

2022

ESG Report




Merchants
FLEET®



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A message from Chairman, CEO & President Brendan P. Keegan

Environmental, Social, and Governance (ESG) initiatives are becoming increasingly important in the business world as stakeholders are demanding more accountability and responsibility from companies. The fleet industry plays an important role in reducing emissions and mitigating the impact of climate change for our nation, and Merchants is proud to be leading the charge. With that, I am excited to introduce our company's 2022 ESG Report—a compelling compilation of ESG milestones our company has reached throughout the year. As you read through this document, it is abundantly clear that this report is

so much more than just an overview of our ESG strategy, plans, and goals. It is also a celebration of incredible accomplishments in all the areas that are of utmost importance to our company, our clients, and our community.

For over 60 years, Merchants has been enabling the movement of people, goods, and services, and for the past 25+ years, the company has been providing highly customized, tech-enabled fleet management solutions to companies in a multitude of diverse and varied industries across North America. Throughout that time, Merchants has won accolades from some of the most esteemed global organizations, including Fast Company, Inc 5000, Forbes, and Deloitte. And while that recognition puts us in the company of some of the most recognizable brands in the world, it is what we have achieved—and helped our clients achieve—in the realm of ESG, that allows us to do well as a company, by doing good for our planet, our people and our communities.

As evidenced by the impressive accomplishments showcased in this report, 2022 was a monumental year for Merchants. Among the most pivotal was the acquisition of our company by Bain Capital, Abu Dhabi Investment Authority (ADIA), and the Merchants executive leadership team. This exciting new ownership group will allow Merchants to continue providing our clients with cutting-edge commercial fleet solutions, while increasing the scale and scope of our ESG commitments.

While things like kindness, equality and charitable giving have always been in our organization's DNA, formalizing our commitment to ESG has allowed us to take those initiatives to the next level. ESG is firmly at the heart of everything we do at Merchants. It has become a key component of our corporate methodology, and is reflected in the company's official vision statement which was amended in 2020 to read "Merchants' vision is to enable the movement of people, goods, and services freely and responsibly." From helping our clients reach their sustainability goals with innovative electrification products and services, to providing our employees with opportunities to make meaningful impacts on our business, our planet, our people and our communities. At Merchants, we don't measure our success solely by what we accomplish for ourselves, but by what we're able to help others accomplish as well.

As the Chairman, CEO & President of the fastest-growing fleet management company in North America, I firmly believe that ESG not only positively impacts our environmental and social metrics, but our bottom line as well. It is an important commitment we must uphold to create a more sustainable future for our business and stakeholders alike.

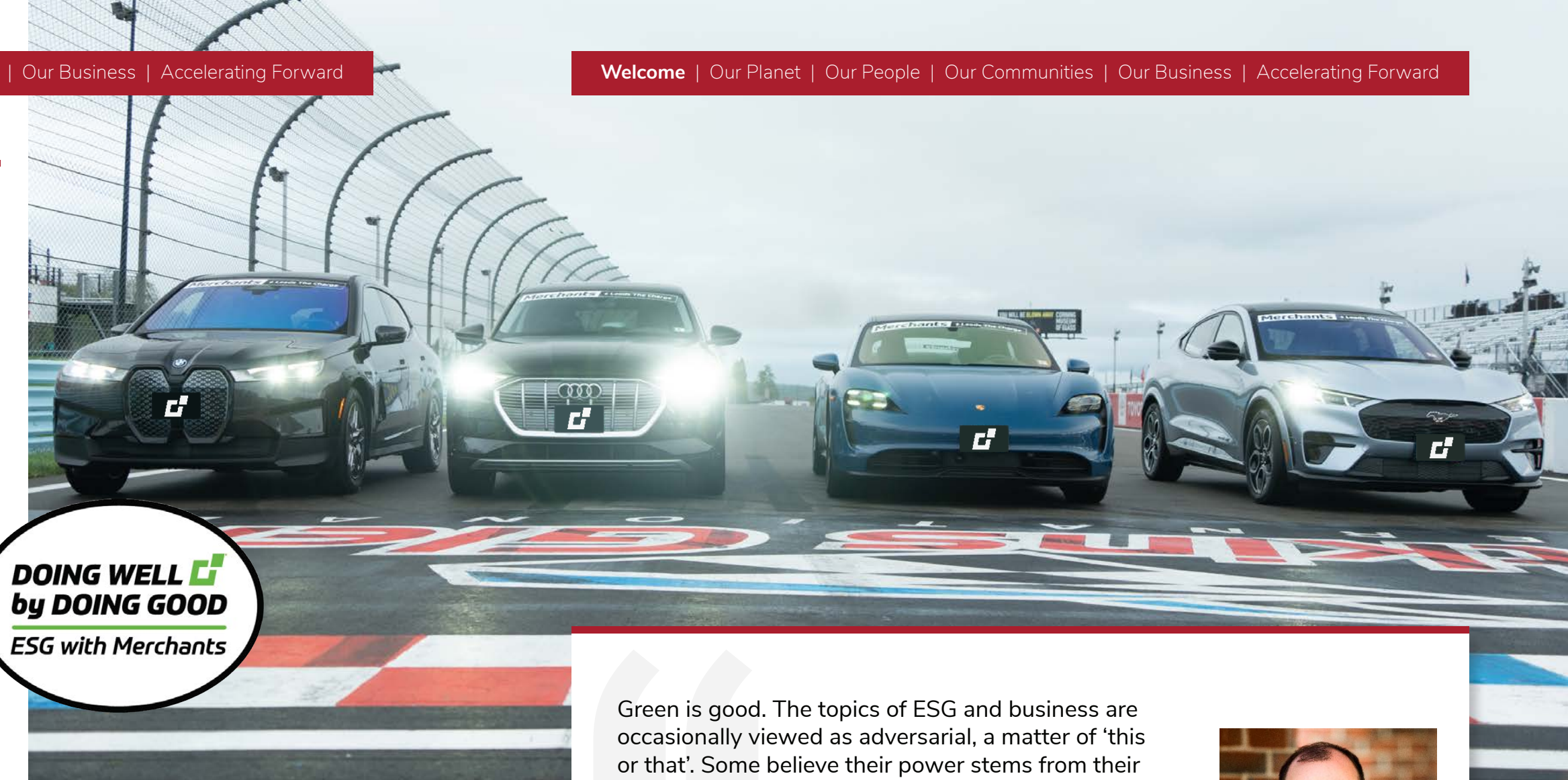
Enjoy the ride,

Brendan P. Keegan
Chairman, CEO & President

ESG REPORT 2022 WELCOME

Doing well by doing good

At Merchants, our ESG ethos is simple: our company does well by doing good for our planet, our people, and our communities. Never has this rung truer than in 2022 with the ESG culture our company has successfully nurtured and the goodness we've delivered, all while simultaneously achieving record financial success. This report proudly illustrates all that our company has accomplished in the realm of ESG in 2022, as well as exciting developments in store for the future. **Welcome to the Merchants 2022 ESG Report.**



Outside the box strategy

At Merchants, we don't confine our view of ESG to just the traditional pillars of Environmental, Social, and Governance. Following in the theme of our company logo, which symbolizes thinking outside of the box while not forcing our clients or ourselves into a box, we have mirrored that mindset with our ESG strategy. At Merchants, we prioritize our ESG initiatives relative to the positive additionality they create as a result of our environmental, social, and governance actions. More specifically, our ESG ethos of Doing Well by Doing Good is strategized by our three core ESG pillars of impact; the positive impact our company has on our planet, our people, and our communities. 2022 proved to be a groundbreaking year in each of these pillars, and Merchants is primed to accelerate to new levels in 2023 and beyond.



Green is good. The topics of ESG and business are occasionally viewed as adversarial, a matter of 'this or that'. Some believe their power stems from their mutual exclusivity; that you must either pursue sustainability or profit, not both. I challenge that belief, as evidenced in our ESG ethos of Merchants doing well by doing good for our planet, people, and communities. To truly unlock long-term enterprise value at scale, companies must build cultures, services, and products that benefit the environmental and social causes stakeholders require. Shifting perspectives to empower sustainability and business to complement one another is the only path for enduring success. Our company proudly advocates this philosophy as no one benefits in the realm of sustainability if we don't all collectively succeed. In my eyes, never has being 'green' been such a clear endeavour.



