

A smiling woman with reddish-brown hair, wearing a blue tweed jacket over a white blouse with a black bow, stands in front of a background of green leaves. A network diagram is overlaid at the bottom of the image.

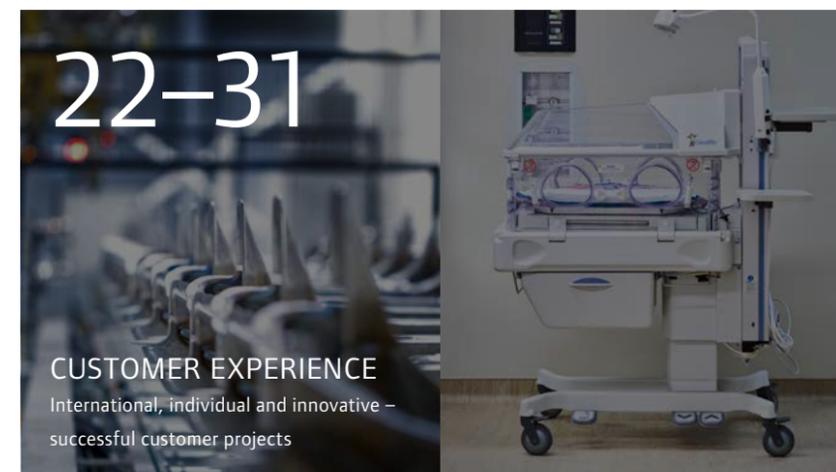
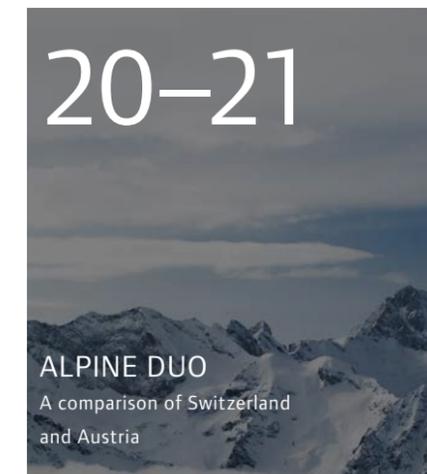
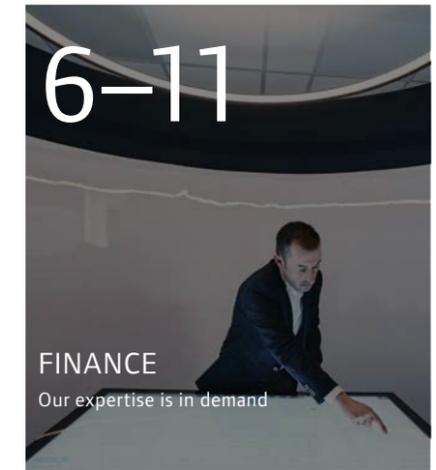
SUSTAINABLE CORPORATE GOVERNANCE IN TIMES OF CHANGE

Efficient Technology Management®

CONTENTS

“The principles of the circular economy are firmly embedded in our corporate philosophy.”

Virginie Versavel, Account Manager at CHG-MERIDIAN Belgium and member of the Belgian Circular Economy Taskforce.



SUSTAINABLE CORPORATE GOVERNANCE IN TIMES OF CHANGE

A lot happened in 2019, both on the political and the economic front. The global economy has entered into a downturn, many industrial sectors are undergoing severe changes, and interest rates remain at an exceptionally low level. Despite these demanding conditions, CHG-MERIDIAN Group continued to perform well and increased the volume of lease origination by 32 percent to €1.99 billion.

At the same time, sustainability topics were under broad discussion in 2019, both in business community and in society at large. A key part of the debate is devoted to the circular economy and the way we think about using goods and resources— precisely the core elements of our business model ever since our company's foundation, more than 40 years ago. We have always combined our entrepreneurial activities with an awareness of environmental, social and community concerns, and the current coronavirus crisis will not change this.



BUSINESS DEVELOPMENT IN 2019

Our favorable business development of recent years continued in 2019. The volume of lease origination increased by 32 percent to €1.99 billion, exceeding the record figure achieved in 2018. This was partly due to the consolidation for the full year of equigroup, the technology financing company based in Australia, which we acquired in 2018. The organic growth was 14 percent. Net income, at €65 million, remained at the same level as last year. We refurbished almost 700,000 devices primarily through our two technology centers in Germany and Norway and bringing them into a second lifecycle. And last, but most certainly not least: around 1,100 employees in 27 countries substantively contributed with their commitment and creativity to this outcome.



Dr. Mathias Wagner:
Joined the CHG-MERIDIAN Group in 2013 and has been Chairman of the Board of Management since 2017.

