

Non-Financial Declaration

As described in the Corporate Profile, the Combined Management Report includes the combined Non-Financial Declarations of Mercedes-Benz Group AG and of the Mercedes-Benz Group. The Mercedes-Benz Group publishes the Non-Financial Declaration in accordance with the provisions of sections 315b, 315c in connection with sections 289b–289e of the German Commercial Code (HGB). The Non-Financial Declaration contains the main information on the aspects of environmental, employee and social matters, combating corruption and bribery, and respect for human rights. The information provided in this declaration is presented in conformity with the GRI Standards of the Global Reporting Initiative, insofar as this complies with applicable law. Some aspects are presented in accordance with internal guidelines and definitions.

As was the case in the previous year, the Mercedes-Benz Group integrates the Non-Financial Declaration into the Combined Management Report of this Annual Report. Each year, it examines whether and how the integration of financial and non-financial key figures should be further developed. For the year under review, the Group Sustainability Board has decided to continue to publish more in-depth information about sustainability at the Mercedes-Benz Group in a separate Sustainability Report. It will be available on the Group's website on the internet (additional information group.mercedes-benz.com/sustainability). Information on the business model of the Mercedes-Benz Group can be found in the Corporate Profile chapter.

Sustainability as a force of change

The Mercedes-Benz Group aims to create value that is sustainable — economically, environmentally and socially. This is one of the core principles of the Group. It applies not only to the Group's own products and manufacturing locations but also to the entire upstream and downstream value chain. It has translated this approach into its sustainable business strategy, with which it firmly embeds sustainability considerations in the daily business activities. In this way, the Mercedes-Benz Group intends, among other things, to fulfil the demands and expectations of its stakeholders — i.e. customers, employees, investors, business partners, non-governmental organizations and society as a whole.

One of the most important transformation goals at the Mercedes-Benz Group is decarbonization, which the Group has made a firm component of its sustainable business strategy. At Mercedes-Benz Group, this goal is reflected in "Ambition 2039" and the "Electric Only" approach. By the end of this decade, Mercedes-Benz intends to be all-electric wherever market conditions allow.

Areas of action and the foundations of sustainability

The Mercedes-Benz Group acts in line with the sustainable business strategy adopted by the Board of Management of Mercedes-Benz Group AG in 2019 with the agreement of the Supervisory Board. Sustainability topics are thus an integral part of the business strategy.

The Mercedes-Benz Group has set itself ambitious goals and defined six strategic areas of action for reaching these goals. The strategic goals are based on the UN's 17 Sustainable Development Goals (SDGs) — especially SDGs 8 and 9 and 11 to 13 — among other factors. In addition, they take into account recognized international frameworks, the requirements of the external and internal stakeholders and global trends. Group-wide areas of action and areas of responsibility, as well as business-specific targets, processes and measures are derived from this analysis.

The Mercedes-Benz Group has also formulated strategic ambitions for each of the six areas of action.

- **Climate protection and air quality:** Plans call for the Mercedes-Benz new vehicle fleet to be CO₂-neutral on the balance sheet across the entire value chain by 2039 and to no longer have any relevant impact on NO₂ levels in urban areas by 2025.
- **Resource conservation:** The Mercedes-Benz Group wants to decouple resource consumption from business volume growth.
- **Sustainable urban mobility:** The Mercedes-Benz Group wants to contribute to the improvement of the quality of life in cities through its leading mobility and transport solutions.
- **Traffic safety:** The Mercedes-Benz Group is working to make its vision of accident-free driving a reality as it develops automated driving systems while also taking social and ethical issues into account.
- **Data responsibility:** The future of the Mercedes-Benz Group consists of sustainable, data-based business models. With these business models, it focuses on the needs of its customers and the responsible handling of data.
- **Human rights:** The Mercedes-Benz Group has assumed responsibility for respecting and upholding human rights along its automotive value chain.

The Mercedes-Benz Group has defined three enablers, or principles, that are crucial for achieving success in the six areas of action: integrity, people and partnerships.

Materiality analysis

A comprehensive materiality analysis was carried out in 2021 in order to determine which sustainability topics are particularly relevant for the Mercedes-Benz Group and its stakeholders. This was completed in 2022.

This materiality analysis addressed the six strategic areas of action as well as further potentially relevant sustainability topics and trends. A total of 17 topics were evaluated, and these were further divided into sub-topics.

The analysis consists of several components:

The basis for assessing the relevance of the sustainability topics and trends was a comprehensive desk analysis and an international online survey. The survey queried approximately 15,000 people from 52 countries who depicted relevant stakeholder groups such as employees, private and business customers, interested consumers, suppliers and business partners, investors, politicians and government officials, scientists, and representatives of government administrations and non-governmental organizations (NGOs). In addition, the Mercedes-Benz Group conducted around 20 interviews with both internal and external experts from the aforementioned stakeholder groups. The goals here were to assess the sustainability performance of the Group to date and identify sustainability trends in order to gauge the relevance of the sustainability topics. The Mercedes-Benz Group also took the first steps to evaluate the effects of its business activities on the environment and society. In order to assess topics from an outside-in perspective, the Mercedes-Benz Group analysed competitors, media reporting, key NGO positions, regulatory requirements and information relevant to capital markets.

In a subsequent step, the sustainability topics that resulted from this analysis were assessed by the Mercedes-Benz Group with regard to financial position, liquidity, cash flows, profitability and business development in order to define the topics for this Non-Financial Declaration. Consequently not all the strategic areas of action are illustrated in this Non-Financial Declaration.

Managing sustainability

The Mercedes-Benz Group manages the work in the strategic areas of action — alongside other tasks — by means of an internal reporting process that uses detailed scorecards. This process is supported by clear lines of responsibility in the management and organizational structures used at all of the divisions.

The Group Sustainability Board (GSB) is the central management body for all sustainability topics and reports to the Board of Management. The GSB is chaired jointly by Renata Jungo Brüngger (the Board of Management member responsible for Integrity and Legal Affairs) and Markus Schäfer (the Board of Management member responsible for Development and Procurement, who is also the Chief Technology Officer). The Chairman of the Board of Management and all other Board of Management members, as well as the managers of all relevant functions and departments, are members of the GSB.

The operational work is done by the Sustainability Competence Office (SCO), which consists of experts from the units managed by the two Co-chairs of the GSB as well as additional specialists from Corporate Strategy, Finance and Corporate Communications. The SCO provides advice to the specialist units and helps them complete the tasks assigned to them by the GSB. The SCO also monitors the progress made in the six areas of action and the three enablers defined in the sustainable business strategy. The results are reported to the GSB and the Board of Management of Mercedes-Benz Group AG in the form of detailed scorecards at least twice a year.

The Mercedes-Benz Group also uses the ten principles of the UN Global Compact (UNGC) as a fundamental guide for its business activities. As a founding member, it is strongly committed to the UN Global Compact.

The Mercedes-Benz Group's internal principles and policies are founded on this international frame of reference and other international principles, including the Core Labour Standards of the International Labour Organisation (ILO), the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

The remuneration for the Board of Management and Level 1–3 executives, as well as for Level 4 managers in some cases, includes both financial and sustainability targets in the form of the variable components of the company bonus. These consist primarily of transformation targets including those involving CO₂ emissions, due diligence obligations in raw material procurement, and traffic safety in addition to further non-financial targets. These targets relate to the topics of customers, integrity and employee commitment and diversity. Further information can be found in the Remuneration report for 2022 ([🌐 group.mercedes-benz.com/remuneration-bom](https://group.mercedes-benz.com/remuneration-bom)).

Risk and opportunity management

Detailed information on, among other things, the risk and opportunity management system and the associated processes can be found in the Risk and Opportunity Report of this Annual Report.

Risk and opportunity management is a firm component of the Group-wide planning, controlling and reporting process. It is designed to support the sustained achievement of the corporate targets and to ensure risk awareness at the Mercedes-Benz Group. In identifying sustainability-related risks and opportunities, Mercedes-Benz Group is guided by the topics identified by the materiality analysis and thus includes the areas of action of the sustainable business strategy, for which concrete goals have been assigned. Sustainability-related risks and opportunities are understood to be conditions, events, or developments involving environmental, social or governance factors (ESG), the occurrence of which may have an actual or potential impact on the Mercedes-Benz Group's profitability, liquidity and capital resources. This further includes any risks and opportunities whose occurrence may have a positive or negative impact on the economy, the environment, or society.

Sustainability aspects — as they relate to the environment — include, among other things, the effects of climate conditions and changes, as well as the impact of the Group's transformation process as a result of changed political conditions, technological developments and changing markets.

Labour law standards, occupational and product safety, product liability and suppliers' compliance with labour law standards are examples of circumstances categorized

as social issues. The area of governance is concerned with matters such as honesty in tax affairs, measures taken to prevent corruption, and ensuring data protection.

ESG-related risks and opportunities associated with the Mercedes-Benz Group's own business activities, business relationships and products and services, and which are very likely to have a serious negative impact on the non-financial aspects in accordance with Sections 315c, 289c of the German Commercial Code (HGB), are not currently apparent. Climate-related risks and opportunities in connection with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) are environment factors and are thus also identified and assessed as part of the risk management process. Additional information is available in the TCFD report

sustainabilityreport.mercedes-benz.com/2021/services/pages/downloads/files/tcf-d-mercedes-benz-sr21.pdf

Sustainable investment

The implementation of the Mercedes-Benz Group's sustainable business strategy requires a major amount of investment. For this reason, one of the Group's goals is to ensure that its securities are viewed by the capital market as a sustainable investment. To this end, the Mercedes-Benz Group maintains a continuous dialogue with players on the capital market as representatives of investors in equity and debt. Various platforms are used here. In 2022, the Mercedes-Benz Group presented this approach to investors and analysts at its first digital ESG (Environmental, Social and Governance) Conference.

The Investor Relations & Treasury unit at Mercedes-Benz Group AG works closely together with the company's in-house sustainability departments and is also integrated into the relevant committees. This is how the Mercedes-Benz Group is responding to the fact that sustainable investment has become a central investment strategy — in particular for institutional investors, who set especially high standards of transparency for external reporting according to ESG criteria.

In the reporting year, Mercedes-Benz Group AG converted the existing credit line of €11 billion into a sustainability linked loan (SLL). In this way, the company links its credit line to sustainability achievements in the area of climate change mitigation — for example, the global share of all-electric vehicles in the Mercedes-Benz fleet. The arrangement fee for the existing credit line is reduced if the Mercedes-Benz Group achieves the selected sustainability targets. With this transformation, the company also continues to implement its "Ambition 2039" in the area of sustainable financing.

In 2020, the Group developed a Group-wide Green Finance Framework in order to position the Mercedes-Benz Group even more effectively as a sustainable company worthy of investment and to enable it to utilize ESG-based capital for its business development. It makes it possible for the Group to finance investment targeted at the development, production and customer financing of all-electric vehicles through bonds and loans, for example. The Mercedes-Benz Group has issued green bonds in September 2020 and March 2021. In November 2022, Mercedes-Benz Group issued its first green bond outside the European market as a green panda bond in China.

The framework is based on the Green Bond Principles (the voluntary process guidelines of the International Capital Market Association — ICMA) and the Green Loan Principles, which are the joint voluntary process guidelines of the Loan Market Association (LMA) and the Asia Pacific Loan Market Association (APLMA). In addition, the Mercedes-Benz Group strives for the certification with the highest rating — Dark Green — for the planned 2023 framework update from the respected Centre for International Climate and Environmental Research (CICERO). It is planned to be developed to be consistent with the significant contribution to the environmental objective of climate change mitigation under the technical screening criteria of the EU taxonomy.

The Mercedes-Benz Group operates as an investor itself when it invests the company's pension assets. ESG criteria are also playing an increasingly important role in this area.

For German pension assets, the following objectives have been defined for the consideration of ESG criteria: Creation of transparency in dealing with sustainability aspects, exploitation of opportunities from sustainable developments and the appropriate consideration of sustainability risks. For the majority of German pension assets the investments are made by asset managers to whom the Mercedes-Benz Group issues individual mandates.

In coordination with the Investment Committees, the Mercedes-Benz Group pays, as part of its sustainability concept, increased attention to the consideration and transparency of sustainability aspects in the investment process. In addition, the risk and return aspects associated with sustainable investments are also taken into account. For liquid asset classes of the German pension assets, the Mercedes-Benz Group only works with investment managers who have signed the UN Principles for Responsible Investment. It also uses a negative list to exclude investing in companies and countries that do not fulfil the Group's core requirements. Furthermore, the Mercedes-Benz Group focuses on gradually integrating sustainability aspects — via benchmarks or sustainability performance indicators, for example — into its mandates. In 2022, the Mercedes-Benz Group also further expanded its ESG-themed investments and took its first steps to create an internal reporting system for various sustainability metrics for its German pension assets.

Tax obligation

The Mercedes-Benz Group views itself as a responsible company that endeavours to meet all of its global tax obligations and use public funding responsibly. In this way, the Group can also fulfil its social and ethical responsibilities.

The Group's tax strategy operates according to the following principles in particular:

- With efficient, high-quality and reliable expertise, processes, systems, methods and controls, the Mercedes-Benz Group wants to ensure that the tax obligations of the Group companies are met and integrity standards are maintained.

- In line with the principle of being a good corporate tax citizen (i.e. fulfilling its responsibility as a taxpayer), the Mercedes-Benz Group conducts legal, proactive and non-aggressive tax planning activities on the basis of economic considerations ("tax follows business"). The Mercedes-Benz Group also strives to work cooperatively, transparently and constructively with the tax authorities. In this process, it maintains its legal standpoints and defend its interests wherever it believes such actions are appropriate and legitimate.

The Group tax strategy drawn up by the board of management of the Mercedes-Benz Group AG defines the limits of action here, and this strategy is further specified and implemented by means of organizational and content-related policies, guidelines and instructions. The tax strategy is regularly reviewed for appropriate adjustments.

The tax policies define the responsibilities, tasks and obligations of those individuals at the Group who deal with tax issues, and also contain specific provisions for ensuring that legal requirements are met, thus raising the awareness of tax issues among employees. Management is kept informed about relevant tax issues by means of monthly reports and regular communications, as well as when required. Moreover, it is involved in compliance processes:

- Regular communication between CFO and Head of Taxes
- Regular information to the Supervisory Board on risks and opportunities as well as current regulatory issues

The Code of Conduct stipulates that all intentional violations of external and/or internal tax guidelines must be reported and investigated. The same applies to any failure to make corrections to procedures performed in an erroneous manner, as outlined in our internally valid Treatment of Violations Policy. Further information can be found in the Integrity and Compliance chapter.

The Mercedes-Benz Group has established a Tax Compliance Management System (Tax CMS) in order to ensure effective tax compliance throughout the Group. The Tax CMS is a separate sub-unit of the general intra-Group Compliance Management System. The Tax CMS also operates an active tax-risk management system that is consistently applied throughout the Group in order to monitor and check whether tax obligations are being fulfilled, and also to support those responsible for ensuring such fulfilment. Another goal here is to identify and reduce tax risks at the Group, and thus the associated personal risks that may be faced by the employees active in this area. The system includes numerous measures — for example, continuous monitoring of tax risks and the incorporation of tax risk issues into the internal control system and the Group-wide risk management process in line with the company's risk management policy.

The Mercedes-Benz Group did not become aware of any criminally relevant material violations of tax laws during the reporting year.

Sustainability in the supply chain

The Mercedes-Benz Group is committed to the responsible procurement of production materials, non-production materials and services.

The Responsible Sourcing Standards (RSS) serve as the guideline for the sustainable supply chain management system at the Mercedes-Benz Group. The RSS define minimum requirements for suppliers, as well as the expectations we have of them. The Mercedes-Benz Group requires its direct suppliers to comply with the RSS for new tenders, communicate the associated provisions to their employees and to their own direct suppliers, and ensure the RSS are complied with in all areas in which they exert an influence. The goal here is to prevent, minimize or, if possible, put a stop to any negative effects on human rights worldwide.

The RSS also define environmental protection requirements that are meant to ensure resource conservation and prevent environmental damage caused by business activities, repair any damage that does occur, and compensate for such damage that cannot be avoided or repaired. Direct suppliers to the Mercedes-Benz Group must comply with the RSS, communicate the associated provisions to their employees and to their own direct suppliers, and ensure the RSS are complied with in all areas in which they exert an influence.

