streams, which addressed German and international stakeholders, sector experts, customers, and media representatives. In addition to a live tour of the technology center in Gross-Gerau, the event provided a platform for expert presentations on topics such as digitalization and the circular economy, and featured panel discussions and networking sessions.

Stakeholder groups	Dialogue format
Shareholders	Annual General Meeting, closed meetings, Supervisory Board meetings
Funding partners	European Funding Partner Conference (EFPC), Funding Partner Conference (FPK), annual report
Customers	Key account management, annual report, events, external communications, sustainability rankings
Suppliers and partners	Supplier surveys, annual report, external communications, sustainability rankings
Employees and works council	Ongoing internal communication and dialogue
Public institutions	Audits and audit reports, annual report, supervisory consultations, and compliance with statutory notification and reporting obligations
General public and NGOs	Annual report, external communications, events, and ad hoc dialogue

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.

INITIATIVES AND MEMBERSHIPS

GERMANY

- Bundesverband der Personalmanager e.V. (BPM) (German Association of HR Managers)
- Bundesverband Deutscher Leasing-Unternehmen (BDL) (Federation of German Leasing Companies)
- Bundesverband Nachhaltige Wirtschaft e.V. (BNW) (German Sustainable Economy Federation)
- Charta der Vielfalt e.V. (Diversity Charter)
- Initiative D21
- Stiftung Allianz für Entwicklung und Klima (Development and Climate Alliance)
- Wirtschaftsinitiative Nachhaltigkeit (WIN) (Sustainability Initiative)
- 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)

INTERNATIONAL

- Febelfin ASBL (Belgium)
- UN Global Compact (worldwide)

This is an extract of relevant memberships with a direct link to sustainability.

CHG-MERIDIAN

We are playing our part in achieving the UN's sustainable development goals (SDGs) and consider them a key factor in future business success.

THE UNITED NATION'S SUSTAINABLE DEVELOPMENT GOALS

The sustainable development goals (SDGs) are the centerpiece of the United Nation's Agenda 2030, 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.

OUR CONTRIBUTIONS TO SUSTAINABLE DEVELOPMENT

CHG-MERIDIAN wants to be part of the solution to overcoming the challenges of our time. We want to actively shape the path toward sustainable development.

As part of an analysis, we evaluated the 17 goals of the 2030 Agenda, their 169 targets, and the underlying 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.

... AND UN AGENDA 2030



BUSINESS ETHICS & COMPLIANCE

Our objective: efficient technology management with strong information security, fair and ethical business practices, and compliance with environmental and social standards.



INTEGRITY AND HIGH STANDARDS

GRI 102-11, 102-16

OUR VALUES AND GUIDELINES

At CHG-MERIDIAN, we assess the impact of our business to ensure that we develop sustainably. We pay particular attention to the environment, sustainable procurement, human rights and labor rights, and business ethics, including data protection, information security, and anti-corruption measures. CHG-MERIDIAN addresses and documents sustainability risks, as defined by the internationally recognized ESG risks, in accordance with the recommendations of BaFin. We have included environmental risks as a new non-material entry in our most recent risk assessment, and now consider sustainability risks as interdisciplinary risks covered by existing risk types.

As a financial services provider, the CHG-MERIDIAN AG and the CHG-MERIDIAN Industrial Solutions GmbH are subject to the rules of the German Federal Financial Supervisory Authority (BaFin) and of Deutsche Bundesbank and 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).

Since 2012, we have set out our values and guidelines for our customers, employees, suppliers, and partners in our code of conduct. We reviewed and updated it in 2021, and made additions in the areas of equal opportunities and equal treatment, worker's rights and freedom of association, and procurement and outsourcing. These changes were based on the principles of the International Labour Organization (ILO), the UN Global Compact, and the Diversity Charter, of which we are signatories.

Diversity and equal opportunities, business integrity and compliance with the law, sustainability, and security are key factors for us. We also comply with and promote the latest standards for the protection of human rights and the rights of children.

GRI 205-2, 206-1, 403-5, 419-1

COMPLIANCE REPORTING SYSTEM AND COMPLIANCE TRAINING FOR EMPLOYEES

We have set up a multilevel reporting system for suspected corruption or anti-competitive behavior. 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.

There were no confirmed cases of anti-competitive behavior during the reporting period (2020: no cases). Equally, there were no proceedings pending against CHG-MERIDIAN for confirmed violations of laws in the social and economic spheres (2020: no cases).



Training	Information	Completed tests** in 2021 and average test score/undertaking	Completed tests in 2020
Code of conduct training	Mandatory for all new employees. Has to be repeated every three years. Made mandatory for all global employees in 2020.	162 of 162 (100%) 100% undertaking	1,173 of 1,173 (100%)
Executive compliance	Mandatory for all new management staff worldwide.	6 of 6 (100%) 100% undertaking	9 of 9 (100%)
Anti-Money Laundering Act (GwG)	Mandatory in Germany.	89 of 89 (100%) Average test score: 93% (89 employees)	101 of 101 (100%)
Money Laundering Act refresher	Mandatory in Germany. Refresher every three years.	696 of 696 (100%) Average test score: 95% (696 employees)	n/a
Information security	Mandatory for all new employees worldwide.	162 of 162 (100%) Average test score: 90% (162 employees)	170 of 170 (100%)
Information security refresher ***	Mandatory worldwide, refresher every three years.	1,039 of 1,039 (100%) Average test score: 92% (1,039 employees)	n/a
Data protection	Mandatory for all new employees worldwide. Has to be repeated every three years.	162 of 162 (100%) Average test score: 90% (162 employees)	170 of 170 (100%)
Occupational health and safety and crisis management	Mandatory in Germany, Austria, and Switzerland. Has to be repeated every year, and scheduled whenever changes or updates are made.	601 of 623 (96%)	n/a
Environmental management	Mandatory in Germany, Austria, and Switzerland. Has to be repeated every year, and scheduled whenever changes or updates are made.	705 of 712 (99%) Average test score: 94% (705 employees)	n/a

* New employees includes new hires, people returning from parental leave, rehires, and external parties with access to the system.

** Number of employees joining the Company and 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.

GRI 102-17, 102-30

ANTI-CORRUPTION AND INTEGRITY

CHG-MERIDIAN adopts rigorous measures to combat attempted bribery and corruption, regardless of whether they involve our business partners or our own employees.

To facilitate this, we implemented a compliance management system (CMS) and created the role of Compliance Officer (CO) and an official deputy in 2013. Besides training and measures to raise awareness, the Compliance Officer is also responsible for carrying out a compliance risk analysis and the ongoing development of the CMS. The Compliance Officer heads up the semi-annual compliance committee meeting, in which the Chief Executive Officer (CEO), the Chief Regulatory Officer (CRO), and the Head of Legal take part. Its findings 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 mitigate the risks of bribery and corruption. The CMS is regularly checked through internal and external audits.

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. In some cases, we also expect them to carry out a self-assessment and to comply with our code of conduct. This procedure has been established for collaborations with our suppliers and specific business partners. We aim to expand adherence to our code of conduct as part of the standard process for all of our business partners.

We monitor any legislative changes, incidents, and specific measures, and inform the relevant stakeholders via our website or other appropriate media.

GRI 418-1

DATA PROTECTION AND INFORMATION SECURITY

Our success as a technology management and financing company depends to a large extent on efficient and secure IT applications and systems for our customers and partners and for our own IT infrastructure.

We have taken a range of measures to ensure comprehensive information security:

- Adoption of the EU General Data Protection Regulation (GDPR) as the global data protection standard for the CHG-MERIDIAN Group
- Creation of a global data protection management system aligned with international standards (ISO 27701)
- Management of information security risks and continuous process optimization in accordance with the legal requirements as a regulated financial services provider (BAIT and MaRisk)
- Creation of a regulatory affairs strategy defining the principles of data protection and information security for the entire CHG-MERIDIAN Group
- Creation of an IT compliance team in addition to the Information Security Officer
- ISO 27001 certification of all of our sites in Germany, Austria, and Switzerland, and of TESMA® and the eraSURE® data erasure process used in the refurbishment of lease returns, including BSI basic protection certificate of conformity according to B1.15 (deleting and destroying data)
- Regular internal audits and independent, third-party penetration tests

Our employees and business partners can report data protection and information security violations via the above-mentioned channels.

In 2021, a total of seven security incidents relating to data protection (2020: eight) and 359 incidents relating to information security (2020: 118) were recorded across the Group. These were analyzed and the appropriate action was taken. No disclosable incidents were recorded (2020: none).

CIRCULAR ECONOMY & CLIMATE PROTECTION

Extending the lifecycle of equipment through refurbishment and reuse is part of CHG-MERIDIAN's core business. By helping to conserve resources and mitigate climate change, we become part of the circular economy. We are continually striving to make our environmental management more professional, most recently by obtaining ISO 14001 certification for all of our sites in Germany, Austria, and Switzerland, which involved the implementation of a comprehensive environmental management system.