CORPORATE GOVERNANCE AND SUSTAINABILITY

Successfully implementing sustainability within a company is a challenge – not just for CHG-MERIDIAN. Global climate change is intensifying the awareness that prosperity and quality of life can no longer be attained through borderless growth. A sustainable strategy focusing on the conservation of resources is required, for example by reusing them for as long as possible. This idea underpins the concept of the circular economy and has always formed the basics of CHG-MERIDIAN's business model. For years, it has proven itself in practice: sustainable corporate governance is entirely compatible with economic objectives such as competitiveness, productivity, and continuing growth. For example, in 2019 we were able to refurbish 95 percent of the devices returned to us by our customers and putting them into a second life. For us, as a company, such represents an important contribution to sustainable development.

UNBROKEN TREND TOWARDS DIGITALIZATION

Many companies still lack the necessary digital infrastructure. During the coronavirus pandemic, many of them have been forced to react quickly in order to be able to keep the business going. We have been able to support many of our customers at short notice by helping them to expand their current IT infrastructure or by providing refurbished equipment from our technology centers. This is our strengths: managing technology efficiently and providing flexible solutions for financing the necessary investment. And this is not limited to IT infrastructure. In the area of healthcare and industrial technology, too, we will continue to work enabling hospitals, production facilities, and logistics centers to become 'more digital' and thereby fit for the future.

CORONAVIRUS SITUATION

With the economic tailwind from 2019, a sustainable and simultaneously robust business model and a comprehensive crisis management policy, we have, thus far, weathered the coronavirus crisis well. Any forecast for the rest of 2020 is difficult. What is likely to happen? The volume of lease origination in 2020 will be below the previous year's level. At the same time, our own experience of crisis management revealed that we were able to react to the situation very quickly, thanks to the digitalization of our core processes. Our processes are working, our business activity is stable, and we seek to support our customers to the greatest possible extent.

I wish you enjoyable and informative reading.
Yours

A handwritten signature in blue ink, appearing to read 'M. Wagner', written in a cursive style.

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

“We have always combined our business activities with an awareness of environmental, social and community concerns. The current coronavirus crisis will not change this.”



FINANCE

OUR EXPERTISE IS IN DEMAND

Our business model allows us to offer our customers maximum support with their greatest challenges – Digital transformation, sustainable business practices, employer branding. This keeps us on course for growth and cushions us to a large extent from economic fluctuations.

In an interview, Rony Timmermans, Vice President Finance Benelux and France, looks back on 2019. It was a successful year for the CHG-MERIDIAN Group and for Belgium, the Netherlands, and Luxembourg despite difficult economic conditions.

2019 was a turning point for the global economy. After a decade of virtually unchecked recovery, the economy slowed down considerably. How was business at CHG-MERIDIAN?

Timmermans: We are seeing the effects of the cooling economy in some of the industries in which we operate. Nevertheless, we not only maintained the growth trajectory of previous years at CHG-MERIDIAN, we surpassed ourselves yet again. Our lease origination volume was up by 32 percent year on year. This shows us that we are on exactly the right track with our business model.

What political and economic conditions shaped the markets in the Benelux countries in 2019, and how did the local subsidiaries in these countries contribute to CHG-MERIDIAN's volume of lease origination?

Timmermans: Belgium is known for its complex political environment. We have not had a government since the elections in May 2019, and unfortunately this also means that there are no long-term strategies for social and economic issues. By contrast, political stability in the Netherlands is visibly benefiting economic growth.

Belgium, Luxembourg, and the Netherlands contributed to the Group result with lease origination of some €115 million. €75 million of this is attributable to Belgium and Luxembourg, and just over €40 million to the Netherlands. The Belgian market is not especially large. However, our market share there is very high and still growing, with new customers accounting for 30 percent of our business last year. In the Netherlands, the business is not quite as advanced as this yet, and we expect strong growth in the coming years, as the market potential is there.



Rony Timmermans (right; here with Vincent Stoefts, Tobania) has been at CHG-MERIDIAN since 2011. As Vice President Finance he is responsible for Belgium, the Netherlands and Luxembourg. Since 2020, France has been added to his area of responsibility.

Your financing strategy is an important element of being able to fund technology investments for your customers. How did this strategy evolve?

Timmermans: In 2019, the total funding volume of our customers' technology investments across the whole Group was €1.88 billion, a very positive year-on-year increase of 29 percent. Non-recourse funding transactions continue to play a key role in our financing strategy. Two-thirds of the total funding volume was on a non-recourse basis in 2019. This is very encouraging. Our funding base is very broad and international, and reflects the great confidence placed in us. We work with a total of 168 financial institutions in more than 20 countries. They include 105 investors with ongoing exposure in our bonded loans and syndicated loans, and 77 funding partners that directly fund our lease origination.

