

# **Report on LkSG**

## **(Act on Corporate Due Diligence Obligations in Supply Chains)**

**Reporting period from 1/1/2023 to 12/31/2023**

**Name of the organization:** Mercedes-Benz Group AG

**Address:** Mercedesstraße 120, 70372 Stuttgart

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## **A. Strategy & Governance**

### **A1. Monitoring of risk management & management responsibility**

**What responsibilities for the monitoring of the risk management were defined during the reporting period?**

By resolution of 8 November 2022, the Board of Management of Mercedes-Benz Group AG created the new function of Human Rights Officer and appointed Dr. Jürgen Gleichauf as Human Rights Officer of the Mercedes-Benz Group AG, effective from January 1, 2023, regarding the entry into force of the Supply Chain Act (LkSG). Dr. Jürgen Gleichauf assumed the role of Group Human Rights Officer in addition to his role as Chief Compliance Officer of the Mercedes-Benz Group.

The Human Rights Officer reports directly to the Board of Management of Mercedes-Benz Group AG and to the responsible Board of Management member responsible for Integrity, Governance & Sustainability, Renata Jungo Brüngger. The Human Rights Officer also heads the Human Rights Steering Committee.

## A. Strategy & Governance

### A1. Monitoring of risk management & management responsibility

**Has senior management established a reporting process that ensures that it is regularly informed-at least once a year-of the work of the person responsible for monitoring of the risk management?**

**It is confirmed that the general management has established a reporting process that in accordance with § 4 Sec. 3 LkSG ensures that it is regularly informed-at least once a year-of the work of the person responsible for monitoring risk management.**

- Confirmed

**Describe the process that ensures reporting to general management at least once a year or regularly with regard to the risk management.**

In his/her role, the Human Rights Officer is responsible for and monitors structures and processes aimed at ensuring respect for human rights in the company and in the supply chains. The aim is to identify and avoid possible negative effects at an early stage.

The Human Rights Officer reports annually and ad hoc to the Board of Management of Mercedes-Benz Group AG and other committees on particularly relevant human rights issues and on the performance of his/her duties. His task is to monitor whether the Principles of Social Responsibility and Human Rights and the Human Rights Respect System, as the human rights due diligence approach of the Mercedes-Benz Group, are complied with. He is a member of the Group Sustainability Committee and reports to the Board of Management member responsible for Integrity, Governance & Sustainability. Since January 2023, the company's internal policy on the implementation of human rights due diligence obligations of the Mercedes-Benz Group has been in force. The policy describes the organizational Governance for the implementation of human rights due diligence obligations. The responsibility for implementing human rights due diligence processes and operational risk management lies with the organizational units and controlled Group companies. They shall inform the Human Rights Officer, among other things, of the results of the risk analysis and the measures taken to prevent and minimize risks.

In addition, the Human Rights Officer leads the newly created Human Rights Steering Committee, which coordinates the implementation of the Principles of Social Responsibility and Human Rights and the Human Rights Respect System within the Mercedes-Benz Group. Permanent members of the steering committee are the Group's Environmental and Energy Officer of the Group in order to manage the environmental risks from the LkSG appropriately, as well as so-called human rights coordinators from Group companies. Members include Executive representatives of Procurement and the Human Relations department. The establishment of the steering committee enables monitoring of the risk management system and due diligence obligations, taking strategic aspects into account. In addition, information on the implementation of human rights due diligence obligations is exchanged in the Human Rights Steering Committee and in the preparatory Human Rights Committee.

Responsibility for ensuring compliance with environmental due diligence obligations lies with the Group's Environmental and Energy Officer. He/she represents the environmental and energy topics in the Group Sustainability Committee, the central management body for sustainability topics. In addition, the Group's Environmental and Energy Officer of the Group informs the Human Rights Officer if environmental due diligence identifies risks that could also pose a

human rights risk, and/or if there is a violation of Group-wide environmental protection requirements and this could also constitute a violation of human rights regulations.

## **A. Strategy & Governance**

### **A2. Policy Statement on the Human Rights Strategy**

**Is there a policy statement that was drawn up or updated on the basis of the risk analysis performed during the reporting period?**

The Principles of Social Responsibility and Human Rights has been uploaded

[Principles of Social Responsibility and Human Rights. | Mercedes-Benz Group > Sustainability > Human Rights > Principles](#)

## A. Strategy & Governance

### A2. Policy Statement on the Human Rights Strategy

**Was the Policy Statement for the reporting period communicated?**

**It is confirmed that the Policy Statement has been communicated to employees, possibly the Works Council, the public and the direct suppliers for whom a risk has been identified in the context of the risk analysis.**

- Confirmed

**Please describe how the Policy Statement was communicated to the relevant target groups.**

The Principles of Social Responsibility and Human Rights of the Mercedes-Benz Group were adopted by the Board of Management, the General Works Council and the World Employee Committee of Mercedes-Benz Group AG as well as the international trade union federation IndustriALL Global Union. It was published in September 2021 and communicated to all employees by email. In addition, communication of the Principles of Social Responsibility and Human Rights and the Integrity Code is an integral component of compliance requirements that apply throughout the Group.

The Principles of Social Responsibility and Human Rights are publicly accessible on the corporate website free of charge and available in 10 languages.

## **A. Strategy & Governance**

### **A2. Policy Statement on the Human Rights Strategy**

**What elements does the Declaration of Principle contain?**

- Establishment of a risk management
- Provision of a complaint procedure in one's own business unit, suppliers and their effectiveness review
- Documentation and reporting obligations
- Description of human rights and environmental expectations for own employees and suppliers
- Other elements: Responsible value creation, human rights due diligence approach, implementation of the Principles of Social Responsibility and Human Rights

## **A. Strategy & Governance**

### **A2. Policy Statement on the Human Rights Strategy**

#### **Description of possible updates in the reporting period and the reasons for this.**

In the 2023 reporting year, no updates were made to the Principles of Social Responsibility and Human Rights, as the risk situation did not require any adjustment.



## A. Strategy & Governance

### A3. Governance of the human rights strategy within one's own organization

**In which key departments/business processes was the implementation of the human rights strategy ensured within the reporting period?**

- Human Relations
- Occupational Safety and Health Management
- Purchasing/Procurement
- Supplier Management
- Law/Compliance
- Community/ Stakeholder Engagement
- Revision
- Economic Committee

**Describe how responsibility for implementing the strategy is distributed within the various specialist departments/business processes.**

The Governance for human rights at the Mercedes-Benz Group is based on the Principles of Social Responsibility and Human Rights as well as an internal Group policy on the implementation of human rights due diligence obligations. The overarching activities on the topic of human rights are managed by the Board of Management division Integrity, Governance & Sustainability of Mercedes-Benz Group AG. This is where the responsibility lies for the Principles of Social Responsibility and Human Rights as well as for the further development of human rights due diligence obligations within the Mercedes-Benz Group via the Group's own Human Rights Respect System. The Board of Management responsible further develops the topic in line with the defined goals and objectives decided by the Board of Management and the Supervisory Board in cooperation with the responsible specialist units. The Board of Management members regularly informed about the Group's human rights activities and receives corresponding reports.