USING RESOURCES AND MATERIALS EFFICIENTLY

MOVING TOWARD A CIRCULAR ECONOMY

At CHG-MERIDIAN, we take our environmental responsibilities and the conservation of resources seriously. For us, the circular economy is a game-changing model for the responsible use of resources. Not only do our products help to conserve resources, we as a company are committed to the efficient use of raw materials. Our business model is based on the reuse of devices and therefore on the reduction of electronic waste and CO₂ emissions.

GRI 102-48, 301-3, 306-1, 306-2, 306-3 REFURBISHMENT AND REUSE

CHG-MERIDIAN receives equipment back from customers at the end of the lease and, where possible, refurbishes and remarkets it to give it a second life. This ensures that resources are used effectively, and that precious and scarce materials contained in the assets can be reused in line with the principles of the circular economy. We use the latest technologies and management systems to consistently optimize refurbishment, and work continuously to further improve our waste management.

Obtaining our ISO 14001 certification for all sites in Germany, Austria, and Switzerland in 2021 was a major milestone in this respect. For us, it means embedding professional environmental management in our company on the basis of an internationally recognized set of standards with clear responsibilities. Our environmental team, which reports to the Board of Management, is responsible for implementation and refinement. Employees can access information about environmental management on our intranet. The environmental team,

840,000
assets around the world were given a second life



96%
of lease returns
were remarketed

environmental officers, and employees have also received specific training, with further courses in the pipeline. The training and procedures are designed to encourage proactive thinking and behavior with regard to environmental protection and energy efficiency, and we are planning to extend professional, ISO 14001-certified environmental management to other sites.

We have produced an environmental guideline to facilitate the roll-out. It is based on our sustainability strategy and therefore part of sustainability management at Group level. The overall objective of the environmental guideline is to help the company to avoid infringing environmental law, to improve the environmental performance of all activities, products, and services, and to reduce or avoid emissions. The Environmental Sustainability Leader is responsible for implementing the environmental guideline across the Group.

In collaboration with our global network of certified partners, 96 percent (2020: 95 percent) of IT lease returns were professionally refurbished and sold on the secondary market in 2021. This enabled us to remarket 840,000 assets (2020: 855,000) in total in 2021*.

*Based on an internal survey

Our goal is to further increase our efforts with regard to the circular economy. How many assets we will be able to refurbish and prepare for a second lifecycle will depend on the lease returns that come in and, in particular, on their condition. As we only have limited influence on how many IT assets might be suitable for refurbishment, we are focusing on low-carbon and sustainable refurbishment. Our objective is to maintain a realistic remarketing rate of 95.5 percent.

HANDLING NON-REPAIRABLE AND DATA-SENSITIVE LEASE RETURNS

The remaining 4 percent (2020: 5 percent) of lease returns were assets that could only be sold on for spare parts, were beyond repair and therefore no longer usable, or were devices with highly sensitive data that had to be destroyed. The bulk of these are small and large IT devices as defined under no. 160214 of the European Waste Catalogue, as well as monitors, data storage media, and electric cables.

After careful pre-sorting, the assets are recycled by certified waste disposal partners of our technology center in Gross-Gerau 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 Electrical and Electronic Equipment Act (ElektroG) for receiving decommissioned devices.

Of the 422 tonnes (2020: 477 tonnes) of decommissioned assets that our certified waste disposal partner received from our technology center in Gross-Gerau, 74 percent (2020: 81 percent) were recycled, 22 percent (2020: 16 percent) used for energy generation, and 4 percent (2020: 3 percent) stored or rendered harmless in the most environmentally friendly way possible. As a result, 74 percent (2020: 81 percent) of the materials from old equipment is now being used in new products. Materials such as copper, gold, silver, and aluminum are separated using the latest technological standards and reused wherever possible.

DISPOSING OF AND RECYCLING OTHER WASTE

Our disposal guidelines, which were revised in 2020 as part of our ISO 14001 certification process, specify how we handle our own waste in production and in administration. As far as possible, waste should be separated and collected by type. The guidelines also define what to do with decommissioned IT equipment that is incorporated into our professional life-cycle management, and with problematic waste like used batteries. Employees at our technology center in Gross-Gerau receive regular training on this by the waste officer at least once a year. The guidelines aim to further reduce waste and packaging associated with the production process, and we are currently setting ourselves targets in these areas.

By 2024, for example, we want to use 20 percent less plastic packaging and replace this proportion with natural, biodegradable materials. We have also set ourselves the goal of sourcing 50 percent of our paper and wood packaging from sustainable sources, for example certified by the FSC or PEFC, by 2024. We also want to maintain our high recycling rates for packaging. By switching a variety of packing materials at the technology center in Gross-Gerau, we were able to cut out around 2,800kg of plastic in 2021.

In general, we are following the principle of reduce, reuse, recycle. Our waste disposal guidelines provide guidance in this respect and define the following waste hierarchy:

1. Avoidance
2. Refurbishment for reuse
3. Recycling
4. Other recovery, especially energy recovery
5. Disposal

DISPOSAL BY WASTE TYPE

We aim to achieve the highest recycling quality at all times, so it is important that waste is collected by type where possible. All processes are based on the Commercial Waste Ordinance and other applicable legislation. This applies to the following waste categories:

1. Paper, card, and cardboard, excluding sanitary paper
2. Glass (only where it does not impair or prevent pre-treatment)
3. Plastics
4. Biodegradable waste (only where it does not impair or prevent pre-treatment), in accordance with section 3 (7) of the Waste Management Act (KrWG)
5. Hazardous waste, including proof of disposal in accordance with the relevant requirements
6. Batteries and rechargeable batteries
7. Electrical and electronic equipment, excluding used batteries and rechargeable batteries
8. Toner and print cartridges
9. Other waste fractions

We have introduced a separation system at our headquarters and at most of our locations to minimize non-recyclable waste and ensure that waste is sorted correctly. The implementation of proper waste separation is supported by a flyer for our employees. The flyer is one of the documents covered by our ISO 14001 certification, and its contents were communicated in training sessions. As the bulk of the waste is made up of packaging for lease returns, we make an effort to use reusable packaging more than once before disposing of it.

TFT monitors and laptops, for example, are packaged in reusable boxes and single-use packing material is sorted and made available for further use. All other waste at our headquarters is separated into paper and non-recyclable waste. Paper and corrugated paper is disposed of in a compaction container. At the technology center in Gross-Gerau, we also separate and collect the following: waste for recycling, cardboard and paper, PE film, polystyrene, wood, lithium-ion batteries, and electronic waste. All data relating to our waste is recorded by our waste disposal partners on our behalf. In 2021, our headquarters and our technology center in Gross-Gerau generated a total of 570.94 tonnes (2020: 675.4 tonnes) of waste for recycling.

DISPOSAL BY WASTE TYPE IN TONNES

Headquarters

Type	2021	2020
Waste similar to household waste	4.27	5.48
Cardboard/paper	9.02	9.20

Gross-Gerau technology center

Type	2021	2020
Waste for recycling	15.48	33.46
Cardboard/paper	66.88	91.42
PE film	8.78	7.69
Polystyrene	4.35	2.41
Wood	39.07	43.52
Lithium-ion batteries	0.88	5.08
Electronics recycling	422.21	477.14

GRI 302-1, 305-1, 305-2, 305-3, 305-5, 307-1

ENVIRONMENTAL MANAGEMENT AND CLIMATE ACTION

When it comes to environmental management, CHG-MERIDIAN attaches great importance to compliance with legal requirements. Responsibility for compliance with our environmental and waste disposal guidelines at our headquarters, our technology center in Gross-Gerau, and our other locations lies with the local management team. We report on processes and events that are relevant to legal compliance and can state that no fines and no sanctions were imposed on us in 2021 (2020: none) for non-compliance with environmental protection regulations. We want to continue meeting the requirements at all locations and aim to widen our measures to ensure compliance with applicable legislation. For example, as part of the ISO 14001 certification we have commissioned an external service provider to carry out an annual compliance review at all locations in Germany, Austria, and Switzerland.

Our environmental management activities based on ISO 14001 are aimed at reducing energy consumption and therefore CO₂ emissions. Any projects that reduce energy consumption or increase energy efficiency help to reduce our corporate 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 across the Group was 28,603,347 MJ* (2020: 27,092,734 MJ*).