Before the coronavirus crisis began to unfold, the Dutch Bureau for Economic Policy Analysis (CPB) forecast a slowdown in economic growth for the third consecutive year in 2020. In view of the current situation, what is your assessment with regard to CHG-MERIDIAN?

Timmermans: The markets in Europe are facing severe challenges. The impact of coronavirus is the biggest challenge, but we are also facing a possible trade war between the USA and China and the consequences of Brexit – all of which mean that little or no growth can be expected in Europe in the current year. Nevertheless, we must take a

nuanced view. The coronavirus crisis will accelerate the progress of digitalization in all sectors of the economy. As experts in this field, we are on hand to support businesses. So far, despite close trade relations with the UK in the Benelux countries, we have not experienced any adverse effects as a result of Brexit. Some major financial institutions are retreating to the mainland, which could open up new opportunities for us. So the overall economic situation does not necessarily always provide the blueprint for our business. On the contrary, I would even say that the slowdown in economic growth could accommodate our business model.

You'll have to explain that in more detail ...

Timmermans: Our comprehensive technology management, and our enterprise, mobility, and employer benefit solutions provide customers with a wide range of value-added solutions in addition to financing. This applies equally to issues such as sustainability and efficiency enhancement – and to the growing recognition in companies that creating modern, digital workplaces can be critical to their future viability and a valuable trump card. This combination of technological and financial expertise gives us a head start even when the economy is slowing. It is already the case in Belgium that only some 10 percent of customers come to us exclusively for finance. The vast majority trust in our expertise along the entire value chain.



GRIMBERGEN
BELGIUM

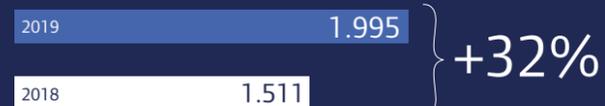
Grimbergen is a Flemish municipality near Brussels. EU institutions and NATO's headquarters attract many global conglomerates and pressure groups to the Belgian capital. CHG-MERIDIAN has had an office here since 2001.

The CHG-MERIDIAN Group in numbers: 2019

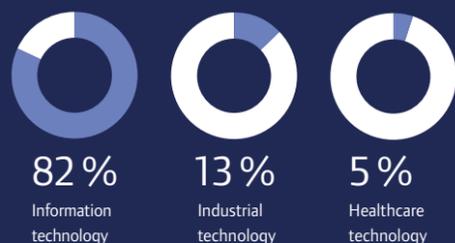
Lease origination

€1.995 billion

Growth of lease origination
(€ billion)



Volume of lease origination broken down by
technology sector



Net income

€65 million

Key financial performance indicators

€ thousand

	2019	2018	
Equity (IFRS)	547,611	501,452	+9%
Group's total assets (IFRS)	3,316,101	2,806,471	+18%
Net income (IFRS)	64,608	65,798	-2%
Non-recourse funding	1,446,187	1,028,300	+41%
Corporate lending	344,926	302,443	+14%
extraordinary effect		+70,000	

Profit from ordinary activities

€91 million

Total technology portfolio financed and managed
as at December 31, 2019

€6.88 billion

27 countries
around 1,100 employees

The topic of sustainability in particular is currently experiencing an enormous upsurge. CHG-MERIDIAN's business model is based on the principles of the circular economy. To what extent is this a selling point in new client business and a means of setting the Group apart from its competitors?

Timmermans: Belgium was one of the first countries in the CHG-MERIDIAN Group to focus strongly on the circular economy, and we are seeing there that this new awareness is opening doors for us. Sustainability in the management of resources is becoming increasingly important, and there is active demand for solutions in this area. Our approach of resource-efficient technology management, which covers the entire lifecycle from equipment procurement to remarketing, is tapping into the current mood. Our unique selling proposition is that we can promise sustainability in a credible manner. Circular economy is not only a principle that we have embraced as part of our daily practice. In contrast to our competitors, our technology centers also provide us with the necessary infrastructure to recycle our assets for secondary use, for example.

With regard to Benelux and the Group as a whole: apart from the current market-related uncertainties, what are the challenges?

Timmermans: Our goal is to further increase the Benelux countries' share of the Group's overall earnings. We got off to an extremely good start in the first quarter of 2020 and, without daring to risk an exact forecast, I am very optimistic about the near future. We can rely on the strength of our business model, but we cannot be complacent in this

respect. We have to look closely at the transformations we need to carry out and the areas we should be consolidating in order to be prepared for the future. Potential customers need to understand what our strengths are and how we differ from new competitors such as fintechs. Financial engineering has many facets and for us is much more than just financing technology. In 2020 we are not going to see the growth rates we have seen in recent years, but I am confident that we will continue our organic growth.





