



Merchants Fleet 2021 ESG Report



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A message from CEO Brendan P. Keegan

I am delighted to introduce the company's inaugural Environment, Social, and Governance (ESG) report, detailing our strategy, plans, and goals in the issues most relevant to our business operations and our stakeholders. Merchants has been enabling the movement of people, goods, and services for over 60 years, and for the past 25+ years has been providing highly customized fleet management and fleet leasing solutions to companies in more than 20 diverse industries—large businesses, mid-sized

companies, governments, delivery companies, and more. With this initial annual report, we will acknowledge the magnitude of the environmental challenge, the importance of social responsibility, the significance of good governance, and how Merchants Fleet is addressing all ESG issues, both now and in the future.

I'm frequently asked, "what does ESG mean for Merchants?" Simply put, my answer is always the same. Our ESG purpose is to:

- E** – Create a fleet ecosystem that drives sustainable business
- S** – Shape a culture of belonging, collaboration, empowerment, and social responsibility
- G** – Apply ethics and integrity to all business activities while being accountable and transparent to our stakeholders

We view ESG as foundational to who we are as a company, how we operate as a team, and the way we approach our products and services. To that end, our inaugural ESG report is reflective of our good work over the past several years as a company and highlights our commitment to making an impact across our omni-channel business model, with our employees, and in the communities we serve. We are incredibly pleased with our accomplishments to date and have built the framework to continue to deliver against our future ESG goals as we work to create a more sustainable future for our clients, employees, suppliers, and stakeholders.

Merchants Fleet's vision is "to enable the movement of people, goods, and services freely and responsibly." We strongly believe that our commitment to ESG and this very report are vital factors that will ensure this free flow of resources accelerates in a responsible manner, with as little impact as possible to the planet. Our efforts in electrification, the environment, gender equity, diversity and inclusion, and governance to date have furthered our mission, and we are excited to continue on the journey.

I hope you enjoy reading the report and that it helps you understand how ESG is woven into the core of who we are as a company.

Enjoy the journey, responsibly,

A stylized, handwritten signature in black ink, representing Brendan P. Keegan.

Brendan P. Keegan
Chief Executive Officer

Our ESG approach

Satisfying today's priorities with tomorrow's in mind

ESG is the key to satisfying today's priorities with tomorrow in mind. Combined with existing business strategy, ESG reveals opportunities that will impact Merchants Fleet's ability to create long-term value for Our Planet, Our People, Our Communities, and Our Business alike.

Inaugural ESG Report

This is Merchants Fleet's inaugural ESG report. It proudly illustrates all that we have accomplished to date, and our many aspirations for the future. Merchants has a long history of aligning itself with corporate social responsibility and acknowledges that we are still in the preliminary stages of developing our ESG program. As such, we look forward to advancing our ESG strategy in 2022, while continuously improving and adapting our priorities to achieve our stakeholders' evolving demands.

Thinking outside the box is a guiding principle at Merchants, and in that theme our first ESG Report is not constrained to traditional verticals, but rather to who and what we strive to benefit from our ESG actions; the purpose behind the choices we make.

In this report we focus on the impact our actions have on:

1. Our Planet
2. Our People
3. Our Communities
4. Our Business

ESG can be thought of as an ecosystem of causes, actions and benefits that often overlap with one another due to their interconnectedness. To be sustainable, you must thrive in all aspects of ESG. We look forward to building on the success we have had in 2021 and welcome your input to accelerate Merchants Fleet's ESG program and impact forward.



ESG thoughts

“The impact of integrating ESG with corporate strategy extends far beyond the inherent environmental, social, and corporate benefits. The world is rapidly changing, causing tremendous shifts in client, investor, and employee sentiment. Viewing corporate strategy through an ESG lens prepares Merchants to mitigate financial risks and enhances our ability to engage with stakeholders who are increasingly measuring success in new and meaningful ways. The opportunity to do good while simultaneously doing well, is great, and I’m thrilled to lead the way with ESG at Merchants.”



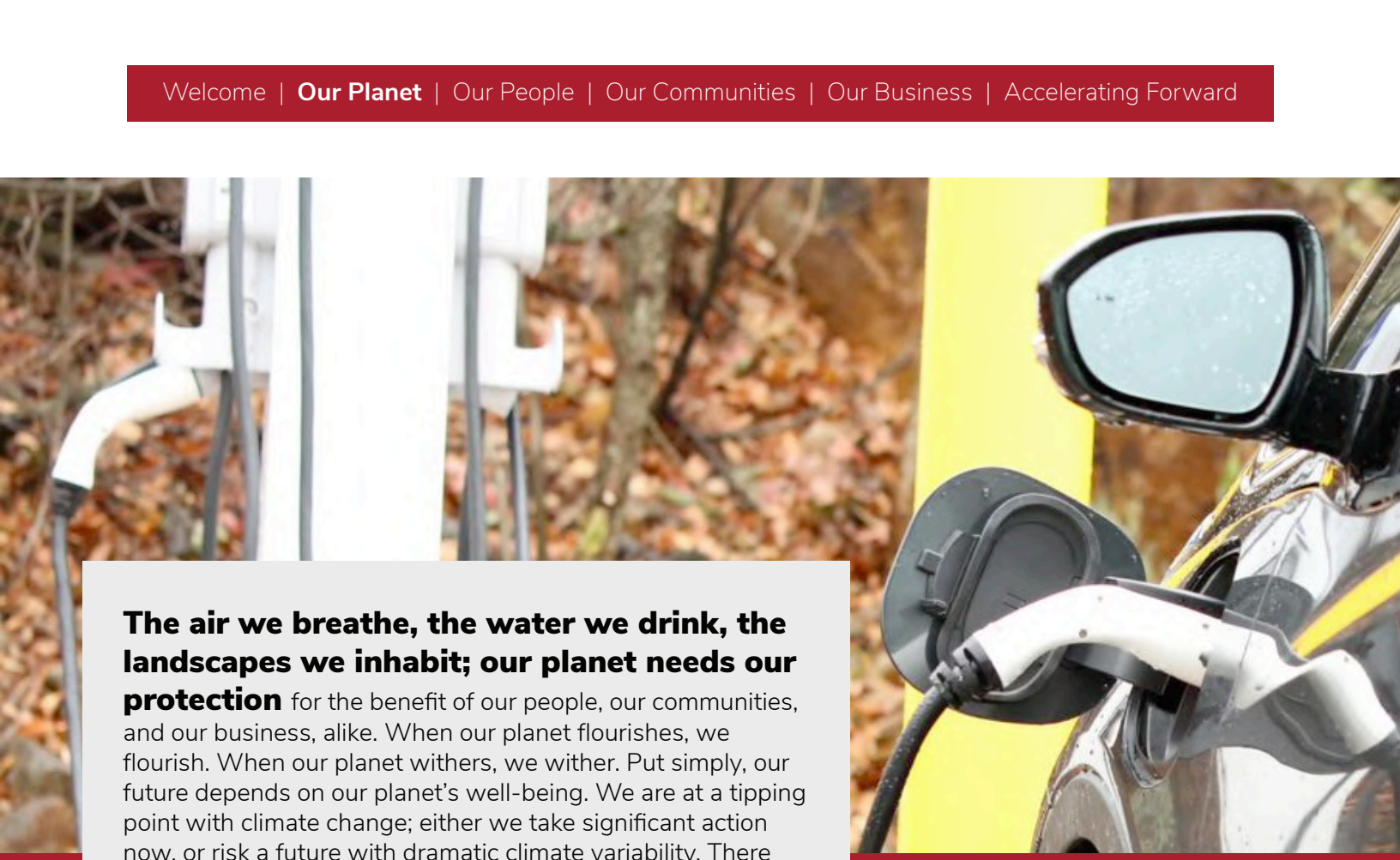
Ted Lague,
Director of
ESG Innovation

Our Planet

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The air we breathe, the water we drink, the landscapes we inhabit; our planet needs our protection for the benefit of our people, our communities, and our business, alike. When our planet flourishes, we flourish. When our planet withers, we wither. Put simply, our future depends on our planet's well-being. We are at a tipping point with climate change; either we take significant action now, or risk a future with dramatic climate variability. There are no solve-all solutions, there are, however, many smaller things we can accomplish, that when done collectively, can lead to major improvements for the environment. Making positive changes to the way we live and do business has never been more important, and we are committed to innovating solutions that reduce Merchants environmental impact, as well as our clients', through bold fleet electrification initiatives and corporate sustainability efforts.