Ted Lague
Director of ESG

OUR PLANET

Our planet is an amazing place. In fact, it's the only one like it. Though our planet's natural resources are plentiful, they are not limitless, and while our planet has proven resilient for multiple millennia, its inhabitants have not proven so fortunate. ESG is often seen as an ecosystem of interrelated causes and impacts, with our planet being at the center. **When our planet flourishes, we flourish.**

Working directly with our clients, partners and employees, Merchants Fleet's intent is to continue to grow as a company while simultaneously growing the goodness we bring to our planet through our bold electrification and sustainability initiatives.

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ELECTRIFICATION FOR FLEETS

Merchants is committed to being the most electric fleet management company in North America, and Merchants is equally devoted to strategically preparing and positioning our clients to realize the benefits of electric vehicles. No matter the reason why a fleet chooses to electrify – from stabilizing fuel costs to reducing fleet operating expenses – each and every Electric Vehicle (EV) that finds a home in a fleet represents a step forward in combating global climate change and reducing local air pollution. For Merchants, EVs and other Zero Emission Vehicles (ZEVs) are our vehicles of choice to deliver a positive impact to our planet.

Bold electrification actions

TAKING ACTIONS NOW

\$2.5B Committed to EVs by Merchants

40K EV reservations with vehicle manufacturers

BOLD COMMITMENTS TO THE FUTURE

50% of mobility portfolio converted to EVs by **2025**

50% of fleet portfolio converted to EVs by **2030**

Two years ago, Merchants made a bold commitment to the electrification of fleets by reserving 40,000 EVs, valued at approximately \$2.5B, over five years. **Today, our company and clients are reaping the benefits of Merchants Fleet's foresight with millions of miles driven by EVs in 2022, and hundreds of EVs being deployed in the first quarter of 2023, despite global supply chain constraints.** These EV deployments will continue to increase, supporting our company in achieving our 50% EV portfolio targets by 2025 and 2030 for our mobility and fleet businesses, respectively.



Dedicated team of EV experts

The dedicated EV team at Merchants assists our clients through piloting, adopting, and subsequently replacing their internal combustion engine (ICE) vehicles with EVs. Our team of EV experts offers their knowledge as well as a variety of services and solutions to help our clients fearlessly manage their EVs, from planning to disposal.



ELECTRIFICATION SUCCESS STORY

Over two months, a single client reported over 46,000 miles driven by 112 EVs procured by Merchants. This transaction satisfied the client's peak delivery season while simultaneously preventing an estimated 21,000 lbs. of CO2e, and \$20,000 in fuel costs.

1	2	112	46K	21K	\$20K
Client	Months	EVs	Miles Driven	Pounds of CO2e Prevented	Fuel Cost Savings

One monumental opportunity

In 2020, 27% of total U.S. greenhouse gas emissions came from the transportation sector with medium and heavy-duty commercial vehicles representing 26% of that sector's emissions. The impact of transitioning fleets to EVs is undeniable, with EV MPGs often being double that of even the most efficient hybrid vehicles (100 to 150 MPGe).

In some cases, EVs are also the only option for clients to achieve their sustainability goals, whether they are imposed through regulation or other forces. These scenarios create a monumental opportunity to not only grow as a fleet business, but simultaneously do tremendous good for our planet through fleet electrification.

However, if only Merchants succeeds in our EV endeavors, we collectively run the risk of failing as a whole. To this end, our leaders regularly share their expertise with a wide audience to ensure our impact extends beyond the reaches of our immediate business. Electrification is not just an opportunity for Merchants, but rather one of the greatest opportunities facing the transportation industry at large.

SHARING OUR EXPERTISE

Merchants Fleet's EV Experts have recently been invited to share their expertise and case studies at...



Also featured on...



Vehicle classes

Two of the greatest barriers for fleet electrification, model variety and availability, have both expanded greatly in the U.S., with nearly a dozen affordable EV models currently available and over 120 electrified models expected to be available by the end of 2023.

Meanwhile, interest in commercial EVs is growing swiftly. Projections show that by 2024 there will be 100 commercial EV models available in the U.S. Merchants has strong relationships with both legacy OEMs and EV start-ups. We are working to ensure that every EV model that we are confident will meet the client's operational needs is available for clients as soon as they come off the production line.

Merchants Fleet's EV Database continues to be updated to make it easier than ever to perform research and compare both available and upcoming EV models. In 2022, Merchants deployed EVs ranging from small sedans to class five box trucks, and 2023 is poised to be a breakout year for commercial EV model options and availability.

MAKE	MODEL	IMAGE	DESCRIPTION	MODEL YEAR
BrightDrop	Zevo 400			2024
BrightDrop	Zevo 400			2024
BrightDrop	Zevo 600			2024
BrightDrop	Zevo 600			2024
BYD	6F			2023
BYD	6F		ER	2023

EV charging infrastructure

EV charging deployments in the United States continues to grow steadily, with there now being over 160,000 public charging connectors available. The U.S. government has also committed to spend \$7.5 billion to fund the deployment of 500,000 chargers through the Bipartisan Infrastructure Investment and Jobs Act.

Merchants has relationships with many of the major EV network providers and will be launching a ChargeEV on the Go app in 2023 to ensure range anxiety becomes range confidence. Taking it a step further, Merchants has secured backup charging options, such as mobile depot charging and emergency charging services, to satisfy unique client circumstances as needed.

In 2022, Merchants used solar renewable energy credits (SRECS) to match the electricity usage for

every EV charger on our campus for the entire year, in addition to matching the electricity usage for the whole month of September at our headquarters.

For clients who are similarly interested in minimizing their fleet impacts, Merchants is actively seeking partnerships that deliver similar renewable energy solutions. By doing so, Merchants will help clients drive toward a circular fleet system that benefits our shared planet and their business demands alike.

In 2023, our portfolio of fleet charging solutions is expanding to include:

- ChargeEV at Home
- ChargeEV at Work
- ChargeEV on the Go
- ChargeEV Anywhere



EVs are exceptionally positioned to benefit businesses, our society and our planet as a whole. Transitioning to zero direct tailpipe emissions for ground transport is a monumental evolution for the entire transportation sector - and we are proud to lead the way. As an EV leader in the Fleet Management Industry Merchants is uniquely positioned to help accelerate this transformation for our clients.

In 2022, we saw an incredible acceleration towards EVs and transportation electrification, from the first deliveries of BrightDrop's EV Zevo 600s and Ford's F-150 Lightnings, to sweeping federal incentives for EVs and EV infrastructure.

While there is no doubt that 2022 was the strongest year yet for EVs at Merchants, 2023 is gearing up to be even more of a breakout year and we are very excited to continue electrifying fleets across the nation.



Hari Nayar

Vice President of
Electrification &
Sustainability

Grants, rebates & incentives

With the implementation of the Inflation Reduction Act, incentives for EVs have never been stronger, with many state EV incentives continuing to be offered on top of generous federal tax credits.

Merchants has transformed our EV team to not only identify incentives for clients, as is the industry norm, but to also apply and secure the credits on behalf of our clients. Through this bold initiative, Merchants has successfully removed another electrification barrier while continuously reducing our clients' total cost of ownership.

ICE-sale bans continue to grow in popularity, with the **EU set to ban all non-EV sales by 2035**. Many states, such as CA, NY, WA and MA, have established ICE-sale bans as well by 2035, with WA set for 2030. Pressure and incentives to electrify continues to build and Merchants is dedicated to making the transition as affordable and seamless as possible for every type of fleet.

ELECTRIFICATION AT OUR COMPANY

Enabling the responsible movement of our employees is an integral part of the company's vision. Just as with our clients, Merchants is striving to make the EV journey a more equitable and seamless transition, which is why our company has launched a wide range of new EV support and incentive programs for our employees. This also allows us to more closely understand the client experience first-hand.