SUSTAINABILITY AS A LIVED SELF-CONCEPTION

In the future, business models based on the circular economy will play a key role in making sustainable use of the planet's limited resources. The CHG-MERIDIAN Group, which is operating in 27 countries, has been managing technology investments for 40 years. The principles of the circular economy have been at the heart of its business model throughout this time.

CHG-MERIDIAN experts Virginie Versavel from Belgium, Jan-Thore Johnsen from Norway, and Klaus Form from Germany explain how customers and the environment are benefiting from this.

Awareness of the need to do business in a way that is sustainable and protects resources varies around the world. What is the attitude in your country?

Versavel: The need to protect the climate is now at the top of the agenda in Belgium and Luxembourg, particularly in its companies. More and more customers are asking for carbon footprint data for their IT equipment or for certified reports on the disposal of their devices and the raw materials they contain. One of the reasons behind this trend is that a growing number of companies are publishing non-financial information on sustainability and corporate social responsibility, and selecting suppliers according to how green they are.

Form: In Germany, the focus is increasingly on this topic. The term 'green IT' established itself several years ago with the rapid advancement of technology around the globe. Demand for green, energy-efficient solutions along the entire value chain has steadily increased since then.

Johnsen: Norway has undergone a major evolution. We owe our prosperity to North Sea oil, yet we are pioneers when it comes to climate protection. We are very proud of the fact that 95 percent of our electricity comes from hydro, solar, or wind power, that we do not have any coal-fired power plants, and

that almost half of all vehicles sold in the first quarter of 2020 were electric. Policy-makers have a strong influence on environmental awareness, for example by giving sustainability criteria a considerable weighting of 30 percent in public tenders.



Virginie Versavel, Solutions Development Manager: Working with customers and prospects in Belgium and Luxembourg, and with suppliers globally, she has observed a growing interest – and need for support – in sustainability matters. She has been attending summits and meetings at national and European level for many years, delivering presentations on the subjects of sustainability and the circular economy. In 2017, she steered the evaluation of CHG-MERIDIAN's business model that was carried out by research organization VITO. She has been a member of the Belgian Circular Economy Taskforce at Febelfin since 2018.

What can CHG-MERIDIAN do to ensure that companies make their processes more sustainable?

Johnsen: Our first task is to raise awareness. When it comes to sustainability, it is important for companies to understand that 95 percent of the IT equipment they want to replace still has a value for someone else. We support this by considering the entire technology lifecycle, rather than just providing product financing. This starts with the roll-out and the productive phase and ends with the return of equipment and the professional refurbishment for the secondary market.

Our partnership with Green Mountain in Norway, which we entered into last year, is a flagship project in this respect. Green Mountain runs carbon-neutral data centers and has seen an increase in demand for secure and sustainable end-of-life services in recent years. As experts in this field, we support Green Mountain with this.

Form: Our technology centers in Gross-Gerau, Germany, and Skien, Norway, are an important part of the entire value chain, as it is here that we refurbish IT assets for the secondary market. The centers themselves have been designed with sustainability in mind and use renewable energy and eco-friendly packaging.



Jan-Thore Johnsen, Senior Technical Sales: When Johnsen joined CHG-MERIDIAN in 2017, he initiated a dialog with the Norwegian digital agency digdir and since 2018 has been part of an expert group there, advising on the development of selection criteria for sustainable public sector procurement. Several years ago, he developed a sustainability reporting system for customers that is now used by the technology center in Skien, Norway.



ABOUT GREEN MOUNTAIN

Green Mountain is based in Norway and specializes in sustainable data centers that combine carbon neutrality with the highest security standards. The data centers are operated using hydroelectric power and cooled for most of the year by the rough Norwegian weather and the icy waters in the fjords. The high-performance servers are used by international companies to run complex and energy-intensive vehicle development projects for example.



MORE ABOUT FEBELFIN

Febelfin (Fédération belge du secteur financier) is the official federation of the Belgian finance sector and is headquartered in Brussels. Its Circular Economy Taskforce was established in 2018 with the objective of promoting the principles of the circular economy from a financial standpoint. Alongside the Belgian Leasing Association and other experts in the field, CHG-MERIDIAN is an active member of the Taskforce, which has recently published its Circular Economy Charter. It supports all players in the market and in business with the implementation of resource-efficient processes and enables the restructuring of their linear business models into more sustainable business models.

Companies are often accused of green-washing. Has it been proven that CHG-MERIDIAN's business model meets the demands of the circular economy?

Versavel: The principles of the circular economy are firmly embedded in our corporate philosophy, and this has been independently verified. For example, the cyclical use of IT hardware in our leasing model has been assessed by VITO, a leading European research organization in the field of cleantech and sustainable development. VITO has over 20 years' experience in environmental impact assessments.

While remarketing has environmental benefits, there is a risk for companies when it comes to their data. How do you eliminate this risk?