Fleet Electrification

Merchants recognizes that organizations are evolving to make sustainability goals top business priorities. As the fastest-growing fleet management company in the country, we have launched several bold initiatives that place us at the forefront of fleet electrification in the United States. We provide the fastest path to electric vehicles (EVs) while reducing risk and ensuring business continuity.

Merchants is committed to being the most electric fleet management company in the world, and to strategically prepare and position our clients to realize the benefits of this transformational technology.

Bold EV actions

Merchants is taking action **NOW**:

\$2.5B

committed to EVs
by Merchants

40K+

EV reservations with
vehicle manufacturers

1.4K

metric tons of CO₂
prevented by client
EV fleets in 2021*

5.2M+

miles driven by client
EV fleets in 2021

And making bold commitments to the **FUTURE**:

50%

of mobility portfolio to
be EVs by 2025

50%

of fleet portfolio to be
EVs by 2030

Merchants has built a dedicated EV team to help our clients adopt EVs and succeed. We combine the best in EV infrastructure and technology to offer a variety of services and solutions to help our clients manage their EVs, from acquisition to disposition.

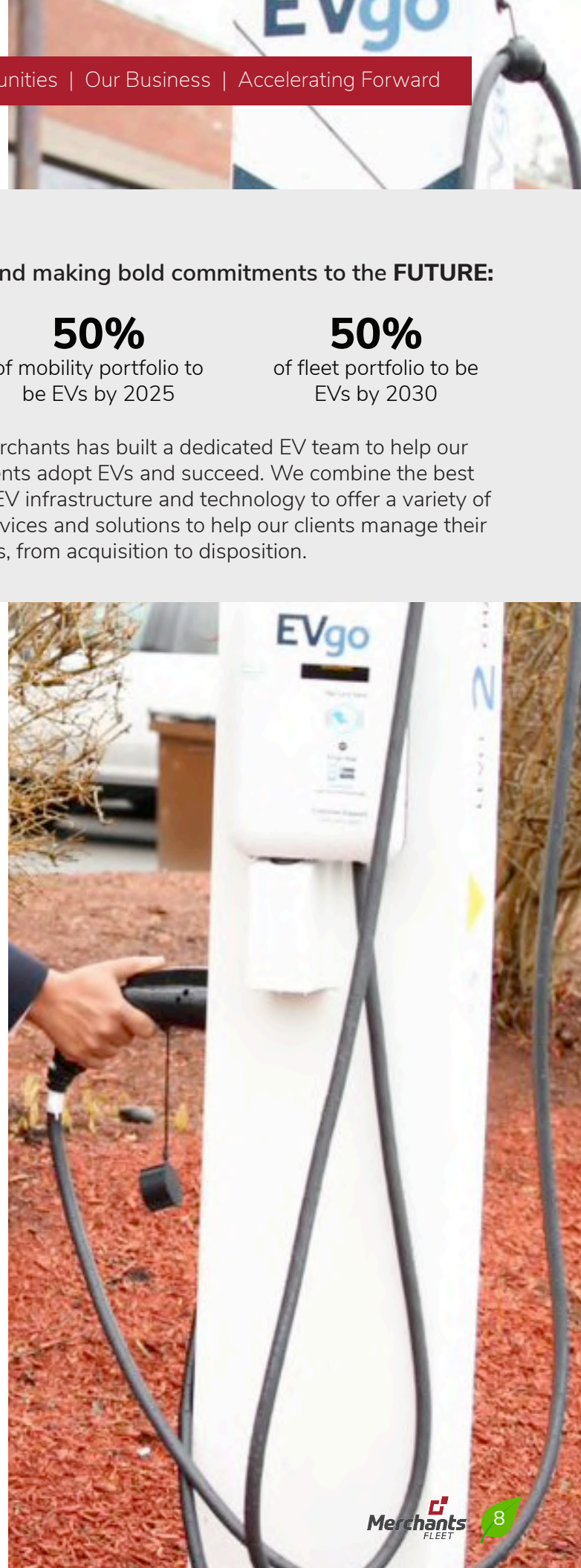
Good for the planet

Exhaust from cars, trucks, planes, trains, and boats cause serious harm to both public health and our climate. Today, the transportation sector serves as one of the world's biggest polluters, with ICE (internal combustion engine) fleets being a major contributor. Every day, millions of ICE vehicles take to the roads and highways to deliver the goods and services that support our modern, interconnected societies.

Fleet electrification is now at a point we call "technological and economic maturity." As it relates to EVs, they are becoming increasingly affordable, cost effective, reliable, and able to compete with ICE variants from performance and productivity standpoint.

Full vehicle electrification means zero tail pipe emissions, and this fundamental transformation of powertrain technology can, and will, yield a similarly transformational moment for the planet, as direct emissions from vehicle operations are greatly reduced, and air quality improves.

*Calculated using formula from the Union of Concerned Scientists, which takes into consideration the full scope of emissions through power generation and exhausts. <https://evtool.ucsusa.org/>



Good for clients

For any company with a fleet, transitioning away from emissions-heavy vehicles to zero emissions cars and trucks offers a huge, proportional decline in greenhouse gas emissions attributed to transportation operations. For these companies, the fastest path to meeting corporate environmental goals is integrating EVs into their own ESG strategies.

While it's not yet possible to replace every ICE vehicle in the world with an EV, one area ripe for change is fleets. Whether it's a multinational delivery company, or your local retail store, organizations all over North America are seeing the long-term benefits of adopting EVs into their fleets. Our AdoptEV initiative at Merchants is aimed at helping organizations develop an execution ready blueprint for this critical transition.



Good for the community

Electric cars are one facet of a larger technological revolution that we see playing out in the transportation sector. The nation's vehicles will not only become increasingly electric, but they will also be automated, connected, and shared. Utilizing connected technologies like TotalConnect, our connected vehicle product, optimizes fleets to not only to save money but to reduce emissions, congestion, and accidents in their local communities, all while continuously identifying which fleet vehicles are compatible for electrification to ensure efficient adoption. Merchants will continue to explore the possibilities that new developments in automotive and fleet technology may unlock both to the benefit of fleet operators, and the local communities and environments that they operate in.