* not externally audited

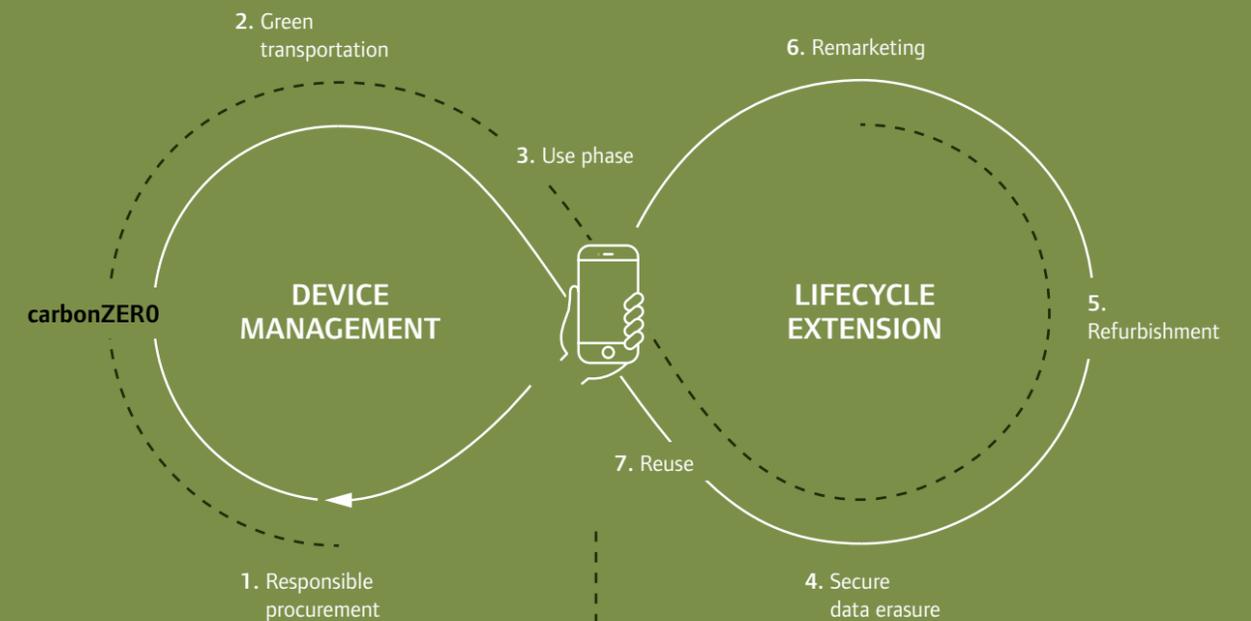
GRI 102-2, 102-9

CIRCULAR ECONOMY & LIFECYCLE EXTENSION

Taking a lifecycle thinking approach, CHG-MERIDIAN relies on refurbishment and reuse to extend asset lifecycles. As a technology management company, we assist our customers throughout the lifecycle of their assets, including needs-based procurement and green transportation. Once an asset comes to the end of its first lifecycle, we refurbish and remarket it for a second lifecycle. Old assets or those containing sensitive data are recycled and the resources they contain returned to the material cycle.

This is how our business model helps to promote the circular economy. 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. By giving these devices a second lifecycle, we support the efficient use of resources and help to close loops.

LIFECYCLE THINKING



DEVICE MANAGEMENT

- 1. Responsible procurement**
Needs-based asset procurement; CHG-MERIDIAN code of conduct for all business partners to ensure compliance with environmental and social standards
- 2. Green transportation**
Delivery of asset to the customer; shipment in reusable packaging
- 3. Use phase**
Period of use by the customer; duration of use varies

LIFECYCLE EXTENSION

- 4. Secure data erasure**
Sensitive company data is completely erased using a certified procedure (eraSURE®) after asset has been collected
- 5. Refurbishment**
Asset is checked and professionally refurbished; asset is only recycled if it cannot be repaired or the customer's level of security requires it
- 6. Remarketing**
Asset is made available on the secondary market via sales partners
- 7. Reuse**
Reuse of asset extends its lifespan

carbonZERO

CHG-MERIDIAN's carbon-neutral leasing product for IT devices, from manufacture and transportation to use and remarketing.

CARBON-NEUTRALITY AND REDUCTION OF COMPANY EMISSIONS

Based on its own calculations, the CHG-MERIDIAN Group has been carbon-neutral since 2021 by following the principle of avoiding, reducing, and offsetting emissions. In September 2020, we launched a project to record all of our CO₂ emissions with a view to initiating targeted measures. We also produced a comprehensive climate audit and climate report for 2019, 2020, and 2021 in accordance with ISO 14064 and based on the Greenhouse Gas Protocols. The calculation method was assessed by an independent auditor in the form of a readiness check. The findings show that the bulk of our corporate emissions are generated by travel and transport, which includes business travel, commuting, and our vehicle fleet. All other emissions are listed in detail for comparison of 2020 with 2021 in the 'Corporate emissions overview' table on the next page.

We have introduced a range of measures aimed at avoiding and reducing emissions, such as switching to green electricity at our sites in Germany and Austria, supporting remote working models to avoid commutes, and raising our employees' awareness of energy efficiency as part of our environmental management. Even before the COVID-19 pandemic, we had already developed a travel policy for climate-aware travel planning, which we will review as required. Our travel policy specifies that we avoid travel wherever possible and rely on telephone and video meetings instead. In general, the policy recommends using public transport for unavoidable travel.

We have set ourselves the goal of reducing our corporate emissions per employee by 25 percent by 2025 compared to 2020. CHG-MERIDIAN considers corporate emissions to include emissions directly resulting from our business activities and from our own energy consumption (scope 1 and scope 2). CHG-MERIDIAN also feels responsible for some of the indirect emissions generated in the value chain (scope 3 emissions), which is why our calculations take all emissions categories from the upstream value chain into account. As we only have limited influence on emissions in the downstream value chain (product lifecycle emissions), we do not include them in our calculations.

In a final step, all remaining emissions are offset via selected, gold-standard climate change mitigation projects. Based on CHG-MERIDIAN's own calculations, the Group's offsetting payments mean it has been carbon-neutral since 2021. To reduce the volume of emissions that will need to be offset in the future, we are forging ahead with measures to reduce the CHG-MERIDIAN Group's carbon footprint.



* Scope 3 emissions in the categories 6 (business travel) and 7 (employee commuting) relate to the base year 2019 in order to show pre-COVID-19 pandemic behavior.

OVERVIEW OF CORPORATE EMISSIONS ACROSS THE CHG-MERIDIAN GROUP IN 2020 AND 2021

The categories displayed here relate to all emissions (greenhouse gases in CO₂ equivalents) as per scope 1, 2, and 3, calculated in accordance with the Greenhouse Gas Protocol. CHG-MERIDIAN accounts for all greenhouse gas emissions and/or volumes of greenhouse gases avoided for facilities over which it has financial or operational control. In addition, the values recorded for energy consumption, commuting distances, and business travel were validated by an independent auditor as part of a readiness check. All invoices, receipts, and documents were viewed and subjected to random checks. The calculation method was also audited based on the most recent report as part of the readiness check.



Scope	Greenhouse gas emissions by category	2021		2020	
		in tCO ₂ e	in %	in tCO ₂ e	in %
1.1	Heating	356	9.8	346	9.0
1.2	Vehicle fleet	887	24.3	907	23.5
1.3	Cooling	164	4.5	11	<1
1.4	Processes/facilities	0	0	0	0
2.1	Electricity	99	2.7	212	5.5
2.2	District heating/cooling	18	<1	2	<1
2.3	Steam	0	0	0	0
3.1	Procured goods (own use)	624	17.1	638	16.5
3.2	Capital goods	329	9.0	311	8.1
3.3	Energy and fuel-related emissions	68	1.9	51	1.3
3.4	Upstream transportation and distribution	43	1.2	36	<1
3.5	Waste	7	<1	6	<1
3.6	Business travel	465	12.7	585	15.2
3.7	Employee commuting	577	15.8	737	19.1
3.8	Leased capital goods	13	<1	16	<1
3.9–3.15	Not recorded	—	—	—	—
	Total	3,650	100	3,858	100

As they were not material in 2020, the figures for some of the scope 3.1 emissions (office equipment, promotional material and literature), all scope 3.4 emissions, and all scope 3.5 emissions for 2021 were included with a 20 percent safety margin added.

* not externally audited

“A NEW OPERATING SYSTEM FOR THE ECONOMY”

Society is demanding greater sustainability, and policymakers are creating the appropriate business and regulatory environment across all levels. This puts pressure on companies to play their part in shaping the transition to a more sustainable economy. What role can the circular economy play in this? And how is the shift in customer behavior changing the market?



Matthias Steybe, Group Sustainability Officer at CHG-MERIDIAN, discusses these questions with Dr. Rüdiger Kühn, circular economy expert at the United Nations Institute for Training and Research.

Could sustainability replace health and fitness as the topic on everyone’s mind?

Steybe: Not yet, but I have noticed that CHG-MERIDIAN employees are starting to ask me, in my role as Group Sustainability Officer, whether they are allowed to use their IT equipment for longer, or to order refurbished devices instead of new ones. We are seeing the same trend with our customers. They are challenging existing usage models and are more likely to be critical of the way we have used technology up to now. The focus is no longer necessarily on status symbols; instead, it is on using technology responsibly, and this is expressed in a variety of ways.