Form: The European General Data Protection Regulation has placed even greater responsibility on companies to look after their data. CHG-MERIDIAN has extensive process expertise in this area. For us, service management involves offering our customers a solution with high data security at any point in the technology lifecycle, for example if a device is defective. At the end of the lease term, our ISO-certified eraSURE® process ensures that there is no more data on the device before it enters its next lifecycle.

Outside of customer relationships, what else is your company doing to protect the environment?

Versavel: In mid-2017, the Circular Flanders initiative was launched in Belgium, with more than 100 companies participating to finance green deals on different levels, including CHG-MERIDIAN. Since then, I have been a member of the Circular Economy Taskforce at Febelfin, the federation of the Belgian financial sector. We have finalized a Circular Economy Charter, describing how Belgian companies can benefit from and contribute to the circular economy through leasing. Specific examples are cited to demonstrate these benefits.

Johnsen: CHG-MERIDIAN Norway is working closely with digdir, the Norwegian Digitalisation Agency, which develops sustainable procurement guidelines based on the circular economy. I am one of a group of experts exploring how sustainability criteria can be integrated into public tenders. As a result of this work, we are jointly developing a new guideline for selecting sustainability criteria in public tenders. Part of this is considering the question of whether to lease or to buy. The answer is simple: it makes more sense financially and environmentally to lease any items that lose value.

Form: The principles of the circular economy are firmly established in our business model, and our technology centers in Germany and Norway have become an integral element of the value chain for sustainable IT solutions. After all, we achieve very high refurbishment rates of 95 percent here, and last year this enabled us to give more than 697,000 assets a second lifecycle. We want to refine what we are doing, beyond end-of-life services, and become even better. That is why we have made a conscious effort to put sustainability on our agenda for 2020.



WHAT IS DIGDIR?

Norway has set itself the goal of providing an effective digital public administration for its citizens. The government believes that prioritizing digitalization policy is an important factor in the country's economic strength.

The Norwegian Digitalisation Agency will be the government's most important tool to coordinate and accelerate the digitalization of the public sector in Norway. The agency will be subordinate to the Ministry of Local Government and Modernisation, and have a more prominent role as a rule setter and a supplier. Its main target groups will be central and local government bodies, the voluntary sector, and businesses.



Klaus Form, Head of Group Service Delivery:

Klaus Form is responsible for operational end-of-life processes in the company's two technology centers, among other things, and for refurbished equipment sales on the global secondary IT market. He and his employees turn the principles of the circular economy into reality each and every day.

THE CIRCULAR ECONOMY ...

Buy, use, throw away – today’s consumer behavior wastes huge amounts of resources and damages the environment. This is particularly true for IT equipment, where devices are replaced that are still working fine but are no longer state-of-the-art. Scrapping them makes neither financial nor environmental sense. That is why the circular economy also focuses on extending the useful life of products, for example by refurbishing them and using them more than once, and on reducing and recycling waste. CHG-MERIDIAN’s business model is the perfect example of how this works in practice.

The e-waste mountain is growing rapidly – by around 50 million tons globally every year. And experts forecast that this will increase to 120 million tons a year by 2050.¹ Smartphones are the most popular mobile devices, and a record 52.5 million new phones were sold in Europe in the third quarter of 2019 alone.² One of the reasons behind this figure is that smartphones are only used for three years on average before they are replaced. In this respect, smartphones are representative of the general

trend in IT equipment. Whether it’s laptops, PCs, or printers, not only is the overall number of devices rising but also the number per user. At the same time, these devices are being replaced with newer models at ever-shorter intervals as companies try to keep pace with technological developments in the digital age.

FROM WASTE TO VALUABLE RESOURCE

Earth Overshoot Day arrives earlier every year. This is the day on which humanity has consumed all the natural resources that the Earth can regenerate and make sustainably available within the space of one year. In 2019, Earth’s resources had already been used up by July 29. The manufacture of IT equipment consumes a relatively large amount of raw materials, some of which are rare. At first glance, it is not obvious what these devices contain, for example the gold in the circuit boards of laptops. Systematic recycling undoubtedly has a positive impact on the environment by returning valuable raw materials to the material cycle. But refurbishing and reusing a device, prior to its recycling, has a greater beneficial effect.

REFURBISHING GIVES DEVICES A SECOND LIFE

The service portfolio around the digital workplace allows CHG-MERIDIAN’s customers to use the latest technology without having to own it. At the end of the lease term, the used devices are optically and technically refurbished in the company’s technology centers in Gross-Gerau, Germany, and Skien, Norway, as well as by certified partners. Refurbishing is based on the principle of turning old into new. This way, 95 percent of all assets returned to CHG-MERIDIAN are given a second life, in line with the principles of the circular economy. In 2019, CHG-MERIDIAN remarketed 697,000 used devices to companies and other customers on the secondary market. Each device that is remarketed contributes to greater sustainability by saving the energy, raw materials, and greenhouse gas emissions otherwise used or generated in the manufacture of a new device.