It is no longer assumed that every adult will drive solo in their ICE car. We can share cars and rides. So-called micro-mobility, e-scooters, e-bikes, and electric mopeds can provide last mile solutions. Connected electric vehicles also generate data that can be used by planners to help reconfigure streets and parking. Smart EV charging stations are the beginning of a major change. That can be followed by giving more roadway real estate over to bicycle lanes, pedestrians, and green spaces.

Another significant benefit to the community is that electric vehicles and smart charging help create a resilient local grid. CleanTechnica, an energy publication, reports that nearly 40% of EV drivers have rooftop solar. When drivers plug into a home using solar panels, they are essentially driving on sunshine.

AdoptEV Program

Merchants has developed a five-step process to help prospects and clients have the tools and understanding they need in order to successfully integrate EVs into their fleets. The road to EV adoption includes the following components:

1

LEARN: Educate on the EV capabilities and technology landscape

2

ALIGN: Get buy-in from stakeholders and develop an organizational position on EVs

3

PLAN: Strategize an adoption plan, from project budgeting to ultimately procuring the vehicles

4

PILOT: Test the EVs and gather data to inform further pilots and decision-making

5

ADOPT: Initiate and continually adjust the adoption plan and track progress toward EV goals



“Fleet vehicles account for over 70% of our country’s freight movements, so to achieve our nations’ sustainability goals the fleet industry has to adopt sustainable modes of transportation - and the quickest way to get started on that pathway is through electrification. That’s a tall order for an industry that prior to this, had no centralized place to turn for real, actionable information about electrification. The Electrify Fleet Hub aims to completely change that, by providing fleet clients with one convenient resource for customized guidance and support to ensure they’re making the right decisions that’ll allow their fleets to quickly and easily realize the many benefits and cost savings of electrification.”



Hari Nayar, Vice President of Electrification & Sustainability

Electrify Fleet Hub

This year, we launched the Electrify Fleet Hub, an innovative online tool providing centralized information designed to help fleet managers make a seamless adoption of EVs as part of their sustainability goals. The new online tool is the first of its kind for the fleet industry, which includes a convenient EV Finder that allows users to research current and future EV models based on their specific needs. The tool also provides EV adoption planning, charging and infrastructure roadmaps and financing, and other useful resources including white papers, guides, infographics, and webinars.

Highlights include:

- First program of its kind for fleets, revolutionizing the path to sustainability through electrification
- Enables customized fleet electrification and sustainability planning one-stop resource for EVs and charging options for fleets
- The [EV Finder](#) feature allows fleets to review current and future EV options
- To learn more about this exciting new program, visit our [Electrify Fleet Hub here](#)

Employee sustainability incentives & programs at a glance

- This year we proudly launched a comprehensive program to incentivize senior leadership and eligible employees to replace their ICE vehicles with EVs. The program includes a 20% higher budget for EV company cars, free EV charging at HQ for all employees, and reimbursement for EV home charging equipment
- Between November 2020 and October 2021, the Merchants leadership team drove over 90,000 miles in corporate EVs, thereby reducing CO2 emissions by 24 metric tons* (<https://evtool.ucsusa.org/>)
- In 2021, the company installed 10 EV chargers at headquarters in Hooksett, NH, and plans to install additional chargers and expand use of company EVs, thereby further reducing overall CO2 emissions
- We launched a program that gives eligible employees 24/7 free access to a fleet of EVs we procured, providing the opportunity for real world testing and promoting EV adoption
- The company enrolled its leadership team in the Harvard Business School's Online Sustainable Business Strategy certificate program, furthering a culture of sustainability-first leaders. 50 total, or 96% of senior leadership (director and above) successfully completed the course, with the remaining recently hired 4% enrolled for 2022. The program illustrates how businesses can thrive and grow while simultaneously solving some of the world's biggest challenges, and how individuals can make a difference
- Merchants offset the carbon emissions of all 110 Fleet Summit guests for the entire year. The Fleet Summit is the company's annual industry event where company leadership, clients, OEMs, and major partners gather to discuss the latest happenings in the fleet world and logistics. In 2021, we had over 20 commercial EVs available for companies to test and view. In total, 2,200 tons (4.4 million pounds) of carbon offset credits were issued by the American Carbon Registry (ACR)

Corporate Electric Vehicle Alliance (CEVA)

In 2021, Merchants joined the Corporate Electric Vehicle Alliance (CEVA). Led by sustainability non-profit Ceres, CEVA is a collaborative group of companies focused on accelerating the transition to EVs and supports companies in making and achieving bold commitments in fleet electrification. The Alliance also loosely aggregates corporate demand for EVs to expand the business case for production of a more diverse array of EV models.

CEVA helps companies chart a course towards a successful transition of their transportation and logistics fleets to EVs. Alliance members collaborate to identify challenges and potential solutions, and to leverage aggregate corporate demand and market influence to expand:

- Production of new and increased volumes of EV models
- EV market growth and economies of scale
- Adoption of supportive policies and the removal of policy barriers
- Peer-to-peer learning with regard to industry best practices

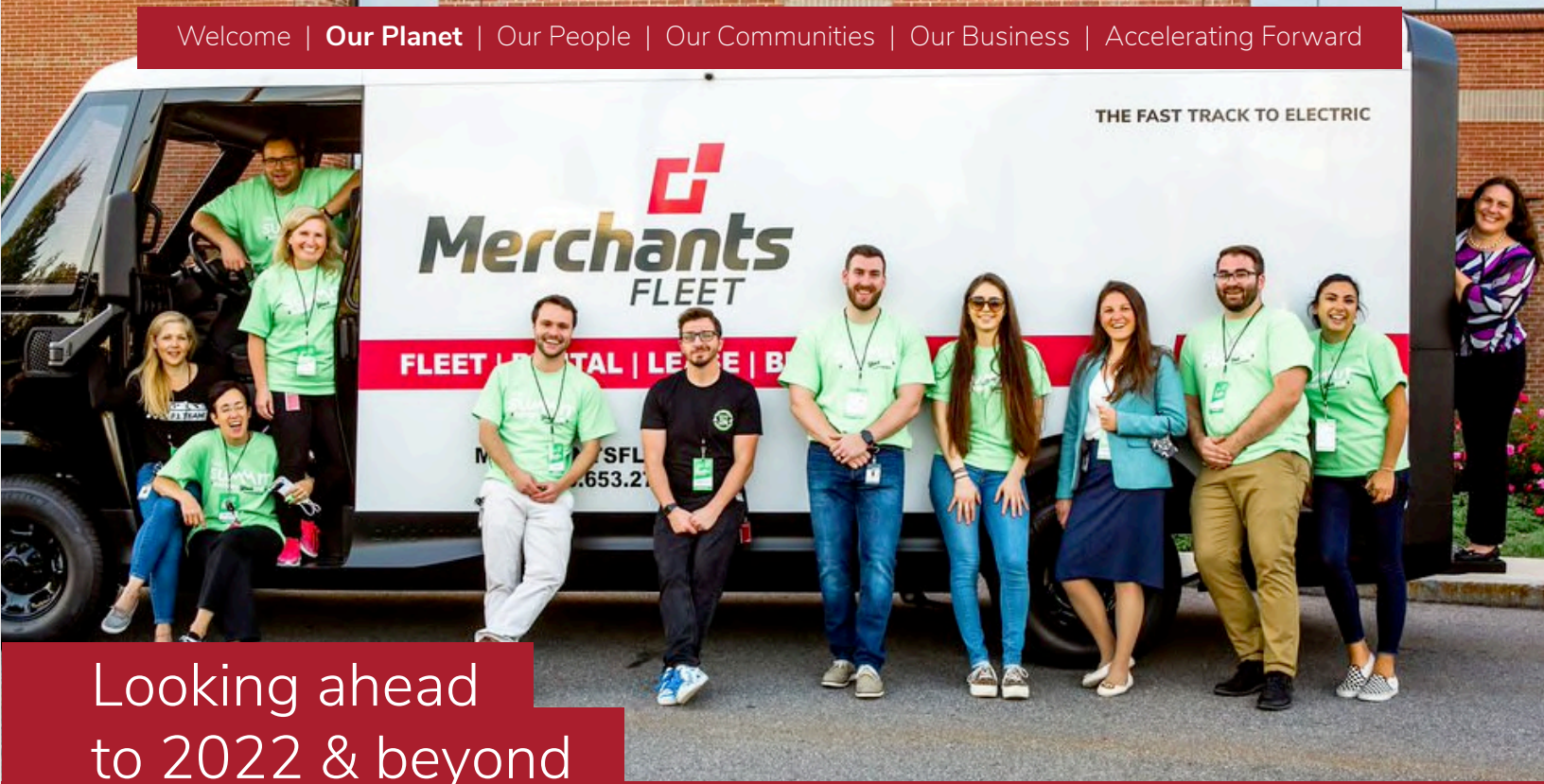
Merchants has engaged with the CEVA community by providing fleet data, participating in discussions of best practices, and engaging with local and national policymakers on EV policy. We look forward to continuing our work with the alliance to enable and promote corporate fleet electrification.