The Human Rights Officer is a member of the Group Sustainability Committee and reports to the Board of Management member responsible for Integrity, Governance and Sustainability. His task is to monitor whether the Principles of Social Responsibility and Human Rights and the Human Rights Respect System are complied with. He reports to the Board of Management of Mercedes-Benz Group AG and other committees on particularly relevant human rights issues on an annual and ad hoc basis. The Human Rights Officer also heads the Human Rights Steering Committee, which coordinates the implementation of the Principles of Social Responsibility and Human Rights and the Human Rights Respect System within the Mercedes-Benz Group. The members include, among others, executive representatives of the purchasing units and the Human Relations department as well as the

Group's Environmental and Energy Officer.

The Social Compliance department supports the definition of human rights due diligence requirements within the Mercedes-Benz Group as well as for its suppliers and works closely with the specialist units responsible for the operational implementation of human rights due diligence obligations - in particular with the purchasing units. Strategic decisions on human rights issues are made by sustainability committees such as the Human Rights Steering Committee, the Group Sustainability Committee or the Board of Management. The Group Sustainability Committee meets on a quarterly basis under the chairmanship of Board of Management member for Integrity, Governance & Sustainability. The committee is composed of representatives of top management and manages ESG topics in line with objectives, KPIs and responsibilities holistically across departments, divisions and regions. The members of the Group Sustainability Committee first discuss selected sustainability-related topics and questions before presenting them to the Board of Management for decision-making. The members of the Group Sustainability Committee are also responsible for the implementation of sustainability topics in their respective divisions. With the new structure, the Mercedes-Benz Group is pursuing the goal of creating a leaner committee landscape, enabling more efficient decision-making processes and establishing the responsibility for sustainability topics even more strongly in the individual departments and business divisions.

Responsibility for ensuring compliance with environmental due diligence obligations lies with the Group's Environmental and Energy Officer. With its environmental and energy management systems, the Mercedes-Benz Group ensures clear responsibilities, transparent, standardized implementation of internal and external environmental protection and energy efficiency requirements, among other things, and ensures comprehensive reporting at the worldwide production facilities. The processes required for implementing environmental due diligence are defined by Corporate Environmental Protection. The organizational units and Group companies of the Mercedes-Benz Group are responsible for the operational implementation of the processes.

The Health & Safety unit manages the topics of occupational safety and health protection throughout the Group and is part of the Human Relations unit.

### **Describe how the strategy is integrated into operational processes and procedures.**

In the area of human rights, the Mercedes-Benz Group has developed a systematic approach with the Human Rights Respect System for implementing human rights due diligence obligations. It includes the protection of one's own workforce through the Group-wide Social Compliance Management System in the Group companies of the Mercedes-Benz Group as well as processes for human rights due diligence in supply chains as part of Supplier Compliance

Risk management for direct suppliers as well as risk-based, indirect suppliers.

The Group's policy governs the implementation of human rights due diligence obligations:

The procurement units of the Mercedes-Benz Group are responsible for implementing human rights due diligence obligations, as described in the context of Supplier Compliance Risk Management. In the reporting year, the requirements of the SCRM were transmitted to all controlled Group companies of the Mercedes-Benz Group for implementation. The policy stipulates that the Human Relations unit in its own business unit is responsible for implementing the » employee-rights-related principles « of the Principles of Social Responsibility and Human Rights. In the reporting year, the requirements were transmitted to all controlled Group companies of the Mercedes-Benz Group and implemented.

In the area of occupational safety, the Mercedes-Benz Group has a corporate policy that is binding for all controlled companies and specifies the requirements for the organizational and operational implementation of requirements for the occupational health and safety of employees at the locations. In terms of content, the requirements of the corporate policy are based on the ISO 45001 management standard. All employees of Mercedes-Benz Group AG and all controlled Group companies are thus subject to a Group-wide management system for "Safety and Health at Work ". Based on the management system and the overriding Group-wide minimum standards, the Mercedes-Benz Group examines the risks with a focus on occupational health and safety organization, dangerous activities, fire and explosion protection, environmental conditions and machine safety as part of internal audits. Additionally, there are international guidelines on occupational health and safety agreed upon with the World Employee Committee, which contain a commitment to preventive occupational health and safety. These requirements correspond to the requirements of the ILO Core Labour Standard, particularly Convention 155.

The Board of Management member responsible for Group Research & Development is responsible for the Group's environmental protection and energy management systems. Coordination is carried out by the Group's Environmental and Energy Officer, who must report to the Board of Management on this. In these tasks, he is supported by the Sustainability, Group Environmental Protection and Energy Management department. Together with the representatives at the production location, the department is responsible for suitable environmental due diligence procedures to decide on measures relating to environmental protection and minimize risks. In the area of corporate environmental protection, the Mercedes-Benz Group has established and certified an environmental management system in accordance with ISO 14001 at production locations worldwide. As part of the local environmental management systems and the superordinate group-wide risk assessments, the Mercedes-Benz Group is examining the legally compliant operation in the areas of waste management, air emissions, and wastewater discharge

and soil/groundwater pollution as well as handling environmentally hazardous substances.

In addition, the Group's own whistleblower System BPO Business & People Protection Office also contributes to the human rights due diligence of the Mercedes-Benz Group.

**Describe which resources and expertise are provided for implementation.**

The Group Human Rights Officer has an appropriate organizational structure at his disposal for the performance of his duties. In particular, he is supported by the Center of Competence Social Compliance within the central Compliance department of the Mercedes-Benz Group in the performance of its control, monitoring and advisory function. An average double-digit number of people with different qualifications and professional experience are currently involved in the central Compliance department, in relevant specialist units and in Mercedes-Benz Group companies within the Mercedes-Benz Group in the implementation of the due diligence obligations.

## **B. Risk analysis and preventive measures**

### **B1. Implementation, Approach and Results of the risk analysis**

**Was a regular (annual) risk analysis conducted during the reporting period to determine, weight and prioritize human and environmental risks?**

- Yes, for one's own business unit
- Yes, for direct suppliers

**Describe the period during which the annual risk analysis was performed.**

The annual risk analysis was performed during the reporting period.

**Describe the risk analysis procedure.**

In the reporting year, the risk analysis was performed in accordance with Section 5 para. 4 LkSG at least once a year and on an ad hoc basis. In the process, both an abstract risk assessment and the concrete identification, weighting and prioritization of risks were carried out. For the data collection of country- and industry-specific risks, recognized human rights risk and country indices were used. Moreover, basic information about the corporate structure of the Mercedes-Benz Group and its Group companies as well as the procurement structure were systematically considered. In addition, the adequacy criteria pursuant to Section 3 para. 2 LKSG were included. The procedures are described in detail below:

The annual risk analysis as part of the Social Compliance Program for the identification and evaluation of possible human rights risks of one's own workforce is integrated into the Group's Compliance Management System. Group companies and central units with established and robust compliance processes are subjected to a systematic risk analysis. Corresponding basic principles and measures are defined by the compliance organization and are intended to take appropriate account of business needs. The procedure for risk analysis of human rights due diligence obligations is embedded in the overall framework of the Human Rights Respect System. In its risk analysis, the Group systematically evaluates internal information, such as the business model of a Group company, as well as external information, such as recognized human rights risk and country indices. On this basis, the concrete human rights risks are evaluated in direct dialog with the responsible Compliance contact persons and in consideration of further relevant information for the respective Group companies. The results are carefully evaluated and documented. As part of the Social Compliance Program, the Mercedes-Benz Group identifies and assesses the following key topics in particular:

Employee rights

Diversity and non-discrimination

Safety

Local socioeconomic risks at the sites

The results of the risk analysis form the basis for addressing targeted preventive measures based on the respective risk classification of a Group company.