Kühn: Overall, sustainability and related topics have been pushed right up the agenda, in both the political and the private spheres. There is a new awareness of our consumer society. We have noticed

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The IT industry is not as innovative as its reputation would suggest. Its way of thinking is still far too linear.

Dr. Rüdiger Kühn –
United Nations Institute for
Training and Research

“

If you want to fix the climate, you have to fix the economy first. The market is most likely to succeed in changing the market.

Matthias Steybe – Group Sustainability Officer at CHG-MERIDIAN

that our warnings about the vast mountain of electronic waste are finally hitting home in the public consciousness. They have certainly given pause for thought.

Steybe: This zeitgeist is defining the way we think. The automotive industry has been under close scrutiny from customers for some time regarding its environmental impact, and has reacted with products that address consumer concerns. This trend is now continuing in the IT sector. These kinds of questions are hugely important to customers today.

Kühr: IT is a little behind the curve when it comes to sustainability, despite the public perception that the industry is highly innovative. The discussion of IT's environmental impact and the launching of zero-emissions campaigns are recent developments.

Steybe: Yes, the IT sector has certainly been lagging behind. The scarcity of resources and the associated costs are now driving change. This is what the



is still plenty of room for improvement in terms of extending the life of devices, particularly when it comes to managing a second or third lifecycle.

THE CIRCULAR ECONOMY AND THE SHARING ECONOMY WILL CHANGE THE MARKET

Kühr: We attempted to conduct a study into how we might be living in 2050. Which is not that far away. But when we looked into the reports from major electronics manufacturers, not one offered any sort of vision. Either they do not have one or they are not communicating it.

Steybe: That may be because many companies still focus more on, say, their vehicle fleet or on business travel than on IT when it comes to climate action. With a few exceptions in the data center sector, for example, there has been little action in this area. Consequently, the pressure to change has been low.

So is the circular economy a form of disruptor?

Kühr: There is talk that it represents the start of the next industrial revolution. And I believe a revolution is exactly what is needed. But there is a lot of marketing spin going on. No one wants to talk about electronic waste, as the word waste has negative connotations. Talking about the circular economy, on the other hand, sounds sexy, innovative, and right on trend.

Steybe: This gives us sustainability managers plenty of food for thought. Companies essentially have to earn their social license to operate from their shareholders and other stakeholders. What's more, companies have to be able to show tangible results from their actions; given the level of public debate, statements of intent and statutory requirements are no longer sufficient. The phrase "If you want to fix the climate, you have to fix the economy first" could not be more fitting. As you can tell, I firmly believe that the market will change the market through innovative models such as the sharing economy and the circular economy. >

market demands, and it is accelerating this process. Due to a lack of chips and raw materials, the roughly 840,000 used assets we refurbished in 2021 at our technology centers and via our service partners now command a higher price than they would have two or three years ago. Demand is rising rapidly, and I think this will lead to new business models based on the circular economy. When the company was founded back in 1979, few would have predicted that we could grow so profitably as a result of the general shift away from the throwaway society.

Why has the IT industry so far been unable to apply its tremendous powers of innovation to the issue of sustainability?

Kühr: I think this is because the IT industry, much like the economy overall, still has a very linear way of thinking. The design department, for example, might not know what waste management are doing. A product's end-of-life phase and the closing of circular loops are rarely a consideration at the design stage, and that is down to a lack of internal communication. This shows that the IT industry is not as innovative as its reputation would suggest.

Steybe: We have identified a shift among our customer base toward the types of alternative model that we, as a technology management pioneer, have championed for more than 40 years. Access over ownership is an increasingly popular concept, while the sharing economy and a focus on usage models are creating a new market mechanism. But there



Mr. Kühn, where is the pressure mainly coming from to find a better balance between the economy and the environment? If, taking Mr. Steybe's quote as our cue, we want to fix these two systems?

Kühn: Mainly from society. Policymakers pick up on trends, put them on the agenda, and create the regulatory framework. But they only pick up on trends that are popular, and offer little in terms of vision themselves. Among other things, this is down to election cycles, which is why we probably shouldn't expect too much from governments. Businesses, on the other hand, must think and plan for the long term. This is where the interaction between business and society is a key driver.

Steybe: One example of successful interaction is the EU's sustainable finance initiative, part of its Green Deal. By demanding longer-term thinking in investment, policies are having a positive impact. Our syndicated loan of €50 million from Helaba Landesbank Hessen-Thüringen, for example, is linked to ESG criteria (see page 26). This shows that companies with a sustainable business model enjoy advantages in the market and can leverage these when it comes to financing.

What tools for shaping these developments are available to policymakers? And which do you consider the most suitable: bans or incentives?

Kühn: Bans won't get us very far as implementation would involve a large amount of personnel and red tape. You have to offer incentives. And find ways to ensure circularity so that electronic waste is no longer exported to Africa, for example.

Steybe: The circular economy can bring about change, but it remains to be seen whether this will be embraced by manufacturers and product designers. There have been almost no green IT products so far. The IT industry is yet to unveil its equivalent of the hydrogen car.

How can manufacturers be encouraged to design their products with the circular economy in mind?

Steybe: I think that you can leave that to the market. Competition boosts innovation. Just think of car2go. In this case, a company within the Mercedes-Benz Group questioned the primacy of buying. That was revolutionary. We are now witnessing something similar in IT. New usage models and changes in the way that users behave can influence product design—from components to longevity. Policymakers can accelerate certain processes, of course. In the same way that the Green Deal is driving sustainable finance, legislation like the one proposed to establish



THE CIRCULAR ECONOMY PROVIDES OPPORTUNITIES FOR GROWTH

The scarcer global resources become and the more obvious the consequences of climate change are, the more urgent the need to move away from a throwaway society and embrace a circular economy. The idea is to reduce waste to a minimum, to recycle materials, and to lease, share, and refurbish products and extend their useful life.

This is nothing less than another industrial revolution, driven by innovation. Its aim will be to conserve valuable resources such as rare earth elements, reduce CO₂ emissions, and provide a boost to the economy, for example by raising European GDP by half a percent and creating 700,000 additional jobs across the EU by 2030. This is how sustainability can provide growth and added value.

a common charging standard can make a substantial contribution. Nevertheless, I firmly believe that the impetus for innovation is more likely to come from businesses.

Kühn: To some extent, the rise of new business models is imposing a form of self-regulation. Going forward, companies will only be buying the service, not the device. This will lead to greater component replaceability, and no one will be able to get around that.

Steybe: We can already see that our customers are keen to manage their digital transformation without being tied to a single vendor. And that is why we manage their IT from three or even four different manufacturers. Transparency and flexibility are growing in importance. As is longer useful life, of course, because it helps to conserve valuable resources and reduce the carbon footprint.

Kühn: That brings me back to linearity. The idea of access over ownership transfers responsibility back to the providers and manufacturers. They have to take care of disposal and ensure that components can be replaced. This presents manufacturers with considerable potential for growth.

So are we not only on the cusp of another industrial revolution, but also experiencing a cultural change?

Kühn: Correct. We don't want to sacrifice our quality of life nor do without innovation and the latest technology. And there is no need to. The task is to maintain the way of life to which we are accustomed while exploring new approaches.

Steybe: I think we could even say this is another digital revolution. One that is creating a new operating system for the economy.



DR. RÜDIGER KÜHN

Rüdiger Kühn has a PhD in economics and social sciences, and is one of the world's leading experts in the circular economy. Since 1999, he has been teaching and conducting research at the United Nations University. He is currently the Director of the Sustainable Cycles Programme at the United Nations Institute for Training and Research (UNITAR).



MATTHIAS STEYBE

Matthias Steybe has been the Group Sustainability Officer at CHG-MERIDIAN since mid-2020. Together with his interdepartmental team, he is responsible for helping to shape the Group's sustainability strategy, and for defining the required action plans and implementing them internationally.



CORPORATE CITIZENSHIP

Corporate citizenship is firmly established in CHG-MERIDIAN's corporate culture. We put our corporate strategy into practice by taking responsibility in the regions in which we operate.

COMMITTED TO THE COMMON GOOD

Our responsibilities as a company do not end with producing a balance sheet. We believe it is important that we are committed to the common good and take an active role in shaping it. This is our approach to corporate citizenship.

Our activities are based on a clear definition of the areas we want to engage in and of the related objectives. The focus is on projects and initiatives in the areas of education, culture, welfare, and technology.

Our CARE initiative is a project that is particularly close to our hearts. It gives employees the opportunity to set up community projects in their region. The employees provide assistance in emergencies, contribute specific suggestions connected with their region, and put them into practice as a team. For its part, the company contributes additional funds and resources. We have delivered 40 CARE activities since 2015, but only three last year due to the pandemic.