... MAKES SUSTAINABILITY COMMERCIALY VIABLE

RELIABLE DATA ERASURE IS THE KEY TO SUCCESS

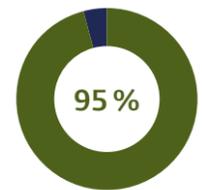
Smartphones and laptops, but also PCs, servers and printers, store large amounts of data, which is why professional data erasure in accordance with statutory requirements is essential for remarketing. To ensure that data protection and remarketing are not in conflict, CHG-MERIDIAN sets a high benchmark with its eraSURE® product. This ISO-certified data erasure method can be adapted to the type of device, to the data scenario, and to the companies’ individual security requirements. This guarantees that data does not fall into the hands of unauthorized parties.

THE CIRCULAR ECONOMY WORKS WELL

To minimize the environmental footprint of electronic goods, they should be used for at least as long as their theoretical lifetime. This requires a shift in thinking: outdated or defective devices are not ‘waste’, they are a valuable resource that can be refurbished, repaired, and reused several times. This way of thinking is not new to CHG-MERIDIAN – it is firmly established in the company’s DNA. CHG-MERIDIAN has been managing its customers’ technology investments for more than 40 years, and now covers the entire lifecycle from procurement and use to data erasure, refurbishing, and remarketing. The business model shows that the circular economy is much more than just an idea; it is a financially and environmentally sensible way to do business which has proven itself in the field.

END-OF LIFE-SERVICES 2019 IN FIGURES:

REFURBISHMENT RATIO



of all assets returned to CHG-MERIDIAN are given a second life

697,000

Number of refurbished and remarketed assets

266,000

Number of assets erased using certified erasure methods

REMARKETING

Top five countries in which we have remarketed our assets:



¹ Source: World Economic Forum, A New Circular Vision for Electronics: Time for a Global Reboot, January 2019

² Source: Canalys Smartphone Analysis, November 2019



Cheese is the key ingredient of fondue and raclette, the national dishes. The Swiss eat over 21 kilograms of cheese per head every year.



More than two-thirds of the population live in the Swiss Plateau, which covers 30 percent of Switzerland's land area.



8.86 million
inhabitants in Austria

AREA

83,879 km²



Austria likes its food: schnitzel, tafelspitz, and sachertorte are its national dishes.



8.57 million
inhabitants in Switzerland

AREA

41,285 km²



Baden, a small town in the Swiss Canton of Aargau, is the center for new developments in the electronics sector.



Vienna is the country's capital and its most populous city, with 1.89 million inhabitants.

ALPINE DUO

BADEN
SWITZERLAND



Overall, 48 of the 82 peaks over four thousand meters in the Alps are located in Switzerland. The country hits the heights not only when it comes to mountains but also in many other areas. For example, the Global Innovation Index has ranked the country in first place every year since 2011. With its four official languages German, French, Italian, and Romansh, Switzerland also scores highly when it comes to cultural diversity.

CHG-MERIDIAN has had a local presence in the Swiss and Liechtenstein market for 16 years. Some of the employees have been here since the very first day.

From its offices in Baden, the team supports customers with their digital transformation, offering CHG-MERIDIAN's full range of services in IT, industrial technology, and health-care technology.

New services providing real added value for customers are often trialed in the Swiss market first. This is due not only to the customers' deep trust in CHG-MERIDIAN but also to the fact that companies here have a very open attitude that makes them keen early adopters.

At 28.7 percent, Austria has the largest share of the Alps by area, which cover almost three quarters of the country's total land area. From its vantage point high up in the mountains, the country enjoys a close relationship with its neighbors. Austria has three official languages in addition to German: Croatian, Slovenian, and Hungarian.

CHG-MERIDIAN has had a presence in Austria since 2000, from where it also covers the Slovenian market. The focus here is on IT and industrial technology customers, especially if they operate internationally. Austria's capital city, Vienna, is renowned not only for coffee houses, sachertorte, and

schnitzel but also for offering an excellent quality of life and its proximity to countries in Central and Eastern Europe. Many companies use the city as a base from which to develop new markets.

Just over a fifth of Austria's population lives in Vienna, and many decisions are made here. That is one of the reasons why CHG-MERIDIAN's Austrian team, which currently has nine employees, has its finger on the pulse in Vienna. But no matter where in Austria, the team's focus is always on how they can help customers to reach for the top.

VIENNA
AUSTRIA





SMART INTEGRATION: THE LATEST TECHNOLOGY IN PRODUCTION PROVIDES A COMPETITIVE EDGE

In order to expand its position as a market leader in the highly competitive commercial vehicle market, SISAMEX relies on constant renewal processes and the integration of the latest technology into production. CHG-MERIDIAN helped the company to develop and implement customized manufacturing processes and optimize its IT infrastructure.