Measures in the supply chain

The Mercedes-Benz Group uses a variety of measures and concepts to ensure the fulfilment of its due diligence obligations in the supply chain. These include supplier screenings, audits, risk-based due diligence analyses and qualification modules for production material suppliers. The Mercedes-Benz Group uses these tools in order to increase the transparency of the supply chain and ensure that the internationally recognized human rights are upheld by business partners as well, and that other social standards and environmental requirements are met. Procurement units play a key role here. See the Social Compliance and Environmental Issues chapters for further information.

Complaint management

The Group offers employees and external whistleblowers various channels through which they can report suspected human rights violations and rule violations and also request remedy. With regard to supply chains, suspected violations of the Responsible Sourcing Standards can be reported via the Business Practices Office (BPO). If the misconduct or problem falls within the supplier's area of responsibility, the supplier must take measures to immediately correct or eliminate the problem. Further information about the Compliance Programme can be found in the Integrity and Compliance chapter.

Environmental issues

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Target	Target horizon
Mercedes-Benz offers all-electric vehicles (BEVs) in all segments in which the brand is represented	2022
Increase the proportion of plug-in hybrids and all-electric vehicles to as high as 50% ¹	By the middle of this decade
All new vehicle architectures are electric	from 2025
An all-electric alternative is available for every model that Mercedes-Benz offers	2025
Mercedes-Benz is all-electric — wherever market conditions allow	By the end of this decade
Reduction of the CO ₂ emissions per car in the new vehicle fleet by at least 50% along all stages of the value chain ^{1,2}	By the end of this decade
Reduction of CO ₂ emissions at Mercedes-Benz plants (Scope 1 and 2) by 50% ³	2030
A fleet of new Mercedes-Benz cars and vans that are CO ₂ -neutral on the balance sheet along all stages of the value chain	2039

1 When market conditions allow

2 Compared to 2020, in relation to the entire value chain

3 Compared to 2018

As a player in the transport sector, the Mercedes-Benz Group supports the Paris Climate Agreement: It is convinced of the objectives of the agreement. About one fifth of all greenhouse gas emissions in Europe are produced as a result of the transport of people and goods on streets and roads. The Mercedes-Benz Group is taking deliberate measures to counteract this trend and has made climate change mitigation a core element of its business strategy. The Group's ambition is to make the entire Mercedes-Benz new vehicle fleet CO₂-neutral on the balance sheet across all stages of the value chain by 2039.

In order to achieve this goal, the Mercedes-Benz Group is transforming the products and services that are at the heart of its business activities. The company also takes into account climate change mitigation in all of the life cycle phases of its automobiles — from the supply chain and its own manufacturing operations to the use and disposal of the vehicles.

Climate change mitigation with vehicles

The Mercedes-Benz Group believes that the complete electrification of its product range is the most important lever for making its entire new vehicle fleet CO₂-neutral on the balance sheet across all stages of the value chain by 2039. By the end of this decade, the Mercedes-Benz

Group wants to be all-electric wherever market conditions allow. The strategic step to “Electric only” will accelerate the transformation of Mercedes-Benz to an all-electric and software-driven future. As early as November 2021, the Mercedes-Benz Group underscored its commitment to this transformation during the COP26 UN Climate Change Conference.

Responsibilities

The Board of Management of the Mercedes-Benz Group AG is responsible for setting strategic goals, including targets for reducing the CO₂ emissions, and for monitoring the progress made in achieving these goals. The Product Steering Board (PSB) is responsible for the car fleet. This body monitors the development of the CO₂ emissions of the car fleet in markets in which such emissions are regulated. It is also responsible for providing forecasts. In its evaluations, the PSB takes into account a variety of factors, including the increasing degree of vehicle electrification and the changes that have been made to legal requirements, for example those related to the introduction of the WLTP certification procedure. The PSB is assigned to the Committee for Model Policy and Product Planning (AMP). The Product Strategy unit ensures compliance with the CO₂ fleet emission limits for vans and reports on this regularly to the Van Executive Committee. The Committee for Model Policy and Product Planning and the Van Executive Committee both inform the Board of Management of Mercedes-Benz Group AG. The Board of Management then decides which measures need to be implemented. On the market side of the equation, price and volume control measures can also affect our ability to achieve our CO₂ targets over the short term. For this reason, such measures are also discussed with the Board of Management within the framework of regular reporting on the current state of CO₂ fleet compliance.

All-electric product range

The Mercedes-Benz Group's goal is to accelerate the pace of expansion of its range of electric vehicles. Its commitment to research and development work is correspondingly great. Altogether, the Mercedes-Benz Group wants to invest more than €60 billion between 2022 and 2026 for the transformation towards an all-electric and software-driven future.

Since 2018, Mercedes-Benz AG has been offering battery electric vehicles under the Mercedes-EQ brand. It is continuously expanding this brand's portfolio through the addition of more models. During the reporting year,

Mercedes-Benz reached an important strategic milestone and now offers an all-electric alternative for every segment in which Mercedes-Benz is active — i.e. the EQA and EQB for the compact segment, the EQC for the mid-range segment and the EQE and EQS for the premium segment. In August 2022, the all-electric model range was expanded to include the EQS SUV. This was followed in mid-2022 by the staggered global market launch of the EQE business saloon. The EQE 350 (WLTP: combined electrical consumption: 18.8–16.0 kWh/100 km; combined CO₂ emissions: 0 g/km) has an output of up to 300 kW and a range¹ of up to 645 km (according to WLTP).

Plug-in hybrids are an important transitional technology on the road to an all-electric future. Mercedes-Benz Cars offers an efficient drive-system package for this purpose: since 2021, customers have been able to choose between more than 20 model variants.

Mercedes-Benz is convinced of the ecological and economic advantages of all-electric vans and has firmly anchored its claim to leadership in electric mobility in its strategy. As a result, all of its model series are to be systematically electrified. Even today, body manufacturers and customers can already choose from a number of battery electric vans for both commercial and private use. These include the eVito panel van and eVito Tourer, the eSprinter and the EQV. From 2023, it is planned that they will be joined by the eCitan and EQT (WLTP: combined electrical consumption: 18.99 kWh/km; combined CO₂ emissions: 0 g/km).¹

Electrified vehicles (xEV) at Mercedes-Benz Cars accounted for 16% of the Group's worldwide unit sales in the year under review. Battery electric models accounted for 4% of unit sales at Mercedes-Benz Vans.

Development of CO₂ emissions in Europe

The Mercedes-Benz Group has defined the CO₂ emissions of its total new passenger car fleet in Europe as one of its significant non-financial performance indicators. For more information on how it expects the CO₂ emissions of its car fleet in Europe to develop in 2023, see the Outlook chapter.

In the reporting year, the average CO₂ emissions of the Mercedes-Benz passenger new car fleet in Europe (European Union, Norway and Iceland), applying the statutory regulations, are expected to amount to 115 g/km (including vans registered as passenger cars) and were thus at the same level as in the previous year. This means that the figures for Mercedes-Benz achieved the CO₂ targets in Europe in 2022.

In the reporting year, the average CO₂ emissions of vehicle category N1 light trucks in Europe (European Union, Norway and Iceland) as measured on the basis of the legal regulations are expected to amount to 209 g/km. This means that the figures for Mercedes-Benz will be below the CO₂ target.

Development of CO₂ emissions in the United States

In the United States, fleet values are regulated by two separate federal standards for limiting greenhouse gases and fuel consumption in vehicle fleets: the Greenhouse Gas Protocol (GHG) and the Corporate Average Fuel Economy (CAFE) standard. For the 2022 model year, the GHG fleet figure is 244 g CO₂/mi for the car fleet and 289 g CO₂/mi for the fleet of vans and SUVs registered as light trucks (on the basis of the most recent forecast). Because the portfolio of electrified vehicles (xEV) in the United States is still in an early stage of development, the Mercedes-Benz Group was not able to achieve its average fleet targets of 195 g CO₂/mi for the car fleet and 256 g CO₂/mi for the fleet of vans and SUVs registered as light trucks. However, the Mercedes-Benz Group was able to offset the remaining difference through the purchase of external credits.

Development of CO₂ emissions in China

In China, domestic and imported cars are reported separately and according to fleet consumption values, unlike in Europe and the United States. This means the figures for the imported fleet are the relevant figures for our wholly owned subsidiary Mercedes-Benz China (MBCL). The target was 7.01 l/100 km; the figure that was actually achieved was 8,33 l/100 km (8.17 l/100 km including off-cycle technologies). MBCL plans to purchase external credits in order to close consumption gaps in the fleet's target achievement at short notice. The aim of the Mercedes-Benz Group with regard to the portfolio expansion for all-electric vehicles and plug-in hybrids is to achieve the emission targets in China in the medium term, together with the joint-venture partner Beijing Benz Automotive (BBAC).

¹ Electricity consumption and range were determined on the basis of Commission Regulation (EU) 2017/1151.

Climate change mitigation in the supply chain

The Mercedes-Benz Group implements various projects and measures in order to avoid and reduce CO₂ emissions in its supply chains for services as well as for production and non-production materials.

For this reason, in 2020, Mercedes-Benz Cars and Mercedes-Benz Vans already sent out to suppliers of production materials the ambition letter, a declaration of intent on balance sheet carbon-neutral products and established approval as a prerequisite for awarding contracts. By signing this document, they commit themselves to supply Mercedes-Benz AG only with products that are CO₂-neutral on the balance sheet by 2039 at the latest — and thus to the Mercedes-Benz Group's "Ambition 2039".

Approximately 86%¹ of all suppliers of production material for Mercedes-Benz Cars and Mercedes-Benz Vans registered in the system (as measured on the basis of annual planning procurement volume that, in turn, is based on target figures updated bi-weekly) have signed the ambition letter. CO₂ neutrality on the balance sheet is incorporated into the terms of contract, and the ambition letter is a key criterion for the awarding of contracts.

Progress on climate change mitigation in the supply chain is reported at regular intervals in the Group Sustainability Board (GSB). Further information can be found in the Managing sustainability section.

Resource conservation in the supply chain

The supply chain plays an important role in efforts to conserve resources. The Mercedes-Benz Group wants to decouple resource consumption from economic growth. To achieve this goal, it is relying on the support of its suppliers. With their help, the Group wants to continuously increase the proportion of secondary and renewable materials in its vehicles.

Steel, aluminium and plastics have been identified as particularly important materials in Mercedes-Benz vehicles. We need large volumes of these materials for the production of our vehicles, and their extraction and processing also consume large amounts of energy and resources. In 2020, Mercedes-Benz AG defined

secondary material targets for these resources for Mercedes-Benz Cars and Mercedes-Benz Vans and anchored these in the requirements for all contract awards.

Suppliers of production materials to Mercedes-Benz Cars and Mercedes-Benz Vans are expected to operate with an environmental management system that is certified according to ISO 14001 or EMAS. Depending on the specific risks, this also applies to suppliers of non-production materials and services.

With its Responsible Sourcing Standards, the Mercedes-Benz Group has also incorporated other environmental requirements into its supplier agreements, including stipulations relating to compliance with environmental due diligence obligations and the use of resource-efficient production methods.

Mercedes-Benz Cars and Mercedes-Benz Vans are also cooperating with organizations such as CDP (formerly Carbon Disclosure Project) so that it can depict the environmental impact of its supply chains even more transparently. The suppliers have been reporting on their environmental impact and climate change mitigation efforts within the framework of the CDP Supply Chain Programme since 2019. CDP provides the corresponding tools for recording, assessing and publishing environmental and climate data.

Climate change mitigation in production

The Mercedes-Benz Group formulates the holistic goal of making the mobility of the future more sustainable in its sustainable business strategy. One of the most important targets is the reduction of greenhouse gas emissions. This applies not only to mobility solutions but also to the Group's own production plants. By pursuing its goal of making its own production processes CO₂-neutral on the balance sheet, the Mercedes-Benz Group intends to act in accordance with the Paris Climate Agreement.

Thus the CO₂ emissions arising from Mercedes-Benz' production operations and the energy supply of the brand's plants will be consistently reduced or, wherever possible, completely eliminated. In order to accomplish this, Mercedes-Benz is relying on the purchase of green electricity, the expansion of other renewable energy sources at its locations and the implementation of a sustainable heating supply system. Production at all manufacturing locations operated by the Mercedes-Benz Group has

¹ The key figures were audited in order to obtain limited assurance as part of a separate assurance engagement of the sustainability report.

been CO₂-neutral regarding Scope 1¹ und Scope 2² since the reporting year.³ Since early 2022, all CO₂ emissions (Scope 1 and Scope 2) at production facilities operated by the Mercedes-Benz Group that have been as yet unavoidable have been offset by means of carbon offsets from qualified climate change mitigation projects.³ Remaining emissions are particularly released by the CHP facilities that use natural gas to produce electricity and heat.

For the procurement of green electricity, the Mercedes-Benz Group in Germany currently relies on a mix of solar, wind and hydroelectric power for external electricity purchases.

In order to continue to cover the energy requirements in production with renewable energies, the Mercedes-Benz Group is, among other things, planning to expand solar and wind energy at its own locations.

During the reporting year, Mercedes-Benz Cars and Mercedes-Benz Vans employed a bundle of measures that enabled them to reduce CO₂ emissions in production (Scope 1 and Scope 2) from 946,038 tons in 2021 to 537,821 tons in the year under review, and thus by 43% compared to the previous year.³

In the reporting year, the Mercedes-Benz Group already achieved its target of reducing CO₂ emissions at its own plants (Scope 1 and Scope 2) by 50% by 2030 compared to 2018.³ It is therefore aiming to save even more CO₂ emissions by 2030.

Resource conservation in production

The increasing demand for mobility is also leading to an increase in the worldwide consumption of resources — with negative consequences for the environment and society. That's why the goal of the Mercedes-Benz Group is to increasingly decouple its consumption of resources from the growth of its production volume. In order to improve its environmental footprint in production operations, the Group therefore plans to use less energy and water and fewer raw materials. Accordingly, the

Mercedes-Benz Group is intensifying its efforts to use lower volumes of raw materials and other materials at its sites.

For its production sites worldwide, the Mercedes-Benz Group has set reduction targets for energy and water consumption, total waste volume and waste volume for disposal per vehicle. In order to achieve its goals, the Group uses Group-wide resource management with its environmental and energy management systems to ensure that appropriate measures are developed, adapted to challenges where necessary, and monitored.

In order to ensure efficient, high-quality, and environmentally friendly manufacturing operations, the Group has established environmental management systems in accordance with EMAS or ISO 14001 at its production sites around the world. Since 2012, it has also introduced energy management systems certified in accordance with the DIN EN ISO 50001 standard at its German production sites. These energy management systems are certified at regular intervals. The Mercedes-Benz Group is currently also implementing ISO 50001 systems at a number of individual sites outside Germany. In accordance with the standard, it has embedded environmental and energy management within its organization.

The effectiveness of the management systems is monitored by external auditors as part of the certification process (ISO 14001, EMAS, ISO 50001), as well as in the environmental sector by internal environmental risk assessments (environmental due diligence process). The company also has a standardized process in place for reviewing and assessing its consolidated production sites every five years. The results of this process are reported to the respective plant and company management so that any necessary optimizations can be carried out.

Travel restrictions and lockdown regulations due to the Covid-19 pandemic limited the number of site inspections that could be carried out in 2021. Van production sites were evaluated during the year under review. The inspections that had to be cancelled will now be carried out over the next few years so that the Mercedes-Benz Group can maintain the five-year cycle for its production sites. We are continuing the internal reporting process and the controlling of the improvement measures as before.

1 Scope 1 emissions are direct greenhouse gas emissions from sources for which the company is directly responsible or that it directly controls.

2 Scope 2 emissions are indirect greenhouse gas emissions from purchased energy, such as electricity, steam, district heating or cooling, fuels that are generated externally but consumed by the company.

3 The key figures were audited in order to obtain limited assurance as part of a separate assurance engagement of the sustainability report.

Employee issues

B.31

Target	Target horizon
Human resources work in the transformation	
Shape the transformation of the Group in a responsible, socially acceptable and future-oriented manner for Mercedes-Benz Group employees	Ongoing
Ensure permanently constructive cooperation between company and employee representative bodies	Ongoing
Further develop and firmly embed within the Group the People Principles for cooperation The goal here is to establish a common understanding of an agile and innovative management culture in the transformation	Ongoing
Ensure remuneration structures in line with market rates through compliance with our global Corporate Compensation Policy	Ongoing
Support and enhance flexible and modern working-time arrangements	Ongoing
Training and professional development	
Ensure high quality and a needs-based range of professions covered by our training programmes and dual work-study programmes	Ongoing
Restructure and periodically further develop the qualification programmes available to our employees	Ongoing
Diversity and equal opportunity	
Equal opportunity for all employees in the Group	
Increase the proportion of women in executive management positions ¹ to 30%	2030
Occupational health and safety	
Ensure employees can work in a healthy and safe environment	Ongoing
Utilize a globally standardized accident documentation system and introduce it to the German production sites.	2023

¹ Management Level 3 and higher — Mercedes-Benz Group worldwide (headcounts, fully consolidated companies).