In addition, risk analyses on occupational health and safety and work-related health hazards are carried out annually. In addition, all production sites of the Mercedes Benz Group will be evaluated within a five-year cycle. The risk analysis procedure regarding occupational health and safety and work-related health processes includes the regular site evaluation using the safety due diligence method. This includes the implementation of corresponding corporate policies and the management system » Safety and Health at Work « described therein. The evaluation focuses on the following five main risk aspects:

Safety and accident management

Hazardous work

Fire and explosion protection

Hazardous substances and working environment conditions

Production and work equipment

The risk analysis regarding occupational safety and work-related health hazards is carried out in the form of an internal on-site audit by occupational safety experts. A structured list of questions with defined evaluation criteria and suitable prevention and remedial actions is used for the subsequent evaluation. The risk analysis of environmental protected goods includes the examination of a certified environmental management system in accordance with ISO 14001 or EMAS and is carried out annually by an external auditor. In addition, the Mercedes-Benz Group conducts internal audits for risk identification and evaluation at all Group companies in a five-year cycle. In addition, possible environmental risks are identified and evaluated by means of a site evaluation using audit procedures and standardized questionnaires as part of a systematic environmental due diligence process. This primarily includes six main risk aspects:

Environmental management system

Air emissions

Discharge to water

Waste management

Soil and groundwater contamination

## Use of substances

As part of Supplier Compliance Risk Management, the Mercedes-Benz Group takes a two-step approach to identifying and assessing human rights and environmental risks with respect to its suppliers.

First, it subjects all direct suppliers to an abstract risk analysis at least once a year. To this end, it assesses the respective country's risk of a supplier, for example based on recognized country risk indices or country overviews regarding the ratification status of the states. Moreover, the risk regarding specific components and raw materials for production material or the risk associated with certain services for non-production material is considered. To identify risk components, raw materials and services, the Mercedes-Benz Group also carries out structured raw material and service assessments.

The abstract risk analysis is followed by the concrete risk analysis in the second step. In doing so, the Mercedes-Benz Group uses various questionnaires to determine the concrete human rights and environmental risks of a supplier. To ensure comparability, the Group uses standardized tools from external sources such as sustainability initiatives and NGOs. An example is the standardized questionnaire on the sustainability assessment for suppliers in the automotive industry for the collection of human rights and environmental due diligence obligations of the European sustainability initiative Drive Sustainability.

In addition, media screening was carried out in the reporting year using a certified IT tool. Thus, the purchasing units for production material as well as non-production material and services continuously review direct suppliers with an active contractual relationship with the Mercedes-Benz Group for potential human rights violations and violations of environmental standards. The aim is to detect possible violations at an early stage using current supplier data.

## **B. Risk analysis and preventive measures**

### **B1. Implementation, Approach and Results of the risks analysis**

**Were ad hoc risk analysis also conducted during the reporting period?**

- Yes, due to substantiated knowledge of possible violations by indirect suppliers
- Yes, due to other reasons: See situation 1/deeper supply chain and situation 2/deeper supply chain

**Describe the specific reason.**

Situation 1/deeper supply chain: The reason was the study "DRIVINGFORCE" published in December 2022 by Sheffield Hallam University & Nomogaia.

Situation 2/deeper supply chain: The reasons were media reports and a complaint about a strike at the Gräfenhausen highway rest stop via the whistleblower channel. Truck drivers demanded from their employer, among other things, the payment of withheld wages.

Situation 3/deeper supply chain: The reasons for this were search results from Non-governmental organizations for mining in Guinea that were identified as part of on-site surveys and classified as substantiated by Mercedes-Benz AG.

**Describe the findings of the analysis regarding a significantly changed and/or extended risk situation.**

Situation 1/deeper supply chain: The findings of the case study completed at the end of 2023 by Sheffield Hallam University & Nomogaia suggest a human rights risk in the deeper supply chain. However, potential risks do not mean an actual violation in the specific supply chains of the Mercedes-Benz Group. There are no corresponding indications of an actual violation.

Situation 2/deeper supply chain: The Mercedes-Benz Group sought information from the Federal Office for Economic Affairs and Export Control (BAFA) and the trade union involved to clarify the facts. The Mercedes-Benz Group initiated an internal investigation but could not establish any connection with the suppliers involved in the matter. In principle, a human rights risk appears possible in the supply chains of road transport logistics. For this reason, the Mercedes-Benz Group will review its current preventive measures for suppliers in the transport logistics sector in 2024. However, potential risks do not mean an actual violation in the specific supply chains. There are no corresponding indications.



Situation 3/deeper supply chain: Mercedes-Benz AG has taken a comprehensive picture on site and has closely involved external experts and local contact persons in order to analyze and evaluate the overall risk situation. As a result, the effects of mining in the deeper supply chain are associated with potential risks. Mercedes-Benz AG is therefore engaged in direct dialog with the mine operators on site. To strengthen human rights in Guinea, in particular the affected communities, Mercedes-Benz AG is also launching a partnership-based and cross-industry initiative as part of the NAP industry dialog.

**Describe the extent to which findings from the processing of notes/complaints have been incorporated.**

To date, the Mercedes-Benz Group has not received any specific complaints regarding issues 1 and 3 described within the meaning of §§ 8 and 9 LkSG. Regardless of this, any evidence of human rights and environmental violations is taken very seriously, and immediate reviews are initiated if knowledge of misconduct is obtained.

## **B. Risk analysis and preventive measures**

### **B1. Implementation, Approach and Results of the risks analysis**

#### **Results of risk determination**

##### **What risks were identified in your own business unit as part of the risk analysis(s)?**

- Prohibition of commissioning or using private/public security personnel who may be adversely affected due to lack of instruction or control
- Disregard of occupational safety and work-related health risks
- Destruction of natural living conditions due to environmental contamination
- Disregard of freedom of coalition, freedom of association & right to collective bargaining
- Non-discrimination in respect of employment
- Prohibition of withholding an appropriate wage
- Prohibited production and/or use of substances within the scope of the Stockholm Convention (POP) as well as improper management of waste containing POPs
- Prohibited import/export of hazardous waste as defined by the Basel Convention
- Prohibited production, use and/or disposal of mercury (Minamata Convention)

## **B. Risk analysis and preventive measures**

### **B1. Implementation, Approach and Results of the risks analysis**

#### **Results of risk determination**

##### **What risks were identified in the risk analysis(s) at direct suppliers?**

- Prohibition of commissioning or using private/public security personnel who may be adversely affected due to lack of instruction or control
- Disregard of occupational safety and work-related health risks
- Destruction of natural living conditions due to environmental contamination
- Disregard of freedom of coalition, freedom of association & right to collective bargaining
- Unlawful infringement of land rights
- Prohibition of forced labor and all forms of slavery
- Non-discrimination in respect of employment
- Prohibition of child labor
- Prohibition of withholding an appropriate wage
- Prohibited production and/or use of substances within the scope of the Stockholm Convention (POP) as well as improper management of waste containing POPs
- Prohibited import/export of hazardous waste as defined by the Basel Convention
- Prohibited production, use and/or disposal of mercury (Minamata Convention)