The CHG-MERIDIAN Group also supported other community-based initiatives in 2021 through donations of €73,679 in total and 44 pieces of equipment.



Recognition for digital pioneers

The objective of the ‘digitalheroes@Klassenzimmer’ education initiative, endowed with €12,000, was to support committed teachers and promote the latest teaching methods. The search was on for groundbreaking projects that involved the use of the latest technology in classrooms across south-west Germany.

While Germany has a very good educational system, its schools are lagging behind when it comes to digitalization. The COVID-19 pandemic and its impact on schools has highlighted this issue, which was particularly evident in home schooling during lockdown.

The Mossakowski Foundation in southern Germany launched the ‘digitalheroes@Klassenzimmer’ education initiative in 2020, and CHG-MERIDIAN has provided it with project and communications support from the very start. The Zentrum für Schulqualität und Lehrerbildung (center for school quality and teacher training) Baden-Württemberg assisted the initiative in an advisory capacity. Teachers in Baden-Württemberg who are already applying innovative ideas for the use of digital teaching materials at their schools were invited to take part. A judging panel of experts selected the leading digital pioneers from the 34 entries and honored the winning projects at a virtual awards ceremony last October. But that was not the end of the initiative. Best practice, experiences, and expertise continue to be shared on a dedicated platform so that other teachers can benefit from the innovative digital projects.



As a technology company, we know how important it is to familiarize children and young people with information technology at an early age, and to introduce them to new, modern forms of learning. Much still depends on the commitment of individual teachers at the schools. Through this initiative we aim to hold them up as role models for their colleagues.

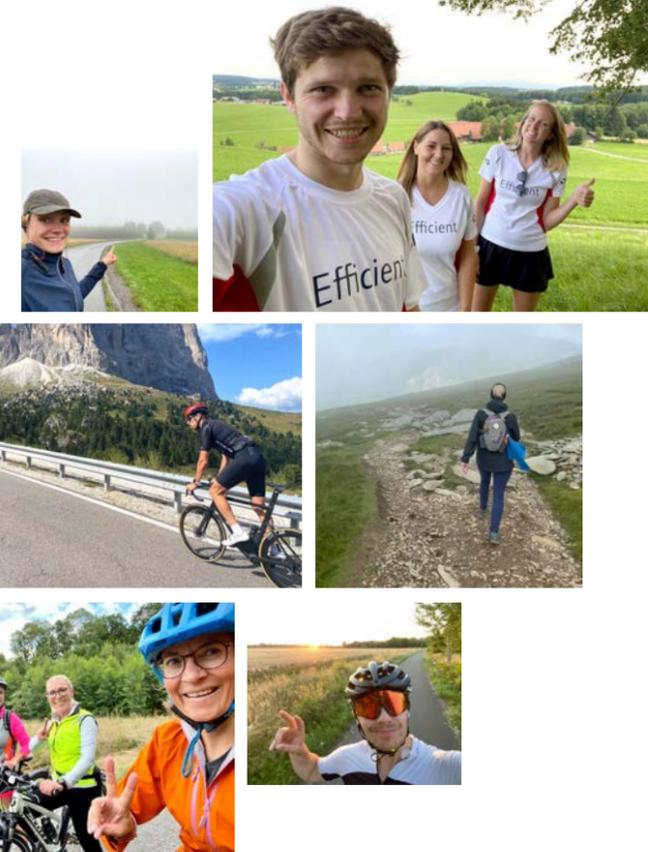
Dr. Mathias Wagner –
Chairman of the Board of Management,
CHG-MERIDIAN Group

‘One Step Further’

... was our CARE initiative’s first international project. It was born out of the desire to achieve something as a team around the world, even during the pandemic, and to foster a sense of group identity. Whether it was walked, cycled, or travelled on a paddle-board, every kilometer completed within a week was rewarded with one euro from the company.

Overall, 9,639 kilometers were covered. The figure was rounded up to €10,000 and split evenly between UNICEF and the victims of the catastrophic flooding in Germany.

The project was complemented by a program of activities from we.enjoy.health, an initiative of the CHG Academy that offers employees regular health-promoting activities.



Help in times of crisis

When south-west Germany was hit by **devastating floods** in the summer of 2021, the country experienced a wave of solidarity. CHG-MERIDIAN also did its bit to alleviate the worst of the hardship by donating manpower, money, and equipment.

Ten of our colleagues in Frankfurt will never forget how they helped the emergency services in a vineyard and a private home in the flood-hit region. “The sense of community was incredible. Through our teamwork and commitment, we were able to show the flood victims that they were not alone,” Achim Kloep and his co-workers report. On the ground, everything was a lot more emotional and dramatic than the media were able to convey. CHG-MERIDIAN provided special leave and made vehicles and tools available.

Our location in Düsseldorf donated 30 iPads to a flood-hit comprehensive school to help it with its digital restart, as all of its existing equipment had been destroyed in the floods.



SUPPORT FOR MOBILE VACCINATION TEAMS

Rapid assistance is essential in times of crisis. When Oberschwaben-klinik hospital in Ravensburg, Germany, was tasked with coordinating mobile vaccination teams in the fight against COVID-19, it needed a suitable vehicle. Thanks to a donation from CHG-MERIDIAN, a suitable van was made available to the mobile vaccination teams for three months.



COLLABORATION & DIALOGUE

We believe that mutual respect and diversity are an advantage. As far as possible, we want to offer our employees equal opportunities and support them with training and further education. Our occupational health and safety measures provide the basis for a working environment that focuses on the safety and well-being of our employees.

DEVELOPING EMPLOYEES

GRI 102-41
MUTUAL RESPECT

Our skilled, knowledgeable, and committed employees are our most valuable capital, and it is important to us that they are able to develop at, and contribute to, CHG-MERIDIAN. Mutual appreciation, reliability, responsibility, and transparency form the basis of our actions and our thinking.

The Head of Human Resources is responsible for the HR department and reports directly to the Chairman of the Board of Management. Our HR department is made up of three units: Strategy, Recruitment & Administration, and Academy & Development. We have local HR managers outside Germany and a works council at our technology center in Gross-Gerau.

We introduced several new guidelines in 2021. The labor rights & human rights guideline applies to CHG-MERIDIAN AG and its subsidiaries. It defines standards that cover all employees, irrespective of the country in which they live and work, such as working in a fair and safe environment and being treated with respect. Related to this is our new diversity policy, which is explained under the 'Equal Opportunities' heading.

CHG-MERIDIAN AG is not bound by a collective pay agreement. Every two years, we check our salaries against external benchmarks to ensure that they are in line with the market. We introduced remote working and a flexible system of working time based on mutual trust back in 2019 with the aim of promoting a better work-life balance. To protect the health of our workforce during the COVID-19 pandemic, we also launched remote and flexible working across the Group for suitable activities, in accordance with the respective legal requirements. Where necessary, we have also introduced a tandem model that allows employees to take turns to come to the office on a weekly basis. We hope to make flexible working models available beyond the pandemic at all of our locations around the world, provided that the job is suited to this way of working.



99%

of CHG-MERIDIAN employees enjoy working here*

With this in mind, we will continue to focus on those areas where there is still work to do, such as the implementation of the 'modern workplace' across the Group. To promote collaborative and agile working, we will provide information and tools on the intranet, from general tips and detailed content about the Surface Hub to handouts on using interactive media in meeting rooms and video conferences.

The international employee survey we carried out in 2020 had a very high participation rate of just under 82 percent. More than 84 percent* of respondents stated that there have been tangible improvements in the company since the last survey in 2018. We conduct the survey every two to three years, with the next one scheduled for the first quarter of 2023.

* Combined figure for 'strongly agree' and 'partially agree' answers in our employee survey in 2020

GRI 404-1, 404-2

CONTINUING PROFESSIONAL DEVELOPMENT AND TRAINING

We require highly skilled employees and we offer specific training opportunities with this in mind. For our management team, we also offer CPD programs on our leadership culture (accountability, networking, acting as a role model). The CHG-MERIDIAN Group runs its own HR Academy with freelance and internal trainers, and also offers external training courses.

A total of 4,833 training sessions were held around the world in 2021 (2020: 1,969). On average, each employee¹ completed just under 17 hours of CPD (2020: ten). In line with the principles of diversity, CHG-MERIDIAN records the total hours for all employees and does not break them down by gender and employment type. In 2021, we introduced new training courses tailored to the current circumstances, on topics such as working in a virtual team, agile methods, and creative webinars. Wherever possible, the training was switched to digital formats.

Overall, our internal training portfolio covers a range of skills, which we have divided into 'personal skills', 'sales', 'leadership', 'expert classrooms', 'bespoke & external', and 'software'. Sessions included training on mindfulness, intercultural collaboration, and the changing working environment known as New Work.