Extreme-E McLaren Partnership



2021 saw Merchants partner with McLaren for the Extreme-E series, an all-electric, off-road international racing event that provides the world's first gender-equal motorsport platform. The series is focused on highlighting the impact of climate change in some of the most remote environments around the globe.

McLaren's approach to Extreme-E is supported by its four pillars: Electrification, Environment, Equality, and Entertainment. Merchants is equally invested in forwarding electrification, environment, and equity to create a more sustainable future. We firmly believe that partnering with one of the world's great racing brands on this breakthrough initiative is an exciting and meaningful way to punctuate our commitment to ESG.



Looking ahead to 2022 & beyond

In 2022, we will be building upon all the work we've accomplished both from an electrification standpoint, increasing the adoption of EVs nationally, and from an operational emissions position, taking action on our corporate environmental impact. Through our business, Merchants has the opportunity to make a tremendous impact to our planet.

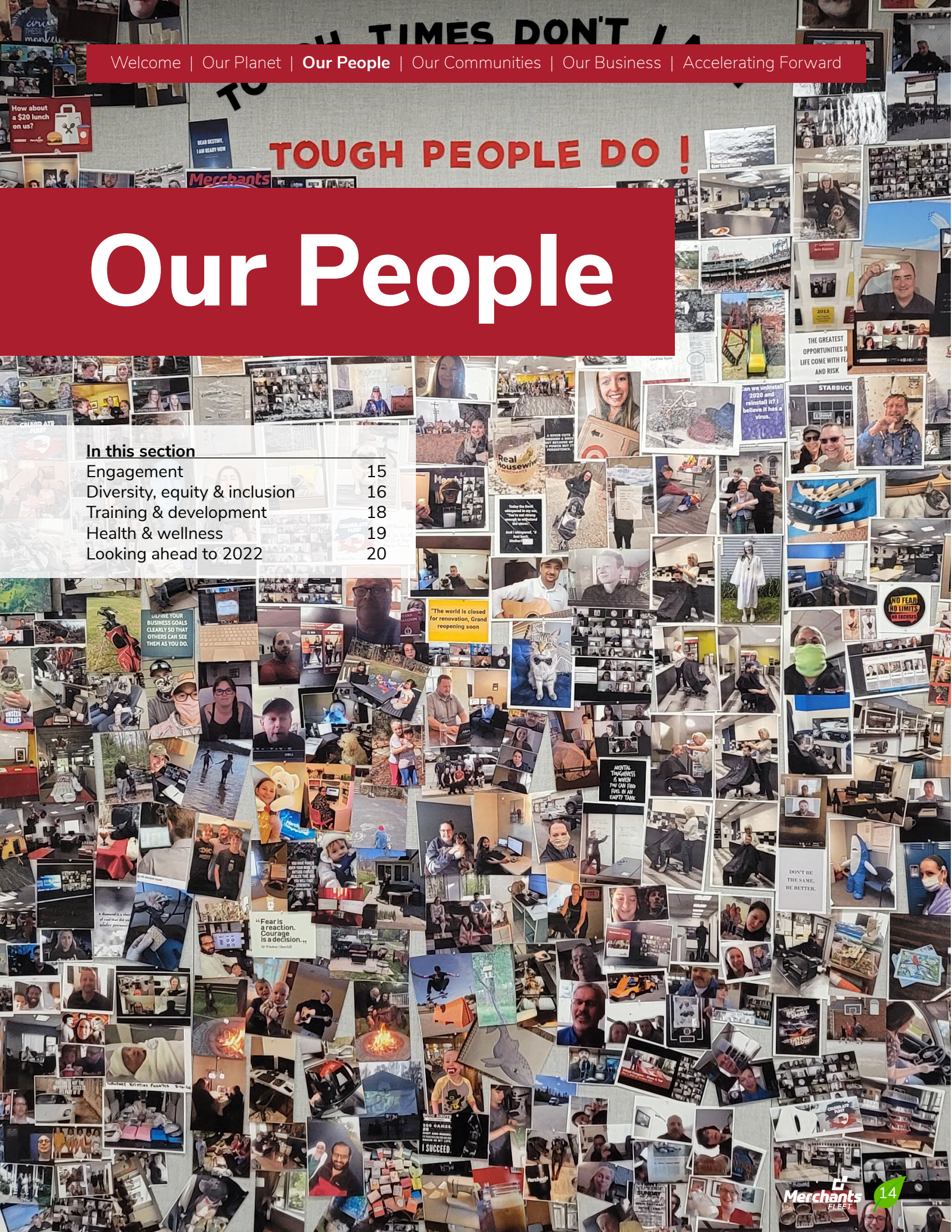
- **Accelerate** EV adoption to drive our 2025 and 2030 goals of 50% fleet electrification
- **Enhance** how we measure and report our impact on the planet, while helping our clients to do the same
- **Increase** EV accessibility for our employees to advance adoptions and reduce emissions
- **Continue** our Extreme-E partnership with McLaren Racing to inspire sustainability, raise climate change awareness, and empower greater gender equity
- **Help** clients leverage EV financial incentives with local, state, and federal entities, and utility companies
- **Deepen** engagement in the sustainability arena by advocating social responsibility in business, clean energy, and sustainable transportation
- **Broaden** waste management and reduction efforts
- **Expand** sustainable procurement policies and strategies

TOUGH PEOPLE DO !

Our People

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We are Merchants Fleet, a set of unique individuals that collaborate as a unified fleet of people with diverse perspectives. Our people support our communities, grow our business, better our planet and are what make Merchants, Merchants.

"We believe that innovation and positive change happens through a culture of belonging that encourages all employees to be their authentic selves. We leverage diverse perspectives and invest in our employees to become leaders, in and out of the office - growing our business, supporting their communities, and bettering the planet for future generations."