Human resources work in the transformation

The Mercedes-Benz Group is in the midst of a transformation towards locally emission-free and networked mobility. This transformation affects not only products, technologies and business models. Working processes and structures are changing just as fundamentally as employee tasks, job profiles and cooperation within the Mercedes-Benz Group.

A total of 168,797 employees¹ around the world are using their skills, innovation and dedication to help ensure that the Group can successfully overcome the associated challenges.

Together with them and their essential motivation as well as willingness to change, this transformation is a huge opportunity for a sustainably successful company. The Mercedes-Benz Group's goal here is to shape the necessary changes for its employees in a responsible, socially acceptable and future-oriented way.

The Mercedes-Benz Group therefore also invests continuously in qualification measures for its employees and recruits new staff whose qualification profiles will be needed in the future. In order to attract such employees and retain them for the long term, the Mercedes-Benz Group takes measures to create an attractive and future-oriented working environment for its employees, among other ways by offering them modern and flexible forms of work that it continuously enhances. Particularly in challenging times such as those we now live in, respectful and trust-based cooperation between the workforce and the management is extremely important. The Mercedes-Benz Group therefore promotes a diverse and inclusive corporate and management culture. The Group also wants to make possible a safe and healthy working environment.

Responsible transformation

Depending on their product portfolio and the size of their operations, the Mercedes-Benz Group sites, and thus the company's various groups of employees, are affected to different degrees by digitalization and the transformation of the mobility and transport sector into a system of electric mobility.

For the transformation to be successful, it needs to have a final destination and a roadmap for getting there. For this reason, the various sites (currently the major component and assembly plants) are developing goals for the transformation process. The sites are also identifying key topics that will then be translated into specific measures and subsequently implemented. Examples of such measures include qualification and retraining programmes. The Digital Pioneers initiative is part of this approach. In 2022, production employees in Berlin and

¹ Workforce from 31.12.2022 not incl. temporary workers during vacations, integrated master's degree students, interns, working students, doctoral candidates, senior experts and trainees

Stuttgart-Untertürkheim were able to undergo customized retraining able to undergo customized retraining on digitalization topics. For further information, see Training and professional development, new qualification and learning programmes for employees.

Another goal at the Mercedes-Benz Group is to get employees on board for the changes that are coming in the transformation, and also motivate and enable them to actively participate in the change process. To this end, it launched the initiative TransformatiON – Gemeinsam aufbrechen (TransformatiON – Setting off together) in the Powertrainverbund (powertrain network) in 2022. TransformatiON uses information, interaction, dialogue and feedback as central elements that are offered in new formats and via new channels. These formats and channels are being developed with the help of Transformation Ambassadors – employees from various units and functions who are actively participating in the change process and serve as contacts for their colleagues.

However, change requires security more than anything else. That's why the company signed an agreement that gives the employees at Mercedes-Benz Group AG, Mercedes-Benz AG and Mercedes-Benz Intellectual Property GmbH & Co. KG a job-security guarantee for the period until 2029. The agreement excludes the possibility of business-related layoffs until 31 December 2029.

Cooperation and management culture

The Mercedes-Benz Group believes that the interplay of strategy and corporate culture offers a key competitive advantage. The company therefore works constantly to improve its management culture and the way people throughout the organization cooperate.

The “Leadership 2020” initiative that was launched back in 2016 (later known as “Leadership 20X”) laid the basis for the Mercedes-Benz Group's future success. Working groups with a diverse composition of employees and managers agreed with the Board of Management of the Mercedes-Benz Group AG on how good leadership should be understood and which structural changes and tools are needed in order to transform the way we currently work (Game Changer). One of the results of the working groups was People Principles for cooperation: Pioneering Spirit, Agility, Purpose, Empowerment, Customer Orientation, Co-Creation, Learning and Driven to Win. The

initiative was completed in 2021, but the principles are still used as a basis for leadership and cooperation at the Mercedes-Benz Group.

The resulting framework, within which the Group is looking to further develop its culture, is an integral part of the processes for human resources development and decision-making, as well as the organizational structures and work methods and tools. The units use the shared basis of the People Principles to focus on their own specific areas and develop measures to be taken.

The Group wants to enable managers to perform their important roles in the technical, strategic and cultural transformation. The new hybrid world of work poses different challenges for the leadership culture within the Group. In order to support managers as much as possible in their roles and their tasks, the Mercedes-Benz Group offers them in-class and online training courses that focus on the opportunities and the framework of leadership. The company also continuously further develops these courses.

“Gear-up – increase your leadership impact”, for example, is a digital development programme that addresses in a targeted manner the new challenges relating to leadership with regard to innovation, cooperation, sustainable development and personal resilience. Another programme known as “Shaping the Future – Leading for Success” focuses on the topic of strategy implementation and shaping the transformation. More specifically, this involves the complex environment and the challenges that arise from it in terms of management and leadership. In this programme, internal and external specialists give lectures that generate momentum and offer space for discussions and exchanges. Both programmes are offered to executives who have been nominated in advance by their division and HR.

Attractive and transparent remuneration

The Mercedes-Benz Group remunerates work in accordance with the same principles at all of its companies around the world. The Corporate Compensation Policy, which is valid for all groups of employees, establishes the framework conditions and minimum requirements for the design of the remuneration systems. Among other things, it stipulates that the amount of the remuneration is determined on the basis of the requirements of the job profile in question (taking into account, for example, the person's knowledge, expertise, responsibilities and

decision-making authority) and, where appropriate, performance. However, it does not take account of gender, origin or other personal characteristics. The internal auditing department conducts random annual internal audits to determine if selected aspects of the policy are being complied with. Here, the Group also takes into consideration local market conditions and benchmark data, because the Mercedes-Benz Group wants to offer its employees salaries and benefits that are customary in the industry and the respective markets.

The variable remuneration of management (managers of Levels 1-3 and Level 4 executives) is based not only on financial targets but also on transformation goals and non-financial targets.

Modern working-time arrangements

The Mercedes-Benz Group continuously further develops its working culture — and thus its working-time arrangements as well. It will increasingly make use of hybrid forms of work in the future and thus enable its employees, depending on their tasks and the work processes they use, to work either remotely or on site in their offices.

This common creative freedom should contribute to the enhancement of the performance and satisfaction of the employees at the Mercedes-Benz Group in Germany. With its comprehensive company-wide agreement on mobile work that has been in force since 2016, and in a process of constant dialogue with the works council, the Group creates the necessary framework for hybrid working models.

In Germany, the Mercedes-Benz Group also offers a wide range of part-time working arrangements — for example, employees can reduce their working hours and spread their daily, weekly or monthly hours over a period of one to five days, or work in a blocked part-time arrangement (alternation between full-time work and time off).

The Mercedes-Benz Group also promotes job-sharing arrangements at all levels, especially in Germany. In addition, employees at Mercedes-Benz Group AG, Mercedes-Benz AG and Mercedes-Benz Intellectual Property GmbH & Co. KG can agree to take a sabbatical ranging from three months to one year. Subsequent reinstatement is guaranteed. Employees who wish to obtain additional

qualifications — including pursuing a course of study at a university — can also make arrangements to take a three to five-year leave with guaranteed reinstatement.

Employee involvement and co-determination

The Mercedes-Benz Group is committed to fulfilling its social responsibilities and makes every effort to take into account both the economic interests of the Group and the interests of its employees. For this reason, the Mercedes-Benz Group in Germany works with the employee representative body to get employees actively involved in the Group's affairs. One of the goals here is to ensure constructive cooperation between corporate management and the employee representative body. Corporate management and the employee representative body also maintain an ongoing dialogue.

The Mercedes-Benz Group acknowledges its employees' right to form employee representative bodies and conduct collective bargaining in order to regulate working conditions. It also recognizes their right to strike in accordance with the applicable laws. Important partners here include the local works councils, the General Works Council, the European Works Council and the World Employee Committee (WEC). Collective bargaining agreements exist for the majority of employees throughout the Group. Such agreements apply to all non-exempt employees subject to collective bargaining agreements at Mercedes-Benz Group AG and Mercedes-Benz AG and at other units at the Group.

The results of the ongoing dialogues, and thus the rights of employees as well, are defined, among other things, in a number of plant and company-wide agreements that address a multitude of issues such as mobile working, family leave and home health care.

Within the framework of the "Electric only" approach, for example, a new European production setup for the coming years was agreed on in 2022. The agreement provides for production operations for the repositioned product portfolio to be focussed on electric vehicles in the luxury segment. The focus on next-generation electric platforms is a decisive step towards securing the future of European vehicle sites and the jobs there.

In 2002, Mercedes-Benz Group AG issued its own Group-wide Principles of Social Responsibility, which are based on the International Labour Organization's (ILO) work and social standards. These principles were completely

reworked and comprehensively supplemented in 2021 and republished as the Principles of Social Responsibility and Human Rights.

Reported violations of the Integrity Code or internal regulations, as well as legal regulations, that pose a high risk to the Mercedes-Benz Group and its employees are followed up by the whistleblowing system, the Business Practices Office (BPO). You can find more information about the BPO in the Integrity and Compliance chapter.

As a participant in the UN Global Compact, the Mercedes-Benz Group has committed itself, among other things, to respecting key employee rights.

Results

The Group-wide employee survey is a key indicator of where the Mercedes-Benz Group stands with regard to various issues from the point of view of employees, and where there is still potential for improvement. One of the topics addressed is corporate culture. The Mercedes-Benz Group generally conducts the survey at least every two years; the last survey was carried out in 2021. A shorter representative sample survey known as the Pulse Check is conducted between the major surveys. These surveys ensure that the Group companies receive extensive feedback from their employees. Other channels are also open for employees and managers to provide feedback.

Measures are derived as part of the follow-up process to the employee survey. For example, one measure from the 2021 Employee Survey was the introduction of a strength assessment for all managers at the Group worldwide. This assessment helps managers identify their individual strengths and learn how to better understand them. They can use the lessons learned to develop themselves personally, strengthen their teams and promote the corporate culture.

During the year under review, the Mercedes-Benz Group also expanded its leadership programme to include elements that enable managers to identify coming leadership challenges and requirements, and obtain the qualifications to address them.

The transformation of the economy creates challenging tasks for companies, and the past year was no different in this regard. It has shown the importance of constructive partnerships between the workforce and the

management, as well as between the corporate management and the employee representative body, because this is the only way that viable solutions can be found. With this in mind, the Mercedes-Benz Group and the employee representative body succeeded in reaching long-term agreements in 2022. Among other things, the new production setup that was agreed on provides for various assembly plants throughout Europe to begin manufacturing products with new technologies. This will safeguard the future of the sites in question as well as the jobs they offer.

In addition, goals have been set for the plants in Hamburg and Berlin. Initial measures have already been launched and implemented on this basis — in particular, qualification measures such as the Digital Pioneers initiative.

International standards apply at the Mercedes-Benz Group, such as the principle of equal pay for work of equal value in the respective company, regardless of gender difference.

The internal auditing department conducts random annual internal audits to determine whether selected aspects of the Corporate Compensation Policy are being complied with. The company did not become aware of any material violations of the policy during the reporting year.

In 2022 the expenses for employees in the company worldwide for a workforce numbering 171,382 on average (including temporary workers during holidays) amounted to:

- €13.684 billion on wages and salaries
- €2.239 billion on social welfare services, and
- €0.578 billion on retirement benefits

Training and professional development

The transformation is changing numerous job profiles, tasks and requirements profiles. This is transforming the qualifications needed for many positions. The range of the portfolio of training professions offered by the Mercedes-Benz Group in Germany, and the courses of study offered in dual work-study programmes, is also changing as a result.

The Mercedes-Benz Group invests extensively in training and professional development programmes for its employees and continuously adjusts its qualification and HR development programmes. The company has also launched a worldwide qualification offensive known as Turn2Learn, whose goal is to maintain the competitiveness of the Mercedes-Benz Group over the long term.

Organization and agreements

Mercedes-Benz Group AG, Mercedes-Benz AG and Mercedes-Benz Intellectual Property GmbH & Co. KG structure their training and qualification processes throughout Germany in line with various company-wide agreements. These are, among others a company-wide agreement on qualification and the 2022 company-wide agreement on the integration of external learning platforms into the Mercedes-Benz Group's qualification programmes. Both of the aforementioned agreements are designed to strengthen the responsibility managers and employees share for qualification measures. In addition, the agreements serve to standardize the qualification process, structure it more efficiently and integrate external training elements into the learning portfolio.

The Mercedes-Benz Group employs a sustainable personnel planning and development approach because it needs highly qualified employees with the right skills, whether in the field of electric mobility or in one of the many digital disciplines that are becoming increasingly important.

What kinds of expertise and skills does Mercedes-Benz AG need in order to successfully implement the transformation? Does the company have the right personnel with the right skills at its disposal? These and other important questions are being addressed by the Tech-Academy Production and Supply Chain Management at Mercedes-Benz Cars, for example.

Trainees and students

During the reporting year trainees and participants of dual work-study programmes began their professional training at the Mercedes-Benz Group in Germany. Professional training is carried out in a dual system — i.e. in plants/offices and at trade schools. The Mercedes-Benz Group also offers dual work-study programmes for internationally recognized bachelor courses of study at various company sites throughout Germany. The lectures are supplemented by practical assignments in Germany and abroad.

The Mercedes-Benz Group has established a Mercedes-Benz Training System for Germany that standardizes training content across all sites and divisions. Regular checks are made to see that the content is user-friendly and up to date and that duplication does not occur. Hybrid formats allow for both in-class learning and online course components. The goal here is to create high-quality and efficient training programmes that are attractive to trainees and participants in dual work-study programmes.

Mercedes-Benz Group training programmes are fundamentally needs-based. For example, the Group analysed the requirements of future IT professions and used this as a basis for expanding its portfolio to include digital training professions for IT in the industrial sector, and it also introduced a course of study that focuses on the interface between IT and electrical engineering (embedded systems). In 2022, it also tested the use in training programmes of content relating to artificial intelligence by offering an additional qualification module, among other things.

New qualification and learning programmes for employees

The Mercedes-Benz Group offers its employees an extensive range of professional and personal development opportunities. It conducts a large number of training programmes to make sure that its people have the right skills. It also continuously improves these programmes in order to ensure that its employees remain employable over the long term in a changing environment — and that they never lose their innovative capability. The Mercedes-Benz Group is now realigning its qualification approach within the framework of its Turn2Learn initiative, which puts lifelong learning and the further education of employees at the centre of its sustainable personnel development activities. In light of the transformation, the Mercedes-Benz Group in Germany is placing a focus on qualifications that are crucial for the digitalization of the Group and the successful implementation of its sustainable business strategy. The Turn2Learn initiative addresses the qualification system throughout the entire Mercedes-Benz Group. Among other things, the initiative is being used to combine and optimize existing training and education programmes, which are being supplemented by large-scale opportunities for e-learning via external learning platforms. Within the framework of this qualification system, employees can, for example, define their own learning paths for targeted and forward-looking

professional further education and training. When selecting the formats, the Mercedes-Benz Group seeks to enable employees to exercise as much self-determination as possible.

The Tech Academy Production and Supply Chain Management at Mercedes-Benz Cars analyses current and future personnel requirements for production areas and inter-departmental functions — for example, in the areas of quality assurance and production planning, as well as for logistics at Mercedes-Benz Cars. The Tech Academy uses the analyses to develop future-oriented qualification and retraining measures in line with the needs of specific target groups. Cooperation between the Tech Academy and representatives from specialist production units at Mercedes-Benz Cars led to the establishment of the Transformation Hub in mid-2021. This working group manages all qualification and retraining measures across all units and departments. It also uses personnel requirements analyses to develop skills profiles for key functions that need to be filled.

A Tech Academy that offers needs-based future-oriented training components has also been established for employees in the development units at the Mercedes-Benz Group in Germany.