We have developed new training courses for 2022, for example in the areas of individual skills management, self-reflection, New Work, leadership, and sales.

We also help employees who have been off sick to reintegrate. In Germany, we offer return-to-work and disability management (BEM), in line with statutory requirements, for employees who have been unable to work repeatedly or for longer than six weeks at a time over a twelve month period. We work with employees who are entitled to BEM to find a way of preventing existing incapacity to work and protecting their jobs. As part of a defined BEM process, we support them in their search for suitable measures to reduce stress in their day-to-day work and to permanently boost their ability to work.

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-10

STRENGTHENING OCCUPATIONAL HEALTH AND SAFETY

The health and safety of our employees is very important to us. At our technology center in Gross-Gerau, which employs around 100 people in asset collection, refurbishment, certified data erasure, and remarketing, we have introduced a management system for health and safety at work (SGAM) in accordance with ISO 45001, the world's first global occupational health and safety standard. By introducing the SGAM system, we hope to meet the challenges of rapidly changing legislation (especially the Health and Safety at Work Act and other occupational health, safety, and fire safety regulations), technical innovation, and market conditions while safeguarding our commercial interests. The standard provides us with a framework within which we can identify and proactively reduce risks in the workplace, thereby improving the health and well-being of our employees. This protection also applies to suppliers, temporary workers, service providers, and subcontractors. Responsibility for compliance with SGA management in Gross-Gerau falls to the SGAM officer and the SGAM team, which comprises members of the existing health and safety committee and covers all employees, project participants, and roles that fulfil tasks within the remit of the SGAM system at CHG-MERIDIAN. The SGAM project team reports to the Head of Service Delivery, who in turn reports to the Board of Management. Where matters of occupational health and safety are concerned, employees can contact the health and safety committee, the employee representatives, safety officers, supervisors, and the SGAM officer.

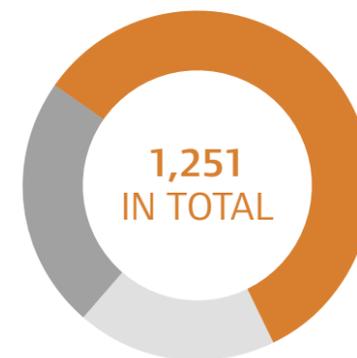
There are two health and safety committees: one is responsible for the headquarters in Weingarten and all branch offices in Germany, while the other covers the technology center in Gross-Gerau. The health and safety committee in Weingarten reports to the Board of Management and currently meets once a year. This will change to once a quarter from 2022 onwards. The health and safety committee in Gross-Gerau meets once a quarter and reports annually to the Board of Management. In accordance with the legal requirements, a risk assessment is carried out at all branch offices in Germany every year, the findings of which the health and safety committees currently discuss once a year and report to the Board of Management.

Training the next generation of employees is another important task. As of December 31, 2021, CHG-MERIDIAN employed a total of 30 (2020: 28) trainees and degree apprentices in Germany.

¹ In this case, the total number includes student employees and trainees at CHG-MERIDIAN. In general, our employee data does not include the following groups: student interns, people on job placements, employees on parental leave or university courses, or trainees. Also not included are the five employees at our subsidiary abakus Consulting GmbH based in Germany. We use HR management tools and Excel to collect and analyze the personnel data published here. All data presented relates to December 31, 2021.

AGE STRUCTURE OF THE GLOBAL WORKFORCE (2021)

In this case, the total number includes employees on parental leave, students, and trainees at CHG-MERIDIAN. All data relates to December 31, 2021.



- 295 employees aged up to 30
- 726 employees aged between 31 and 50
- 230 employees aged over 50



In 2021, we conducted an anonymous employee survey at our site in Gross-Gerau to enable us to more easily identify risks in and around the workplace. The findings matched those of our annual risk assessment and have been taken into account accordingly. In addition to the existing form for reporting risks and incidents, which will also be available via the intranet from now on, 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 Logistics and Production. Employees can also contact the SGAM officer, who raises any tip-offs or complaints in the health and safety committee.

A COVID-19 task force has been set up and holds weekly virtual meetings to discuss the current situation, assess employee feedback and queries, and produce recommendations for action for the Board of Management. Since the start of the pandemic, employees have been able to report that they are infected, and/or share information about recent contacts, via the COVID-19 notification form on the intranet or via a dedicated email address. There is also an email distribution list for the COVID-19 task force, which employees regularly use to send queries and feedback. A voluntary and anonymous staff survey was conducted worldwide in September and October 2021, providing

feedback on vaccination status and satisfaction with COVID-19 protection measures. Across the Group, around 78 percent of all employees took part, with a total of 97 percent stating that they are 'very satisfied' or 'satisfied' with the measures taken.

To better protect our employees' health, we established a corporate health management system throughout Germany that includes health courses and regular activities, as well as medical check-ups and advice on ergonomics and eyesight provided by external partners. Under the banner 'CHG – we enjoy health', we offer free, one-year memberships to a fitness app, a portal with videos about yoga, chi gong, running, and other exercises at and away from the workplace, as well as online cooking courses and dietary advice. We also have a dedicated Microsoft Teams channel to encourage networking and the sharing of information on these topics.

Employees across the Group can access information and policies on workplace safety and health 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 measures in the 'Business ethics & compliance' chapter, p. 38). 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 and plan to extend these to all sites.

There was one accident at work in Germany in 2021 (2020: three), and no deaths resulting from work-related illnesses were reported to CHG-MERIDIAN during the same period². The illness rate at CHG-MERIDIAN AG has fallen steadily over the last three years to 1.8 percent (2020: 2.1 percent)³. In line with legal requirements, CHG-MERIDIAN does not document the type of illness and therefore has no record of work-related illnesses.

² The accident data for CHG-MERIDIAN AG and CHG-MERIDIAN Industrial Solutions GmbH is based on accidents reported to the employers' liability insurance association of the retail and goods logistics industries (Berufsgenossenschaft Handel und Warenlogistik, BGHW). We access the number of reportable accidents via the BGHW's extranet. All data relates to December 31, 2021. / ³ In this case, the total number also includes students and trainees at CHG-MERIDIAN. All data relates to December 31, 2021.



THE VOICE OF WOMEN

Around 43 percent of the 1,200 CHG-MERIDIAN employees are women. Since 2021, they have their own network.

The idea behind the Women's Circle is to promote international networking, dialogue, and development in a positive and professional environment. To achieve this, an international project team was set up to define the Circle's values, mission, and targets.

"We want to support the women working here with their career planning and their personal and professional development. We have set up a regular round table where ideas can be shared and challenges discussed from the point of view of our female colleagues," says Sandra Neher, speaking for the project team. Developing and refining skills is a key focus. For example, one of the activities was a voice coaching session under the banner 'strong voice, strong presence', another was a workshop aimed at boosting self-confidence. Other topics include leadership, work/life balance, and networking.

The project team receives full support from management: "There is huge potential in the diversity of our employees. In this context, the Women's Circle is an important element. It raises awareness and helps to identify new areas for action," says Dr. Mathias Wagner, Chairman of the Board of Management.

This is where the founders of the network come in, making clear their intention to shine a light on women's concerns. "Sharing experiences and gaining knowledge, that is the added value members can expect," says Kamila Hutchison from the project team, adding: "Through the Women's Circle, we hope to support talented female employees and help them to boost their self-confidence and develop professionally. We want to learn from the expertise of the experienced women in our company and use it to encourage and inspire our female colleagues to reach their full potential."

GRI 102-8, 405-1, 405-2

OFFERING EQUAL OPPORTUNITIES AND PROMOTING DIVERSITY

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. CHG-MERIDIAN AG signed the Diversity Charter in 2020 to reaffirm our commitment to diversity and equal opportunities. In 2021, the CHG-MERIDIAN Group launched a labor rights & human rights guideline and a diversity policy. 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 2025.

We have appointed a gender equality officer who acts as a trusted contact in cases of suspected discrimination. Contact details can be found on the intranet. We take action against all forms of discrimination in accordance with the law.

We are particularly keen to improve our performance when it comes to the advancement of women, and have been supporting our employees' International Women's Circle initiative since 2021. This initiative offers workshops, input, and discussions about topics such as skills development, networking, work-life balance, and leadership. To mark International Women's Day on March 8, 2021, we held our first digital event, 'Inspiration and Breaking Barriers', featuring keynote speeches by female managers from other companies.

Equal pay for women and men is important to us, and we regularly check whether there are still gender-based discrepancies. We launched a gender pay parity analysis in Germany, Austria, and Switzerland in 2021, and will extend it to our international locations next year. The analysis for Germany, Austria and Switzerland included the wages of all employees

beneath senior management level, 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, the results of which show that, with the exception of a few cases, the remuneration of female and male employees in comparable roles is equal across the workforce. Where discrepancies cannot be explained, for example by a longer period of service, we will take appropriate measures to rectify them. Irrespective of this, an overall analysis of the average salaries of male and female employees showed a difference of 14.3 percent in Germany, Austria, and Switzerland. This is due, among other things, to the fact that higher-paid positions, in particular, are predominantly occupied by men. The aim is to reduce this gender pay gap over the coming years through targeted measures.