Richie Coladarci, Director of Human Resources



Engagement

Merchants values its employees, not just for the business functions that they fulfill, but for who they are as individuals. Having an engaged workforce unlocks our employees' potential while also providing our business with the input to ensure that their concerns are heard, their needs are met, and their accomplishments are celebrated.

One of the primary metrics we use to measure employee engagement is through the Great Place to Work® Trust Index Survey. Administered anonymously and confidentially, the Trust Index survey provides insight into employees' perception of their workplace experience and our organizational culture. The top-level survey score is shared with all employees and more detailed results are shared with senior leadership and within business unit managers to ensure understanding and continuous improvement.

Furthermore, to ensure a long-term approach and focus on employee engagement, the Human Resources department sets goals related to the positive responses reported by employees. **In 2021, 89% of survey respondents responded that Merchants is a "great place to work" while the average for North America was 53%.** Historically, Merchants has consistently scored high on this survey, resulting in a Great Place to Work® certification every year since 2016. Other external measures that affirm our commitment to the employee experience include several other accolades received in 2021:

- Merchants was named a Best and Brightest Company to Work For® in both Boston and Chicago
- Recognized as a Top 10 Best Company to Work For® in New Hampshire
- Selected by Fortune as a Best Workplace in Financial Services and Insurance™

Other employee engagement measures that Merchants uses, tracks and reports quarterly to senior leadership include the frequency of peer-to-peer recognition, and the percentage of the workforce that participates in wellness activities, training and development, and company events. Here are some highlights from 2021 that exemplify our employee engagement efforts:

- Employees celebrated each other 269 times with four innovations celebrated
- Employees spent 8,300 hours utilizing the professional development programs and courses that Merchants offers
- 53% of the workforce engaged in professional training and/or development related programs

Diversity, equity & inclusion

Merchants is dedicated to all issues surrounding Diversity, Equity and Inclusion (DEI) and believes that true innovation only happens when all voices are heard. DEI is about creating and supporting a workforce that represents various backgrounds and perspectives, is empowered to offset societal imbalances, and is actively encouraged to participate. With a diverse and welcoming workforce, Merchants has created a true culture of belonging that encourages dialogue, learning and celebration of all that makes us unique. When it comes to DEI, Merchants is taking the following actions:

Emphasis on gender equity

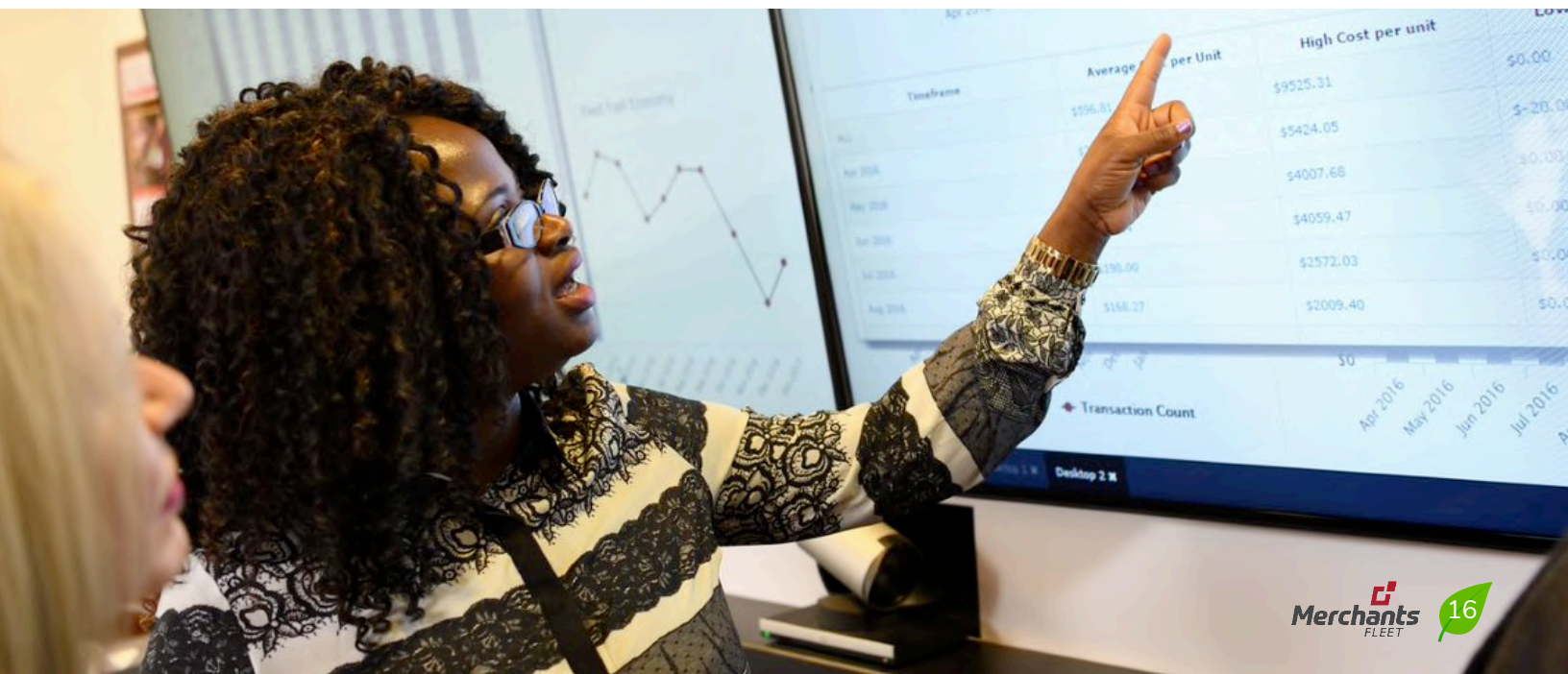
In the traditionally male-dominated fleet industry, Merchants stands out with its robust commitment to the Diversity, Equity and Inclusion program. In line with the program's equity pillar, Merchants is proud to report that **female executives make up 45% of our executive leadership team and half of our total employee base.**

Joined the Diversity Workforce Coalition

In 2021, we became a corporate member of the Diversity Workforce Coalition. The coalition comprises employers and other community members whose dual purpose is to promote diversity in the workplace through education, training, and enhanced networking opportunities, and to identify and connect resources to its members and the public.

Hosting DEI virtual event series

Merchants has launched a popular new virtual event series focused on DEI. Recent events have focused on topics such as "Black in America: Three Perspectives" and "Demystifying Trans Identity". The company has also hosted a World Café-style event focused on DEI, out of which came the idea to celebrate differences while also using them to bring people together. This led to the "I Am" challenge that invited employees to share their identity using the "I Am..." prompt on our internal social media page. The result was a beautiful visual of the unique perspectives that shape the Merchants culture.



Named 2021 Diversity & Inclusion Rising Champion by the University of New Hampshire

Merchants has been named a 2021 Diversity & Inclusion Rising Champion by the University of New Hampshire, which promotes organizations who demonstrate values of DEI. The program recognizes employer partners, such as Merchants, who demonstrate the utmost devotion to social justice and equality through tangible actions.

DEI virtual library

Merchants has curated an extensive library of resources that promote the acceleration of rich, candid, and honest dialogue, designed to create allyship and further our commitment to a truly inclusive work environment. Examples include books written by female activists, articles on racial identity, films that tell the story of gay rights in America, and many more topics designed to educate employees on DEI.