Within the sales organization of Mercedes-Benz Group AG, the Mercedes-Benz Global Training business unit serves as the central pillar for the development and qualification of employees of the German and international retail operations. In addition to the training and certification of sales and service personnel as well as dealership management, the unit provides comprehensive advanced training and various product training courses. Moreover, it focuses, among other things, on qualification content for electrical systems/electronics and high voltage. For employees at headquarters and in its own sales companies, Mercedes-Benz Group AG offers continuing education programmes that have been comprehensively expanded as part of the Turn2Learn initiative — for example in the areas of digitalization and data science.

Results

The Mercedes-Benz Group in Germany seeks to ensure that its professional training and dual work-study programmes are of high quality. It also wants to make sure it can offer a modern needs-based range of professions in both areas. That's why the company has redefined the

portfolio of professions for its training programmes and for the Dual University for the period until 2025, and has also modified the professions, the courses of study and the recruitment figures for each professional group. The further development of training content in 2022 also involved the design and launch at the training locations of new internal qualification components for trainees that address topics such as cybersecurity, programming and data-based decision-making. These components also include extensive qualification programmes for the trainees themselves.

In order to expand the existing range of qualification programmes for Mercedes-Benz Group employees, the employee representative body and corporate management concluded a company-wide agreement in 2022 that governs the use of learning platforms. This has made it possible for a large number of employees worldwide to obtain licences to access such external platforms. In the reporting year, qualification measures continued to focus on digitalization and electric mobility.

Diversity and equal opportunity

The Mercedes-Benz Group is committed to tolerance, openness and fairness, and promotes diversity and equal opportunity. With appropriate measures and activities, it wants to foster a working environment in which employees, regardless of their age, ethnic origins and nationality, gender and gender identity, physical or intellectual capacity, religion and worldview, sexual orientation and social origins can freely develop their talents.

This approach is embedded in the Mercedes-Benz Group's Integrity Code and in the Principles of Social Responsibility and Human Rights, for example.

Strategic areas of action

Diversity and equal opportunities are parts of the business strategy of the Mercedes-Benz Group. Sustainability, integrity and diversity serve as the foundation of this strategy. The overarching strategic areas of action for promoting diversity and equal opportunities involve the advancement of women, internationality and equal opportunities. The area of action internationality was newly developed during the reporting year.

The Mercedes-Benz Group would like to fill more senior management positions with qualified women. The target here is to increase the share of women in such positions to 30% by 2030.

The Mercedes-Benz Group is firmly convinced that a fair and appreciative environment makes it possible to harness the full potential of a diverse workforce — and this is why the company promotes equal opportunities.

The Mercedes-Benz Group also seeks to promote internationality, a global way of thinking and the cultural diversity of its workforce in order to go on being an attractive employer in the future. In doing so, the Group seeks to bring together various points of view at all levels of the hierarchy.

Active management of diversity and equal opportunities at the Group

The Mercedes-Benz Group expects its employees to treat one another in a respectful, open and fair manner. Managers serve as role models here and thus have a special responsibility for ensuring a corporate culture marked by appreciation. The Mercedes-Benz Group presented its understanding of diversity and equal opportunity in its “Uniqueness makes us strong” mission statement, which was signed by all members of the Board of Management.

The framework and processes here are designed by the Group-wide functions Integrity and Diversity and Inclusion Management, the latter of which is part of Human Resources. They define strategic areas of action in cooperation with the Board of Management of Mercedes-Benz Group AG and initiates overarching projects, training programmes and awareness-raising measures.

The Mercedes-Benz Group also encourages its employees to take on international assignments. The Global Mobility Policy, which was developed for the purpose, is used among other things to adequately support the assignees.

The diversity and inclusion management system is grounded in the principle of equal opportunity for all employees. The idea here is to always attract the most highly qualified specialists and managers to the Group and support their professional development, regardless of their age, ethnicity, gender, sexual orientation and identity, and psychological and physical capability.

Mercedes-Benz Group employees who have been victims of discrimination, bullying or sexual harassment, or who observe improper behaviour by colleagues, can report such violations of policy to their supervisors, the HR department, the counselling service, their plant medical services organization, the Works Council or the Management Representative Committee. Additional points of contact include the infopoint integrity and the Group's Business Practices Office (BPO) whistleblower system. The BPO is responsible for violations of laws and regulations.

An external online counselling platform was established in the reporting year to supplement these internal points of contact in this area. Mercedes-Benz Group employees in Germany can use the platform to obtain information on sexual harassment, discrimination and bullying. They can also use an anonymous chat function to obtain advice. The platform, which is initially available in Germany, is intended to support preventive activities at the Mercedes-Benz Group and help increase awareness of the various issues among employees.

Awareness-raising and qualification measures for employees

The Mercedes-Benz Group utilizes various measures to make employees around the world more aware of issues relating to diversity and equal opportunities. These include, among other things, awareness-raising and qualification programmes, information events and special mentorship programmes for women.

Since 2021, the Mercedes-Benz Group has been using an e-learning tool that aims to increase awareness of the need for appreciative interaction as well as possible obstacles, and to show how each employee can contribute to this development. This training tool is available to employees worldwide and is offered in 11 languages.

The Mercedes-Benz Group also uses its internal communication channels to raise awareness of important issues. For example, the company launched a communication campaign in Germany to accompany the introduction of the new online counselling platform that offers information and anonymous support to employees who have experienced or are aware of cases of sexual harassment, discrimination or bullying. The campaign used a variety of in-house media to remind all employees to treat one another with respect.

Each year, the Group devotes a day specifically to diversity: the Mercedes-Benz Group's Diversity Day. Consciously experiencing diversity, taking in new perspectives and understanding how all employees can profit from diversity and equal opportunity — these are central objectives of the Mercedes-Benz Group. Diversity Day took place for the tenth time in the reporting year. During the event, employees were invited to discuss various topics and ask questions. Diversity Day was also used as an occasion to conduct other local diversity-related activities around the world.

Results

The Mercedes-Benz Group uses relevant data from its human resources reporting systems to review the progress made in increasing the proportion of women in top management positions. The results are reported to the Board of Management of the Mercedes-Benz Group AG in a standardized form on a regular basis.

As early as 2006, the Mercedes-Benz Group set itself the target of continuously and sustainably increasing the proportion of women in executive positions (Level 3 and higher) worldwide to 20% by the end of 2020. This goal was achieved, and the Board of Management of Mercedes-Benz Group AG therefore decided during the reporting year to further increase the proportion of women in executive positions at the company to 30% by 2030.

As of 31 December 2022, women occupied 24.7% of the senior management positions at the Mercedes-Benz Group worldwide.¹

The diversity concepts employed for the Board of Management and the Supervisory Board are presented in the Declaration on Corporate Governance according to sections 289f, 315d of the German Commercial Code (HGB).

Occupational health and safety

The Mercedes-Benz Group wants to ensure its employees can work in a safe and healthy environment. Whether it's ergonomic workplace design, health maintenance

programmes or occupational safety training, the Group's overarching goal is to avoid health risks and maintain its employees' health over the long term.

The Mercedes-Benz Group thus utilizes a holistic occupational health and safety management system that also includes a quality management system. The focus here is mainly on preventive measures that it continuously reviews and develops further.

During the year under review, the Mercedes-Benz Group strategically realigned its occupational health and safety management system and defined new objectives and targets. Among other things, well-being was added as an additional strategic area of action and defined within the Group for the first time. In line with the definition, the topic is divided into the areas of emotional, physical, social and financial well-being.

Requirements, policies, organization and responsibilities

The Mercedes-Benz Group's occupational safety strategy includes standards for the design of workplaces and work processes. The goal here is to systematically reduce occupational and health-related risks. The Mercedes-Benz Group operates on the basis of globally uniform guidelines for risk prevention. The Group's occupational health and safety policy, which includes the Minimum Standards for Corporate Health & Safety, as well as the occupational health and safety guidelines that are defined in a Group-wide agreement, serve as overarching, internationally valid regulations. All of these policies, as well as all applicable laws in each country where the company operates, must be complied with. The internal guidelines are all based on international standards and national laws and emphasize the managers' obligation to act responsibly. Moreover, they underscore the employees' own responsibility.

Occupational health and safety issues throughout the Group are managed by the Health & Safety unit, which is part of Human Resources and under the direction of the Chief Physician at the Mercedes-Benz Group in Germany.

The Mercedes-Benz Group records information about work accidents and risks by means of its accident documentation systems.

¹ Headcounts, fully consolidated companies

Occupational health and safety issues are also discussed on a regular basis in various committees, such as the Occupational Safety, Environment and Health Commission, as well as with works council representatives and representatives of the Group.

Dealing with Covid-19

In order to curb the spread of Covid-19, employees at Mercedes-Benz Group sites were provided with information on various measures and rules. In Germany, they were put into effect in connection with the Infection Protection Act. During the reporting year, the Group repeatedly reviewed and refined its hygiene strategy, which is based on risk assessment. Among other things, this strategy was modified in response to changes to the legal framework and pandemic-related developments.

As early as 2020, the Mercedes-Benz Group expanded its global accident documentation system to include an emergency documentation module for recording Covid-19 cases. This module includes an integrated digital reporting process for infections that enables the rapid documentation of all Covid-19 cases among the employees and thus a fast follow-up of possible contacts by the plant medical service and managers.

Risk management

The Mercedes-Benz Group wants to prevent its employees from experiencing accidents or impaired health. The Health & Safety unit is therefore pursuing a preventive approach and assesses the potential risks of workplaces and work processes at an early stage. The Health & Safety unit operates a safety risk management system at the Group's own production plants that is aligned with the Group's Policy on Occupational Health and Safety. Health & Safety also defines instruments and risk assessment processes that are implemented at the local level.

In addition, a standardized procedure is used to determine whether the Group policy regarding occupational health and safety has been duly implemented throughout the organization. To this end, each site that employs more than 500 people or has a corresponding risk level is visited and evaluated approximately every five years.

Risk assessments are an important tool with which the Mercedes-Benz Group evaluates potential risks. The Mercedes-Benz Group is digitalizing parts of this risk management process using an online tool that is being made available all over the world. The tool is provided by the European Agency for Safety and Health at Work (EU-OSHA) and was expanded for the company's purposes. It shows the specific risks that can arise in a particular area of responsibility. The user then only needs to decide whether the suggested measures suffice to reduce the risk to an acceptable level. On this basis, the user then only needs to decide whether the suggested measures suffice to reduce the risk to an acceptable level. This risk assessment is then used as a basis for automatically generating instruction documents. The Mercedes-Benz Group also assesses the mental and ergonomic stress caused by workplaces and the respective working environment.

Company health management and mental health

The Mercedes-Benz Group offers their employees in Germany occupational health advice and screening as well as measures and services from the company's own health programme and social counselling service. The Mercedes-Benz Group wants to promote both the mental and physical health of its employees with its company health management system in Germany. This objective is promoted with the help of campaigns, counselling and qualification offerings, as well as with preventive, therapeutic and rehabilitation measures. In 2021, a Group agreement on mental health in the workplace was reached for Germany between the works council and the Group management with the goal of maintaining and promoting the employees' mental health. Internationally, the Mercedes-Benz Group focuses on medical care and the coordination of pandemic-related measures and prevention strategies as well as ergonomics.

At the Mercedes-Benz Group, occupational medicine includes programmes and measures for the prevention of work-related illnesses and occupational diseases as well as for the promotion of health in the workplace.

Raising awareness of occupational safety issues

The Mercedes-Benz Group uses media such as videos, various information portals and online training courses to increase its employees' awareness of ergonomics and occupational safety issues. It provides new employees with initial instruction regarding the safety-relevant aspects of their workplaces. They are subsequently required to participate in safety-awareness briefings that are held on a regular basis.

The Mercedes-Benz Group launched a new project known as "We Work SAFE!" during the reporting year. The goal here is to establish a sustainable culture of safety that will lead to a long-term reduction in the number of work accidents. Various working groups are developing measures that will raise employees' awareness of the importance of this issue. These measures include the Principles of Safety at Work that apply throughout the Group. The project also makes intensive use of internal communication channels and training programmes promoting a culture of safety. Reporting channels are also being further standardized and digitalized.

Results

Various measures, which include safety and hygiene rules, testing strategies and offers of vaccination in connection with Covid-19, have been implemented in an attempt to protect employees as well as possible.

During the reporting year, the Sindelfingen site obtained the voluntary ISO 45001 certification of its management system for the first time. Irrespective of any external certification audits, the Mercedes-Benz Group reviews the safety standards at its own production locations about every five years to check whether they comply with the standards of the binding corporate policy concerning occupational health and safety and whether a functioning occupational health and safety management system (OHSMS) is in place. During the reporting year, the Mercedes-Benz Vans production sites in Düsseldorf and Ludwigsfelde (both in Germany), Vitoria (Spain), Ladson (United States) and Buenos Aires (Argentina) were evaluated as planned.

An effective reporting procedure helps the Mercedes-Benz Group achieve its occupational health and safety targets. In addition to its German accident documentation system, the Mercedes-Benz Group introduced an accident documentation system in 2019 that international sites and subsidiaries can use to report accidents. The Mercedes-Benz Group uses the figures provided by the system to produce monthly reports on Group-wide accident statistics in line with applicable data protection regulations. During the reporting year, the Mercedes-Benz Group's production sites had an accident frequency of 4.8.^{1 2}

In the year under review, preparations were also made for the application of the international accident documentation system at the German sites. The aim is to use a uniform system worldwide starting in 2023.

Every accident is analysed in order to determine the sequence of events. The affected units are also required to initiate preventive measures. Data on accidents from which other sites can learn and derive measures is sent to all occupational safety experts at all locations worldwide.

1 Number of work-related accidents that resulted in at least one lost day per 1 million hours of attendance

2 The key figures were audited in order to obtain limited assurance as part of a separate assurance engagement of the sustainability report.

Social issues

Traffic safety

B.32

Target	Target horizon
Further improve accident-prevention systems	Ongoing
Make vehicles even safer for occupants during an accident and afterwards	Ongoing
Make vehicles even safer for other road users, such as pedestrians	Ongoing
Increase overall traffic safety by means of safety initiatives	Ongoing
Expand the automation of driving functions for SAE Level 2-4	Ongoing
Continue the integration of social and ethical aspects into Level 2-4 automated driving systems	Ongoing

Safety is part of the brand essence of Mercedes-Benz. Accident-free driving — this vision drives the Mercedes-Benz Group and is a fixed element of its sustainable business strategy. The Group’s driver assistance systems are intended to offer drivers and passengers a high level of safety. These systems can help drivers avoid or safely manage critical situations on the road in order to protect both vehicle occupants and other road users.

Holistic safety concept

The Mercedes-Benz Group utilizes its holistic Integral Safety concept in its vehicle development activities. This concept was first used in the late 1990s to describe how Mercedes-Benz had divided the utilization of safety systems into four phases: Assistance during driving, Preparation for a possible accident, Protection during an accident and Help after an accident. The Group’s safety measures establish a bridge between active and passive safety within these four phases — i.e. between accident prevention (phases 1 and 2) and protection when an accident occurs (phases 3 and 4). The objectives and decisions in the area of traffic safety are ensured and made by the Steering Committee Integral Safety (LK IS). It reports directly to the Research & Development Executive Committee of Mercedes-Benz Cars.

Cooperation to further improve vehicle safety

The goal of increasing safety on the road can only be achieved through collaboration, and that is why the Mercedes-Benz Group establishes partnerships and participates in research projects. The Mercedes-Benz Group has been involved in the Tech Center i-protect strategic cooperation project since 2016. The project includes partners from business, government and scientific institutes. Within this cooperation, for example, the Mercedes-Benz Group is working on projects such as new restraint systems for future vehicle interiors. It is also utilizing digital accident research methods and trying out new approaches, such as the use of accident simulations involving digital models of human beings.

Integrated approach

Fewer accidents, greater traffic safety: this is one of the objectives associated with the utilization of automated and autonomous vehicle systems. In pursuing these goals, ethical and legal risks associated with automated systems must not be disregarded and are therefore already taken into account by the Mercedes-Benz Group in product development at Mercedes-Benz Cars. The company is implementing data protection principles and standards along the entire value chain in accordance with the “privacy by design” maxim. The Group is also integrating ethical considerations into conditionally automated and highly automated driving systems through the use of its “ethics by design” principle and continuously further developing these systems.

The Group uses an integrated approach to answer the technical, legal, ethical and certification and safety-relevant questions relating to automated driving at Mercedes-Benz Cars. An interdisciplinary team assesses the possible impact of new technologies and develops and implements balanced solutions to deal with the effects.