## **B. Risk analysis and preventive measures**

### **B1. Implementation, Approach and Results of the risks analysis**

#### **Results of risk determination**

##### **What risks were identified by indirect suppliers as part of the risk analysis(s)?**

- Prohibition of the engagement or use of private/public security forces due to
- Lack of instruction or control can lead to impairments
- Disregard of occupational safety and work-related health risks
- Destruction of natural living conditions due to environmental contamination
- Disregard of freedom of coalition, freedom of association & right to collective bargaining
- Unlawful infringement of land rights
- Prohibition of forced labor and all forms of slavery
- Non-discrimination in respect of employment
- Prohibition of child labor
- Prohibition of withholding an appropriate wage
- Other bans: Water shortage

## B. Risk analysis and preventive measures

### B1. Implementation, Approach and Results of the risks analysis

**Were the risks determined in the reporting period weighted and prioritized if applicable and, if so, on the basis of which adequacy criteria?**

- Yes, based on the expected severity of the violation according to the degree, number of affected persons and irreversibility
- Yes, based on one's own ability to exert influence
- Yes, based on the probability of occurrence
- Yes, based on the type and scope of your own business activity
- Yes, based on the type of contribution to causation

**Describe in more detail how the weighting and, if necessary, prioritization were carried out and what considerations were made.**

Own business unit

An important component of the Group-wide Social Compliance Management System is the risk-based and systematic identification and evaluation of possible risks as part of an integrated risk assessment. When analyzing possible risks, the Mercedes-Benz Group assesses both qualitative internal information, such as the business model/business function of a Group company, as well as quantitative external information, such as recognized human rights risk and country indices. This methodological integration enables a sound weighting of the identified risks, with both internal and external factors being weighed up.

The results are with the involvement of the compliance officers responsible for the Group companies carefully evaluated, checked for weighting and, if necessary, prioritization and documented.

The safety due diligence process for occupational safety and work-related health hazards and the environmental due diligence process for environmental risks take the production locations into account. When performed on site, areas with an increased risk are checked. The method contains an evaluation grid. Measures are proposed in the event of under-fulfillment.

In order to ensure adequate and effective risk management, the adequacy criteria pursuant to Section 3. 2 LkSG are taken into account both in the Social Compliance Management System and in the safety due diligence process and in the environmental due diligence process. This includes the type and scope of the business activity that

Ability to influence, the severity and probability of the breach of an obligation and the type of contribution to the causation.

## Suppliers

The complexity of the supply chains of the Mercedes-Benz Group with respect to human rights and environmental standards is the central challenge. The Mercedes-Benz Group has tens of thousands of direct suppliers, many other indirect suppliers and up to seven supply tiers. When carrying out the risk analysis for direct suppliers with an active business relationship, the Mercedes-Benz Group performs an abstract and concrete risk analysis.

In addition, the central procurement units within the Mercedes Benz Group continuously review direct suppliers with an active contractual relationship for human rights and environmental risks using a certified IT tool and other analysis tools. The Mercedes-Benz Group investigates internal and external reports pointing to a possible risk or violation as part of a involvement check and severity approach. The involvement check and severity approach follow a standardized pattern of objective determination of the facts and are thus the starting point for possible weighting and prioritization of risks and violations.

During the involvement check, considering the adequacy criteria in accordance with Section 3 para. 2 LkSG, it is examined whether and to what extent there is a connection with the company, and which supply chain actors are potentially affected. In addition, the type and severity of the potential human rights or environmental violation is analyzed based on the degree of violation, the number of affected persons and the irreversibility of the violation.

## B. Risk analysis and prevention measures

### B2. Preventive measures in one's own business unit

**Which risks were prioritized in your own business unit during the reporting period?**

- None

**If no risks have been selected, explain your answer.**

In the reporting year, the annual risk analysis was carried out as part of the Group-wide Social Compliance Program to identify potential human rights risks. The procedure is aligned with national and international standards for the protection of human rights. It is based on the standards of the underlying regulations of the Supply Chain Due Diligence Act. In this way, the Mercedes-Benz Group wants to ensure a uniformly high level of compliance in all countries.

The integrated risk assessment for the identification and evaluation of possible risks follows a structured annual process in which an abstract and concrete risk analysis takes place during the year. When identifying and assessing potential risks, the Group assesses both internal information, such as the business model and the business function of a Group company, as well as external information such as recognized human rights risk and country indices. For example, each business unit is assigned to a corresponding risk classification from a human rights perspective via a functional risk classification. In the further concrete risk analysis, which is carried out personally with the compliance officers for the business units, the risk exposure in general, reports of violations to be considered and the previously determined risks are discussed, provided there are indications from the abstract risk analysis. The results are carefully evaluated and documented.

The result of the risk analysis forms the basis for implementing targeted preventive measures based on the respective risk of a Group company.

The implemented preventive measures have thus contributed to risk minimization such that no risk prioritization was required. The Group sees increased human rights risks, particularly in connection with human resources processes, production activities, purchasing activities and sales activities in high-risk countries. In these areas, the Mercedes-Benz Group is implementing targeted risk minimization measures. As part of Group management, the Mercedes-Benz Group monitors the activities of the management of the respective company. Units with a potentially higher risk must also regularly systematically assess whether the locally implemented social compliance measures are adequately realized.

Regarding the safety due diligence process, the risk of failure to observe occupational safety and work-related health risks exists at all production locations equally. The company addresses the risks identified in the risk analysis by implementing appropriate preventive measures. There is no indication that the risk of disregarding occupational safety and work-related health risks is systematically and repeatedly disregarded.

The Mercedes-Benz Group conducts careful examinations of the other topics mentioned, such as water, soil, etc., to minimize environmental risks. Several steps are carried out, e.g. on-site inspections, data-based analyses and discussions with the persons responsible on site.

This risk analysis results in a heterogeneous picture, which can be individually different in relation to the production locations and requires individually adapted measures in view of the risk classification. The due diligence obligations are fulfilled as part of an environmental due diligence process and with the ISO environmental management system in knowledge of the country-specific and production-related risks.



## B. Risk analysis and preventive measures

### B2. Preventive measures in one's own business unit

**What preventive measures were implemented for the reporting period to prevent and minimize the priority risks in one's own business unit?**

- None

**If no preventive measures have been selected, explain your answer.**

In the reporting year, preventive measures were implemented to prevent and minimize the human rights and environmental risks in the own business unit of Mercedes-Benz Group AG and the Group companies, such as the communication of procedures and guidelines, the implementation of trainings and risk-based control measures.

The Mercedes-Benz Group has been raising awareness and informing its employees for many years with corresponding training modules: The mandatory module » Integrity@ Work « addresses issues relating to integrity and compliance. It contains the Integrity Code and the Principles of Social Responsibility and Human Rights and trains all employees of the Mercedes-Benz Group AG regarding the strategic and operational significance of human rights for the Mercedes-Benz Group, as well as its relevance in their daily work. In the reporting year, mandatory Human Rights Compliance training was also introduced for all managers worldwide that familiarizes them with the requirements for human rights due diligence in accordance with their function. The training course is also available to all employees.

The Mercedes-Benz Group also sensitizes its employees to the topics of ergonomics and occupational safety, e.g. with mandatory annual safety instructions. In an initial briefing, the Group informs new employees about safety-relevant aspects of safety in their workplace. Mandatory safety briefings are carried out regularly and on an ad hoc basis in accordance with legal requirements.