Employee incentives

Going electric can be a big change, which is why Merchants celebrates those who are willing to take the leap. Merchants employees who purchase an EV can receive up to \$2,500 in reimbursements from the company for their purchase, in addition to state and federal incentives. Merchants also offers education assistance and reimbursement up to \$400 to employees who install home charging to support their electrification journey.

Merchants continues to add new vehicles to our internal fleet so that employees can experience new EVs as they become available and stay on the cutting edge of the technology.

Additionally, eligible employees receive a 20% greater company car budget for vehicles that are electric, with 100% of executives now driving EVs as their company vehicle. After all, who better to lead the rEVolution than our business leaders themselves.

EMPLOYEES GOING ELECTRIC

Merchants is incentivizing employees to go electric with...

\$2,500	EV purchase reimbursement	\$400	Home charging reimbursement
20%	Greater company car budget for EVs	100%	of executive team drive EVs

HQ charging expansion

Merchants currently has 14 EV chargers at our office locations that are entirely free to use by employees. As both Merchants and EV charging options continue to grow, our company plans to install 39 additional chargers at our office locations, including DC fast charging, with the first 50% being implemented in 2023 and the remaining in 2024.

This project will ultimately create over 50 free employee EV charging stations at our offices by the end of 2024. We anticipate that the additional chargers will make our HQ location in Hooksett the largest charging hub in the state of New Hampshire. All employees will always be able to find a place to recoup and recharge at Merchants Fleet.



50+
Free EV Chargers for
Employees by 2024



SUSTAINABILITY AT MERCHANTS

As a fleet management company, Merchants is in an incredible position to benefit our planet through our sustainably minded services and products, however, we also recognize the buck, or truck in our case, shouldn't stop there. As Merchants grows in scale, we will do so while proactively decreasing our negative environmental externalities through responsible and efficient operational decisions. The future is bright at Merchants, and we are actively working to accelerate our planet toward a greener horizon.

SRECs

For the month of September 2022, Merchants was powered by the sun. More specifically, all of Merchants Fleet's electricity usage in September 2022, in addition to our EV charging stations for the entire year, was matched by solar renewable energy credits (SRECs). In total, 150 SRECs were purchased and retired.

Taking it one step further, Merchants paid a premium sourcing the SRECs from solar panels in locations immediately surrounding our headquarters to support renewable energy projects in our local community.

As we look ahead, Merchants will continue to consider additional renewable energy options to broaden the scope and the positive additionality we create for our planet and communities alike.



**POWERED
by the SUN** Merchants electricity usage
in September 2022 was
matched by local SRECs.

Sustainability Slam

Merchants competed as a finalist in the New Hampshire Businesses for Social Responsibility's (NHBSR) Annual Sustainability Slam against the greatest sustainability leaders in the state. Beyond moving the audience by reciting an original poem on our ESG efforts, Merchants employees shared their ESG cultural roadmap with a large audience in an engaging and lasting forum.

As we move forward as a company, we see it as our responsibility to not only share our knowledge with our employee base, but our broader community as well.



Doing good by **PLANTING TREES**

5,000+
Trees planted in 2022

800+
Tons of CO2 absorbed over the tree's lifetime

10
New trees planted for every new employee

Rooted in good

Merchants Fleet's tree planting program is one of the many examples of Merchants being rooted in good. With help from community farmers, Merchants is planting trees across the globe to fight deforestation, restore natural habitats, sequester carbon, and create safe and reliable employment.

To date, Merchants has planted over 5,000 trees across eight countries, with many more on the way. Over the course of a lifetime, these trees are estimated to absorb over 800 tons of CO2 and create 650 working hours. Additionally, as we move into 2023, we have committed to planting 10 trees for every new employee that joins our company. As our company grows, so too will the positive impact to our planet, people and communities.

Smart Commuting

Merchants launched a Smart Commuting pilot in 2022. The Smart Commuting pilot was an innovative new program that celebrated, recognized and rewarded Merchants employees who practiced sustainable commuting through financial incentives.

Over a course of three months, our people logged over 3,300 miles using alternative transportation during their commute, from walking and biking to carpooling, public transportation, and beyond. This is just one of many innovative methods Merchants continues to pursue towards its vision of moving people in responsible ways.

3.3K
Miles
commuted
sustainably

The Merchants Garden



In the spring of 2022, Merchants planted its first community garden at the Hooksett headquarters. The garden was entirely managed by volunteer employees who grew vegetables, fruits as well as lasting friendships and memories. At harvest time, the crops were offered to all employees to feed their families and communities with healthy, free food.

In 2023, our company will be installing park benches made from the same type of plastic films that our employees will be recycling through a new program that gives a second life to hard-to-recycle items. The grass, or vegetables in our case, very well may be greener at Merchants.

Closing the loop

At Merchants: if it grows, it goes, and grows again. In 2023, with the help of a local, woman-owned business, all food scraps at Merchants headquarters will be recycled into finished compost. The compost generated at HQ will then be used to fertilize the Merchants Garden to grow food for our internal community. At the end of the season, any remaining vegetable stock will then be recycled into compost again.

Additionally, through our partnership, Merchants will offer a discounted subscription to a home composting service to eligible employees. Grow, feed, recycle, repeat; small-scale regenerative farming at its finest.

>1.5 Tons
of food scraps
to be composted
in 2023

OUR PEOPLE

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

At Merchants, our people have the freedom to fulfill their personal values, and the support to pursue our shared vision of moving people, goods and services freely and responsibly. Our people are what make Merchants, Merchants.



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- 21** Engagement
- 25** Diversity, Equity & Inclusion (DEI)
- 29** Training & Development
- 32** Health & Wellness

OUR PEOPLE AT A GLANCE

667 Total employees

22% Growth in total employee headcount

57% Male employees

43% Female employees

32% Growth in BIPOC employee headcount

43% Hybrid workforce

31% Remote workforce

26% Onsite workforce

67% of employees engaged in a professional development program

14% of employees earned a promotion in 2022



EMPLOYEE ENGAGEMENT

Good service is only possible because of our commitment to respecting and enabling our employees in the same way we do our clients. This is accomplished by intentional focus and investment in our workforce. Our company has never invested more in our people than we did in 2022. Providing greater support, flexibility, and opportunity is what helps our employees remain engaged with their work and, ultimately, the greater purpose it serves.