Driver assistance systems ensure greater safety

Mercedes-Benz assistance and safety systems aim to offer a high level of safety. For example, Mercedes-Benz vehicles equipped with driving assistance systems support drivers when they steer, brake and accelerate (SAE Level 2). Driving assistance systems can react differently to the danger of a collision, depending on the situation. The Active Brake Assist system, which comes as standard equipment in Mercedes-Benz cars, is a good example of this. Active Brake Assist can help reduce the severity of — or even entirely prevent — accidents involving vehicles

ahead or pedestrians crossing the carriageway. Moreover, the speed limit assistant was integrated into further models in 2022, and its features have also been expanded.

Top marks and an award

Models from Mercedes-Benz Cars repeatedly earn top marks in safety tests conducted by independent institutes. Of particular note in this regard are the marks Mercedes-Benz regularly receives from the American Insurance Institute for Highway Safety (IIHS). The IIHS rating¹ assesses crash safety and accident-prevention and lighting systems.

The Mercedes-Benz E-Class and GLE-Class received the 2022 TOP SAFETY PICK+ award for the 2022 model year, while the GLC was given the 2022 TOP SAFETY PICK distinction.

In addition, the Mercedes EQE received top ratings twice: The maximum rating of five stars in the Euro NCAP² safety ratings and the overall rating of “very good” for the optional driving assistance package in the special rating for assistance systems as well as a special Euro NCAP Advanced Award³ for its Car-to-X communication system.

The new T-Class from Mercedes-Benz Vans participated in the independent Euro NCAP⁴ safety test in July 2022. With its performance in the four categories of occupant safety, child safety, pedestrian protection and assistance systems it received five out of five stars.

Conditionally automated driving

With the DRIVE PILOT, the Mercedes-Benz Group is aiming to take a decisive step toward conditionally automated driving (SAE Level 3).⁵ The DRIVE PILOT was released for sale in Germany in May 2022 after the German Federal Motor Transport Authority issued the new system a licence to operate as an SAE Level 3 system on the basis of the internationally valid UN-R157 regulation. Since that time, customers who drive a Mercedes-Benz S-Class or EQS with corresponding optional equipment

can switch to conditional driving automation (SAE Level 3) in congested traffic as well as in traffic jams (up to 60 km/h) on selected stretches of German motorways.

Responsible and transparent representation of interests

B.33

Target	Target horizon
Use political advocacy responsibly to achieve sustainable corporate goals and to facilitate the opinion-forming process at national and international level	Ongoing
Milestone: support sustainable corporate goals with regard to “Electric only” and locally emission-free production through political representation of interests	2039
Make lobbying activities comprehensible and verifiable on the basis of defined evaluation criteria	2022
Milestone: continue stakeholder interviews and derive necessary measures for future political representation of interests	2022

Climate change mitigation and resource conservation are two of the existential challenges of our times. At the same time, the more ambitious the targets set by governments become, the less likely it is that they can be reached through the efforts of the automotive industry and its companies alone. The political framework is the key here, so a cooperative dialogue needs to be maintained between government, business and industry, and society at large — and this is exactly what the External Affairs unit at the Mercedes-Benz Group seeks to accomplish.

As an actor in the transport sector, the Mercedes-Benz Group supports the Paris Climate Agreement: It is convinced of the goals of the agreement.

Accordingly, the Group’s political advocacy is clearly aligned with its sustainable business strategy.

1 More information IIHS:
 E-Class [iihs.org/ratings/vehicle/mercedes-benz/e-class-4-door-sedan/2023](https://www.iihs.org/ratings/vehicle/mercedes-benz/e-class-4-door-sedan/2023),
 GLC [iihs.org/ratings/vehicle/mercedes-benz/glc-4-door-suv/2022](https://www.iihs.org/ratings/vehicle/mercedes-benz/glc-4-door-suv/2022),
 GLE [iihs.org/ratings/vehicle/mercedes-benz/gle-class-4-door-suv/2023](https://www.iihs.org/ratings/vehicle/mercedes-benz/gle-class-4-door-suv/2023)
 2 More information test results according to Euro NCAP:
 EQE [euroncap.com/en/results/mercedes-benz/eqe/47133](https://www.euroncap.com/en/results/mercedes-benz/eqe/47133)
 3 More information Car-2-x communication [euroncap.com/en/ratings-rewards/euro-ncap-advanced-rewards/2022-mercedes-benz-car-to-x-communication/](https://www.euroncap.com/en/ratings-rewards/euro-ncap-advanced-rewards/2022-mercedes-benz-car-to-x-communication/)
 4 More information test results according to Euro NCAP:
 T-Class [euroncap.com/en/results/mercedes-benz/t-class/46257](https://www.euroncap.com/en/results/mercedes-benz/t-class/46257)
 5 The system performs all driving tasks in specific circumstances. Even at SAE level 3, the driver must be able to resume all driving tasks at any time when prompted.

With the legally required registration in the German Lobby Register, the Mercedes-Benz Group AG has committed itself, in addition to its own lobbying principles, to comply with the Code of Conduct for Interest Representatives under the Lobby Register Act. It has made further commitments by voluntarily accrediting its political representatives in the EU Parliament's transparency register. The Group also uses its own Mercedes-Benz Group Climate Policy Report (additional information group.mercedes-benz.com/investors/share/esg/) to inform about its political positions. In addition, the Mercedes-Benz Group publishes further information regarding its stance on relevant, strategic issues affecting its stakeholders on the corporate website (additional information group.mercedes-benz.com/company/advocacy/). Here too, it adheres to the principles of transparent representation of interests.

Governance

The External Affairs (EA) unit is the central coordinating body for political dialogue at the national and international levels. It is located in Stuttgart and falls under the responsibility of the Chairman of the Board of Management. The EA unit shapes the Mercedes-Benz Group's relations via a global network with offices in Berlin, Brussels, Beijing and Washington, as well as corporate representations in various markets.

The Mercedes-Benz Group uses Group-wide established compliance processes to address risks in connection with the political representation of its interests. The

Business Practices Office (BPO) whistleblower system accepts complaints and reports relating to compliance issues.

The Mercedes-Benz Group conducts mandatory training courses on a regular basis to ensure the employees comply with statutory requirements and internal guidelines and policies. The Integrity and Legal Affairs unit is responsible for such courses. EA supports the courses when needed by contributing its political expertise. At the beginning of their employment, employees outside External Affairs whose positions also require them to represent Mercedes-Benz in the political environment of their market (e.g. plant management positions) usually participate in a special onboarding process (in the form of an interactive online training module) that prepares them for their tasks and makes them aware of relevant policies.

Party donations and political contributions

In addition, the Mercedes-Benz Group's Lobbying, Political Contributions and Party Donations policy defines responsible approaches to be used in connection with grants, donations to political parties, and other instruments for representing the company's interests in the political realm. The company also has a Donations and Sponsorships Policy in place.

Mercedes-Benz Group AG did not make any financial or non-financial contributions to political parties during the reporting period. This decision was not based on current political or economic events.

B.34

Examples of instruments of stakeholder dialogue

Information	Dialogue	Participation
<ul style="list-style-type: none"> - Sustainability Report as well as regional reports - Corporate website - Employee portal and internal communication channels - Press and public relations work - Blogs and social media - Plant tours, receptions, Mercedes-Benz Museum - Environmental declarations by the plants - Capital market communication - Climate Policy Report - Sustainability rankings and ratings 	<ul style="list-style-type: none"> - Annual Sustainability Dialogue (Germany/regions) - Local dialogue with residents and municipalities - Internal dialogue sessions on integrity and compliance - Supplier Portal - Membership of sustainability initiatives and networks - Specialist conferences on societal topics and debates - Topic- and project-related discussions - Dialogue formats on future-oriented questions: think tanks, hackathons, ideation challenges - Sustainability Forum - Capital market events: capital market days, investor conferences, roadshows 	<ul style="list-style-type: none"> - Stakeholder consultation in topic-related working groups - Advisory Board for Integrity and Sustainability - Peer review within the framework of sustainability initiatives such as the UN Global Compact

Dialogue and events

For the Mercedes-Benz Group, stakeholder engagement is one of the keys to achieving a sustainable transformation. Discussions with individuals involved in political decisions preferentially focus on finding sustainable solutions for addressing social challenges.

Within the framework of the responsible political representation of its interests, the Mercedes-Benz Group continuously seeks to establish and maintain a dialogue with government representatives and politicians at its locations worldwide, and it continued to do so in the reporting year. The Mercedes-Benz Group also shares ideas and information with other interest groups and individuals, including groups that are active in politics and society, opinion leaders, experts, citizens, representatives from business and non-governmental organizations (NGOs). Together with these stakeholders, the Mercedes-Benz Group supports the opinion-forming process at both national and international level in order to promote the sustainable business goals and the transformation of the automotive industry. It also addresses future-oriented questions relevant to the Group that go beyond the core automotive issues and feeds these back to the Group management in the context of strategy work.

In order to facilitate open discussions with a wide range of interest groups, External Affairs also conducts its own events at regional, national and international levels.

Within the framework of its responsible approach to the representation of its interests and the forward-looking handling of risks, the Mercedes-Benz Group engages in a targeted dialogue with local stakeholders from government and society when planning new projects or when the need arises to address issues relating to its sites. Board members are also involved in the local dialogue. Through stakeholder mapping, the positions of relevant stakeholders are analysed in advance. The main objective here is to reconcile the interests of the sites in question with the wishes and concerns of local residents and establish conditions that benefit all of the parties involved.

Further information on stakeholders along the supply chain can be found in the chapter Social Compliance.

The Regional Political Dialogue is a long-standing event format from External Affairs. The challenges and opportunities associated with the transformation of the

automotive industry, as well as the current corporate strategy were discussed with representatives of state and local governments in July 2022.

Along with its own events in connection with the political representation of its interests, the Mercedes-Benz Group also participates in external events in order to engage with various stakeholders. Among other things, the Group participates in the platform for the state government of Baden-Württemberg's strategic dialogue for the automotive industry.

In addition to the direct dialogue with politicians and government representatives and representatives of interest groups that promote sustainable development, the Mercedes-Benz Group remained active in various sustainability initiatives and networks in 2022. Some of the most important initiatives here are the UN Global Compact (UNGC), econsense — Forum Nachhaltige Entwicklung der Deutschen Wirtschaft e.V. — Forum for Sustainable Development of German Business, and the World Business Council for Sustainable Development.

Results

During the reporting year, the Mercedes-Benz Group achieved its goal of “making lobbying activities comprehensible and verifiable on the basis of defined evaluation criteria”. The Group developed a catalogue of criteria that can be used to assess whether its lobbying positions correspond to its strategy, for example.

The Mercedes-Benz Group also achieved another milestone in 2022 — “continuing stakeholder interviews and deriving necessary measures for the future political representation of its interests”. The stakeholder interviews revealed that the Mercedes-Benz Group is viewed as a trustworthy discussion partner in the political realm. Nevertheless, the interviews still revealed potential for improvement. In order to effectively utilize its potential for improvement here, the Mercedes-Benz Group has published further information regarding its advocacy positions on the most important issues affecting the Group and its stakeholders on the Internet (additional information [🌐 \[group.mercedes-benz.com/company/advocacy\]\(https://group.mercedes-benz.com/company/advocacy\)](https://group.mercedes-benz.com/company/advocacy)).

The Mercedes-Benz Group is also continuously further developing its partnership portfolio in order to achieve its sustainable business targets. During the Sustainability Dialogue in 2022, participants in the Partnership workshop (including representatives from the Advisory Board for Integrity and Sustainability and representatives from government, business and NGOs) defined criteria for ensuring effective partnerships. These include the following: a clear target for the partnership, a systematic approach, defining performance measures, building up mutual trust, an open exchange of knowledge (open source) and the scalability of the approaches to a solution.

Sustainability Dialogue

As a globally operating organization, the Mercedes-Benz Group wants to contribute to the achievement of the Sustainable Development Goals of the United Nations. An important instrument for implementing these goals is the communication with stakeholders in the form of the Sustainability Dialogue, which has been held annually in Stuttgart since 2008 and brings various stakeholder groups together with members of the Board of Management of Mercedes-Benz Group AG and executive management.

The Mercedes-Benz Group held the Sustainability Dialogue as a hybrid event in 2022. More than 200 external and internal participants in a total of seven working groups engaged in discussions of various topics both on-site in Sindelfingen and online and also participated in a public stakeholder dialogue.

In addition, organizational and thematic preparations were made for the Sustainability Dialogues in China and India scheduled for early 2023.

The Advisory Board as an important source of support

The Advisory Board for Integrity and Sustainability has been providing support for the company's sustainability work since 2012. The board's members are independent external specialists from the fields of science and business, as well as from civic organizations, and include experts who possess specialized knowledge regarding environmental and social policy, the development of transport, traffic and mobility, and human rights and ethical issues. The members of the Advisory Board support the Mercedes-Benz Group with constructive criticism on questions related to integrity and corporate responsibility. The Advisory Board convenes several times a year in

meetings that are chaired by the member of the Board of Management responsible for Integrity and Legal Affairs. One of these meetings specifically serves to share information with other members of the Board of Management and members of the Supervisory Board. As part of a Sustainable Strategy Week, the responsible managers from the various specialist units meet with the Advisory Board members to discuss the areas of action and enablers identified in the sustainable business strategy and also talk about targets, strategies, measures and the results achieved with these. The Advisory Board also holds regular meetings with managers and other employees to discuss specific topics. Two new working groups were established in the reporting year in order to strengthen this dialogue. The goal here is to promote more extensive discussions on the topics of "Integrity and employees" and "Climate change mitigation and resource conservation". In 2022, the Advisory Board also addressed, among other things, the new Corporate Citizenship Strategy, the social dimension of sustainability and its impact on the Mercedes-Benz Group, and the topic of climate neutrality.

Fellowship programme for young people

"beVisioneers — The Mercedes-Benz Fellowship" (additional information [🌐 bevisioneers.world](https://bevisioneers.world)) — this is the name under which The DO School Fellowships gGmbH (The DO School) has designed a support programme. It is funded by Mercedes-Benz AG through donations to The DO School and implemented by the organization's team of experts. Mercedes-Benz AG chose The DO School after a multi-stage selection process and based on the organization's experience and expertise in designing and implementing global support programmes.

The programme's long-term goal is to build a global community of people whose sustainability projects have a positive impact on the environment. The programme is being funded by the proceeds from the auction of a Mercedes-Benz 300 SLR Uhlenhaut Coupé from 1955 during the reporting year. The vehicle was sold for €135 million. Most of the auction proceeds are used to secure the programme's funding through annual donations to The DO Fellowship gGmbH.

Integrity and compliance

B.35

Target	Target horizon
<p>The Mercedes-Benz Group's integrity-related activities are designed to help the company achieve the following key targets:</p> <ul style="list-style-type: none"> – Minimizing risks through knowledge of and compliance with the Integrity Code – All employees and managers behave and act in an ethical and responsible manner – Discussions and dialogue concerning current key integrity topics – Feedback from integrity analyses is incorporated into measures designed to strengthen the culture of integrity 	Ongoing
<p>The Mercedes-Benz Group's compliance-related activities are designed to help the company achieve the following key targets in particular:</p> <ul style="list-style-type: none"> – Respect for and upholding of human rights – Compliance with corruption prevention regulations – Maintenance and promotion of fair competition – Ensuring product compliance with technical and regulatory requirements – Adherence to data protection laws – Compliance with all applicable embargoes and sanctions – Prevention of money laundering and the financing of terrorism 	Ongoing

Companies only stay successful if their actions are ethical and legally responsible. This is especially the case during times of upheaval and change like those that companies are currently experiencing. Hence, integrity and compliance are very important to the Mercedes-Benz Group.

A corporate culture of integrity

The automotive industry is in a state of radical change. New fields of business are developing and new technologies are raising new questions — both ethical and legal. Moreover, the Covid-19 pandemic has led to profound changes all over the world. In such times of change and uncertainty, value-based action matters more than ever.

That's why integrity is a central element of the Mercedes-Benz Group corporate culture and an enabler that forms an integral part of the company's sustainable business strategy. For the Group, this involves more than just obeying laws and regulations. The Mercedes-Benz Group also aligns all its actions with shared principles, which in particular include fairness, responsibility, respect, openness and transparency.

Integrity in daily business activities

At the Mercedes-Benz Group, integrity, compliance and legal affairs are combined into a single Board of Management division. The Integrity and Legal Affairs division supports all corporate units in their efforts to embed these topics in daily business activities.