At the end of 2021, a total of 532 women and 719 men worked at the CHG-MERIDIAN Group, which equates to a proportion of around 42.5 percent women and 57.5 percent men. We currently do not produce a list of employees based on employee category and diversity indicators, but we are planning to collate this data in 2022 as part of the ongoing development of our reporting. Most of CHG-MERIDIAN AG's senior and middle managers are currently male, while women make up 36.7 percent (2020: 41.3 percent) of its lower management. Overall, the proportion of female managers is just over 23.1 percent (2020: 24.5 percent). The Board of Management is made up entirely of men, while the CHG-MERIDIAN Group's Supervisory Board comprises five men and one woman.

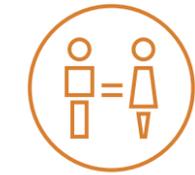
DIVERSITY AT MANAGEMENT LEVEL IN THE CHG-MERIDIAN GROUP (2021)

Management level	Gender	Age group			
		up to 30 years old	30–50 years old	Over 50 years old	
Lower (team leaders)	Male	63.3%	2.0%	84.0%	14.0%
	Female	36.7%	6.9%	79.3%	13.8%
Middle (directors, international managers, national managers)	Male	85.8%	1.1%	54.9%	44.0%
	Female	14.2%	0.0%	86.7%	13.3%
Upper (Board of Management, Supervisory Board)	Male	90.0%	0.0%	44.4%	55.6%
	Female	10.0%	0.0%	100.0%	0.0%

GRI 102-7, 102-8, 401-1

EMPLOYMENT STRUCTURE

The number of employees in Germany was 654 at the end of 2021, up from 630 at the end of 2020. This shows that CHG-MERIDIAN is a reliable employer, even during the COVID-19 pandemic. We have continued to hire and not made any crisis-related redundancies or introduced short-time working. The number of employees worldwide was 1,180 (2020: 1,172). In Germany, CHG-MERIDIAN hired 73 new employees (2020: 93) in 2021, while 30 left of their own accord (2020: 21). This equates to a staff turnover rate of 4.3 percent (2020: around 3.3 percent), which was higher than in the prior year. The average age of our employees worldwide is around 40 (2020: 39).



30%

target for the proportion of women in management positions across the Group by 2025

EMPLOYEES IN GERMANY (2021)

Category		2021	2020
Total number of employees		654	630
Trainees/students		30	28
Maternity leave/parental leave		30	26

		Full-time, 2021	Full-time, 2020	Part-time, 2021	Part-time, 2020
Permanent	Male	390	390	10	6
	Female	158	156	76	64
	Total	548	546	86	70
Fixed-term	Male	14	10	0	0
	Female	5	4	1	0
	Total	19	14	1	0

Only a small proportion of CHG-MERIDIAN's business activities is conducted by non-employees. The figures for employees are not subject to significant fluctuations.



PARTNERSHIP & SUPPLY CHAIN

From financing to procurement and leasing, a strong network of business partners and suppliers is a key factor in CHG-MERIDIAN's success. Working with our network, we want to establish and promote environmental and social standards for sustainable procurement. The values enshrined in our code of conduct provide the basis for this.

BUILDING ON SUSTAINABLE PARTNERSHIPS

GRI 102-9, 308-1, 412-3, 414-1

ENSHRINING ENVIRONMENTAL AND SOCIAL STANDARDS IN PROCUREMENT

At CHG-MERIDIAN, we believe it is important to conduct our business in a responsible way, not least in our dealings with business partners and suppliers. Procurement gives us an opportunity to bring about positive change. We have set ourselves the goal of making our supply chains more transparent, for example, and are in the process of establishing procurement standards that take greater account of social and environmental factors.

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. We revised our code of code of conduct in 2021. While CHG-MERIDIAN's core values and principles remain the same, some areas such as equal opportunities and equal treatment, worker's rights and freedom of association, and procurement and outsourcing were updated. As mentioned in the chapter on business ethics and compliance, these changes were based on the principles of the International Labour Organization (ILO), the UN Global Compact, and the Diversity Charter, of which we are signatories.

GROUP-WIDE SUPPLIER MANAGEMENT STRATEGY FOR GREATER SUSTAINABILITY

As part of our sustainability strategy, in 2021 we set ourselves the goal of revising our supplier management and adding further sustainability aspects by 2025. The aim is to create our first Group-wide supplier management strategy.

Procurement at CHG-MERIDIAN is decentralized, with a number of departments involved in sourcing. The Supplier Management department, led by the Head of Supplier Management, was created in 2020 within the existing Service Delivery unit to assist individual company departments with professional supplier management across all business processes. Among other things, this covers identifying, selecting, onboarding – including performance assessment – and managing relevant suppliers. The aim is to ensure that suppliers meet CHG-MERIDIAN's requirements with regard to quality, reliability of supply, data protection, governance, compliance, and sustainability. Onboarding new suppliers and re-onboarding existing ones is a key focus here. The department's main task is to work with service partners of particular relevance to CHG-MERIDIAN on customer projects that, in addition to pure equipment leasing, include services such as troubleshooting and logistical services. The team currently manages around 35 service partners.

Under the leadership of the Supplier Management department, we have developed and implemented an onboarding process for existing and new suppliers with the aim of strengthening their link to our company. This process includes, among other things, a questionnaire for assessing suppliers against our minimum requirements regarding environmental protection, business ethics, labor rights, and human rights. In 2021 we concluded this onboarding process with new, and re-onboarding process with existing, service partners to assess the sustainability standards of our most important suppliers.

SUPPLIER ASSESSMENT SUPPORTED BY ECOVADIS

At the end of 2020, the CHG-MERIDIAN AG conducted a survey among our suppliers to gain an insight into their sustainability procedures. This was the first time we had evaluated suppliers according to environmental and social criteria.

We have now tasked the independent sustainability ratings agency EcoVadis with assessing our suppliers based on a proprietary scoring model, with the aim of further improving our sustainable supply chain management and creating even greater transparency. Through its ratings, EcoVadis provides all companies with a verifiable decision-making basis for working with their partners in global supply chains. We worked with EcoVadis on a plan to categorize our suppliers in order to select the companies to be assessed. These companies receive a questionnaire specific to their industry and company size, and are assessed based on the answers they give, any documents they make available, such as certificates, and any other information provided by stakeholders, including NGOs.

We aim to require all strategic suppliers with whom we have a long-term relationship to undergo assessment. The plan is to incorporate the results of the EcoVadis scorecard into our supplier performance management process. We will continually evaluate our suppliers' commitment and progress, and take the results into account in our purchasing decisions. Overall, the dialogue with our supplier network, and in particular with our service partners, has grown stronger as a result of the measures we have taken so far. We aim to refine and expand this process.



In 2021 CHG-MERIDIAN was awarded silver status by EcoVadis putting the Group in the top 25 percent of all companies assessed

PROMOTING SUSTAINABLE PROCUREMENT AMONG OUR CUSTOMERS

We also plan to encourage our customers to make use of the EcoVadis platform, and will proactively approach them with the aim of professionalizing the onboarding processes and joining forces in the area of sustainability. We hope that the EcoVadis ratings will provide greater transparency, especially with regard to CHG-MERIDIAN's services, and thus enable us to identify potential for improvement and close any existing gaps. CHG-MERIDIAN was awarded a silver medal in the most recent EcoVadis ratings, putting the Group in the top 25 percent of all companies assessed.

NEW SUSTAINABLE PROCUREMENT GUIDELINE

The new internal Sustainable Procurement Guideline, which has been in place since June 2021, is another measure in the implementation of the Group's strategy in the area of sustainable procurement. The guideline was developed by the Sustainability Office and provides guidance for all CHG-MERIDIAN Group employees. From now on, it should be consulted for all purchasing decisions that are not directly related to our leasing business. It covers the procurement of IT equipment for employees, office consumables, furniture, services, and the power supply, for example, and defines the social and environmental standards that need to be met. The objective is to gradually increase the volume of sustainable procurement. Further measures to embed the guideline into our daily business activities are planned for 2022, with specific procedural instructions and guidelines for procurement in the pipeline.