In addition to further trainings in occupational safety and health protection, the Mercedes-Benz Group carries out regular trainings on environmental protection at its locations. Important topics include. Waste and hazardous substance management, emissions and water protection, wastewater treatment, emergency management in the event of environmentally relevant malfunctions or environmentally friendly planning of facilities and workplaces. The content and frequency of the various environmental training courses, some of which are mandatory, are carried out depending on personal tasks and the function in the Group, the location specifications and the current legal requirements.

In the reporting year, the Mercedes-Benz Group has addressed measure sets for all risk focuses to

Group companies based on their individual risk classification. In particular, units with a higher risk must regularly assess systematically whether the locally implemented social compliance measures are appropriate and have been implemented. Specific measures to minimize human rights risks included, for example, specific requirements on employee rights, such as the right to collective bargaining and workers' representative bodies, working hours and remuneration requirements, as well as requirements for ensuring equality and anti-discrimination. The management of the respective Group company is primarily responsible for designing and implementing the measures with which the Mercedes-Benz Group addresses any human rights risks in its own business unit. He/she also has the duty of supervision. Management is supported in this by local and central specialist and line functions. The responsibilities of local line areas are documented in the set of measures and coordinated with the central units responsible. In doing so, management works closely with the Integrity, Governance & Sustainability division, which provides corresponding implementation information. As part of the Group management, Mercedes-Benz Group AG monitors the activities of the management of the respective company. During the reporting period, the Mercedes-Benz Group reviewed its measures in the area of human rights and adapted its management approach as required. The Mercedes-Benz Group is continuously developing the corresponding methods and processes for this, including the involvement of external stakeholders.

In addition, the Compliance and Corporate Audit units systematically carry out monitoring measures in Group companies. They also check whether internal specifications are complied with, regardless of suspicion. The Mercedes-Benz Group voluntarily permits its management systems for » health and safety at work « to be certified in accordance with the ISO 45001 standard at various locations. Every five years, Corporate Safety managers use the Safety Due Diligence process already mentioned in the report to check whether the binding safety standards of the Corporate Policy on Occupational Health and Safety at their own production locations are complied with and a functioning SGA management system is in place. The results were communicated and followed by the corresponding committees. The Health & Safety unit of the Mercedes-Benz Group takes a preventive approach to prevent accidents and health impairments among employees. To identify significant risks at an early stage, an evaluation is carried out every five years as part of the safety due diligence process at all consolidated and controlled production locations with more than 500 employees. The production locations are evaluated together with Corporate Environmental Protection.

As part of the Environmental Due Diligence method, the Group evaluates potential environmental risks at the production locations. In a five-year cycle, the Group assesses and evaluates its consolidated production locations according to a standardized process. The results are reported to the respective plant and general management so that

Any optimizations can be made. In addition, the Group checks annually to what extent the recommendations for risk minimization have been implemented at the locations. The objective of the environmental risk assessment is to comply with a high environmental standard at all production locations worldwide. The environmental management system is monitored both by external opinions in the context of ISO 14001 certifications and EMAS validations as well as by internal environmental risk assessments as part of the environmental due diligence process.

Further information on the preventive measures of the Mercedes-Benz Group is described in the current Sustainability Report.

## B. Risk analysis and preventive measures

### B3. Preventive measures for direct suppliers

**Which risks were prioritized for the reporting period for direct suppliers?**

- None

**If no risks have been selected, explain your answer.**

The risk analysis for direct suppliers is aimed at determining and evaluating the supplier-specific overall risk situation. During execution, the Mercedes-Benz Group determines a risk status per supplier. This determination is carried out as part of an abstract and concrete risk analysis. The risk analysis is based on recognized country indices, as well as risks regarding certain components and raw materials for production materials, as well as risks of certain services for non-production materials. In addition, concrete risks are determined on the basis of specific questionnaires. Based on the risk analysis, appropriate preventive measures are addressed to risky, direct suppliers. The implemented preventive measures have thus contributed to risk mitigation in such a way that no risk prioritization was required.

In the 2023 reporting year, the Mercedes-Benz Group continued its audits at direct suppliers. It carried out a total of 744 on-the-spot checks. Among other things, there were LkSG-related anomalies in the working hours areas. If defects are revealed based on on-site inspections at a supplier, the Mercedes-Benz Group asks the supplier to improve the corresponding processes.

## B. Risk analysis and preventive measures

### B3. Preventive measures for direct suppliers

**Which preventive measures were implemented for the reporting period to prevent and minimize the priority risks for direct suppliers?**

- None

**If no preventive measures have been selected, explain your answer.**

The Mercedes-Benz Group is committed to responsible procurement of production, non-production material and services. Due to the complexity of the supply chains and the large number of raw materials and materials in our products, the Mercedes-Benz Group adopts a risk-based and strategic approach.

The vehicles usually contain several thousand parts and components. The supply chain is accordingly complex. The supply chains for production and non-production materials comprise tens of thousands of suppliers, mainly from the regions of Europe, North America and Asia. The supply chain is fanned up into a fine-tuned system of sub-suppliers, which is developing dynamically. In addition, the Mercedes-Benz Group does not procure many raw materials directly, however in processed form or as part of components, e.g. in battery cells. For the sustainable management of the supply chain, the Mercedes-Benz Group uses a variety of measures and concepts to mitigate identified risks. This includes supplier screenings, risk-based due diligence analyses, strategic requirements for and sustainability training for suppliers. In addition to complying with social standards and environmental requirements, the Mercedes-Benz Group is also striving for greater transparency in the supply chain.

The Mercedes-Benz Group has implemented the guidelines for sustainable supply chain management in the Responsible Sourcing Standards. They define the minimum requirements and expectations of direct suppliers and contractually oblige them to comply with the requirements, communicate them to their employees and upstream value creation stages, and monitor their compliance in their business processes and their area of influence. The aim is to prevent, minimize or, as far as possible, end negative impacts on people and the environment worldwide.

The Mercedes-Benz Group requires direct suppliers to present a valid environmental certificate based on risk. In doing so, it accepts recognized certifications such as the ISO 14001 or the EMAS certificate.

Based on its sustainability standards for suppliers and its Integrity Code, the Mercedes-Benz Group has also developed the Compliance Awareness Module. Most recently, the group

revised the module in the reporting year and supplemented it by environmental topics. The publicly available training supports suppliers in handling possible integrity and compliance risks responsibly. All suppliers can always access the module via the Supplier Portal.

The purchasing units for production material as well as for non-production material and services systematically examine whether and to what extent their suppliers respect human rights. Since 2018, the audit and consultancy firm RCS Global creates transparency about the complex cobalt supply chains of battery cells for Mercedes-Benz and audits them across all stages in accordance with the OECD Due Diligence guidelines. After initial audits in the cobalt supply chains, the engagement was extended to additional battery raw materials in 2022 - specifically to lithium, nickel, graphite, cobalt, manganese and copper. Mercedes-Benz is also gradually increasing transparency in these supply chains and carrying out audits. In addition, environmental-specific aspects have been added to the audit scope with a focus on human rights and applied for selected audits.

In addition, the Mercedes-Benz Group continued its audits of direct suppliers and service providers in 2023.

The aim of these on-site inspections is to ensure that suppliers respect human rights and comply with labor law standards. If deficiencies are revealed at a supplier through on-site inspections, the Mercedes-Benz Group asks the supplier to improve the corresponding processes. If the faulty processes are not adequately improved by the supplier, the Group decides individually on the next steps. Ultimately, this can also lead to a termination of its relationship with a supplier by the Mercedes-Benz Group.