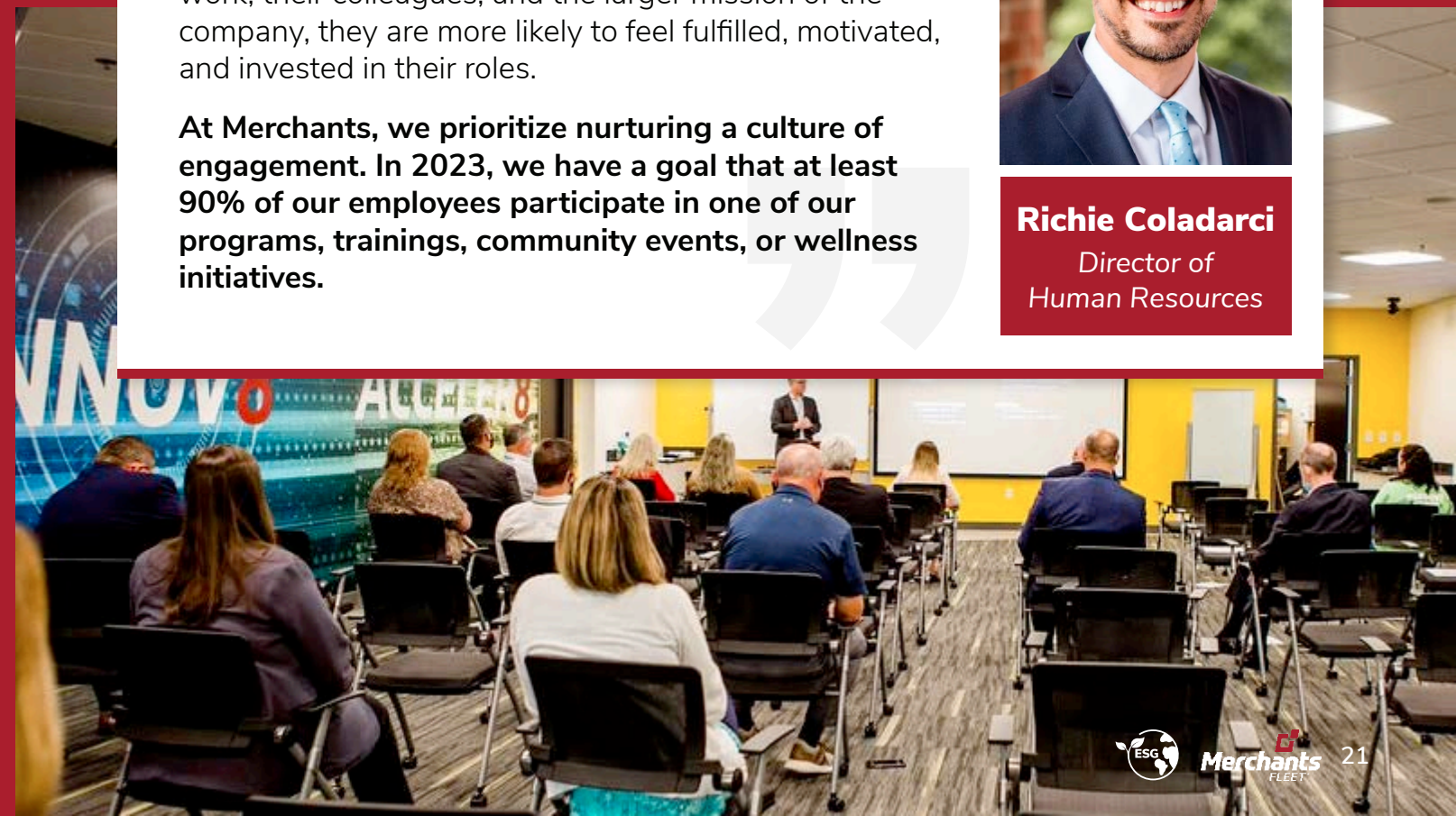


I have seen firsthand the transformative power of meaningful engagement in the workplace. When employees are given opportunities to connect with their work, their colleagues, and the larger mission of the company, they are more likely to feel fulfilled, motivated, and invested in their roles.

At Merchants, we prioritize nurturing a culture of engagement. In 2023, we have a goal that at least 90% of our employees participate in one of our programs, trainings, community events, or wellness initiatives.



Richie Coladarci
Director of Human Resources



Merchants measures up

Merchants uses multiple strategies to both enhance and measure human capital, our company's most valuable asset. High employee engagement is one of the primary ways that we unlock the potential of our workforce. Employees who feel that their concerns are heard, their needs are met, and their accomplishments celebrated are given the peace of mind needed to be more engaged, productive, and fulfilled at work.

One way that we evaluate the success of our employee engagement is through the Great Place to Work Trust Index Survey. This annual assessment provides insight into employees' perception of their workplace experience and our organizational culture (see results to the right).

Other external measures that affirm Merchants amazing culture include the following accolades received in 2022:



Great Place to Work Survey Results 2022



90% of employees at Merchants Fleet say it is a great place to work compared to 57% of employees at a typical U.S.-based company

93% believe that new employees are made to feel welcome

96% believe that employees are treated fairly regardless of their sexual orientation

95% believe that employees are treated fairly regardless of their race

93% believe that employees are treated fairly regardless of their gender

93% believe that employees are treated fairly regardless of their age

Merchants Fleet has been a Certified Great Place to Work for 5+ Years

Employee appreciation days

Merchants holds quarterly employee appreciation days to recognize our amazing people and empower them to engage with one another outside of traditional business settings. Recent examples include onsite BBQ lunches, food truck visits, cookies delivered by mail, and handwritten cards celebrating one another. Merchants is intentional in planning events to ensure all employees are represented, regardless of location, ensuring everyone can be engaged and celebrated.

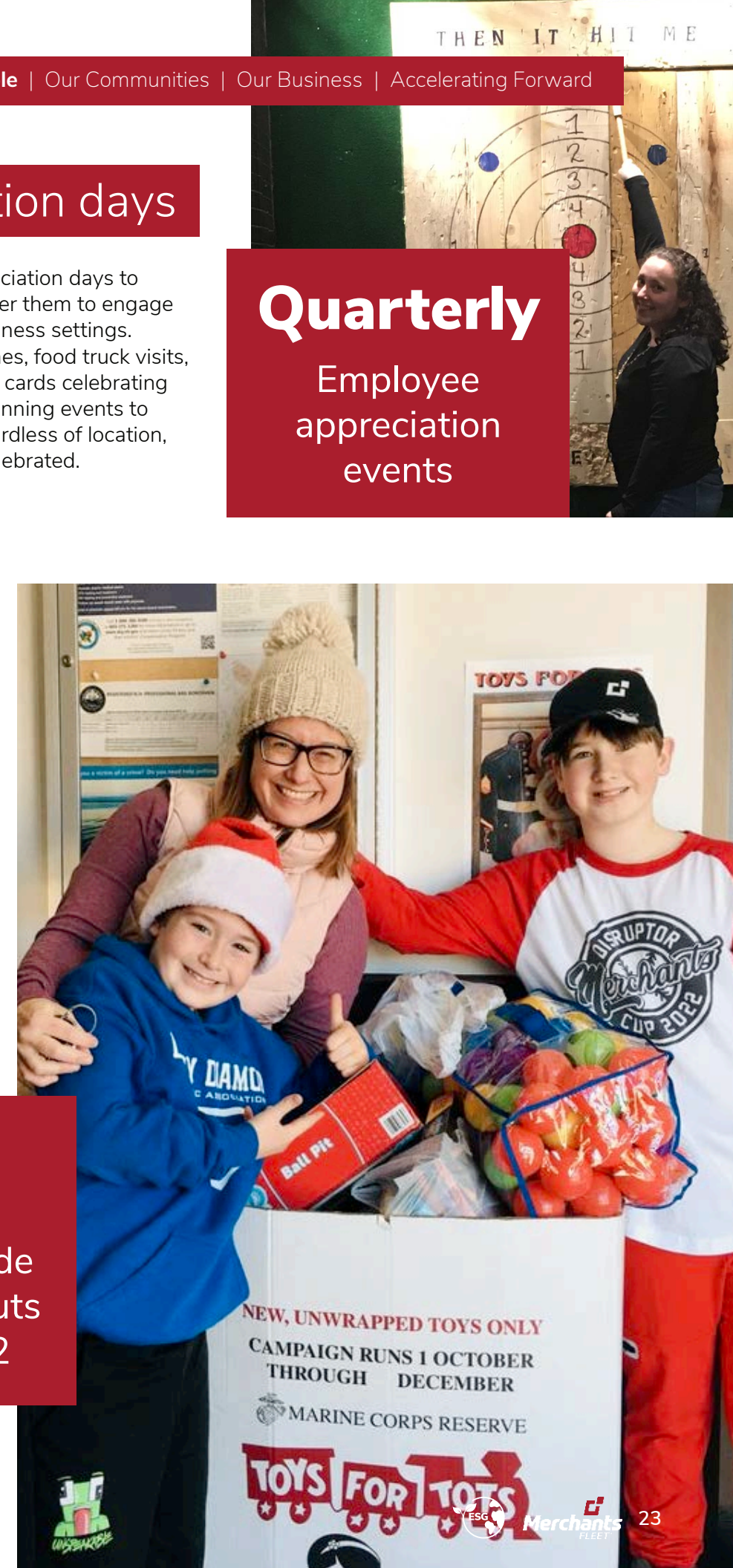
Quarterly Employee appreciation events

Virtual hangouts

As the national footprint of Merchants Fleet's business and workforce has grown, our virtual hangout series continues to ensure that all employees, regardless of their work location, can come together regularly. Nine virtual hangouts were executed in 2022, with themes ranging from Women's History Month, to our Elf charitable giving program recap. Each year affords us more opportunities to remind each and every employee that the business appreciates and wishes them to feel engaged in our journey together.