SISAMEX is a leading global manufacturer of automotive components for commercial vehicles based in Escobedo, Nuevo León, Mexico. The company, which is jointly owned by Quimcco and Meritor Inc., makes axles, brakes, and related components for trucks and agricultural machinery. It currently employs around 2,000 people and counts John Deere, Magna, Freightliner, and Caterpillar among its customers.

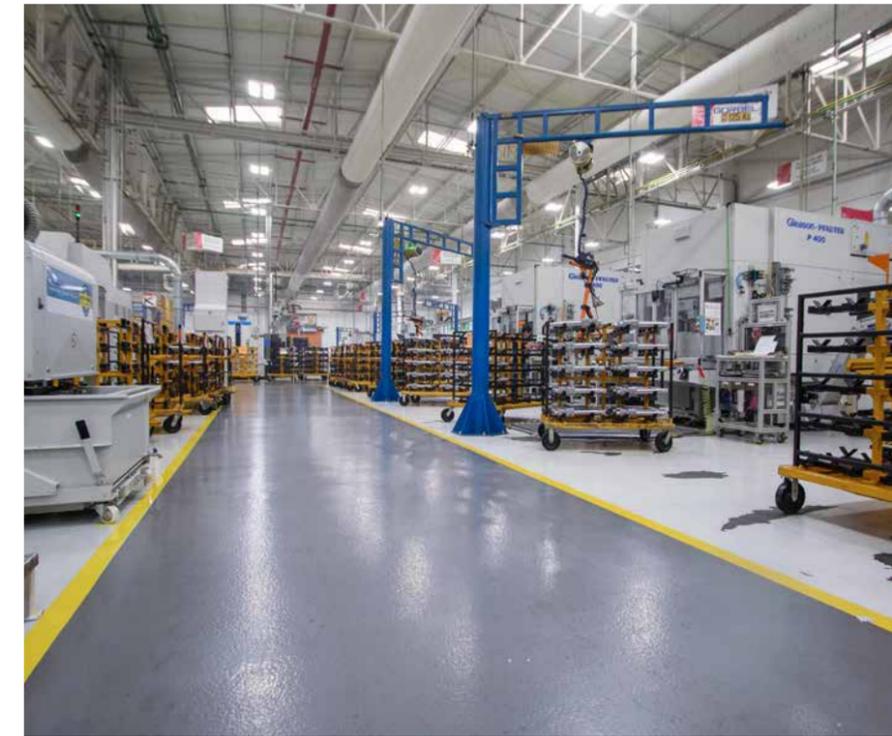




Adrian Puente Montemayor, Key Account Manager at CHG-MERIDIAN Mexico (left)
Pedro Jesús Vota, Treasury Director at SISAMEX (right)

HIGH DEMANDS MADE OF PRODUCTS REQUIRE CUSTOM SOLUTIONS

Innovations are a key element of SISAMEX's success. For over 30 years, the company has specialized in identifying opportunities and developing ideas, and translating them into products, workflows, and marketable solutions. As part of its ongoing innovation program, the commercial vehicle supplier commissioned CHG-MERIDIAN to develop a custom solution for the integration of new technology into its industrial production. The aim was to make efficiency gains in two important production steps: the smelting of materials and the subsequent manufacture of metal parts for the high-precision components sold to SISAMEX customers.



HAND IN HAND: TECHNOLOGICAL EXPERTISE AND FINANCIAL ENGINEERING

CHG-MERIDIAN helped SISAMEX to integrate cutting-edge technology into its production lines and improve its IT infrastructure, IT administration, and IT management. The team at CHG-MERIDIAN managed all import processes, the administration of customs documents, and the delivery of the project. Through TESMA®, the team provided a clear timeline and input/output data, and made all information available in real time.

CHG-MERIDIAN's agile business model allowed SISAMEX to deal with a single source for the procurement, financing, and operation of the latest technology in production and IT. All workflows in production and IT were optimized as part of this process. Better interaction between business units has already improved their performance and results, which has had a positive effect on overall operating profit.

involved a lot of red tape and complex logistics. "We are very happy to be working hand in hand with CHG-MERIDIAN," said Pedro Jesús Vota, Treasury Director at SISAMEX. "The project has helped us to identify our company's specific requirements and challenges. Thanks to the professional support of our partners at CHG-MERIDIAN with procuring and integrating the new technology, we were able to implement the best solution within a short space of time."

This holistic approach had a further, compelling advantage: instead of dealing with a range of service providers, managers at SISAMEX had a single point of contact who took care of everything. The experts at CHG-MERIDIAN also provided support with importing the high-tech equipment, which

MEDICAL INFRASTRUCTURE AT NORTH BAY GETS A CLEAN BILL OF HEALTH

The technological infrastructure at North Bay Regional Health Centre in Canada was becoming outdated as national requirements mandated the use of electronic medical records. But despite a very tight budget, the solutions from CHG-MERIDIAN helped to equip the hospital with new technology and prepare it for the future.