The Mercedes-Benz Group has long been involved in various industry and trade associations as well as initiatives and networks that deal with the issues of sustainability and human rights in the supply chain. These memberships help the company to make complex supply chains more responsible through joint measures.

Further information on the preventive measures of the Mercedes-Benz Group is described in the current Sustainability Report for the financial year 2023 and in the updated raw materials report.

## B. Risk analysis and preventive measures

### B4. Preventive measures for indirect suppliers

**Which risks were prioritized among indirect suppliers based on the ad hoc risk analysis?**

- None

**If no risks have been selected, explain your answer.**

As part of the raw material assessments, Mercedes-Benz AG determines risk raw materials in the deeper supply chain. The risks of the raw material supply chains are identified and prioritized, for example based on the number and depth of the supply chain, technical circumstances of the raw material extraction and origin of the raw materials, as well as their relevance with regard to the change to electromobility. The development and design of targeted measures takes place based on identified 24 critical raw materials in nine risk areas. In doing so both the extent of a risk and the number of affected individuals is considered. The identification of risk raw materials and measures is reviewed continuously, if necessary, with the involvement of external stakeholders, and adjusted as required. The Mercedes-Benz AG publishes progress annually.

Individual measures from the raw material assessments are incorporated into the contractual assurance for compliance with and implementation of expectations along the supply chain to direct production material suppliers. Among other things, mining auditing is an important tool for fulfilling due diligence obligations in raw material supply chains and preventing and minimizing potential risks in the supply chain. This is why Mercedes-Benz is making the "Standard for Responsible Mining" of the "Initiative for Responsible Mining Assurance" IRMA a key criterion for supplier decisions and contracts in battery supply chains.

In the production of vehicles, Mercedes-Benz requires some raw materials for which there is a potential risk that they may be mined or processed under conditions that are critical in terms of human rights. Creating transparency in the supply chain of these raw materials is therefore a high priority for Mercedes-Benz. Under the umbrella of the Human Rights Respect System, the Mercedes-Benz Group has developed a due diligence approach to identify and avoid these risks and possible negative effects of business activities on human rights at an early stage.

## B. Risk analysis and preventive measures

### B4. Preventive measures for indirect suppliers

**Which preventive measures were implemented for the reporting period to prevent and minimize the priority risks for indirect suppliers?**

- None

**If no preventive measures have been selected, explain your answer.**

Mercedes-Benz Group follows a risk-based approach when handling risk raw materials. In raw material supply chains with a high risk of human rights violations, the company's claim is to create maximum transparency regarding the upstream value creation stages. Monitoring the supply chain of these raw materials is therefore a high priority. Based on the risk identification and prioritization, Mercedes-Benz AG implements targeted measures to avoid and mitigate previously identified risks for all 24 critical raw materials.

Further information on the preventive measures of the Mercedes-Benz Group is described in the current Sustainability Report for the financial year 2023 and in the updated raw materials report.

## B. Risk analysis and preventive measures

### B5. Communicating the results

**Were the results of the risk analysis(s) communicated internally to key decision-makers for the reporting period?**

**It is confirmed that the results of the risk analysis(s) for the reporting period have been communicated internally to the relevant decision-makers, e.g. the Board of Management, the management or the purchasing department pursuant to Section 5.3 LkSG.**

- Confirmed



## **B. Risk analysis and preventive measures**

### **B6. Changes in risk disposition**

**What changes regarding priority risks have occurred compared to the previous reporting period?**

Mercedes-Benz Group AG submitted its first report for the year 2023 in 2024. In this respect, there are no changes compared to the previous year.

## **C. Identification of violations and remedial measures**

### **C1. Identification of violations and remedial measures in one's own business unit**

**Were breaches in one's own business area identified during the reporting period?**

- No

**Describe which procedures can be used to identify violations in your own business unit.**

Mercedes Benz Group AG has different procedures in place to identify potential breaches in its own business area: In addition to the company's own whistleblower system BPO Business and People Protection Office, which is described in Section 4. » Complaints procedure «, various monitoring activities are carried out in the area of human rights, occupational safety and work-related health hazards, as well as in the area of environmental and energy management.

## C. Identification of violations and remedial measures

### C2. Identification of violations and remedial measures for direct suppliers

**Were violations to direct suppliers observed for the reporting period?**

- Yes

**Describe the basis on which the determined violations were weighted and prioritized and what considerations were made in the process.**

The first issue was identified as part of a preventive on-site audit at a direct supplier. This was a first-time documented violation of the statutory established maximum working hours as well as the statutory established rest periods.

The second case involved a first-time violation in the area of occupational safety. The case was reported by the whistleblower system.

The facts justified the suspicion that a violation of the occupational health and safety regulations applicable at the place of employment had occurred pursuant to Section 2 para. 2 no. 5 LkSG. Even though the violations have not been classified as weighty due to the moderate violations based on the adequacy criteria according to Section 3 para. 2 LkSG, the Mercedes-Benz Group has addressed them immediately.

**In which topics were violations detected at direct suppliers?**

- Disregard of occupational safety and work-related health risks

**Enter the quantity (optional specification)**

2

**Describe the appropriate remedial actions you have initiated.**

Situation 1: The supplier confirmed in writing that it would handle the legal working hours responsibly in the future and train its employees accordingly.

Situation 2: Appropriate remedial actions were agreed upon with the supplier. The identified need for action was identified by the supplier and the measures implemented as part of an action plan.

## C. Identification of violations and remedial measures

### C2. Identification of violations and remedial measures for direct

**Describe which considerations were made with regard to the selection and design of the measures as part of the corresponding follow-up concepts for termination and minimization**

Situation 1: As this was a first-time documented violation of the maximum working hours prescribed by law, further measures were not taken for the time being.

Situation 2: Since the violations of legal occupational safety measures were documented for the first time, an action plan was agreed upon with the supplier and implemented.

**Describe how the effectiveness of the remedial action is checked.**

Situation 1: The effectiveness of the remedial action was checked by means of an unannounced follow-up audit.

Situation 2: The implementation of the remedial actions was checked and ensured by Mercedes-Benz AG during the reporting period.

**Did the remedial action lead to the end of the violation?**

- Yes

**Explain.**

Situation 1: The implementation of the remedial actions was reviewed and ensured by Mercedes-Benz Group AG in the following year of the reporting period.

Situation 2: The implementation of the remedial actions was checked and ensured by Mercedes-Benz AG during the reporting period.

**Have you analyzed to what extent the identified violation is an indication of a possible adaptation/addition to existing preventive measures? Describe the process, the results and the effects.**

The processing of identified violations leads to the continuous advancement of processes and requirements in the compliance environment within the Mercedes-Benz Group. The Mercedes-Benz Group adjusts existing preventive measures if necessary. The violation identified during the reporting year did not require the adaptation of existing preventive measures.

## C. Identification of violations and remedial measures

### C3. Identification of violations and remedial measures to indirect suppliers

**Were violations to indirect suppliers found during the reporting period?**

- Yes

**Describe the basis on which the identified violations were weighted & prioritized and which considerations were made.**

The issue was identified as part of an on-site audit in the deeper supply chain, addressed immediately and rectified by remedial action during the audit. During an audit of a nickel mine in Indonesia, playing children were spotted on the area of the mine. The children were able to enter the quarry area due to a lack of fencing. This justified the suspicion that a violation of the occupational safety regulations applicable at the place of employment had occurred in accordance with Section 2 para. 2 no. 5 LkSG.