Hiring diversity through Circa

Diverse staffing is a business imperative. Merchants uses Circa, a SaaS-based diversity recruitment technology solution company that has developed a platform that connects directly with millions of underrepresented job seekers through their network of community-based organizations and niche diversity websites. Every new Merchants job posting is sent through Circa to over 200 different community organizations.



Great Place to Work® Survey

The purpose of this survey is to build a better world by helping organizations become a great place to work for all. The Great Place to Work® platform is built on 30 years of research, proven to help quantify company culture and increase employee engagement.

Great Place to Work Survey® DEI Results

- 95%** of respondents believe that new employees are made to feel welcome
- 98%** of respondents believe employees are treated fairly regardless of their sexual orientation
- 98%** of respondents believe that employees are treated fairly regardless of their race
- 94%** of respondents believe that employees are treated fairly regardless of their gender
- 90%** of respondents believe that employees are treated fairly regardless of their age

See the complete survey here: [Merchants Fleet Survey Summary](#)



Training & development

Merchants is committed to talent optimization through customized learning plans through all levels of the organization. Employee training and development platforms include:

- **LearnIQ:** Employees can use partnerships with Emeritus and EdeX to take courses and gain certifications and micro-credentials free of charge
- **ManagerIQ:** New manager development program for new hires and promotions to ensure success in new management roles
- **Mentorship program:** Provides support, wisdom, and fulfillment through voluntary staff mentor/mentee pairings each year
- **Innovation Coaches Academy:** Opportunity to develop innovation skills across multi-departmental teams and propose a business innovation for leadership to invest in
- **Educational Assistance Program:** Includes tuition reimbursement for eligible programs

Health & wellness

Health and wellness are paramount to our organization, now more than ever. This is why Merchants has bolstered our programs to ensure the well-being of our greatest asset: our people. Well-being means much more to us than just physical health. As such, we are prioritizing how Merchants as a company can provide resources and stability in the face of other types of hardship or for those who simply want to achieve a greater state of wellness. Whether it is subsidizing health insurance or providing resources for mental health counseling, Merchants believes that the less our employees worry about outside stressors, the more they can be 100% present inside and outside of work.

Merchants Restore Program

- Merchants offers a simple and holistic wellness program designed to help employees be their best selves
- Employees can directly access a certified nutritionist, personal trainer, life coach, or therapist at no cost to the employee

COVID-19 & employee safety

- Stringent COVID-19 protocols implemented to reduce the spread of the virus
- Remote working options offered to employees, increasing flexibility and ensuring safety during the pandemic
- Merchants provided a financial incentive to those who chose to get fully vaccinated. Employees were also provided the option to defer the incentive to the COVID-19 Solidarity Response Fund

Affordable health insurance

- For 2022, Merchants absorbed all increases to employee health plan premiums, meaning **no increase in health insurance premiums for any employee**
- Health insurance financial aid for eligible employees, to ensure affordable medical coverage for everyone enrolled in Merchants Fleet's medical plan



Looking ahead to 2022

While our business has always been aligned with the tenants of employee engagement, DEI, training and development, and health and wellness, this inaugural ESG report is the first step towards integrating it with our larger ESG strategy. In our efforts to ensure that Merchants continues to provide support, fulfillment and sense of belonging to our employees, we have created an ever-growing list of projects and initiatives that we are eager to explore; the following is just a sample of what we plan to accomplish in the coming year.

Employee engagement initiatives

Smart commuting

- We will be deploying additional employee EV, EVSE, ridesharing, walking, cycling, public transit, and micro-mobility incentives

Hybrid engagement & utilization

- The pandemic has changed the way we engage with employees, and we have adjusted our strategy accordingly. Merchants will continue to have virtual events to ensure employees feel connected and engaged with the company, no matter where they are
- Offer additional flexible and hybrid work alternatives that support work-life balance

Merchants Prime

- In 2022, Merchants will launch Merchants Prime, an employee recognition and engagement platform. On the platform, employees will be incentivized to earn wellness points that can be redeemed for trips, merchandise and gift cards to marketplaces such as Amazon

Diversity in Fleet

In 2022, Merchants will launch a “Diversity in Fleet” initiative, which is designed to help “level the playing field” in the fleet industry. Working directly with our fleet management peers, the initiative will expand efforts to build and attract a diverse candidate pool, and include presentations and symposiums focused specifically on diversity.

Diversity, equity & inclusion program: “Ambassadors & Allies”

At Merchants, we want all employees to be encouraged and empowered to be their authentic selves. To advance our culture of DEI, we will be launching our Ambassadors & Allies program in 2022. The program consists of a two-month commitment that includes DEI training, a capstone project and participation in the New Hampshire Workplace Racial Equity Learning Challenge. Our culture of belonging will be reinforced by our Ambassadors & Allies who will inspire diversity, equity and inclusion throughout our company.

The New Hampshire Workplace Racial Equity Learning Challenge, an element of this program, provides individuals and teams in the New Hampshire workforce community a way to:

- Learn about the history and dynamics of how racism manifests at the individual, interpersonal, organization, and systemic level
- Gain insights into New Hampshire history and current imperatives on issues relating to racial equity
- Discover local resources and leaders working on these issues so you can support, amplify, and/or complement this work
- Have a space for dialogue with other organizational leaders to reflect and consider how you can take action and invest your resources for change in the most effective ways

Training & development

The following are highlights of how we plan to develop our talent in 2022:

- Expand our paid summer internship and grad rotation programs both in size and duration, and provide housing subsidies for those not local to Merchants Headquarters.
- Invest in the next generation of talent, and our commitment to DEI through targeted recruiting
- Expand courses and content available through LinkedIn Learning, including hybrid courses focused on sustainability
- Launch initiatives to understand, ingrain, and continuously evolve ESG concepts with our employees

Double minimum wage

Starting in 2021 and continuing into 2022, Merchants will finalize the minimum pay rate increase to \$15 per hour for all positions; more than doubling New Hampshire's minimum wage, where Merchants is headquartered.



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At Merchants Fleet, we encourage our employees to enrich the communities in which they live and empower them in the pursuit of those efforts. Our organizational philosophy has been deeply vested since our inception and continues proudly today.

Throughout our history, our sense of responsibility has provided the necessary support and hope for those in need. It is our promise to maintain our commitment to the benefit of the common good through the preservation of a corporate culture that celebrates and encourages community involvement, investment, and volunteerism.

Our communities house our operations, fuel our business, support our people, and, in turn, help us better our planet. To show our support for the communities that make us who we are, we incentivize our people to give back through generous volunteering opportunities and philanthropic giving.

Community service

To encourage our commitment to our communities, Merchants provides all employees **16 hours of paid volunteer time off (VTO)** for causes particularly meaningful to them.

Volunteering is good for our community, people and business alike. Merchants Fleet's VTO policy:

- Attracts new talent who are exceptionally passionate and find a sense of purpose in the company's social and community values
- Promotes an increase in job satisfaction, leading to healthier and happier employees
- Supports greater work-life balance
- Builds stronger bonds between co-workers
- Increases our engagement with the community



Major charitable events & projects

Merchants is proud to support and be involved in the following charitable events and projects:

Gail Singer Memorial Blood Drive

Gail Singer is the late wife of Gary Singer, owner of Merchants Automotive Group. The Singer Family is the founder of Merchants Fleet (previously Merchants Motors) and has been involved in the Greater Manchester, NH community for over 50 years. Their philanthropic efforts have helped to aid many people, places, and organizations throughout the state.