9

Company-wide virtual hangouts held in 2022



THEN IT HIT ME



Merchants Prime

2022 featured the launch of Merchants Prime, a centralized platform for peer recognition and celebration. Employees are afforded a monthly balance of points that they may send to others along with a custom message to show appreciation, highlight excellence, and/or celebrate an achievement. These points can then be spent in a variety of ways, such as:

- Extra paid time off (PTO)
- Merchants merchandise
- Online shopping
- Charitable donations (later in 2023)

The program not only empowers employees to recognize their peers, but also enables the company to invest in individuals who make our people and culture that much stronger. In total, there were over 3,300 prime recognitions in 2022, averaging roughly five celebrations for every employee of our growing company.



3,300+

Prime recognitions throughout 2022

5+

Recognitions per employee on average

DIVERSITY, EQUITY & INCLUSION (DEI)

At Merchants, we believe our differences are what drive us, which is why we have invested more time, money, and programming into Diversity, Equity and Inclusion (DEI) than ever before. Through these initiatives, we strive to create and support a workforce that is diverse in both background and perspective, empowered to offset societal inequities, and encouraged to bring their whole self to work. Furthermore, Merchants actively fosters an inclusive culture that embraces and respects individuals of diverse gender expressions and identities.

Gender equity

Merchants has long prided itself in confronting and addressing the inequality of gender representation in the fleet industry. As an equity leader, our company proudly reports that in 2022 Merchants executive leadership team was comprised of 45% female representation and over 43% of our total employee base are females.

45%

Female executive leadership team

43%

of total employee base are females



Diversity Workforce Coalition

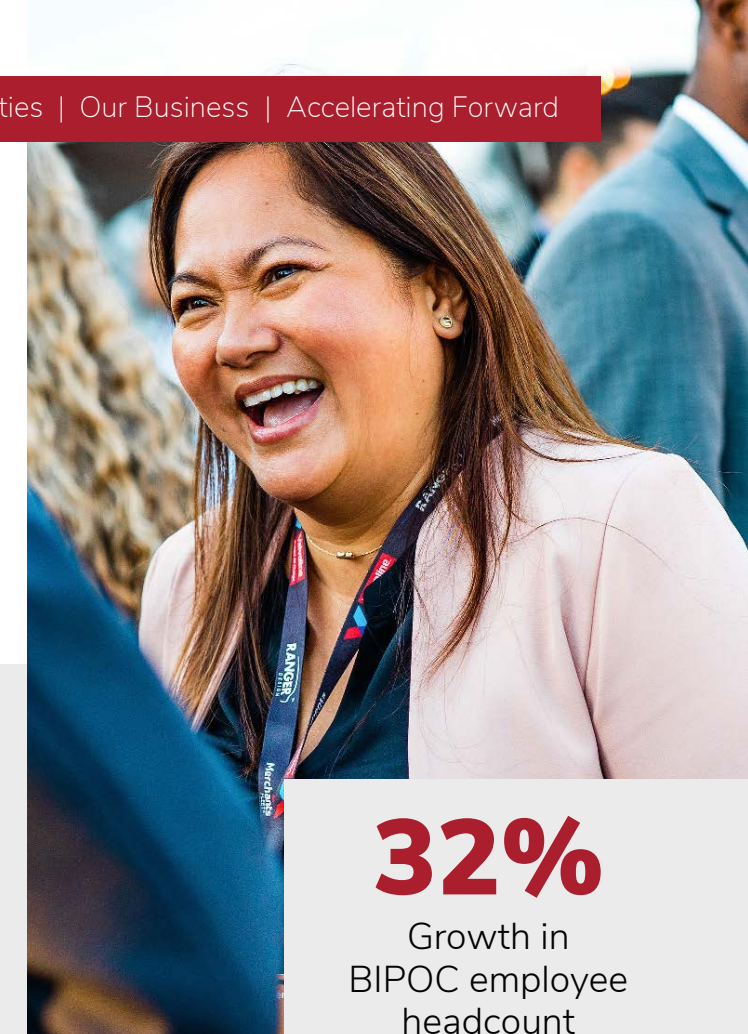
We continue to be a member of the Diversity Workforce Coalition (DWC), which comprises employers and other community members whose purpose is to promote diversity in the workplace through education, training, and enhancing networking opportunities. Merchants was recognized as a DWC Diversity Champion in 2022, and we will continue our role as a diversity leader at both the state and national level in 2023.



Merchants Fleet has been recognized as a DWC Diversity Champion in 2022

The DEI virtual library

Our DEI Virtual Library will be expanding in 2023 for those who wish to further improve their education and awareness of the social issues we face as a society today. 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.



Diverse recruiting

Merchants utilizes Circa, a diversity recruitment technology that connects our company to millions of under-represented job seekers through a network of community-based organizations and niche diversity websites. All of Merchants job postings are shared through Circa's 200+ different community organizations.

32%
Growth in BIPOC employee headcount



DEI event series

Since 2020, Merchants has hosted a DEI virtual event series. This series features outside speakers and often employees themselves sharing personal experiences that promote greater understanding, empathy, and inclusion. Past topics have included:

- Black in America: three perspectives
- The broader impact of mental health challenges
- Visible and non-visible disabilities
- Demystifying trans identity

These events not only spotlight diversity; they educate employees on how our differences can drive us to be a better company and steward of our community.

Diversity in Fleet Task Force

Merchants launched the Diversity in Fleet Task Force at our annual Fleet Summit event to amplify the industry's collective impact for greater diversity, equity, and inclusion. Through this industry-first initiative, Merchants leveraged our clients, suppliers, vendors, and partners to identify ways to collaboratively address barriers to greater diversity in fleet. The goal of the task force is to inspire and effectuate positive and disruptive change.



Ambassadors & Allies

In 2022, we established our first cohort of Ambassadors and Allies in tandem with New Hampshire Businesses for Social Responsibility's (NHBSR) Workplace Equity Learning Challenge, to advance our culture of DEI. In addition to the content and resources provided by NHBSR, the two-month program includes a multi-course LinkedIn Learning path on allyship, and a capstone project.

The two project capstones in 2022 were the formation of our DEI statement, "Our differences are what drive us," and our Merchants inclusion video. A second cohort, along with revamped content, is scheduled to launch in 2023.



Supplier diversity

In 2022, Merchants surveyed our top 80% of suppliers by spend and identified their standing in the diversity of their ownership and the robustness of their environmental policies and goals. Taking it a step further, we also published a [supplier diversity and sustainability policy](#) that proactively seeks and encourages the consideration of competitive suppliers that are diversely owned and/or promote socially responsible business practices.

+\$32M

spent with diverse suppliers in 2022

~\$100M

spent with diverse suppliers since 2019

Merchants also created a Corporate Support Vendor Database, enabling employees to easily identify vendors that have been vetted to be local small businesses, diversely owned, and/or promote socially responsible business practices. Merchants established a policy to prioritize these options when vendors provide competitive services through our preferred corporate support vendor program.

Over 75% of our preferred corporate support vendors are local small businesses, diversely owned, and/or promoters of socially responsible business practices

Merchants firmly believes in building alliances with responsible suppliers who share similar ESG philosophies to successfully advocate for their success and accelerate the positive impact we have on our planet and our communities.

TRAINING & DEVELOPMENT

One of the greatest ways to invest in our people is through training and development. Empowering Merchants workforce to continue to develop skills and build toward their career goals not only results in greater productivity, but in more engaged, fulfilled, and driven employees as well. 2022 was an outstanding year for the expansion of training programs and learning opportunities at Merchants, with the number of participants doubling over all other years.

Training & development programs

Merchants is committed to talent optimization through the development of personalized learning paths through all levels of the organization.

LearniQ

Access to college level training such as Ivy League learning institutions across the globe to gain certifications and micro credentials.

BusinessIQ - Business Education Sessions

Each quarter, Merchants Fleet hosts company-wide education sessions that cover a range of topics including general business functions, understanding unique strategic accounts, and sustainability education.

