

Materiality analysis MEDIOS 2023/24:

Period: September 2023 - July 2024

Context:

MEDIOS aims to generate sustainable economic value by integrating good corporate governance, social responsibility and environmental commitment into our core business. In this way, we not only achieve positive effects in the social sphere, but also minimize negative effects on the environment and society through sustainably oriented day-to-day business.

In order to prepare ourselves in good time for the requirements of the new EU legislation relating to non-financial reporting (Corporate Sustainability Reporting Directive/CSRD), we are conducting a double materiality analysis (DMA) in accordance with the ESRS (European Sustainability Reporting Standards) together with Kirchhoff Consult GmbH from September 2023 to July 2024. Here, we describe the process to date and publish the preliminary results.

As part of the materiality analysis, the most important **environmental**, **social** and **governance** topics for MEDIOS - also known as ESG (Environmental, Social, Governance) - were identified in a multi-stage process and assessed in terms of their materiality. The topics identified are decisive for the reporting requirements in accordance with ESRS and also serve as the basis for the further development of our sustainability strategy and the definition of specific targets, measures and indicators.

We have identified and prioritized the main ESG-relevant positive and negative effects (impacts) that our business activities have or may have on the environment and society in the short, medium and/or long term along the entire value chain.

In a second step, the financial risks and opportunities arising for MEDIOS AG in connection with the respective ESG topics (Matters) were defined and are currently being assessed. In order to identify the most relevant issue areas, various financial stakeholders were interviewed before the company's internal risk management team began to assess the individual risks and opportunities in terms of their probability of occurrence and their magnitude. The final results will form the basis for MEDIOS AG's first ESRS-compliant non-financial Group statement.

Kick-off workshop

In a kick-off workshop with the company's own ESG committee, the relevant ESG topics in connection with MEDIOS AG's business activities were first discussed and collected as part of a Mentimeter survey (question: In which subject areas do you see a connection to sustainability/ESG at MEDIOS and specifically in your daily work?). The image below shows the responses (in German):

In welchen Themenfeldern sehen Sie bei MEDIOS und speziell in ihrer täglichen Arbeit einen Bezug zum Thema Nachhaltigkeit/ESG?

42 responses



Translation of image above:

- Emissions
- Microplastics
- Packaging for shipping
- Waste
- Energy supply
- Mobility
- Innovative mobility
- Packaging in sterile laboratory
- Solar energy
- Green electricity
- Water
- Energy consumption
- Electricity consumption
- Attractiveness for employees
- Working conditions
- Contribution to society
- Supply mandate
- Equal treatment
- Employee health
- Social issues
- Employee satisfaction
- Employees
- Working environment
- Working hours
- Equal opportunities
- Culture
- Corporate culture
- Logistics
- Longevity of the products

- Digitalization
- Attractiveness to investors
- Customer loyalty
- Stakeholder communication

In addition, consultants from Kirchhof Consult GmbH introduced the requirements and special features of the double materiality analysis in accordance with CSRD/ESRS and presented the individual steps along the process of the double materiality analysis.

Creation of a list of topics (longlist)

An overarching list of topics (long list) was then created using the ESRS topic list (see Appendix A). The materiality analysis of MEDIOS AG carried out in 2020 in accordance with the GRI standard, the mentimeter survey at the ESG Committee meeting mentioned above and a peer group analysis served as the basis for an initial prioritization and any thematic additions.

In this process step, we identified no need to supplement the ESRS topic list in terms of entity-specific matters. As part of a separate topic screening process, the ESG Committee then prioritized the ESRS topics for a consultation of impact stakeholders (customers, suppliers, employees, service providers and associations or other interest groups). As a result of the topic screening process, we prioritized 39 topics/sub-topics (8 environmental, 26 social, 5 governance).

Consultation of impact stakeholders

The prioritized topics were then transferred to an online survey for pre-defined representatives of impact stakeholders (customers, suppliers, employees, service providers, and a public business development association).

Structure of the survey:

In the first step, the survey presented the various topics (divided into the three ESG areas) that were identified (prioritized) as potentially material in connection with MEDIOS' business activities to the respondents. From this list of 39 potentially material impact topics, the most important 5 environmental topics, 7 social topics and 3 governance topics were then to be selected. In the next step, stakeholders were given the opportunity to add their own topics.