2022 will see the 39th Gail Singer Memorial Blood Drive, an event for which Merchants is widely recognized. The blood drive is the Singer Family's signature community service activity, one that has grown substantially over the last 10 years. It's now one of the largest community blood drives in the U.S., responsible for collecting **more than 22,000 pints of blood** over the last 15 years.

Families in Transition (FIT)

Merchants employees have been volunteering at the Families in Transition (FIT) Soup Kitchen for the last seven years. Our volunteers proudly serve over 100 meals each month and plan to continue helping families in need for years to come.

FIT's mission is to prevent and break the cycle of homelessness. They accomplish this by:

- Providing dignified housing
- Delivering comprehensive and innovative solutions
- Developing collaborative relationships with their clients and partners
- Creating opportunities for donors and volunteers committed to making a difference where they live and work

With headquarters in Manchester, NH, and locations in Concord, Dover, and Wolfeboro, NH, Families in Transition includes the Outfitters Thrift Store and Willows Treatment Center brands.

Salvation Army

Merchants has been working with the Salvation Army since 1996 and participates in:

- Annual holiday toy collection
- Annual chocolate bunny sales
- Baking and volunteering at Kid's Café
- Coordinating an auction for Union Leader Salvation Army Santa Fund luncheon
- Holiday Card images with Kid's Café artwork
- **Salvation Army Bell Ringing**

Merchants has been bell ringing for over 25 years and has collected **over \$500,000 for the Manchester, NH Salvation Army**. We coordinate over 150 volunteers to cover 300-plus storefront hours. We also work with the Hooksett, NH Salvation Army and support fundraising efforts.

Philanthropic giving

Merchants gave to several key organizations in 2021, with some of the largest donations going to:

- Granite United Way
- Manchester Proud
- Temple Israel
- Red Cross
- Waypoint
- Families in Transition
- City Year
- Webster House
- Nackey S. Loeb School of Communications

Additionally, **Merchants supports its employees' giving efforts by matching their donations to charities of their choice, up to \$500 a year.**

Looking ahead to 2022

As we move through 2022, the company plans to increase volunteering utilization rates and continue to give to those who need it most, while evaluating where funding is most impactful.

Over the past 60 years, Merchants has done much to support our communities and has built incredible relationships in the process. As we continue the tradition of giving back to our local communities, we are also assessing our charitable actions so they effectively match our growth and impact as an increasingly global company. We will be adding to our list of charitable events in 2022 and are particularly excited to identify and support organizations that share our ESG vision and empower their communities through social justice, environmental protection, and corporate ethics.



Our Business

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Our vision

With our vehicles, we enable the movement of people, goods, and services freely and responsibly.

Our vision speaks to how we operate business, serve clients in over 20 unique industries, and provide flexible products and services that effectively facilitate transportation, while remaining dedicated to being an ethical and sustainable business.

Our mission

Providing the most comprehensive, flexible, and innovative fleet experience on the planet.

We specialize in developing tailored fleet leasing programs and fleet management solutions. As a partner, we work closely with clients to understand their needs and design the most effective fleet program for their organization. From robust analytics to the latest mobility solutions, Merchants has everything our clients need to hit performance targets and benefit from today's most impactful fleet innovations.

Our values



Service

We commit to the most high-touch and responsive service in the industry



Integrity

We believe that doing business with the utmost integrity is the only way to do business



Flexibility

We are creative, entrepreneurial, and nimble in our solutions



Community

We believe in giving back our time, energy and resources to make a better world



Innovation

We cultivate out-of-the-box thinking, continuous improvement, and technology



Our ESG purpose

E

Create a fleet ecosystem that drives sustainable business

S

Shape a culture of belonging, collaboration, empowerment, and social responsibility

G

Apply ethics and integrity to all business activities while being accountable and transparent to stakeholders

How do we accomplish these goals? Through the responsible and comprehensive governance of company policies and procedures.

Executive leadership team

We are excited to be among the best fleet management companies, and that success is because of our entire team at Merchants – hardworking individuals who collaborate to provide the best fleet solutions for our clients' needs. The Merchants executive leadership team guides these efforts with over 300 years of combined experience in fleet management, an average of 22 years of leadership experience, 45% of the team being women, and the oversight of over 600 employees nationally. We believe in the power of people, which is why we actively reward high performers and have hired some of the best talent that exists.



Brendan P. Keegan
Chief Executive Officer

- 6-Time President & CEO
- Business Transformation Leader
- Technologist, Innovator & Market Disruptor
- ESG Expert & Thought Leader
- Global Award-Winning CEO



 <p>Jerry Pavelich Sr. Vice President & Chief Financial Officer</p> 	 <p>Jeanine L. Charlton Sr. Vice President & Chief Technology & Digital Officer</p> 	 <p>John Cail Sr. Vice President, Mobility</p> 	 <p>Adam Secore Sr. Vice President, Operations</p> 	 <p>Tom Coffey Sr. Vice President, Sales & Consulting</p> 
 <p>Jack Firriolo Vice President & Chief Credit Officer</p> 	 <p>Amanda E. Rogers Vice President, Marketing & Innovation</p> 	 <p>Diana Holland Vice President, Strategic Accounts</p> 	 <p>Alicia Hart Vice President, Human Resources</p> 	 <p>Kristin Parshay Vice President, Finance & Controller</p> 



“Having a leadership team that is as diverse as our clients, employees and communities enables us to better manage the company as we pull from our variety of experiences, perspectives, and talents to better represent and serve our stakeholders. Here at Merchants, every employee has an opportunity to make an impact and share their unique and diverse perspective—hearing from our stakeholders enriches our ability to anticipate and mitigate risks while most often identifying innovative ways to turn them into opportunities. As leaders, we take pride in being surrounded by different minds and perspectives.”

Amanda E. Rogers,
Vice President of
Marketing & Innovation

Corporate governance

Our corporate governance structure is designed to foster principled actions, informed and effective decision-making, and appropriate monitoring of compliance and performance, assuring that the interests of shareholders are being served.

Enterprise risk management

The Enterprise Risk Management (ERM) Team at Merchants drives value creation by mitigating risk, while also preparing for and promptly responding to uncertainty.

Enterprise risk management program

Merchants understands that from an organizational standpoint, prudent risk management is an unsung pillar on which the future success of our organization stands upon. Our extensive ERM program governs the policies, procedures, and practices that are used by management to identify, assess, and respond to risks. From operational risks such as business continuity and process-based risks to technology risks such as information security and client privacy, our all-encompassing ERM program takes a disciplined and pragmatic approach to managing the everchanging risk landscape that our organization faces.

Specifically, the ERM Committee is made up of eight total members: six senior level executives along with the two members of the Credit & Risk Management Department. The purpose of the ERM Committee is to provide holistic oversight of the strategy and carry out governance responsibilities to support management in the achievement of business objectives. Some of the main responsibilities of the committee are to understand the organization's philosophy and agree upon its risk appetite levels as well as ensuring the tenants of risk management are areas of focus when conducting strategic planning. The committee also has a responsibility to foster a risk management environment that encourages open dialogue, ample engagement by committee members, and clear communications. A few of the key roles that the committee oversees are reviewing risk response plans and providing feedback to business owners as well as periodically reevaluating risk response strategies to ensure that they adequately and effectively address appropriate risks.