**Describe any corrective actions that may have been taken and, in particular, what considerations have been made with regard to the selection and design of measures as part of the corresponding termination and minimization concepts.**

The situation was already rectified by extending the fencing during the multi day audit. The implementation of the measure was checked by the auditor and confirmed to Mercedes-Benz AG.

**In which topics were violations detected at indirect suppliers?**

- Disregard of occupational safety and work-related health risks

**Enter the quantity (optional specification)**

1

## **C. Identification of violations and remedial measures**

### **C3. Identification of violations and remedial measures on the part of indirect suppliers**

**If violations to indirect suppliers could not be prevented, terminated or minimized within a foreseeable period despite corresponding concepts:**

**Describe your further measures.**

The issue was rectified during the audit by means of a remedial action.

## D. Grievance Mechanism

### D1. Establishment or participation in a grievance mechanism

**In what form was a grievance mechanism offered for the reporting period?**

- Company-owned grievance mechanism

**Describe the company's own procedure and/or procedure in which your company participates.**

To fairly and appropriately investigate allegations of violations posing a serious risk to the company, its employees and other people and to identify misconduct at an early stage, the Mercedes-Benz Group established the BPO Business & People Protection Office whistleblower system in 2006. The BPO enables employees and external whistleblowers around the world to report rule violations to alert the Mercedes-Benz Group to possible risks, thereby preventing potential harm to the Group, its employees and third parties, and protecting violations persons harmed by misconduct.

A globally applicable corporate policy governs the BPO procedure and the corresponding responsibilities. Its aim is to ensure a fair and transparent procedure that considers both the principle of proportionality for the person and the protection of the whistleblower. The policy also sets the standard by which violations are assessed, and consequences are decided on.

If the BPO classifies a report as a rule violation posing a serious risk to the Mercedes-Benz Group, its employees or other persons based on a risk-based initial assessment, it refers the case to an investigative unit. Reports of violations in which there are no indications of a high risk are handed over to the specialist unit responsible for review as well as, if necessary, investigation and derivation of measures. The BPO supports the processing of reports until the end of the process and consistently ensures the highest level of confidence.

After the case has been closed, the individuals affected by the allegation are informed of the result in writing if contact data has been communicated. Measures are derived according to the principle of proportionality and predefined criteria.

In addition to the company's own BPO whistleblower system, the Mercedes-Benz Group is also involved in designing and piloting a cross-company grievance mechanism in Mexico as part of the National Action Plan for Business and Human Rights of the Federal Republic of Germany.

## D. Grievance Mechanism

### D1. Establishment or participation in grievance mechanism

**Which potential parties have access to the grievance mechanism?**

- Own employees
- Communities near own sites
- Employees of suppliers
- External stakeholders such as NGOs, trade unions, etc.

**How is access to the grievance mechanism ensured for the different groups of potential stakeholders?**

- Publicly accessible rules of procedure in text form
- Information on accessibility
- Information on responsibility
- Information about the process
- All information is clear and understandable
- All information is publicly available

#### Publicly accessible rules of procedure in text form

**Optional: Describe.**

The Mercedes-Benz Group complied with the BAFA recommendations regarding the establishment of a grievance mechanism in the past financial year. For example, the Rules of Procedure were made publicly available in additional languages on the Mercedes-Benz Group website. The Rules of Procedure are now available in 10 languages-German, English, French, Italian, Spanish, Portuguese, Turkish, Hindi, Japanese and Chinese and can be viewed by the public, including potentially affected persons, on the corporate website.

#### Information on accessibility

**Optional: Describe.**

The BPO Business & People Protection Office whistleblower system must be reported to all employees worldwide, as well as external contributors, to report rule violations.

Reports, which can be sent by e-mail, postal mail or a reporting form are received 24 hours a day. External toll-free hotlines are also currently available in Brazil, Japan, South Africa and the USA. Reports can be submitted in all



Languages. The user guidance for the registration form is available in 20 languages.

#### Information on responsibility

**Optional: Describe.**

A globally applicable corporate policy governs the corresponding responsibilities.

#### Information about the process

**Optional: Describe.**

A globally applicable corporate policy governs the BPO procedure.

#### All information is clear and understandable

**Optional: Describe.**

The Rules of Procedure are available in 10 languages, and the user guidance of the registration form is available in 20 languages. The implementation of various communication measures on the BPO whistleblower system, such as country-specific info cards, pocket guides and dialog events with employees, is intended to raise awareness and increase confidence in the BPO whistleblower system continuously.

#### All information is publicly available

**Optional: Describe.**

Information on the BPO whistleblower system can be found free of charge on the corporate website.

## **D. Grievance Mechanism**

### **D1. Establishment or participation in grievance mechanism**

**Was the Rules of Procedure for the reporting period publicly available?**

File has been uploaded

**On the Rules of Procedure:**

<https://group.mercedes-benz.com/verantwortung/compliance/bpo/>

## **D. Grievance Mechanism**

### **D2. Requirements for grievance mechanism**

**Identify the person(s) responsible for the procedure and their position(s).**

The Chief Compliance Officer of the Mercedes-Benz Group is responsible for the grievance procedure. In addition, relevant responsibilities within the Compliance unit and in the central purchasing units are established for handling notices and complaints.

**It is confirmed that § 8 para. 3 LkSG criteria for the persons responsible are fulfilled, i.e. they provide guarantees for impartial conduct, are independent and are not bound by instructions and are bound by confidentiality**

- Confirmed

## D. Grievance Mechanism

### D2. Requirements for grievance mechanism

**It is confirmed that measures have been taken for the reporting period to protect potential participants from being discriminated against or punished because of a complaint.**

- Confirmed

**Describe the arrangements made, in particular how the complaint procedure ensures the confidentiality of the identity of the respondents.**

The globally applicable corporate policy, which defines the BPO procedure and the corresponding responsibilities, aims to ensure a fair and transparent procedure that considers both the principle of proportionality for the accused persons and the protection of the whistleblower. The BPO supports the processing of reports until the completion of the procedures, ensuring confidentiality. Whistleblowers who report potential violations based on concrete evidence are protected and the confidentiality of their statements is ensured.

It is possible to send reports to the BPO anonymously at any time. At the same time, it is helpful for the BPO if information providers can be contacted-e.g. via an anonymous e-mail address-in order to substantiate the matter through queries. An informing person can actively decide on the reporting form whether he/she wishes to remain anonymous or disclose his/her identity. If a person providing the information discloses their identity and wishes that their identity will not be shared with other departments within the company, the report will be anonymized.

**Describe what precautions have been taken, in particular what other measures are taken to protect the notifying parties.**

A globally applicable corporate policy governs the BPO procedure and the protection of information providers. The aim of the policy is to ensure a fair and transparent procedure and to ensure that notifications and complaints are handled in accordance with the LkSG.

The Mercedes-Benz Group encourages everyone inside and outside the company, who observes rule violations related to the Mercedes-Benz Group or suspect them for a specific reason, to contact the BPO without fear of retaliation and to openly report the issue.

Whistleblowers who experience disadvantages due to their report can contact the BPO. The discrimination or intimidation of a person due to a

report will be subject to disciplinary action in accordance with applicable law. In addition, respondents are free at any time to contact government agencies such as the police, public prosecutor's office and regulatory authorities for financial services. There are no internal obligations or measures that would impede or prevent this.