The Integrity Management & Corporate Responsibility unit works to promote and enhance integrity within the Mercedes-Benz Group and create a shared understanding of integrity. The goal is to avoid possible risks that can arise due to unethical behaviour and thus to contribute to the company's long-term success. The Head of Integrity Management & Corporate Responsibility reports directly to the member of the Board of Management responsible for Integrity and Legal Affairs.

Corporate principles and the Integrity Code

The Mercedes-Benz Group encourages and enables its employees to consistently uphold its corporate principles. The Integrity Code, which is valid throughout the Group, provides them with guidance because it serves as the shared standard of values, defines the guidelines for all conduct and helps the company make the right decisions.

The Integrity Code is binding on all employees of the Mercedes-Benz Group and the Group companies. Employees from a variety of units all over the world helped to formulate the Integrity Code. It is available in ten languages and includes, among other things, regulations concerning corruption prevention measures, upholding human rights, data management and compliance with technical product requirements. Employees can view the Integrity Code on the employee portal, along with details on how it should be applied and other key information such as FAQs, points of contact and contact persons.

The Mercedes-Benz Group has also formulated a special set of requirements for managers in the Integrity Code. In particular, it expects managers to serve as role models through their ethical behaviour and thus offer guidance for employees.

During the reporting year, the Group revised the content of the Code of Conduct to include topics such as animal welfare issues. The revised Code of Conduct was communicated to employees in early 2023.

Information, dialogue and training

The Mercedes-Benz Group established its Infopoint Integrity in 2015 in order to promote a culture of integrity at the company. Infopoint Integrity is the central point of contact for questions concerning ethical behaviour. Infopoint Integrity works together with specialists including experts in the fields of legal and HR issues, data protection, compliance, diversity and sustainability. It either provides direct support or connects employees with the appropriate contact partners.

During the reporting year, the Mercedes-Benz Group restructured cooperation and activities in the Integrity Network. The Integrity Network is made up of representatives from the business units and serves as a shared communication platform, with the aim of embedding integrity in everyday business life. The focus in 2022 was on establishing this realignment. The Integrity Management controls the Integrity Network and provides the representatives with content, tools and dialogue formats as needed.

Employees can also access the Integrity Toolkit via the employee portal. The Toolkit contains formats for dialogue events, tools for self-reflection, case studies and further information about the topic of integrity.

The Group sets great particular emphasis on direct discussions, and once again conducted a variety of dialogue events with employees at all levels of the hierarchy and with external stakeholders. These dialogue events were conducted virtually because of the protective measures in force due to the Covid-19 pandemic.

In addition, the employees in administrative areas at Mercedes-Benz Group AG and Group companies regularly complete a mandatory web-based training course about integrity that is based on the Integrity Code. Because managers serve as role models, they perform an especially important task with regard to compliance, integrity, legal matters and sustainability. In order to help them as much as possible to carry out this role, the training programme also includes a special mandatory management module.

Employee survey

The results of the 2021 employee survey on Integrity & Compliance have been incorporated into various follow-up measures. The managers of the Mercedes-Benz Group are responsible for the implementation. To support them in their task, the Integrity Management & Corporate Responsibility unit offered webinars in the reporting year. These webinars presented the results of the survey, provided more detailed explanations and featured tools for possible follow-up activities. The culture of integrity within the Mercedes-Benz Group is to be reassessed in 2023.

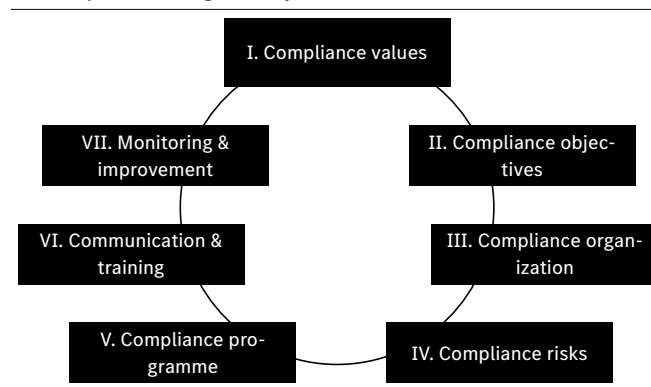
Value-based compliance management

Value-based compliance is an indispensable part of the Mercedes-Benz Group's daily business activities and is firmly embedded in its corporate culture. The company is strongly committed to responsible conduct. It expects its employees to comply with laws, regulations and voluntary self-commitments. The Mercedes-Benz Group has also laid down these expectations in a binding form in its Integrity Code.

Through its Compliance Management System (CMS), the Mercedes-Benz Group aims to promote compliance with laws and policies at the company. The necessary measures are defined by the compliance and legal organizations in a process that also takes the company's business requirements into account in an appropriate manner.

B.36

The Compliance Management System



Focal points of the Compliance Management System

Combating corruption. The Mercedes-Benz Group has committed itself to fighting corruption — because corruption undermines fair competition and thereby harms it and society. The Mercedes-Benz Group's corruption prevention measures extend beyond compliance with national laws and also encompass the guidelines from the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997) and the United Nations Convention against Corruption (2003).

The Corruption Prevention Compliance Programme at the Mercedes-Benz Group is based on the Group-wide Content Management System (CMS). In order to ensure an independent external assessment of the Corruption Prevention Compliance Programme, the Mercedes-Benz Group AG commissioned KPMG AG Wirtschaftsprüfungsgesellschaft to audit the Compliance Management System for corruption prevention in accordance with Standard 980 of the Institute of Public Auditors in Germany. This audit, which was based on the principles of appropriateness, implementation and effectiveness, was successfully completed at the end of 2019.

Promoting fair competition. The Group-wide Antitrust Compliance Programme is oriented to national and international standards for ensuring fair competition. The programme establishes a binding, globally valid company standard that defines how matters of antitrust law are to be assessed. By means of an advisory hotline, guidelines and practical support, Mercedes-Benz Group AG helps its employees around the world to recognize situations that might be critical from an antitrust perspective and to act in compliance with all regulations.

Responsibility for designing and implementing measures for addressing possible antitrust risks lies primarily with the respective Group company's management. The Mercedes-Benz Group monitors the management activities of the respective company within the framework of Group management. To supplement this, the Compliance, Legal Product & Technology and Corporate Audit units conduct monitoring activities at the company's divisions.

In order to ensure an independent external assessment of the Antitrust Compliance Programme, Mercedes-Benz Group AG commissioned KPMG AG Wirtschaftsprüfungsgesellschaft to audit the Compliance Management System for antitrust law in accordance with Standard 980 of the Institute of Public Auditors in Germany. This audit, which was based on the principles of appropriateness, implementation and effectiveness, was successfully completed for the second time at the end of 2021, after having also been conducted in 2016.

Compliance with technical and regulatory requirements

For Mercedes-Benz Cars and Mercedes-Benz Vans, technical compliance means adhering to technology-related laws, regulatory requirements and standards. The objective here is to identify risks within the product creation process (product development and certification) at an early stage and to implement preventive measures. For this purpose, the Group has established a technical Compliance Management System (tCMS) in its automotive divisions. The Mercedes-Benz Group's objective is to ensure that Mercedes-Benz Cars and Mercedes-Benz Vans comply with all legal and regulatory requirements throughout the entire product development and certification process. The tCMS defines values, principles, structures and processes in order to provide employees with guidance and orientation, especially with regard to challenging questions on how to interpret technical regulations.

The "Speak up" and "Judgement calls" commitment statements jointly formulated by the integrity management team and the development units provide all employees in the development and certification units with a basis for a common understanding of responsible behaviour in the product creation process and are firmly embedded within the respective organizations by means of additional measures within the units.

In order to ensure an independent external assessment of the tCMS, Mercedes-Benz Group AG commissioned KPMG AG Wirtschaftsprüfungsgesellschaft to audit the tCMS with a focus on relevance to emissions in accordance with Standard 980 of the Institute of Public Auditors in Germany. This audit, which was based on the principles of appropriateness, implementation and effectiveness, was successfully completed at the end of 2020.

Responsible use of data Data responsibility is more than data protection. The key aims are the sustainable design of data-based business models and the responsible handling of data in the interests of customers, employees and other stakeholders. In order to achieve these aims, the Mercedes-Benz Group has introduced measures such as establishing the Group-wide Data Governance System. This system primarily consists of the data governance structure, the data model, the data culture and a data compliance management system. The Data Compliance Management System supports the Mercedes-Benz Group in the systematic risk-based planning, implementation and continuous monitoring of measures to ensure compliance with the data protection requirements. It takes into account the existing applicable data-protection regulations.

The implementation of data governance in the divisions of the Mercedes-Benz Group is the responsibility of the various bodies for data and data analytics. Within Mercedes-Benz Group AG, a Digital Governance Board that includes members of the Board of Management has been created. Since the beginning of 2022, this board has been continuing the work previously conducted by the former Data Governance Committee. The body defines the framework for Group-wide core topics of digital governance and thus supports the digital transformation of the Group. The Chief Officer Corporate Data Protection at the Mercedes-Benz Group performs the tasks required by law to ensure compliance with data protection rules.

The Mercedes-Benz Group sets a high standard for the handling of customers' personal data. Customers use the Mercedes me Privacy Center, which was introduced in 2021, to obtain an even faster and more straightforward overview of what personal data of theirs is stored by the company. They can decide for which purposes Mercedes-Benz is allowed to use this data. The focus here is on user-friendliness. The customer can directly navigate to his or her available choices via three intuitive categories. This service underlines the principles of choice and transparency as set out in the data vision and stands for the responsible handling of data. On the basis of its data vision and the principles of its data vision, the Mercedes-Benz Group focused on strengthening customers' trust in the Mercedes-Benz Group's data processing in the year under review.

Sanctions compliance, export controls and the prevention of money laundering and the financing of terrorism. Money laundering and the financing of terrorism cause tremendous damage — to the economy and society in equal measure. Even an accusation of money laundering can compromise the Group's reputation and have financial consequences for the Mercedes-Benz Group, as well as for its shareholders and stakeholders. For this reason, the prevention of money laundering and the financing of terrorism, and the implementation of appropriate measures to combat both, are defined as central compliance goals in the Group's Integrity Code.

In order to effectively combat and prevent money laundering, the Mercedes-Benz Group established a two-pillar model (trade in goods and mobility services) which aims to take into account the different regulatory requirements in the area of goods trading on the one hand and the area of financial services on the other. It uses an integrated compliance approach to check applicable sanction lists and restrictions on certain goods and implements measures for the prevention of money laundering and the financing of terrorism. On the one hand, these measures aim to prevent supranational and national sanctions and embargoes from being evaded; on the other, money laundering, the financing of terrorism, organized crime and other types of corporate crime are to be combated.

Compliance organization

The compliance organization at the Mercedes-Benz Group is structured functionally, regionally and along the value chain. As a result, it can provide effective support — for example, by means of guidelines and advice. Contact persons are available to each function and region. In addition, a global network of local contact persons makes sure that the Group's compliance standards are met. The contact persons help the management at the companies implement the Mercedes-Benz Group's compliance programme at their respective sites.

Moreover, the Compliance Board provides guidance regarding overarching compliance topics and monitors activities to see whether the Group's compliance measures are effective. The Board's mission is to react promptly to changes in business models and the business environment, deal with regulatory developments and continuously enhance the CMS. The Compliance Board consists of representatives of the compliance and

legal affairs departments. It meets regularly and as needed, and is chaired by the Chief Compliance Officer and Vice President Legal Product & Technology.

The Chief Compliance Officer and Vice President Legal Product & Technology reports directly to the member of the Board of Management for Integrity and Legal Affairs and to the Audit Committee of the Supervisory Board. He also reports regularly to the Board of Management of Mercedes-Benz Group AG at regular intervals and as needed on matters such as the status of the CMS and its further development, as well as the BPO whistleblower system.

In addition, the Chief Compliance Officer and Vice President Legal Product & Technology reports to the Group Risk Management Committee. From the Mercedes-Benz Group's perspective, the structure of the reporting lines safeguards the compliance officers' independence from the business divisions.

Compliance risks

The Mercedes-Benz Group examines and evaluates its companies and corporate departments systematically each year in order to reduce compliance risks. In this process, the Mercedes-Benz Group uses, for example, centrally available information about its companies, such as revenue, business models and relations with business partners. If necessary, other locally sourced information is supplemented. The results of these analyses are the foundation of the Group's compliance risk control.

Compliance programme

The compliance programme comprises principles and measures that are designed to reduce compliance risks and prevent violations of laws and regulations. The individual measures are based on the knowledge gained through the Group's systematic compliance risk analysis. The Mercedes-Benz Group focuses, among other things, on the following aspects: the continuous raising of awareness of compliance issues, the systematic tracking of information received regarding misconduct, and the formulation of clear standards for the behaviour of business partners. All of these points are addressed in greater detail in a later section.

The BPO whistleblower system

The Business Practices Office (BPO) whistleblower system enables all employees worldwide, as well as business partners and third parties, to report violations of the rules. The BPO is available around the clock to receive information, which can be sent by e-mail or normal mail or by filling out a special online form. External toll-free hotlines are also available in Brazil, Japan, South Africa and the United States. Reports can also be submitted anonymously if local laws permit this. In Germany, whistleblower reports can also be submitted to an external neutral intermediary in addition to the BPO.

The information provided to the BPO whistleblower system enables the Mercedes-Benz Group to learn about potential risks and thus to prevent damage to the Group and its employees and business partners, as well as to protect individuals who might be harmed by misconduct. A globally valid corporate policy defines BPO procedures and the corresponding responsibilities. This policy aims to ensure a fair and transparent process that takes into account the principle of proportionality for the affected parties, while also giving protection to whistleblowers. It also defines a standard for the Mercedes-Benz Group's evaluation of incidents of misconduct and decisions about their consequences.

If the initial risk-based assessment of an incident categorizes it as a low-risk rule violation for the Mercedes-Benz Group, the BPO hands the case over to the responsible unit — for example, the HR department, Corporate Security or Corporate Data Protection. The respective unit investigates the incident and deals with the case on its own authority. Examples of rule violations with a low risk include theft, breach of trust, and undue enrichment valued at less than €100,000 — if the violation does not fall into the category of corruption.

If the BPO's risk-based initial assessment categorizes an incident as a rule violation with a high risk for the Mercedes-Benz Group or for individuals affected by the violation, the BPO hands the case over to an investigation unit. The BPO provides support for the subsequent investigation until the case is closed. Examples of high-risk rule violations include offences related to corruption, breaches of antitrust law and violations of anti-money laundering regulations, as well as infringements of binding technical provisions or environmental protection

regulations. Personal matters, such as incidents of sexual harassment or human rights violations, are also considered high-risk rule violations.

In an effort to constantly increase trust in the BPO whistleblower system and make it even better known to employees, the Mercedes-Benz Group uses a variety of communication measures. Here, the company also takes into account the knowledge gained from the most recent employee survey. The Group provides informational materials such as country-specific information cards, pocket guides and an instructional video that is available in ten different languages. The Mercedes-Benz Group also holds dialogue events at which it provides employees with information about the BPO. In addition, the company regularly informs employees about the type and number of reported violations and makes case studies available on a quarterly basis.

Sales partners and suppliers

The Mercedes-Benz Group expects not only its employees to comply with laws and regulations. The Group also requires its sales partners and suppliers to adhere to clear compliance requirements, because it regards integrity and conformity with regulations as a precondition for trust-based cooperation. The Business Partner Standards describe in detail exactly what the Mercedes-Benz Group expects of its business partners.

In the selection of direct sales partners and in existing sales partnerships, the Group ensures that its business partners comply with laws and observe ethical principles. In order to monitor this, the Mercedes-Benz Group uses a globally standardized, risk-based Sales Business Partner Due Diligence Process. During the reporting year, the Group subjected all of the new sales partners to a due diligence audit. In addition, it audits the existing sales partners as part of the monitoring process. Monitoring in this area is designed to ensure that the company can identify possible integrity violations by its sales partners. The Mercedes-Benz Group also reserves the right to terminate cooperation with, or terminate the selection process for, any sales partner who fails to comply with the Group's standards. In addition, the Mercedes-Benz Group works with its procurement units to continuously improve processes for selecting and cooperating with suppliers.

The Mercedes-Benz Group's Responsible Sourcing Standards replaced the Supplier Sustainability Standards in the reporting year and therefore now apply to the suppliers. On the basis of these standards and the Integrity Code, the Mercedes-Benz Group makes a Compliance Awareness Module available to each of its suppliers and sales partners. These modules are intended to sensitize them to current integrity and compliance requirements such as those related to anti-corruption measures and technical compliance. Through these measures, the Mercedes-Benz Group also offers its suppliers and sales partners assistance for dealing with possible compliance risks.