The ERM Advisory Group is comprised of four individuals including the Director of Legal, the Vice President of Finance & Controller as well as the two members of the Risk Management Department. The purpose of the ERM Advisory Group is to take an enterprise view of the risks the organization faces and offer bi-directional guidance and best practices in relation to any future course of action. Some key responsibilities of the advisory group are ensuring that an appropriate framework is in place for the company's risk management activities, overseeing the risk assessment process, and participating in the escalation of risks to the ERM Committee. As it relates to the risk escalation process, the advisory group plays a key role in synthesizing and assessing risks to recommend to the higher-level ERM Committee. The ERM Advisory Group serves as a second layer of defense, providing guidance and best practice advice when it comes to identifying, assessing, and responding to enterprise level risks.



Business continuity

Merchants understands the importance of managing risks and that effectively balancing risk and return is critical to our long-term success. Our ERM program as well as our ERM Committee oversees the policies and procedures used by management to monitor, evaluate, and manage our risks. Alongside our ERM program, we have documented plans and procedures to ensure business continuity in the event of a crisis or other emergency situation. These processes include regular monitoring and testing of our information systems to ensure appropriate backup and recovery, regular testing of emergency response plans through emergency communications and tabletop exercises as well as training of employees involved in emergency response and crisis management. For example, in response to the COVID-19 pandemic in early 2020, Merchants activated its business continuity plan (BCP) to ensure the safety and well-being of our employees, clients, and community. Our well-grounded BCP policies and procedures enabled us to quickly expand remote working capabilities, to work compassionately with clients impacted by the pandemic, and to support our local communities in unprecedented ways. Merchants believes that, in order to be a sustainable business, we must have a robust business continuity strategy. We are confident that our BCP program ensures operational resilience during crises, thereby allowing us to focus on turning risks into opportunities.

Information security

Information Security (IS), including cybersecurity has been and continues to be a high priority for Merchants. Therefore, Merchants has been devoted to protecting information assets as well as safeguarding its people, processes, and equipment.

Merchants is committed to ensuring confidentiality, integrity, and availability of information. A cornerstone of delivering on that commitment is alignment with the ISO 27002 security standard. The information we manage is being protected in transit and at rest by industry-standard encryption mechanisms. Merchants has a dedicated IS team that includes a 24/7 Security Operations Center (SOC) responsible for the identification and remediation of security events. All security initiatives are coordinated by the Security Council, which consist of cross-department members in order to ensure proper governance. Additionally, we have a robust Security Training program that employees are required to complete quarterly. This program helps to create a culture of awareness and accountability, as well as a knowledge base of IS protocols and procedures. As the security environment and threat landscape evolve, as does our security posture and positioning. We are committed to adopting the latest security standards in order to provide the most secure environment.

Data security

Merchants has deliberately invested in the right people, processes, and technology to further develop our capabilities to deter attacks and risks. We have evolved our procedures and practices to protect both our own and our clients' information from malicious activities, cyberattacks, corruption, and other loss or compromise. Our IS policies are designed to comply with and adhere to all regulatory and compliance requirements related to the protection of clients' data, including consumer privacy laws. Merchants works relentlessly to understand our posture in the IS environment as well as our potential areas of vulnerability. The everchanging landscape of the IS environment is constantly being monitored and our Director of Infrastructure & Security is routinely invited to present on IS risks during ERM Committee meetings.

Client privacy

Merchants understands the magnitude of responsibility we take on when clients entrust us with their information. From the beginning, Merchants has been committed to respecting and protecting the privacy of personal information provided to us by our clients. Our governance model along with our numerous policies and procedures are designed to protect the information of our clients by applying the principle of least privilege (PoLP) to their data. The principle of least privilege is the practice of restricting access rights to only those authorized individuals who absolutely require it for legitimate business needs and functions. Merchants has mechanisms built into processes and procedures that enable our employees to report potential unauthorized privacy or security incidents as it relates to our clients' data.





Ethics & integrity

Our culture is one that is established in ethical and lawful behavior, abiding by the highest standards, and complying with all laws, regulations, and policies. Merchants supports a culture of openness, trust, and integrity, while diligently keeping employees free from all forms of intimidation and retaliation. This philosophy is engrained in all areas and functions of the business which helps foster open communication and encourages all employees to share their questions, concerns, and/or comments.

To ensure our company operates with the highest degree of ethics and integrity, we regularly review and revise our policies and programs. They include but are not limited to:

- Our culture of ethics
- Our governance of ethics
- Our good health and well-being programs
- Our work and economic growth conditions
- Our compliance with the Equal Pay Act
- Our DEI policies, including equal employment policies

Client advisory board

Understanding our clients' demands and expectations is imperative to the success of our company. To satisfy these needs, Merchants developed the Client Advisory Board (CAB) to engage with key clients on a regular basis. The CAB is comprised of 12 businesses ranging from logistics and home services to manufacturing and energy. It is positioned to provide client research and market intelligence and inform and validate our products, services, and roadmaps.

Looking ahead to 2022

As always, we will continuously improve our processes and policies to ensure we are well governed and resilient while operating with the highest levels of ethics and integrity. Additionally, in 2022 we will undertake the following initiatives:

Enhance stakeholder engagement

Though we have already established channels and processes to keep us connected with our stakeholders, Merchants plans to pursue additional levels of engagement to ensure that our business continues to meet and exceed our stakeholders' expectations.

On an every-other-year basis we evaluate the makeup of the CAB, with a goal of making it more inclusive and to reflect the diversity of our growing client pool. Doing so enriches our stakeholder engagement process by including more individuals with varied backgrounds. Whether that be culture, ethnicity, age, gender, industry, or work experience – each unique perspective serves to strengthen the validity of the CAB and through that, the resilience of the business. We will grow our CAB by at least five new members in 2022 and are excited to introduce new voices to the table.

We will also be increasing the frequency with which we engage our stakeholders so that our rapidly growing business can continue to stay ahead of an ever-changing globalized economy.

Seek out responsible partners & elevate supplier diversity

Merchants will be leveraging a new technology that will allow us to understand more about our critical suppliers and partners. The immediate focus will be on tracking women-owned, minority-owned, veteran-owned, LGBTQ-owned, and disability-owned businesses, as well as surveying our critical vendors about their sustainability practices and the diversity of their vendors. This will help us gain additional insights and permit us to establish expectations around responsible actions and the diversity of our suppliers and partners going forward. It will also enhance our understanding of the impact our business has on our communities and beyond.

ESG governance

We are dedicated to enhancing and evolving our ESG governance strategy with the goal of achieving alignment and compliance across our employee base. We will accomplish this by ensuring our ESG policies and priorities are clear, accessible and supported. In 2022, **we will be launching new policies for measuring and reporting our ESG performance, aligning our data with an industry-accepted and standardized ESG disclosure framework.**



Accelerating Forward



The most sustainable fleet management company on the planet

Merchants has accomplished a great deal and is primed to advance our ESG program in 2022 to elevate the value delivered to stakeholders. We will achieve this through comprehensive materiality assessments, strategy integration, standardized metrics and reporting, consistent governance and communication, and continuous innovation. ESG is an ecosystem of causes, actions and benefits; to be sustainable, we must thrive in all aspects of ESG. We look forward to building on the success we have had and welcome your input to accelerate Merchants Fleet's ESG program and impact forward.

Roadmap

Our process for accelerating our planet, people, communities, and business forward.



Contact us

For questions or comments regarding this report, please contact esg@merchantsfleet.com.



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