Results of the survey:

	Impact	Per cent
1	Resource consumption/use of resources	91.30%
2	Corporate culture	91.30%
3	Energy	86.96%
4	Management of and relationships with suppliers, including payment terms	86.96%
5	Waste	82.61%
6	Appropriate remuneration (based on own work force)	69.57%
7	Mitigation of climate change	65.22%
8	Corruption and bribery	65.22%

9	Substances of (very) high concern	60.87%
10	Work-life balance (in relation to own work force)	52.17%
11	Diversity and equal opportunities (in relation to own work force)	47.83%
12	Health and safety (related to own work force)	47.83%
13	Secure employment (based on own work force)	47.83%
14	Appropriate remuneration (in relation to workers in the value chain)	47.83%
15	Microplastics	43.48%
16	Health and safety (related to workers in the value chain)	43.48%
17	Data protection (related to consumers and/or end users)	39.13%
18	Air pollution	34.78%
19	Water pollution	34.78%
20	Working hours (in relation to own work force)	34.78%
21	Data protection (related to own work force)	34.78%
22	Training and skills development (related to own work force)	34.78%
23	Health and safety (related to consumers and/or end users)	34.78%
24	Political engagement and lobbying activities	34.78%
25	Gender equality and equal pay for equal work (in relation to own work force)	30.43%
26	Data protection (related to workers in the value chain)	21.74%
27	Protection of whistleblowers	21.74%
	THRESHOLD	
28	Employment and inclusion of people with disabilities (in relation to own work force)	17.39%
29	Training and skills development (related to workers in the value chain)	17.39%
30	Working hours (in relation to workers in the value chain)	13.04%
31	Diversity and equal opportunities (in relation to workers in the value chain)	13.04%
32	Access to (high-quality) information (related to consumers and/or end users)	13.04%
33	Measures against violence and harassment in the workplace (related to own work force)	8.70%
34	Employment and inclusion of people with disabilities (in relation to workers in the value chain)	8.70%
35	Secure employment (in relation to workers in the value chain)	8.70%
36	Freedom of association and integration of work (in relation to own workers)	4.35%
37	Measures against violence and harassment in the workplace (related to workers in the value chain)	4.35%
38	Freedom of association and integration of workers (in relation to workers in the value chain)	4.35%
39	Collective bargaining (related to workers in the value chain)	0.00%

Survey participants suggested digitalization as an additional topic. This, however, is not a specific ESG topic according to the ESRS, but rather can be seen as a cross-cutting issue. Based on the results, we shortlisted the 27 topics above a threshold of 20%

agreement among survey participants as potentially material topics for the further process (see table above).

Definition of impacts and impact assessment (inside-out perspective):

MEDIOS then defined potential and actual positive and negative impacts within the 27 topic areas listed above. In an additional online survey, internal stakeholders were able to rate the impact score on a scale of 1 to 5 in the categories of magnitude, scope, irreversibility and probability of occurrence. The results were used to determine an impact score on a scale of 1 (lowest value) to 5 (highest value).

Core results of the impact assessment

The following list of topics in descending order by impact score shows that the range goes from 3.89 (diversity) to 1.85 (suppliers):

Topic	Impact Score
Diversity and equal opportunities (in relation to own work force)	3.89
Health and safety (related to consumers and/or end users)	3.69
Work-life balance (in relation to own work force)	3.43
Resource consumption/use of resources	3.39
Health and safety (related to own work force)	3.39
Political engagement and lobbying activities	3.31
Appropriate remuneration (based on own work force)	3.31
Waste	3.21
Protection of whistleblowers	3.21
Secure employment (based on own work force)	3.19
Energy	3.13
Health and safety (related to workers in the value chain)	3.12
Appropriate remuneration (in relation to workers in the value chain)	3.12
Training and skills development (related to own work force)	3.08
Corporate culture	3.08
Mitigation of climate change	2.87
THRESHOLD	
Substances of (very) high concern	2.74
Air pollution	2.54
Data protection (related to workers in the value chain)	2.50
Gender equality and equal pay for equal work (in relation to own work force)	2.37
Data protection (related to consumers and/or end users)	2.20
Corruption and bribery	2.19
Data protection (related to own work force)	1.89
Water pollution	1.96
Working hours (in relation to own work force)	1.91
Management of and relationships with suppliers, including payment terms	1.83

On the basis of the results, the MEDIOS management has determined a threshold value of 2.75 and accordingly identified 16 topics as material from an impact perspective.

Definition of financial risks and opportunities (outside-in perspective)

Building up on the impact assessment, the second dimension of double materiality according to ESRS concerns environmental and societal risks and opportunities. This changes the perspective from inside-out to outside-in (financial materiality). The ESRS now require companies to assess the opportunities and risks that arise for the company within the ESRS topic areas.