Communication and training

Mercedes-Benz Group offers an extensive range of compliance training courses that are based on its Integrity Code — for example, courses for employees in administrative areas and for members of the Supervisory Board and the executive management of Group companies.

The contents and topics of the training courses are tailored to the roles and functions of the respective target group. Mercedes-Benz Group AG regularly analyses the need for its training programme, expands or adapts it as necessary and conducts evaluations.

Effectiveness

Each year, the Mercedes-Benz Group checks the processes and measures of the CMS and conducts analyses to find out whether the measures are appropriate and effective. For these activities, the Mercedes-Benz Group relies on information about the Group companies as well as additional locally gathered information. The Group also monitors their processes regularly on the basis of key performance indicators such as the duration and quality of individual processes. To determine these indicators, the Mercedes-Benz Group checks, among other things, whether formal requirements are being met and whether the content is complete. It also takes into account the knowledge gained through both internal and independent external assessments.

If changed risks or new legal requirements call for adjustments, the Mercedes-Benz Group adapts the CMS accordingly. The Group companies implement the improvement measures derived from this process. The companies also regularly monitor these measures to determine their effectiveness and inform the responsible management committees about the results of their monitoring process.

Reported violations

The Business Practices Office (BPO) whistleblower system enables all employees, as well as business partners and third parties, to report misconduct anywhere in the world. A total of 72 new cases were opened during the reporting year (2021: 33 cases). Overall, 19 cases were closed “with merit”. In these cases, the initial suspicion was confirmed. Of these cases, two were in the Environmental Violations category, one was in the Data Protection category and four were in the Reputational Damage category. In ten cases, accusations of inappropriate behaviour of employees toward third parties were confirmed — e.g. racism or sexual harassment. One case fell into the category of Antitrust Law. Another case fell into the category of Injury to Physical Integrity. With regard to those cases that are closed “with merit”, the Mercedes-Benz Group decides on appropriate response measures in line with the principles of proportionality and fairness. The personnel measures in 2022 included admonishments, warnings and terminations without notice.

Social compliance

B.37

Target	Target horizon
Define and implement protective measures for addressing 100% of the Mercedes-Benz Group’s production raw materials that pose an increased risk of human rights violations	2028
Milestone: review 70% of all the production raw materials used by the Mercedes-Benz Group that pose an increased risk of human rights violations and define any necessary remediation measures	2025
Milestone: review 50% of all the production raw materials used by the Mercedes-Benz Group that pose an increased risk of human rights violations and define any necessary remediation measures	2023
Review 100% of the merchandise groups from the service supply chains that we use and which pose a higher risk of human rights violations	2026

The goal of the Mercedes-Benz Group is to combine achieving business success with acting responsibly toward the environment, people and society — and doing so along the entire value chain.

The expansion of electric mobility in particular is also further increasing public interest in respect for human rights within the automotive supply chain, because the production of battery cells requires the use of raw materials such as lithium and cobalt. These raw materials often come from countries where there is a risk that they are mined under conditions that could be critical from a human rights standpoint.

In addition to the interest expressed by consumers and civil organizations, the Mercedes-Benz Group is also observing increasing interest in human rights issues by investors and rating agencies. Human rights issues are increasingly having an influence on investment decisions.

Respect for human rights has key importance for the Mercedes-Benz Group and is an obligation as well as a mission for the Group. The company has therefore made upholding human rights an area of action of its sustainable business strategy. The Mercedes-Benz Group also introduced a corresponding risk-based system to ensure ongoing human rights due diligence. The measurable targets and key figures for the system are defined in the sustainable business strategy.

Policy commitment

Respect for human rights is a fundamental component of responsible corporate governance at the Mercedes-Benz Group. The Mercedes-Benz Group is committed to ensuring that human rights are respected and upheld along the entire value chain in all Group companies and by partners and suppliers. The Principles of Social Responsibility and Human Rights reflect this voluntary self-commitment. They supplement and specify the principles of human rights and good working conditions in the Mercedes-Benz Group’s Integrity Code. The Principles of Social Responsibility and Human Rights apply to all employees worldwide.

Additional information about requirements along the supply chain can also be found in the chapter Sustainability as a driver of change.

Organizational embedding

The Social Compliance department serves as the centre of competence for human rights. This department works closely with the specialist units responsible for operational implementation of the company's human rights due diligence obligations, and with the procurement units in particular. Overarching activities relating to human rights issues are managed by the Mercedes-Benz Group AG Board of Management division Integrity and Legal Affairs. The division is responsible for drawing up the Principles of Social Responsibility and Human Rights and it also manages human rights due diligence obligations within the Mercedes-Benz Group via the Group's Human Rights Respect System (HRRS). The responsible member of the Board of Management regularly obtains information and corresponding reports about the Group's human rights activities. group.mercedes-benz.com/sustainability/human-rights/hrrs/

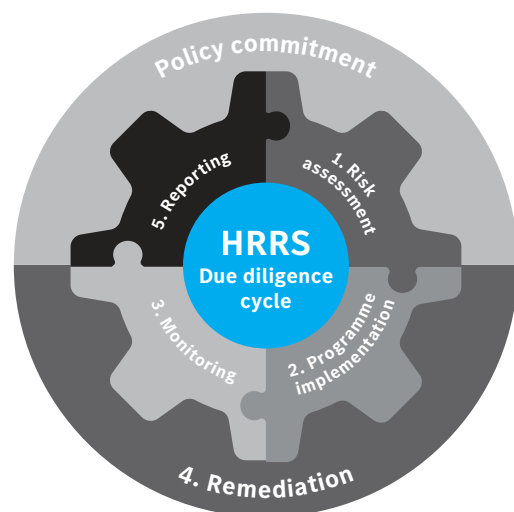
During the reporting year, the Mercedes-Benz Group resolved for the first time to designate a Human Rights Officer. The Human Rights Officer is responsible for monitoring compliance with the Principles of Social Responsibility and Human Rights and the HRRS and reports to the member of the Board of Management responsible for Integrity and Legal Affairs. The Human Rights Officer is also a member of the Group Sustainability Board and reports annually and as needed to the Mercedes-Benz Group AG Board of Management on particularly relevant human rights issues and the status of implementation of the Principles of Social Responsibility and Human Rights. The Chief Compliance Officer serves as the Human Rights Officer at the Mercedes-Benz Group.

Examination of human rights risks

The **Human Rights Respect System (HRRS)** is the Mercedes-Benz Group's approach to fulfilling its human rights due diligence obligations. It encompasses the protection of the Mercedes-Benz Group's own employees via the Social Compliance Management System (Social CMS) in Group companies, as well as the processes used to monitor human rights due diligence in supply chains. The Mercedes-Benz Group utilizes this human rights due diligence approach to examine Group companies and their direct suppliers (tier 1) and also, from a risk-based standpoint, indirect suppliers (beyond tier 1).

The HRRS is to be understood as a due diligence cycle that basically consists of four steps: 1. Risk assessment, 2. Programme implementation, 3. Monitoring, and 4. Reporting. It is designed to identify risks and possible and actual negative effects of business activities on human rights early on, to systematically avoid such effects and, if necessary, to initiate countermeasures.

B.38 Human Rights Respect System



The Mercedes-Benz Group continues to expand the HRRS step by step and also involves external stakeholders in this process. The stakeholders include rights holders such as employees and their representatives, as well as local residents. The Mercedes-Benz Group also holds talks with international NGOs and other organizations concerning the human rights risks arising from the extraction of certain raw materials.

The Mercedes-Benz Group uses the **Social Compliance Management System** (Social CMS) to identify and address in particular human rights risks that can arise among employees in its own Group companies. The Group has integrated the Social CMS and the topic of human rights at its Group companies into its central and systematic compliance risk management process. Within the framework of this process, the Mercedes-Benz Group develops packages of risk specific measures that are then assigned to the affected Group companies and modified as needed. The Compliance Responsibles in the global compliance network are also incorporated into the process. Using the information thus gained as a basis, the Mercedes-Benz Group produces an overall risk analysis for the Group companies.

Human rights risks in the supply chains

Production materials. The Mercedes-Benz Group focuses especially on critical raw materials when assessing human rights risks in the production-material supply chain.

The 24 critical raw materials that were identified during a preliminary risk assessment will be gradually examined in more detail between now and 2028. This review basically consists of three steps:

1. Increasing transparency along the raw material supply chains — especially with regard to certain key components such as battery cells. To this end, Mercedes-Benz AG contacts the suppliers of the relevant components, for example, and asks them to disclose their structure of subcontractors.
2. Identification of risk hotspots in these supply chains, e.g. on the basis of the specific risks in the individual mining countries.
3. Definition and implementation of measures for the risk hotspots and review of whether they are effective over the long term.

The Procurement department of Mercedes-Benz AG monitors the human rights compliance of direct suppliers of production materials. Procurement regularly conducts risk analyses that also include on-site CSR audits and an annual database research procedure. Its objective here is to identify possible violations of sustainability and compliance rules at an early stage on the basis of the latest supplier data. Should any red flags be revealed, Mercedes-Benz Procurement initiates an extensive

examination of the situation. If the supplier does not sufficiently remedy the criticized processes, the company makes individual decisions regarding the next steps. In especially serious cases, these decisions can also be made by management bodies. As a last resort, this can also lead to the discontinuation of Mercedes-Benz AG's business relationship with a supplier.

The Mercedes-Benz AG also continued to conduct audits at production material suppliers in 2022, when a total of 825 on-site audits were completed. Some of these audits were conducted virtually due to the Covid-19 pandemic.

Services. The Mercedes-Benz Group also ensures that its service providers share responsibility for respecting human rights and for other sustainability-related aspects. International Procurement Services (IPS) evaluates all new service providers in risk countries and critical procurement segments to determine whether they fulfil social and environmental standards, are ethical in their business operations, and properly implement policies.

The Group used a preliminary risk analysis as a basis for identifying 27 services that are potentially critical from a human rights standpoint. In cooperation with a team of experts, the results of this analysis were then used to create a list of questions. Service providers are required to answer these questions. The goal of the Mercedes-Benz Group here is to identify any increased human rights risks for certain services and sectors. This gives the Group a transparent overview of the risks and enables it to initiate targeted analyses of the status quo and engage in a productive dialogue with relevant service providers.

The Mercedes-Benz Group also audits its service providers' due diligence activities. These audits focus on assessments of service providers in high-risk countries. The Group supplements its assessments with document checks and database research in order to ensure the information is plausible. During the year under review, the on-site audits and screenings of direct suppliers of the Mercedes-Benz Group that were conducted by IPS discovered no specific suspected cases of child labour or forced labour, nor were there any indications of violations of the right to collective bargaining or freedom of association.

Raising awareness of human rights issues

The Mercedes-Benz Group uses the Integrity Code and the Principles of Social Responsibility and Human Rights to provide its employees with information about the topic of human rights principles and to raise their awareness of human rights risks. The provisions of the Integrity Code and the Principles are binding on all employees. During the reporting year, the Principles were integrated into existing training concepts, such as the mandatory web-based basic module Integrity@Work.

Since 2018, the Mercedes-Benz Group has been cooperating with the Drive Sustainability initiative on the implementation of measures to make production material suppliers in various focus countries more aware of the importance of sustainability, for example by providing such suppliers with information on this issue. The Group selected the respective countries jointly with the initiative. During the reporting year, supplier training courses that had been scheduled to take place in Mexico and the United States were held as web-based events due to the Covid-19 pandemic.

Complaint management

The Group offers employees and external whistleblowers various channels through which they can report suspected human rights violations and rule violations and also request remedy. These channels thus also help the company identify and assess human rights risks throughout the organization. Both the company BPO (Business Practices Office) whistleblower system and the World Employee Committee are available to receive reports of suspected human rights violations.

EU taxonomy

One of the important goals of the Commission Action Plan on Financing Sustainable Growth in the context of the European Green Deal is to divert capital flows to sustainable investments. This is also the logic behind the EU taxonomy regulation (EU 2020/852) that came into force in mid-2020. This regulation governs the establishment of a standardized and legally binding classification system that defines which economic activities in the EU are considered to be aligned with the taxonomy — and thus environmentally sustainable with regard to the six environmental objectives established by the regulation.

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Companies that are required to publish a Non-Financial Declaration must also comply with the taxonomy regulation. According to Article 8 of the taxonomy regulation, the taxonomy-aligned proportions of revenue, capital expenditure and operating expenditure accounted for by environmentally sustainable economic activities are to be reported on an annual basis.

Taxonomy eligibility

Taxonomy eligibility is assessed in an initial step. For an economic activity to be taxonomy-eligible, that activity must be mentioned and explained in further detail in the delegated acts for the taxonomy regulation. Descriptions of relevant activities and technical screening criteria are currently available as delegated act (EU 2021/2139) for the first two environmental objectives (climate change mitigation and climate change adaptation). Climate change mitigation in particular is to be regarded as the relevant environmental objective for the Mercedes-Benz Group.

On the basis of the descriptions contained in the delegated act relating to climate change mitigation, the following taxonomy-eligible economic activities have been identified for the Group:

- Economic activity 3.3: encompasses manufacture of low-carbon transport technologies in connection with the production of cars and vans
- Economic activity 6.5: encompasses leasing and financing of low-carbon cars and vans
- Economic activity 6.6: encompasses leasing and financing of low-carbon trucks

In a final Interpretation Document that the European Commission published on 6 October 2022, the Commission stated that the term “low-carbon” only relates to the assessment of taxonomy alignment within the framework of the technical screening criteria and is not relevant for reporting on taxonomy eligibility. With regard to auto-makers in particular and as an example, the document shows that the activity “manufacture of low-carbon vehicles” also includes vehicles with combustion engines. For the Mercedes-Benz Group, this clarification by the European Commission means that the manufacture of all Group vehicles is reported as taxonomy-eligible.

Economic activity 6.5 relates to leasing and sales financing of all vehicles purchased from third parties.

Economic activity 6.6 mainly comprises the continuing Daimler Truck portfolio at Mercedes-Benz Mobility.

Economic activities in certain energy sectors as specified in the complementary delegated act to climate objectives exist at Mercedes-Benz Group only to an immaterial extent and exclusively serve the operation of economic activity 3.3.

Taxonomy alignment

In a further step, taxonomy alignment must be assessed for taxonomy-eligible economic activities. Only taxonomy-eligible activities can be considered as environmentally sustainable activities, or as being taxonomy-aligned, provided they meet certain technical screening criteria. Here, the fulfilment of certain technical screening criteria with regard to the relevant economic activities must make a substantial contribution to an environmental objective defined by the taxonomy regulation and, on the basis of defined “do no significant harm” criteria (DNSH criteria), also exclude the possibility of significant interference with another environmental objective. It must also be ensured that minimum standards are met with regard to issues such as upholding human rights or combating corruption (minimum safeguards).

Fulfilment of a substantial contribution to the climate change mitigation environmental objective

According to the delegated act, all vehicles complying with the limit value of 50g CO₂/km per vehicle (in accordance with the WLTP) as defined in the technical screening criteria make a substantial contribution to the climate change mitigation environmental objective. At Mercedes-Benz Group all-electric vehicles as well as the majority of plug-in hybrid vehicles are below this threshold. These vehicles are hereafter referred to as “low-carbon vehicles”.

Exclusion of the possibility of significant interference on the basis of the “do no significant harm” criteria

Compliance with DNSH criteria is used in a second step to demonstrate that the economic activities in question do not significantly interfere with other environmental objectives.

In connection with economic activity 3.3, the fulfilment of these criteria was basically assessed at the level of those consolidated production sites where low-carbon vehicles or associated components are currently being manufactured or will be manufactured in the future.

In connection with economic activity 6.5, the analysis of the criteria has to be performed on the basis of the respective low-carbon vehicles.

Climate change adaptation. A climate risk assessment was conducted for relevant production sites in order to analyse physical climate risks on the basis of significant climate-related hazards. Adaptation measures were then evaluated on the basis of the identified risk exposure. The analysis took into account recognized scenarios from the Intergovernmental Panel on Climate Change (IPCC), including one scenario that depicts the biggest physical impacts. Various time horizons (e.g. 2040) and a trend analysis were examined. The verification of the DNSH criteria for economic activity 6.5 is essentially based on the consideration of relevant conditions of use and the environment, such as heat and cold requirements in the context of vehicle development and testing.