3K+

Hours invested in employee development during 2022





Innovation Training

In 2023, Merchants will launch company-wide mandatory innovation training in collaboration with Systematic Inventive Thinking (SIT).

40

Hours of learning

Leadership Academy

This program consists of 40 hours of learning with experts on topics of leadership, coaching, and emotional intelligence to strengthen the capabilities of new and existing leaders.



Harvard Business School Online

Harvard Business School Online

In 2022, 100% of the Merchants management team was required to enroll in Harvard Business School's Online Sustainable Business Strategy certificate program, furthering a culture of sustainability-first leaders.

\$5,250

in tuition reimbursement

Education Assistance Program

Includes tuition reimbursement for eligible programs, up to \$5,250 for undergraduate degrees.



50

New mentor / mentee pairs

Mentorship Program

Provides support, wisdom, and fulfillment through voluntary staff mentor/mentee pairings each year. In 2023, we plan to have 50 new pairs of mentors and mentees.



Apprenticeship Program at Merchants Auto

Merchants runs the largest auto mechanic apprenticeship program in the state of New Hampshire. Through this partnership with the Community College System of New Hampshire, Merchants is creating more opportunities for adults and high school students interested in becoming auto technicians. This program provides valuable new skills to satisfy the growing demand for auto technicians in New Hampshire.

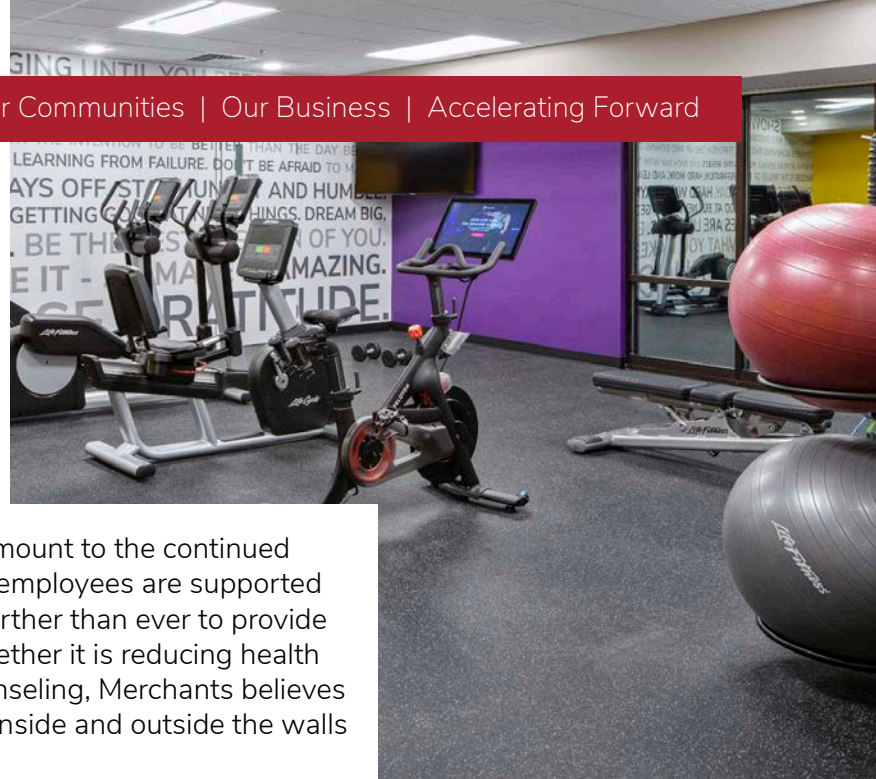
60

New managers trained in 2023

ManageriQ

Manager training program to ensure success of employees in new people leader roles. Merchants plans to put 60 new managers through this program in 2023.

HEALTH & WELLNESS



Our people's physical and mental wellness is paramount to the continued success of our company. Beyond ensuring that all employees are supported in maintaining their bodies, Merchants has gone further than ever to provide resources and stability in the face of hardship. Whether it is reducing health costs or providing resources for mental health counseling, Merchants believes that optimal wellness can and should be felt both inside and outside the walls of our company.

Affordable insurance

Merchants is committed to fueling the health of our employees by making it a priority that our people have affordable access to health insurance. Effective January 1, 2023, Merchants launched a new health plan that covered 90% of medical plan premiums, on average. This improvement resulted in a reduction of healthcare insurance premiums for all participating employees.

90%
of medical plan premiums covered on average

Retirement security

Effective January 1, 2023, Merchants increased the employer 401(k) match from 3.5% to 4.5% on all company sponsored retirement plans. Additionally, all vesting requirements were removed, resulting in an immediate Safe Harbor vesting schedule for all current and prospective employees.

4.5%
401(k) employer match for all employees

Healthy Together

Launched in 2022, Healthy Together was an 8-week cohort program designed to help employees embrace long-term healthy habits in an encouraging group setting. Led by a nutritionist and fitness trainer, the program included weekly educational topics alongside nutrition and exercise challenges.

8
Week program to develop long-term, healthy habits

Feel Good, Do Good, Be Good Days

In addition to continuing to offer generous paid time off (PTO), in 2022 Merchants launched a new paid leave program called: Feel Good, Do Good, Be Good (Good Days). The Good Days program includes five days of paid leave for employees to use when they're feeling physically sick, seeking to give back to their community, or feel like they need a mental health break. This leave can be used in any combination and is purposely not prescriptive, recognizing that everyone has different needs to support their personal well-being.



OUR COMMUNITIES

At Merchants, we encourage and empower our people to enrich the communities in which we live and work every day. Our communities house our operations, fuel our business, support our people, and, in turn, help us better our planet. Merchants has given back to these communities for over 60 years. Now under new ownership, Merchants philanthropy is set to accelerate at both the local and national level. To be a part of the Merchants community is to be a part of a team that celebrates volunteerism, advocacy, and giving for the betterment of our world. **We are Merchants, welcome to our community.**



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VOLUNTEERING

2022 was an innovative year of volunteering at Merchants, with exciting events that engaged and gave back to our communities in new ways. From paid volunteer time to a corporate ESG challenge, Merchants gave back to the community through volunteering in a big way. As our company enters 2023, Merchants is set to accelerate these efforts as we revise our strategy to power the positive social and environmental impact our company delivers through our peoples' contributions.



Paid volunteer time

Leveraging the Good Days program, announced in 2022, employees will have access to as many as five days of paid volunteer leave to give back to our communities and planet. In addition to this paid volunteer time off, Merchants continues to sponsor volunteer events throughout the year, including those mentioned in this section and many others, such as walks for hunger, blood drives, and bell ringing with The Salvation Army.

In 2023, Merchants will be launching new and exciting volunteering events, including a corporate softball game that will give back to communities in need as well as planned volunteer days for our employees. At Merchants, our employees aren't only encouraged but also empowered to volunteer their time.



ESG Challenge

In the first quarter of 2022, Merchants launched a company-wide contest designed to challenge employees to give back in ways that created a positive influence on our company's **ESG Pillars of Impact; our planet, our people, and our communities**. The challenge included opportunities for employees to volunteer, recognize their peers, and submit innovative ideas to positively impact our world. Volunteering activities ranged from assisting Afghan refugees to feeding the hungry and cleaning local rivers.

Additionally, many innovations that were submitted as part of the challenge contributed to our ESG roadmap and will be rolled out in earnest during 2023. In the end, the ESG Challenge was a resounding success with 53% company participation, over 500 volunteer hours logged, 1,400 employee celebrations, and 35 new ESG innovations proposed.



53%
Company participation

500+
Volunteer hours logged

1,400
Employee celebrations

35
ESG innovations proposed

EARTH DAY Volunteering

At Merchants, Earth Day is every day. During April 2022, we launched events to show our people's appreciation for our planet and its communities. This included events such as an Earth Day virtual game night, a plastic bag drive in our Illinois office, multiple volunteering events across the state of New Hampshire, and more.