GRI CONTENT INDEX

GRI standards		Page	Omission/comment
GRI 101	Foundation 2016		
GRI 102	General disclosures 2016		
Organizational profile			
GRI 102-1	Name of organization		Production credits
GRI 102-2	Activities, brands, products, and services	10, 44–45	
GRI 102-3	Location of headquarters		Production credits
GRI 102-4	Location of operations	10	Our global locations
GRI 102-5	Ownership and legal form	10, 21	
GRI 102-6	Markets served	10, 44	Our locations worldwide correspond to the markets we serve
GRI 102-7	Scale of the organization	10, 21, 65	
GRI 102-8	Information on employees and other workers	63, 65	Not applicable to: Austria (7 employees, of which 1 part-time) Switzerland (9 employees, of which 1 part-time). There are no fixed-term contracts in these countries
GRI 102-9	Supply chain	44–45, 67	
GRI 102-10	Significant changes to the organization and its supply chain	68	
GRI 102-11	Precautionary principle or approach	37	
GRI 102-12	External initiatives	34	
GRI 102-13	Membership of associations	34	
Strategy			
GRI 102-14	Statement from senior decision-maker	4–7	
GRI 102-15	Key impacts, risks, and opportunities	4–7	
Ethics and integrity			
GRI 102-16	Values, principles, standards, and norms of behavior	37	
GRI 102-17	Mechanisms for advice and concerns about ethics	39	
Corporate governance			
GRI 102-18	Governance structure	10, 29	
GRI 102-30	Effectiveness of risk management processes	39	
Stakeholder engagement			
GRI 102-40	List of stakeholder groups	32–33	
GRI 102-41	Collective bargaining agreements	59	
GRI 102-42	Identifying and selecting stakeholders	32	

GRI standards		Page	Omission/comment
GRI 102-43	Approach to stakeholder engagement	32–33	
GRI 102-44	Key topics and concerns raised	32	
GRI 102-45	Entities included in the consolidated financial statements	Inside front cover	
Reporting practice			
GRI 102-46	Defining report content and topic boundaries	31–32	
GRI 102-47	List of material topics	32	
GRI 102-48	Restatements of information	41–42, 46	Correction to lease returns in 2020 due to a change in the measurement method; change to the calculation method for GRI 301-3
GRI 102-49	Changes in reporting	32	GRI 201-1 included as a new material topic in 2021
GRI 102-50	Reporting period		January 1, 2021 to December 31, 2021
GRI 102-51	Date of most recent report		April 22, 2021
GRI 102-52	Reporting cycle		Annually
GRI 102-53	Contact point for questions regarding the report		Production credits
GRI 102-54	Claims of reporting in accordance with the GRI Standards		This report was written in accordance with the GRI's Core standard
GRI 102-55	GRI content index	70–72	
GRI 102-56	External assurance	74–75	
Material topics			
GRI 201	Economic performance 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	19–20	
GRI 201-1	Direct economic value generated and distributed	21	
GRI 205	Anti-corruption 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	38	
GRI 205-2	Communication and training about anti-corruption policies and procedures	38	
GRI 301	Materials 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	41–42	
GRI 301-3	Reclaimed products and their packaging materials	41–42	
GRI 305	Emissions 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	44, 46	
GRI 305-1	Direct (Scope 1) GHG emissions	47	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	47	
GRI 305-3	Other indirect (Scope 3) GHG emissions	47	
GRI 305-5	Reduction of GHG emissions	47	
GRI 306	Waste 2020		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	41–44	

GRI standards		Page	Omission/comment
GRI 306-1	Waste generation and significant waste-related impacts	42–44	
GRI 306-2	Management of significant waste-related impacts	42–44	
GRI 306-3	Waste generated	42–44	Not applicable to other locations in Germany, Austria, and Switzerland. Waste types are not recorded separately in rented offices
GRI 405	Diversity and equal opportunity 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	63	
GRI 405-1	Diversity of governance bodies and employees	64	
GRI 405-2	Ratio of basic salary and remuneration of women to men	63–64	
GRI 418	Customer privacy 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	39	
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	39	
Other non-material topics			
GRI 206	Anti-competitive behavior 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	38	
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	38	
GRI 302	Energy 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	44	
GRI 302-1	Energy consumption within the organization	44	
GRI 307	Environmental compliance 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	44	
GRI 307-1	Non-compliance with environmental laws and regulations	44	
GRI 308	Supplier environmental assessment 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	67–68	
GRI 308-1	New suppliers that were screened using environmental criteria	68	
GRI 401	Employment 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	65	
GRI 401-1	New employee hires and employee turnover	65	
GRI 403	Occupational health and safety 2018		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	61–62	
GRI 403-1	Occupational health and safety management system	61–62	
GRI 403-2	Hazard identification, risk assessment, and incident investigation	61–62	
GRI 403-3	Occupational health services	62	
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	62	
GRI 403-5	Worker training on occupational health and safety	38, 62	
GRI 403-10	Work-related ill health	62	

GRI standards		Page	Omission/comment
GRI 404	Training and education 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	60	
GRI 404-1	Average hours of training per year per employee	60	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	60–61	
GRI 414	Supplier social assessment 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	67–68	
GRI 414-1	New suppliers that were screened using social criteria	68	
GRI 419	Socioeconomic compliance 2016		
GRI 103	Management approach 2016 (including 103-1, 103-2, 103-3)	38	
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	38	



UN GLOBAL COMPACT

The CHG-MERIDIAN Group is a signatory to the UN Global Compact. The table below lists the pages relating to each of the ten principles.

Principle		Page
Human rights		
1	Support and respect the protection of internationally proclaimed human rights	38, 67
2	Ensure the business is not complicit in human rights abuses	38, 68
Labour		
3	Uphold the freedom of association and the right to collective bargaining	59, 63
4	Elimination of all forms of forced and compulsory labour	37, 38, 67
5	Abolition of child labour	37, 38, 67
6	Elimination of discrimination	37, 38, 67
Environment		
7	Support a precautionary approach to environmental challenges	37, 44
8	Promote greater environmental responsibility	41, 44
9	Encourage environmentally friendly technologies	41, 42, 44
Anti-corruption		
10	Work against corruption	39, 68

LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

regarding
Sustainability Information¹

To the Management Board of CHG-MERIDIAN AG, Weingarten

We have been engaged to perform an independent limited assurance engagement on the sustainability information published in the “2021 Corporate & Sustainability Report” (further “Report”) for the period from January 1 to December 31, 2021 of the CHG-MERIDIAN Group, Weingarten (further “Company” or “CHG-MERIDIAN”).

An audit with limited assurance was carried out for all GRI-relevant information (see pp. 70–73), with the exception of total energy consumption (p. 44) and emissions data (p. 47).

MANAGEMENT’S RESPONSIBILITY

The legal representatives of the Company are responsible for the preparation of the Report and the determination and presentation of the sustainability information in accordance with the Reporting Criteria. CHG-MERIDIAN applies the principles and standard disclosures of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) supported by internal guidelines (further: Reporting Criteria).

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the Report that is free of – intended or unintended – material misstatements.

PRACTITIONER’S RESPONSIBILITY

It is our responsibility to express a conclusion on the Report based on our work performed within a limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements other than Audits or Reviews of Historical Financial Information” of the International Auditing and Assurance Standards Board (IAASB).

Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Report of the Company for the period from January 1 to December 31, 2021 has not been prepared, in all material respects, in accordance with the Reporting Criteria. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor’s own judgement.

Within the scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for CHG-MERIDIAN

- A risk analysis, including a media research, to identify relevant information on CHG-MERIDIAN’s sustainability performance in the reporting period
- Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation
- Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures
- Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites
- Assessment of local data collection and reporting processes and reliability of reported data via a sampling survey at CHG Weingarten and Groß-Gerau
- Inspection of selected internal and external documents
- Assessment of the overall presentation of the disclosures

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

INDEPENDENCE AND QUALITY ASSURANCE ON THE PART OF THE AUDITING FIRM

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

CONCLUSION

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information in the of the “2021 Corporate & Sustainability Report” of the CHG-MERIDIAN Group, for the period

from January 1 to December 31, 2021, has not been prepared, in all material respects, in accordance with the Reporting Criteria.

An audit with limited assurance was carried out for all GRI-relevant information (see pp. 70–73), with the exception of total energy consumption (p. 44) and emissions data (p. 47).

RESTRICTION OF USE/CLAUSE ON GENERAL ENGAGEMENT TERMS

This report is issued for purposes of the Management Board of CHG-MERIDIAN AG, Weingarten, only. We assume no responsibility with regard to any third parties.

Our assignment for the Management Board of CHG-MERIDIAN AG, Weingarten, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms notice of the provisions contained therein, including the limitation of our liability as stipulated in No. 9, and accepts the validity of the General Engagement Terms with respect to us.

Mannheim, April 25, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Beyer
Wirtschaftsprüfer
[German Public Auditor]

Wiegand
Wirtschaftsprüfer
[German Public Auditor]

¹ Our engagement applied to the German version of the 2021 Corporate & Sustainability Report. This text is a translation of the Independent Assurance Report issued in the German language, whereas the German text is authoritative.

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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 annual report. CHG-MERIDIAN AG does not intend to update such assertions relating to the future.

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