As a first step for meeting this requirement, MEDIOS conducted semi-structured interviews with representatives of its most important financial stakeholder groups (financial analysts, commercial banks, insurance companies, major shareholders). The aim of the interviews was to discuss financial opportunities and risks in all ESG-related issue areas. In the interviews, the stakeholder representatives confirmed that the topics identified as material from an impact perspective also represent a viable set of topics concerning ESG-related risks and opportunities from a financial perspective.

MEDIOS then identified specific financial risks and opportunities in the 16 subject areas. These are currently being assessed by MEDIOS AG's risk management in terms of their probability of occurrence and financial significance.

Finally, MEDIOS will define the most important opportunities and risks on the basis of a threshold value, and the ESRS topic areas of these opportunities and risks will be deemed to be material. This will conclusively determine whether the material topics identified in the impact assessment need to be supplemented by additional topics identified in the financial assessment. This, in turn, allows for a final definition of all material impacts, risks and opportunities (IROs) and their corresponding material topics, which then determines MEDIOS AG's reporting obligations in non-financial matters in accordance with the ESRS.

Appendix A: ESRS sub-topic/sub-sub-topic level: Granularity for the long list

Topic	Subtopics	Sub-sub-topics
ESRS E1 - Climate change	- Adaptation to climate change	
	- Climate mitigation	
	- Energy	
ESRS E2 - Environmental pollution	- Air pollution	
	- Water pollution	
	- Soil contamination	
	- Pollution of living organisms and food resources	
	- Substances of concern	
	- Substances of very high concern	
	- Microplastics	
ESRS E3 - Water and marine resources	- Water	- Water consumption
		- Water withdrawal
		- Water discharges
	- Marine resources	- Water discharge to water bodies and oceans
		- Extraction and use of marine resources
ESRS E4 - Biodiversity and Ecosystems	- Direct impact drivers of biodiversity loss	- Climate change
		- Land-use change, freshwater use change, and sea-use change
		- Direct exploitation
		- Invasive alien species
		- Environmental pollution
		- Other
	- Impacts on the state of species	- Example: Population size of species
		- Example: Global extinction risk of species
	- Impacts on the extent and condition of ecosystems	- Example: Land degradation
		- Example: Desertification
		- Example: Soil sealing
	- Impacts and dependencies of ecosystem services	
	ESRS E5 - Circular economy	- Resource inflows, including resource utilization
- Resource outflows related to products and services		
- Waste		
ESRS S1 - Own staff	- Working conditions	- Secure employment
		- Working hours

		- Appropriate remuneration
		- Social dialogue
		- Freedom of association, the existence of works councils and the information, consultation, and participation rights of workers
		- Collective bargaining, including rate of workers covered by collective agreements
		- Work-life balance
		- Health and safety
	- Equal treatment and equal opportunities for all	- Gender equality and equal pay for equal work
		- Training and skills development
		- Employment and inclusion of people with disabilities
		- Measures against violence and harassment in the workplace
		- Diversity
	- Other work-related rights	- Child labour
		- Forced labour
		- Adequate housing
	- Data protection	
ESRS S2 - Workers in the value chain	- Working conditions	- Secure employment
		- Working hours
		- Appropriate remuneration
		- Social dialogue
		- Freedom of association, including the existence of works councils
		- Collective bargaining
		- Work-life balance
		- Health and safety
	- Equal treatment and equal opportunities for all	- Gender equality and equal pay for equal work
		- Training and skills development
		- Employment and inclusion of people with disabilities
		- Measures against violence and harassment in the workplace
		- Diversity
	- Other work-related rights	- Child labour
- Forced labour		

		- Adequate housing
		- Water and sanitary facilities
		- Data protection
ESRS S3 - Affected communities	- Economic, social and cultural rights of communities	- Adequate housing
		- Adequate nutrition
		- Water and sanitary facilities
		- Land-related impacts
		- Security-related impacts
	- Civil and political rights of communities	- Freedom of expression
		- Freedom of assembly
		- Impacts on human rights defenders
	- Rights of indigenous peoples	- Free, prior, and informed consent
- Self-determination		
- Cultural rights		
ESRS S4 - Consumers and end users	- Information-related effects for consumers and/or end users	- Data protection
		- Freedom of expression
		- Access to (high-quality) information
	- Personal safety of consumers and/or end users	- Health and safety
		- Personal safety
		- Protection of children
	- Social inclusion of consumers and/or end users	- Non-discrimination
		- Access to products and services
		- Responsible marketing practices
ESRS G1 - Company policy	- Corporate culture	
	- Protection of whistleblowers	
	- Animal welfare	
	- Political commitment and lobbying activities	
	- Management of relationships with suppliers, including payment practices	
	- Corruption and bribery	- Prevention and detection including training
		- Incidents