Delivering smiles to children in need

Let down by his reindeer, Santa needed some help! Merchants responded to the call in an all-electric way with the support of Enel North America in December 2022. Together with our electric vehicle fleet partner, Merchants donated over 200 presents to approximately 60 families in need, exclusively utilizing Merchants electric vehicles to help Santa get the job done sustainably.



200+

Presents donated in Merchants EVs

60

Families in need recieved gifts

Merchants elf drive

Elevating the giving spirit, Merchants "Elf-ed" 20 employees with \$100 each to donate to charities of their choice. The Merchants elves then shared their experience with our company, highlighting why they chose the charity, and the services the organizations provide. Employees gave to a wide selection of causes, ranging from animal abuse prevention and academic scholarships to cancer awareness and after-school programing. With this program's success, Merchants is planning to substantially broaden our employee giving opportunities in 2023.



November

2022 saw Merchants first corporate Movember challenge to bring awareness for the important and often overlooked topic of men's physical and mental health. Merchants welcomed anyone to join our Movember community, regardless of gender, age or employment with our company. Community members donated, logged miles, and in many cases helped spread the word of men's health awareness.

Additionally, Merchants celebrated employees who participated in Movember through Merchants Prime awards, and our people did not disappoint. 46 Merchants employees joined our Movember team, logging over 1,100 miles, raising thousands of dollars, sharing countless social posts, and of course growing some memorable mustaches along the way.



46

Merchants employees participated

+1,100

Miles logged in November

Thousands

of dollars raised for men's health

Partners & advocates

2022 brought an expansion of our partnerships with like-minded organizations. Through these partnerships, Merchants was able to further our mission to drive responsible businesses and causes forward while connecting with other leaders and innovators.

Corporate Electric Vehicle Alliance (CEVA)

Led by the 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.

In 2022, Merchants Fleet:

- Presented case studies on EV fleet adoption to members to showcase best practices
- Attended the first annual in-person CEVA member meeting alongside the Verge sustainability conference in San Jose where Merchants proposed new policy priorities for the group, such as standardizing telematics data across auto OEMs
- Continued to support advocacy opportunities to further the spread of pro-EV policies across the country



New Hampshire Businesses for Social Responsibility (NHBSR)

NHBSR convenes, inspires, and supports businesses and their community stakeholders to build a more sustainable and prosperous state for all.

In 2022, Merchants Fleet:

- Collaborated with NHBSR's Workplace Racial Equity Challenge to create our first Ambassador and Allies program
- Completed and submitted our first Measure What Matters sustainability assessment
- Competed in the yearly Sustainability Slam as a finalist in the workplace culture category



McLaren Racing Extreme E Team

Merchants proudly continues its partnership with the NEOM McLaren Extreme E Team, competing in an all-electric, off-road international racing series 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.

In 2022, Merchants Fleet:

- Collaborated with the NEOM McLaren Extreme E Team on a range of ESG topics including Emma Gilmour sharing her experiences as McLaren's first female driver at Merchants Fleet's annual Fleet Summit event
- Merchants and NEOM McLaren Electric Racing are aligned with their focus on gender equity and support of the planet. We firmly believe that partnering with one of the world's great racing brands on Extreme E is an exciting and meaningful way to punctuate our commitment to ESG



Emma Gilmour
Extreme E Driver
NEOM McLaren Racing



CHARITABLE GIVING

Much like our volunteering efforts, Merchants has a long history of philanthropic giving through charitable donations. 2022 was another year of generous giving, and with our company's recent acquisition by Bain Capital, and Abu Dhabi Investment Authority (ADIA), and the Merchants leadership team, our company giving will only increase in scale, scope and above all else, impact. It's an exciting time at Merchants, and for our partners that share our ESG philosophy of improving our communities, both big and small.



CHARITABLE Recipients 2022



Greater charitable giving

In 2023, Merchants will give more than ever before by improving our pre-existing giving strategies. This will accelerate the goodness of charitable organizations that support our vision of moving people, goods, and services, freely and responsibly. As such, the communities at both the national and local level will benefit from our innovation and refreshed lens.

Additionally, Merchants will be launching new programs that ensure our people's values are embraced and fueled by corporate giving, all while increasing the collective impact we have on our communities.

Record Giving

to charitable causes & foundations expected in 2023

New Programs

Launching in 2023 to increase our impact on our local communities



OUR BUSINESS



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Our vision

We enable the movement of people, goods, and services freely and responsibly.

Our vision speaks to how we deliver value both to our clients and to society at large. Merchants has built its products and services to be flexible enough to cover the transportation needs of a multitude of diverse and varied industries, while building a steadfast corporate culture and governance strategy dedicated to making Merchants an ethical and sustainable business. Merchants is committed to this vision as we plan our strategy for today and the many tomorrows that follow.



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 mission

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

Merchants specializes in developing tailored fleet leasing programs and fleet management solutions, as no two fleets are the same. 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 tech-enable their operations, hit performance targets, and benefit from today's most impactful fleet innovations.



Merchants is a values-driven organization, where we hold ourselves to a high standard of living with integrity and delivering value to our clients, employees, shareholders, and communities. We are proud of our service orientation, providing the most high-touch and responsive service in the industry. Merchants differentiates itself by being flexible in the way we do business, both in our approach to client offerings and the way we solve challenges—entrepreneurship & innovation are at our core. Our employees and our company at-large give back time, energy, and resources to make a better world.

OUR ESG ETHOS

Doing well by doing good

Our ESG ethos defines why Merchants ESG program exists. This ethos serves to communicate how doing good as a company directly correlates to Merchants successfully creating long-term business value. The ESG ethos is a reminder for every employee, from executives to interns, to trust that doing good is both fulfilling and serving our company's best interest.



Doing well by doing good for our people, our planet, and our communities.



VOICE OF THE CLIENT

Client Advisory Board (CAB)

Merchants client advisory board (CAB) is designed to obtain actionable feedback from one of our greatest stakeholders, our clients. The CAB is comprised of businesses ranging from solar and home services to aerospace and medical suppliers, and meets regularly with our leadership team. Capturing the voice of our clients helps in numerous ways, including:

- 1** Providing Merchants with valuable market intelligence
- 2** Validating the materiality of our business risks and opportunities
- 3** Helping identify which products, services, and partnerships to prioritize

ESG IN RFPs

Over 55% of RFPs Merchants received in 2022 included a question relating to ESG, whether that be about EVs, supplier diversity, sustainability initiatives or corporate social responsibility. The demand for socially responsible business partners has never been so relevant.

>55%
of RFPs asked about ESG



OWNERSHIP STRUCTURE



Acquisition

In late 2022, Merchants was acquired by Bain Capital, the Abu Dhabi Investment Authority (ADIA), along with members of Merchants executive team. The acquisition solidifies the long-term partnership vision of the three entities, with new investment allowing Merchants Fleet's clients to continue to be on the cutting edge of commercial fleet through innovation and the development of new service offerings.

Merchants Fleet has been at the forefront of fleet services for over 60 years, and this deal secures our leadership position and ENDURANCE for another 60 years and beyond. With the acquisition by Bain Capital, ADIA, and our leadership team, **Merchants is able to further accelerate innovation, catalyze the EV revolution, and fearlessly drive commercial fleet forward.**



Brendan P. Keegan
Chairman, CEO & President



EXECUTIVE LEADERSHIP

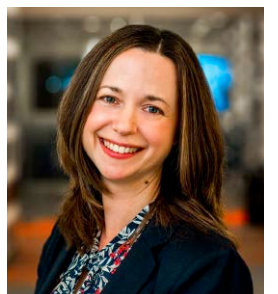


A visionary, award winning & industry leading team driving ongoing growth at Merchants Fleet

The Merchants executive leadership team has extensive experience both inside and outside the fleet management industry, winning over 43 awards in recognition of their excellence, innovation, and leadership since 2019. Additionally, in 2022 the executive team had **45% female representation** and oversaw 667 employees nationally.