Sustainable use and protection of water and maritime resources. With regard to the production of low-carbon vehicles, the Mercedes-Benz Group ensures fulfilment of the DNSH criteria mainly through the use of established environmental management systems and internal environmental risk assessments (environmental due diligence process). The company has established environmental management systems at its production sites around the world in accordance with EMAS or ISO 14001. These environmental management systems are certified at regular intervals. As part of the internal environmental risk assessments, consolidated production sites are evaluated according to a number of factors, including those relating to water quality. Recommendations for minimizing risks are then drawn up and the progress is appropriately monitored. The Group also uses external data sources to identify sites that are subject to risks regarding water scarcity.

Transition to a circular economy. With regard to economic activity 3.3, the EU taxonomy regulation requires an assessment and, if possible, the application of measures that promote the transition to a circular economy, including the use of secondary materials, high durability of products and waste management in production. When developing products, the Mercedes-Benz Group considers the concept of circular economy from the very start and has set itself the overarching goal of increasing its use of secondary materials. In line with the relevant provisions, and in accordance with ISO 22628, 85% of the materials used in Mercedes-Benz cars and light commercial vehicles can be recycled and 95% can be reused or recovered. Among other things, this complies with the requirements of economic activity 6.5.

The Mercedes-Benz Group is intensifying its efforts to use lower volumes of raw materials and other materials at its production sites as well. In accordance with the waste hierarchy, the company's primary goal is to avoid waste. For its production sites worldwide, the Mercedes-Benz Group has set reduction targets for factors such as total waste volume and waste volume for disposal per vehicle. Waste management is also a component of the Group's internal environmental risk assessments.

Pollution prevention and control. With regard to the DNSH criteria, the EU taxonomy for economic activity 3.3 under Annex C of the delegated act relating to climate change mitigation refers to the concept of avoiding the manufacturing, placing on the market or use of restricted substances subject to current European legislation on chemicals, as well as of other groups of substances that go beyond that (defined under sections f) and g) in the mentioned annex). However these requirements contain an exemption rule which is applied by Mercedes-Benz Group. With regard to the regulation of chemicals, the Group has established internal guidelines and approval and monitoring procedures for production-related and product-related activities. The Mercedes-Benz Group has also defined specifications for substitution analyses, and thus for the use of less critical hazardous substances.

For economic activity 6.5, the DNSH criteria refer to compliance with various product-related European regulations and directives on, among other things, emission limits and rolling resistance coefficients — as well as rolling noise requirements for tyres. Only all-electric vehicles in the area of application of those EU laws are currently considered in the taxonomy-aligned scope of economic activity 6.5.

In due consideration of a further FAQ document of the EU Commission (published as a Draft Commission Notice on December 19, 2022) only tyres corresponding to the two highest classes for rolling resistance coefficients available on the market and at the same time the highest class for external rolling noise available on the market fulfill DNSH requirements for the respective vehicles. For the analysis the time of market placement was used. For the assessment of the respective classes available on the market, the data of the European Product Database for Energy Labelling (EPREL) shall be used. For vans, such an assessment of tyre classes available on the market for the respective vehicles according to EPREL database has been performed. For passenger cars, the theoretical two

highest fuel efficiency classes and the highest external rolling noise class were analyzed without considering EPREL data. On this basis, the entire vehicle portfolio of all-electric vehicles without differentiating between economic activities and therefore without differentiating between sales and leasing vehicles has been analysed and assessed. Thus a proportionate share of passenger cars with the respective highest tyre classes has been determined.

Protection and restoration of biodiversity and ecosystems. To demonstrate the requirements for economic activity 3.3 with regard to the environmental objective of biodiversity and ecosystems, ecologically sensitive or protected areas in the neighbourhood are documented and taken into account as part of the internal environmental risk assessments. Furthermore, examination of the surrounding areas is part of the location planning process.

Fulfilment of minimum safeguards

An economic activity can only be classified as environmentally sustainable within the meaning of the taxonomy if it is also conducted in accordance with certain minimum standards that are based on international frameworks. Here, Article 18 of the taxonomy regulation references the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights (including the basic principles and rights from the eight core conventions defined in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work), and the International Bill of Human Rights. The taxonomy regulation itself does not further specify the standards.

The report published by the Platform on Sustainable Finance in October 2022 (Final Report on Minimum Safeguards) assists companies with the interpretation of the scope and application of the minimum standards. This report forms the foundation for the application of minimum standards and the associated reporting at Mercedes-Benz Group. Key issue areas here are human rights and labour rights (see the chapter Social compliance, p. 115 and the chapter Occupational health and safety, p. 101), the prevention of corruption and the promotion of fair competition (see the chapters Compliance management system, p. 110 Combating corruption, p. 111 and Promoting fair competition, p. 111), and responsible tax practices (see the chapter Tax obligation, p. 88). The verification of compliance here basically involves

demonstrating the existence of suitable due diligence processes on group level and the fact that no judicial rulings in the final instance have been made due to serious violations in the aforementioned areas.

Reporting on the taxonomy-aligned proportions of environmentally sustainable economic activities

The sections below present information on the proportion of revenue, capital expenditure and operating expenditure accounted for by environmentally sustainable economic activities at the Mercedes-Benz Group.

The individual figures for revenue, capital expenditure and operating expenditure are precisely allocated to a specific economic activity and environmental objective. This prevents double counting.

The calculations for the key figures are based on the Consolidated Financial Statements in accordance with IFRS. Due to an exemption granted by the EU, only the proportions of taxonomy-eligible economic activities were obliged to be reported in the previous year. The provision of comparative information is not yet legally required in the reporting year.

Revenue

B.39

Revenue¹

Economic activities	Absolute revenue	Proportion of revenue	Criteria for a material contribution		DNSH criteria ("do no significant harm")	Minimum safeguards	Taxonomy aligned proportion of revenue 2022	Category: Enabling activity (E)/ Transitional activity (T)
			Climate change mitigation	Climate change adaptation				
	In millions of euros	in %	in %	in %	Yes/No	Yes/No	in %	E/T
A. TAXONOMY-ELIGIBLE ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
3.3 Manufacture of low-carbon technologies for transport	14,660	10	100	0	Yes	Yes	10	E
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	334	0	100	0	Yes	Yes	0	T ²
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)	14,994	10	100	0			10	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)								
3.3 Manufacturing of low-carbon technologies for transport	108,206	72						
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	22,773	15						
6.6 Freight transport services by road	854	1						
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	131,833	88						
Total (A.1 + A.2)	146,827	98						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES								
Revenue of Taxonomy-non-eligible activities (B)	3,190	2						
Total A + B	150,017	100						

1 The key figures were audited in order to obtain limited assurance as part of a separate assurance engagement of the sustainability report. An exception to this is the total (total A + B) which was audited with reasonable assurance as a Group key figure.

2 Only the share attributable to our plug-in hybrid vehicles is a transitional activity.

Taxonomy eligibility of revenue

For the share of taxonomy-eligible revenue (under A in the table), the taxonomy-eligible revenue is considered in relation to the total revenue of the Group.

In this process, the denominator takes into account all the revenue generated at the consolidated companies that are to be included in the calculations. The revenue, as disclosed in the consolidated statement of income, amounted to €150,017 million in the reporting year (see Note 5 in the Notes to the Consolidated Financial Statements).

The numerator was calculated by examining this revenue to determine how much of it was generated in connection with manufacturing or the leasing or financing of vehicles. This applies to almost all of the revenue generated by the Mercedes-Benz Group. Excluded from this are in particular revenues from the sale of used vehicles, which Mercedes-Benz Group has purchased from third parties.

Taxonomy alignment of revenue

In order to calculate the taxonomy-aligned proportion of economic activities (under A1 in the table), revenues were examined to determine the extent to which they were generated with low-carbon vehicles in order to assess whether a substantial contribution had been made to climate change mitigation. Compliance with DNSH criteria was also assessed.

For the major proportion of the revenue, in particular from the new and used vehicle business and leasing and sales financing activities, a direct attribution was made of the revenue accounted for by low-carbon vehicles. With regard to other revenue components, especially revenue from the spare parts business and service and maintenance contracts, or attribution of discounts granted for large procurement volumes, it is not possible to directly assign revenue to low-carbon vehicles. In these cases, suitable allocations were therefore used for the various revenue components. These classifications are based on current or historical vehicle sales data for the fleet that is currently on the market and data on production volumes.

By the end of this decade, the Mercedes-Benz Group intends to be all-electric wherever market conditions allow. The strategic step to “Electric only” will accelerate the transformation of the company to an all-electric and software-driven future. In line with this strategy and the associated planned sales figures for low-emission vehicles, the Mercedes-Benz Group expects the share of the revenue generated by low-carbon vehicles to rise significantly in the years ahead. Further information can be found in the chapter Environmental issues.

Capital expenditure

B.40

Capital expenditure¹

Economic activities	Absolute Capital expenditure	Proportion of Capital expenditure	Criteria for a material contribution		DNSH criteria ("do no significant harm")	Minimum safeguards	Taxonomy aligned proportion of Capital expenditure in 2022	Category: Enabling activity (E)/ Transitional activity (T)
			Climate change mitigation	Climate change adaptation				
	In millions of euros	in %	in %	in %	Yes/No	Yes/No	in %	E/T
A. TAXONOMY ELIGIBLE ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
3.3 Manufacture of low-carbon technologies for transport	3,732	20	100	0	Yes	Yes	20	E
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	325	2	100	0	Yes	Yes	2	T ²
Capital expenditure of environmentally sustainable activities (Taxonomy-aligned) (A.1)	4,057	22	100	0			22	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)								
3.3 Manufacturing of low-carbon technologies for transport	4,092	22						
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	10,220	56						
Capital expenditure of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	14,312	78						
Total (A.1 + A.2)	18,369	100						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES								
Capital expenditure of Taxonomy-non-eligible activities (B)	0	0						
Total A + B	18,369	100						

1 The key figures were audited in order to obtain limited assurance as part of a separate assurance engagement of the sustainability report. An exception to this is the total (total A + B) which was audited with reasonable assurance as a Group key figure.

2 Only the share attributable to our plug-in hybrid vehicles is a transitional activity.

Taxonomy eligibility of capital expenditure

For the share of taxonomy-eligible capital expenditure (under A in the table), the taxonomy-eligible capital expenditure is considered in relation to the total relevant capital expenditure of the Group.

Here, the denominator of the key figure for capital expenditure is calculated by taking into account all additions to intangible assets, property, plant and equipment, equipment on operating leases and additions to rights-of-use assets as defined in IFRS 16, including the additions to the named assets within the framework of corporate acquisitions. Equipment on operating leases only takes into account vehicles acquired by a dealer from outside the Group. Goodwill acquired is not taken into account here. If a divestment is planned, capital expenditure on non-current assets is only taken into account until the point in time at which they were first classified as available for sale or disbursement in accordance with IFRS 5. The relevant additions to the assets to be taken into account amounted to €18,369 million in the 2022 reporting year (see Notes 11, 12 and 13 in the Notes to the Consolidated Financial Statements).

According to the aforementioned interpretation document issued by the European Commission, which was finally published on 6 October 2022, the definition of an economic activity is characterized by the achievement of an output. In line with the Mercedes-Benz Group's business model, the numerator was therefore determined by examining whether capital expenditure is made in connection with the manufacturing of vehicles or the implementation of transport solutions for people and goods. This applies to nearly all of our investments.

Taxonomy alignment of capital expenditure

In order to calculate the taxonomy-aligned proportion of economic activities (under A1 in the table), capital expenditure was examined to determine the extent to which it was associated with low-carbon vehicles in order to assess whether a substantial contribution had been made to climate change mitigation. Compliance with DNSH criteria was also assessed.

The capital expenditure items shown below are included as an aggregation across the various economic activities:

B.41

Capital expenditure in 2022

	In the denominator in millions of euros (total capital expenditure)	In the numerator in millions of euros (taxonomy-aligned capital expenditure) ¹	Taxonomy-aligned capital expenditure in % ¹
Property, plant and equipment	3,421	1,507	44
Intangible assets	3,480	1,874	54
Right-of-use assets (IFRS 16)	923	391	42
Equipment on operating leases	10,545	285	3
Total	18,369	4,057	22

¹ The key figures were audited in order to obtain limited assurance as part of a separate assurance engagement of the sustainability report.

The size of the share of taxonomy-aligned expenditure of total capital expenditure is mainly impacted by the additions to the leased objects. As a result, this share only partially reflects our investments in sustainable products for the future.

A separate additional review of the taxonomy-aligned investments in intangible assets (mainly in capitalized research and development expenditure) and property, plant and equipment of the Mercedes-Benz Group shows much higher shares of taxonomy-eligible investments (table B.41). On the basis of our "Electric only" strategy, the Mercedes-Benz Group intends to further increase these investments in the coming years.

All of the capital expenditure at the Mercedes-Benz Group included in the numerator relates to assets or processes in the context of already existing technologies and in connection with already existing taxonomy-aligned economic activities. For most of the capital expenditure relating to the industrial business, a direct attribution was made to all-electric or low-carbon hybrid vehicle projects. In the case of capital expenditure in assets that are used to produce both vehicles with combustion engines and low-carbon vehicles, suitable allocations based on planned vehicle sales figures for the respective model series or vehicle platforms were used. Capital expenditure that is not directly related to the manufacturing process was allocated on the basis of the planned sales figures for low-carbon vehicles. With regard to financial services, it is possible to match the additions to the leased products directly to low-carbon vehicles.

Operating expenditure

B.42

Operating expenditure¹

Economic activities	Absolute operating expenditure	Proportion of operating expenditure	Criteria for a material contribution		DNSH criteria ("do no significant harm")	Minimum safeguards	Taxonomy-aligned proportion of operating expenditure in 2022	Category: Enabling activity (E)/ Transitional activity (T)
			Climate change mitigation	Climate change adaptation				
	In millions of euros	in %	in %	in %	Yes/No	Yes/No	in %	E/T
A. TAXONOMY ELIGIBLE ACTIVITIES								
A.1 Environmentally sustainable activities (Taxonomy-aligned)								
3.3 Manufacture of low-carbon technologies for transport	2,340	35	100	0	Yes	Yes	35	E
Operating expenditure of environmentally sustainable activities (Taxonomy-aligned) (A.1)	2,340	35	100	0			35	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)								
3.3 Manufacturing of low-carbon technologies for transport	4,324	65						
Operating expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	4,324	65						
Total (A.1 + A.2)	6,664	100						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES	0	0						
Operating expenditure of Taxonomy-non-eligible activities (B)								
Total A + B	6,664	100						

¹ The key figures were audited in order to obtain limited assurance as part of a separate assurance engagement of the sustainability report.

Taxonomy eligibility of operating expenditure

For the share of taxonomy-eligible operating expenditure (under A in the table), the taxonomy-eligible operating expenditure is considered in relation to the relevant operating expenditure of the Group.

The operating expenditure to be taken into account in the denominator corresponds to a figure that was exclusively calculated within the framework of taxonomy reporting.

These operating expenditure include non-capitalized research and development expenditure and expenses from short-term leasing agreements. In addition, expenditure from building renovation measures and certain maintenance and repair expenses (basically labour and material costs as well as purchased services) relating to property, plant and equipment in accordance with the delegated act specifying Article 8 of the taxonomy regulation are included. These components of the relevant operating expenditure were collated exclusively from our manufacturing companies on the basis of materiality considerations. The operating expenditure at the Group companies that is to be taken into account is included, with the exception of companies that have been separately disclosed as discontinued operations in the statement of income.

In a manner similar to the approach taken for capital expenditure, the relevant operating expenditure was also examined here for the determination of the numerator on the basis of the materiality considerations mentioned above to determine whether they are related to the manufacture of vehicles. This applies to nearly all operating expenditure.

Taxonomy alignment of operating expenditure

In order to calculate the taxonomy-aligned proportion of economic activities (under A1 in the table), operating expenditure was examined to determine the extent to which it was associated with low-carbon vehicles in order to assess whether a substantial contribution had been made to climate change mitigation. Compliance with DNSH criteria was assessed.

The non-capitalized research and development expenditure can mostly be directly incorporated into the calculation of the numerator on the basis of its allocation to all-electric or low-carbon hybrid vehicle projects. Appropriate allocations based on anticipated future sales figures of the low-carbon share of the model series or the vehicle platform were used for research and development expenditure that cannot be directly allocated (model series or vehicle platforms that include plug-in hybrids as well as purely combustion engine vehicles). It was also not possible to directly match the other components of relevant operating expenses to low-carbon vehicles. The inclusion in the numerator is based on suitable allocations of current production volumes.