Moreover, in 2023, the BPO created an additional option for whistleblowers to submit a completely anonymous report through an encrypted reporting form, if desired.

## D. Grievance Mechanism

### D3. Implementation of the grievance mechanism

**Did any reports come in through the grievance mechanism during the reporting period?**

- Yes

**Explain the number, content, duration and result of the procedures in more detail.**

In the 2023 reporting year, 476 reports were reviewed by the BPO and other specialist units. If a rule violation is suspected, the BPO checks whether there are concrete indications and orders the investigation of the allegations. If there are no concrete indications, it is noted that no investigations will be conducted unless further indications are received that support the collected suspicion with concrete evidence. The information relating to the LkSG is clarified in cooperation with the responsible specialist units, such as Human Relations and the Procurement units. The decision about the result of the case is documented. The procedure for the complaint procedure and the time frames for the individual steps of the procedure are integrated in the Rules of Procedure in conformity with the LkSG.

26 of the cases have a content-related reference to the LkSG. 15 of the cases relate to the topic of » Prohibition of unequal treatment in employment « in one's own business unit, relating to misconduct by employees at the expense of other employees, such as » violation of mental/physical integrity «, » sexual harassment « or » racism «. The remaining 11 transactions concern direct or indirect suppliers and concern the following protective goods: » Prohibition of forced labor and all forms of slavery «, » Disregard of occupational safety and work-related health risks «, » Violation of the freedom of coalition «, » Prohibition of the withholding of adequate wages « and » Prohibition of unequal treatment in employment «.

The procedures were completed in the reporting year. With the exception of the violations described in the report, no violations according to the LkSG were determined.

In general, the Mercedes-Benz Group decides on appropriate measures in the event of confirmed violations under the aspect of proportionality and fairness. Personnel measures include, among other admonitions, warnings, extraordinary terminations. Measures for suppliers included on-site audits and supplier dialogs. The implementation of preventive and remedial actions at suppliers has been checked.

**On which topics have complaints been received?**

- Disregard of occupational safety and work-related health risks
- Disregard for freedom of coalition-freedom of association & right to collective bargaining
- Non-discrimination in respect of employment
- Prohibition on withholding an appropriate wage
- Other bans: Fair working conditions/remuneration

**Describe the conclusions drawn from the complaints/comments received and the extent to which these findings led to adjustments in risk management.**

Complaints and reports received are reviewed by both the BPO and the responsible specialist unit. The processing of reported processes leads to the continuous advancement of processes and requirements in the compliance environment within the Mercedes-Benz Group. The Mercedes-Benz Group adjusts the risk management system as required, for example, by adjusting preventive and remedial actions. The complaints dealt with in the reporting year did not require any general adjustments to the risk management system. Nevertheless, the accessibility of the complaint's procedure was improved in the reporting year. For example, the Rules of Procedure were made publicly available in other languages on the Mercedes-Benz Group website.

Irrespective of this, the Mercedes-Benz Group continuously takes a variety of measures to identify risks and prevent violations. This includes training, control measures, on-site audits and targeted measures as part of raw material assessments.

## E. Review of risk management

**Is there a process for reviewing risk management across the board for its appropriateness and effectiveness?**

**In which of the following areas of risk management is adequacy and effectiveness assessed?**

- Resources & expertise
- Risk analysis and prioritization processes
- Preventive measures
- Remedial action
- Grievance mechanism
- Documentation

**Describe how this assessment is performed for the respective area and what results it has led to, in particular regarding the prioritized risks.**

Each year, the Mercedes-Benz Group reviews the processes and measures of the Compliance Management System and analyzes whether the measures are appropriate and effective. This includes reviewing the adequacy of risk management regarding human rights due diligence obligations in one's own business unit and in the supply chain.

To this end, the Mercedes-Benz Group uses information about the Group companies and other locally collected information. In doing so, it also takes into account the findings from internal and independent external audits. If changed risks or new legal requirements demand this, the Mercedes-Benz Group adapts the processes and measures.

In addition, the review of risk management and the measures implemented therein is a fundamental part of the analysis of existing, changing or new national and international legal regulations. The responsible management bodies are informed about the results of the monitoring.

To continuously increase confidence in the BPO Business & People Protection Office whistleblower system and make it even more popular among employees, the Mercedes-Benz Group provides comprehensive information materials available in various languages via various communication measures. In addition, it regularly informs employees about the type and number of reported violations and provides anonymized case studies on a quarterly basis. In addition, the Mercedes-Benz Group assesses the effectiveness of the measures every two years based on employee surveys. Specific questions are asked about awareness and trust in the BPO Business & People Protection Office. In this context, employees around the world can provide feedback.



The processes and measures in occupational safety and work-related health risks as well as in environmental management are reviewed using the respective due diligence procedures. The findings and the required measures are communicated to the responsible parties in the respective Group companies and to the Board of Management. In addition, effectiveness is assessed by monitoring relevant key figures.

## E. Review of risk management

**Are there processes or measures to ensure that, when establishing and implementing risk management, the interests of your employees, employees within your supply chains and of those that may be directly affected otherwise in a protected legal position by the economic actions of your company or by the economic actions of a company in your supply chains?**

**In which areas of risk management do processes or measures exist to take the interests of the potentially affected people into account?**

- Resources & expertise
- Preventive measures
- Remedial measures
- Grievance Mechanism

**Describe the processes or measures for the respective area of risk management.**

The Mercedes-Benz Group places great importance in advancing and implementing its Human Rights Respect System together with external stakeholders. It is particularly important to exchange views with potentially affected stakeholders-for example, employees-and their representatives to identify human rights risks and develop suitable measures. However, the Mercedes-Benz Group also enters into dialog with external third parties such as civil society groups or the local population and takes their suggestions into account.

To implement the dialog with its stakeholders throughout the Group, the Mercedes-Benz Group has defined clear responsibilities and communication channels for the exchange and has established specific forms of dialog. The various dialog formats are initiated and implemented by specialists from the Integrity, Governance & Sustainability division or other units such as External Affairs.

The Mercedes-Benz Group uses various formats to enter into dialog with relevant stakeholders: Among other things, it organizes the Mercedes-Benz Sustainability Dialogue annually in various countries and regions, conducts stakeholder surveys as well as specialist conferences and thematic dialogs-for example in the form of workshops or via the Advisory Board for Integrity and Sustainability. The Mercedes-Benz Group also observes current public discussions and learns about the associated expectations by participating in industry-specific and cross-sector networks and initiatives. In addition, studies and other scientific publications are evaluated and own media analysis are carried out. This helps the Group, beyond the dialog it initiates, to recognize developments and stakeholder expectations at an early stage.

When reviewing risk management and further developing human rights and environmental due diligence procedures, the Mercedes-Benz Group places great value on the exchange with internal and external stakeholders. This also includes contacting the affected rights holders directly. This encompasses, for example, the exchange with employee representatives as part of workforce meetings and joint committees and exchange meetings with the General Works Council. Relevant measures on environmental protection, occupational health and safety and work-related health hazards are coordinated with the General Works Council within the framework of the Commission for Occupational Safety, Environmental and Health.

In addition, Mercedes-Benz AG systematically involves potentially affected stakeholders in the assessment of its 24 identified critical raw materials to identify human rights and environmental risks in the deeper supply chain and to implement suitable measures.

Further information on the memberships, associations, initiatives and stakeholder engagement of the Mercedes-Benz Group is described in the current Sustainability Report.