At Merchants Fleet, we believe that true innovation happens when every voice is heard. We have created a truly welcoming and inclusive environment that invites innovation and participation from all corners of the organization. In the traditionally male-dominated fleet industry, Merchants stands out with female executives leading the charge in numerous areas of the business, including the corporate executive team. Every employee has an opportunity to make an impact by sharing their unique and diverse perspectives. Because of that, we believe that **Our Difference Are What Drives Us** and all employees are committed to doing better and doing MORE for our people, our planet, and our community.



Alicia Hart
Vice President,
Human Resources

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 stakeholders are being served. In addition to our corporate governance, we review all ESG reporting frameworks, and continue to monitor data on risks that the Sustainable Accounting Standards Board (SASB) has identified as material to fleet lease companies. Though there is no singular ESG reporting framework that perfectly aligns with our business model, we continue to incorporate recommendations and insights into our ESG governance as appropriate. Our focus on corporate governance at large ensures Merchants remains a place for responsible, sustainable business in perpetuity.



With Merchants Fleet's acquisition by Bain, ADIA, and the Merchants executive leadership team, our commitment to good governance has never been stronger. In 2022, Merchants substantially increased our investment in information security and risk management as seen with our third-party assessments and data security campaigns and protocols. By investing in good governance, we afford the rest of the business both the strength and the comfort of a solid foundation, enabling our people to focus on the success of their business units.



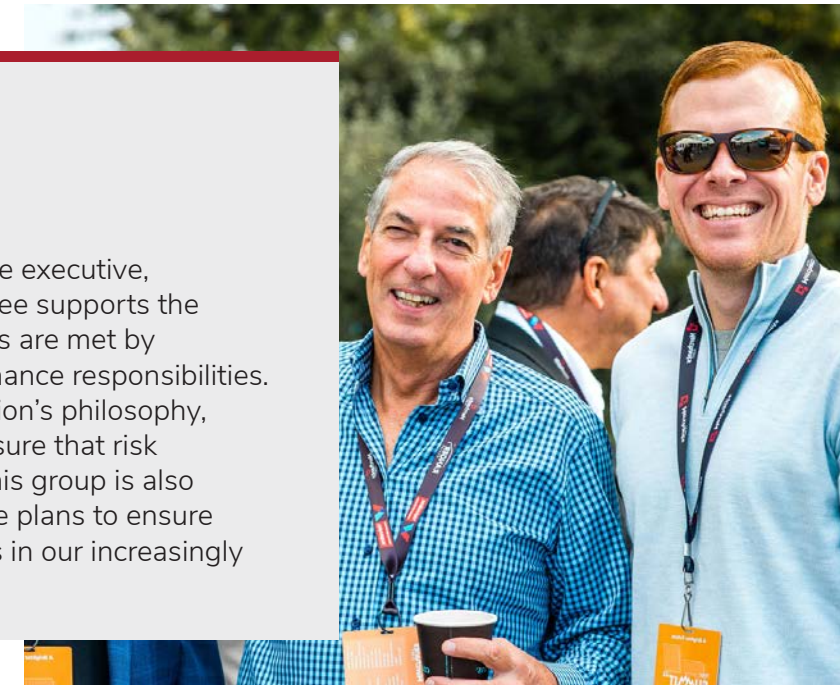
Jack Firriolo
Vice President & Chief Credit Officer

Enterprise Risk Management (ERM)

The enterprise risk management (ERM) team, comprised of the ERM committee and ERM advisory group, serves as the company's defense against internal and external risks as it prepares for, responds to, and mitigates uncertainty. The future success of Merchants hinges on many things, one of which being our enterprise risk management program. This program provides management with the tools, policies, and procedures needed to swiftly identify, assess, mitigate, and respond to risks. From operation risks to technology risks, our ERM program takes a holistic and pragmatic approach to managing the evolving challenges our industry faces.

THE ERM COMMITTEE

The ERM committee consists of senior leaders from the executive, leadership, and risk management teams. This committee supports the management team in assuring that business objectives are met by overseeing corporate strategy and carrying out governance responsibilities. Its main responsibility is to be experts in the organization's philosophy, to set the organization's risk appetite levels, and to ensure that risk management is considered in all strategic planning. This group is also responsible for maintaining and updating risk response plans to ensure that they adequately and effectively address new risks in our increasingly complicated and interconnected world.



THE ERM ADVISORY GROUP

The ERM advisory group is comprised of individuals from the legal, finance, and risk management departments and is responsible for taking an enterprise-level view of the risks that the organization faces while also offering guidance and best practices. As our second line of defense against risk, the ERM Advisory Group oversees the risk assessment process and determines when to escalate risks to the ERM Committee while also providing advice when it comes to assessing and responding to enterprise level risks.



The ERM team in action

The various levels of the ERM team and their responsibilities are shown below, for clarity.



Responsible for setting the organization's risk appetite levels, ensuring that risk management is considered in all strategic planning and maintaining risk response plans

Responsible for taking an enterprise-level view of the risks that the organization faces, offers guidance and best practices, and escalates risks to the ERM Committee

THIRD PARTY ENTERPRISE RISK ASSESSMENT GROUP

Merchants has engaged with a leading external consultant to assess and elevate our current ERM program vision and mission, and to assist our company in continuously refreshing our risk profile through an enterprise risk assessment process. This assessment surveys a diverse selection of internal stakeholders in order to gain perspective and insights into Merchants' most critical risks and mitigation strategies. This assessment represents one of the many investments that we're committed to making to further develop our management of risk and corporate governance.



Business continuity

Alongside our ERM program, Merchants has 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.

Additionally, Merchants regularly tests our company's emergency response plans, and trains employees on our emergency response and crisis management procedures. Moreover, in 2023 Merchants will further strengthen our business continuity strategy through emergency communications and tabletop exercises.

Merchants believes that to be a sustainable business, we must have a robust business continuity strategy. We are confident that our Business Continuity Plan ensures operational resilience during crises, thereby allowing us to focus on turning risks into opportunities.



Information & data security

Merchants continues to invest in Information Security (IS). Cybersecurity is a high priority for Merchants as we protect information assets as well as our people, processes, and equipment. As part of this commitment Merchants undergoes an annual third-party security assessment to drive security maturity of the organization.

Merchants is committed to ensuring confidentiality, integrity, and availability of information and as such, we are aligned with ISO 27002 security standard. The information we manage is protected by industry-standard encryption mechanisms. Merchants has a dedicated IS team that includes a 24/7 security operations center which is responsible for the identification and remediation of security events. 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 potential areas of vulnerability.

In addition to our dedicated IS team, all security initiatives are coordinated by Merchants Security Council, an interdepartmental team responsible for the management and governance of all security initiatives. To help ensure our culture of awareness and accountability, Merchants implemented a robust security training program that all employees must complete quarterly as well as an awareness campaign that increases the knowledge base of cyber threats, and IS protocols and procedures. This awareness campaign is prominently displayed on monitors and posters throughout our office buildings. Additionally, Merchants has launched an enterprise-wide phishing challenge to raise awareness and celebrate good data security behaviors. As risks continue to evolve, so do our security strategies to ensure the greatest information security possible for our clients, company, and partners.



ETHICS & INTEGRITY

Our culture is one that is based 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 continues to be 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 Merchants 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 PRIVACY - PoLP

Merchants provide clients with peace of mind by knowing that their information is well protected. By applying the principle of least privilege (PoLP) to client data, we restrict access to only those authorized individuals who absolutely require it for legitimate business needs and functions. Beyond PoLP, employees are also trained to report potential unauthorized privacy or security incidents to protect our client's information.



ACCELERATING FORWARD

Doing well by doing good

2022 was a monumental year for Merchants with heavy emphasis placed on “being” an ESG company. More specifically, nurturing our company’s ESG culture and mindsets, so our people can effectively deliver positive additionality to all stakeholders. Prioritizing our company culture and the internalization of ESG principles lays the foundation for our people and our company to not only accelerate, but to ensure that pace is ENDURING. As Merchants moves forward, our company will continue to enhance our culture while also strengthening our metrics & reporting, and above all else broadening our positive impact. Merchants does well by doing good for our planet, our people, and our communities.



Contact us

For comments regarding this report, or to inquire about ESG press and speaking events, please contact esg@merchantsfleet.com

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