The regional health center in North Bay has almost 400 beds and serves north-east Ontario, Canada. As one of only a handful of large acute care hospitals, it is a major provider of medical care in a region that is otherwise served by a few community hospitals, some of which are quite remote. Like many other hospitals in Canada, North Bay was faced with the challenge of upgrading its old equipment and its largely aging infrastructure on a tight budget. "Across Ontario, hospitals have faced significant financial

pressures over the last decade," said Paul Valenti, Purchasing and Contracts Manager at North Bay. "We purchased new equipment when we moved into a new building in 2011, but due to the limited investment budget we were forced to keep it beyond its useful life."





FROM INVENTORY TO FUTURE-PROOF SOLUTION

In 2016, CHG-MERIDIAN embarked on an in-depth analysis of the medical and technological infrastructure at North Bay Regional Health Centre. Working closely with finance, operations, clinical teams, and medical staff, the hospital looked at the various equipment types in detail. "There was an active exchange of information about the estimated useful life of equipment, and about what to expect for maintenance costs for certain device categories," says Poirier.

This thorough dialog played a key role in identifying the areas where change was needed most. It became clear that there was a requirement for reliable asset management that considers the entire lifecycle from procurement to potential remarketing. "This is where we were able to bring all of our expertise to bear. We also increased the customer's trust in us by not merely introducing our own technology and service management system TESMA® also testing the suitability

of other asset management platforms on the market," says Poirier. CHG-MERIDIAN was also able to apply its expertise in the implementation of tracking activities and the resulting process changes and identified and recommended experts to assist with complex liability matters.

NEW DEMANDS MADE OF OUTDATED EQUIPMENT

Technology is evolving at a rapid pace, particularly in the healthcare sector. Where the lifetime of technology could once reach up to twelve years, it is now only five years. North Bay's budget came under increased pressure as the switch to electronic medical records approached. "Many Canadian hospitals were having budget issues when it came to implementing electronic medical records," says

Guy Poirier, Head of Canadian Healthcare at CHG-MERIDIAN. "The four large hospitals in the northern region, of which North Bay is included, had to cover the bulk of the project's funding at a cost of \$120 million. It is almost impossible to find an additional \$30 million in regions with only a very small population."



North Bay Regional Health Centre
Annual Report 2018/19

Guy Poirier (middle), Head of Canadian Healthcare at CHG-MERIDIAN, in conversation with Paul Valenti, Purchasing and Contracts Manager at North Bay, and his team.





“We are upgrading all of our technology, which improves our ability to diagnose cancer, for example.”

Paul Valenti, Purchasing and Contracts Manager at North Bay

Using priority lists, CHG-MERIDIAN then worked with the finance and procurement departments and the clinical committees to determine which technological equipment should be financed in which way. Dividing the medical devices into different categories made it clearer which ones should be purchased and which should be leased.

Poirier and his colleagues also carried out a lease-versus-buy analysis to calculate the expected leasing costs. After nine months, they prepared the request for proposal (RFP) for financing all of the devices and asked bidders to categorize these by their expected lifecycles.

PROCUREMENT EFFICIENCY ALSO INCREASES THE QUALITY OF CARE

Paul Valenti believes that the support from CHG-MERIDIAN has made North Bay much more flexible as well as provided greater transparency in asset procurement and management. When their healthcare technology comes to the end of its useful life, management now has the option to return it, upgrade it, or carry on using it. “CHG-MERIDIAN has given us the tools we need to calculate the costs at the end of the term. We can lease a piece of equipment for five years and decide at the end of the term whether to continue leasing it, to buy it, or to return it. This gives us far greater flexibility,” says Valenti. Another advantage he believes should not be underestimated is that all services and equipment are handled exclusively by the experts at CHG-MERIDIAN.

“This has a positive impact on the price and avoids having to deal with ten different companies, invoice formats, and expiry dates. And we can build up a relationship,” he adds.

The management of technology over the entire lifecycle not only has monetary benefits but also increases – and this is the main objective of North Bay’s management team – the quality of care provided. Endoscopes are a good example: “Because we are now leasing our endoscopic equipment, we can replace it all in one go after trialing a new model, rather than buying just a few new devices every year. We are upgrading all of our technology, which improves our ability to diagnose cancer, for example,” Valenti says with a smile.

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The background is a dense field of green leaves, likely mint, with a dark green to black gradient. In the center, the numbers '2019' are displayed in a large, semi-transparent, light green font. At the bottom, a decorative horizontal line with several small white dots is visible.

2019